HALF-YEARLY REPORT AS OF 30 JUNE 2021

This document is a courtesy translation from Italian into English.
In case of any inconsistency between the two versions, the Italian original version shall prevail.

Headquarters in Milan (MI) - Via Giuseppe Parini n. 9
Share capital Euro 5,254,100 =
Tax code, VAT number and
registration number in the Business Register of Milan Monza Brianza Lodi 10354300013
REA number MI-2540487

MATICA FINTEC Ltd.
Headquarters in Milan (MI) - Via Giuseppe Parini n. 9
Share capital Euro 5,254,100. =
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MANAGEMENT REPORT

OF THE FIRST HALF YEAR OF 2021

Dear Partners,

this half-yearly report for the period ended 30 June 2021 has been prepared in accordance with IAS/IFRS.

Operating conditions and business development

Our company develops, produces and markets systems for issuing security documents (driving licenses, passports, identity cards and financial cards) and, thanks to huge investments in innovative products made in the past fiscal years, it has become an international calibre player in a few years. In fact, our company is an innovative medium-sized company located in Italy which exports 97% of its value of production to more than 100 worldwide countries.

The safety document market is steadily growing as it is clear that most countries in the world need an identification document with ever higher safety standards to face any counterfeiting attempts and to contain as much information as possible that identifies their citizens (IDs, passports, driving licenses, migration documents). In addition, an aspect of fundamental importance for this kind of documents is the durability of the card. In fact, the life expectancy of ID documents is much longer than other smart cards and their replacement can be one of the most significant cost elements for governments. Our research and development department is designing innovative technological solutions that will be applied to this market that requires a constant effort in step with the most advanced technologies that raise the level of safety and guarantee the fundamental requirements of durability and reliability.

The financial market, on the other hand, records less growth worldwide, except for some areas where the trend of issuing a financial card directly at the bank counter has opened up a new and sophisticated market. This trend was the driver that led us to decide to develop new finance systems for instant issuance, more compact solutions that allow the on-demand payment card personalization directly at the bank branch, thus reducing time and providing the customer with an immediate and high-level service. Also, the contactless market is recording significant growth as it allows the user to make a touchless payment, thus avoiding any contact.

Another financial market niche that is recording strong growth is that of special applications where we position ourselves among the global market leaders with our centralized laser issuing solutions.

We also expect that the world of bank cards rather than undergo a sharp decline will require increasingly technologically sophisticated systems that will store data relating to the transaction itself, biometric data and financial data.

In accordance with the Article 2428 of the Italian Civil Code, it should be noted that the activity is carried out at the headquarters in Galliate (NO), Omar alley, 33, where the administrative offices and the production plant are located. The company does not carry out activities in secondary offices.

Management and Financial Trends

In addition, as of 30 June 2021, the Company recorded a gross operating revenue (EBITDA) of Euro/000 1,552 (approximately 22% of the turnover as of 30 June 2021) compared to Euro/000 719 as of 30 June 2020 (approximately 13% of the turnover as of 30 June 2020).

The operating result (EBIT) ended 30 June 2021 amounted to Euro/000 1,007 compared to Euro/000 -67 for ended 30 June 2020.

The half year ended 30 June 2021 closed with a profit of Euro/000 608 compared to a profit of Euro/000 3 in the same period of the previous year.

Despite the fact that the worldwide Covid-19 pandemic is not over yet, the Company faced this emergency, achieving an EBITDA that stands at double-digit percentages of the turnover, which is to be considered positive, given the contingency of the world economy, having achieved a significantly higher profit than in the previous year.

Below is the reclassification for management purposes of the income statement as at 30/06/2021 and 30/06/2020:

Reclassified management income statement at 30 June 2021 and 30 June 2020

Income statement	30/06/2021	30/06/2020
(Data in Thousands Euro)		
Revenues and Proceeds	7.082	5.404
Other revenues and proceeds	-	-
Variation inventories WIP and PF	-	-
Capitalized works in progress	389	370
Other depreciations and utilizations	-	-
Revenues	7.471	5.774
COGS (including variation of inventories)	(3.143)	(2.410)
Gross margin	4.328	3.364
Services	(1.056)	(1.039)
Employees	(1.572)	(1.444)
Rents and structural expenses	(130)	(125)
Other operating expenses	(18)	(37)
EBITDA	1.552	719
Amortizations and provisions	(545)	(787)
EBIT	1.007	(67)
Financial proceeds / (expenses)	(126)	(110)
Extraordinary proceeds / (expenses)	(5)	250
EBT	876	72
Taxes	(269)	(69)
Fiscal year result	608	3

The management representation has the purpose of highlighting the Company's specialties in a more marked way.

The main reclassifications relating to 30 June 2021 are attributable to:

1) the allocation of the variances of the inventories, equal to Euro 349 thousand, in the COGS while in the IAS / IFRS representation are reclassified in variation of inventories;

2) the allocation of extraordinary income, equal to Euro 41 thousand, in extraordinary proceeds, while in the IAS / IFRS representation they are reclassified in revenues and proceeds;

3) the allocation of losing incomes, equal to Euro 45 thousand, under extraordinary charges, while in the IAS / IFRS representation they are reclassified under other operating expenses;

4) to the allocation of costs for employee policies, amounting to Euro 75 thousand, in Services, while in the IAS/IFRS representation they are reclassified in Other employees costs;

5) to the allocation of transport costs on purchases, amounting to Euro 43 thousand, in the COGS, while in the IAS/IFRS representation they are reclassified in the costs for services;

6) the allocation of installation and assistance costs, amounting to Euro 17 thousand in the COGS, while in the IAS/IFRS presentation they are reclassified under costs for services;

7) the allocation of various consulting services, amounting to Euro 215 thousand in Employees, while in IAS/IFRS representation they are reclassified under costs for services;

8) to the allocation of expenses for utilities, amounting to a total of Euro 47 thousand, in Rent and overheads, while in the IAS/IFRS presentation they are reclassified in the costs for services;

9) the allocation of office rental expenses, amounting to Euro 81 thousand, to Rent and overheads, while in the IAS/IFRS presentation they are reclassified in the costs for use of third-party assets.

Balance Sheet (Data in Thousands Euro)	30/06/2021	31/12/2020	31/12/2019	30/06/2020
Inventories	3,163	3,513	3,010	3,427
Trade receivables	3,198	3,253	2,577	2,700
Trade payables	-1,270	-2,019	-2,580	-1,578
Trade Working Capital	5,091	4,747	3,007	4,549
Other assets	382	525	1,423	1,015
Other liabilities	-1164	-944	-898	-870
Net Working Capital	4,309	4,327	3,531	4,694

The main reclassifications relating to 30 June 2020 are attributable to:

1) the allocation of the revenues of the expenses of transport equal to Euro 33 thousand in service charges, while in the IAS / IFRS representation they are reclassified in revenues and proceeds.

2) the allocation of the variation of inventories in the COGS (Cost of goods sold), while in the IAS / IFRS representation a part equal to Euro 418 thousand is reclassified in variation of inventories;

3) the allocation of extraordinary income and the tax credit listing proceed, equal to Euro 370 thousand, in extraordinary proceeds, while in the IAS / IFRS representation they are reclassified under revenues and proceeds;

4) the allocation of business consulting, equal to Euro 120 thousand, in extraordinary charges, while in the IAS / IFRS representation they are reclassified under other operating expenses.

Net working capital stood at Euro/1000 4,309 in the first half year of 2021 compared to Euro/1000 4,327 as of 31 December 2020.

Finally, net assets as of 30 June 2021 amounted to Euro/1000 8,271 compared to Euro/1000 7,654 as of 31 December 2020; the increase is mainly due to the result achieved in the period.

The Net Financial Position is positive (net debt) in the amount of Euro/000 319 (in the amount of Euro/000 444 as of 31/12/2020) and shows an improvement of Euro/000 125 compared to the previous year. compared to Euro/1000 4,327 as of 31 December 2020.

Adj Net Financial Position, which also considers tax debits and social security, is positive (net debt) for Euro 1,776 thousand (positive for Euro 2,118 thousand as of 31/12/2020) and shows an improvement over the previous year of Euro 342 thousand.

Values in €/000	**30-06-21**	**31-12-20**
A. Cash	1	-
B. Other cash and cash equivalents	7,943	7,361
C. Securities held for trading	38	-
D. Liquidity (A) + (B) + (C)	**7,981**	**7,361**
E. Current financial receivables	-	-
E.2 Derivative financial instruments	-	-
F. Current bank payables	1,200	1,714
G. Current portion of non-current debt	-	176
H. Other current financial payables	-	-
I. Current financial debt (F) + (G) + (H)	**1,200**	**1,890**
J. Net current financial debt (I) - (E) - (D)	**(6,781)**	**(5,471)**
K. Non-current financial assets	-	-
L. Non-current financial receivables	-	-
M. Non-current bank payables	7,100	5,915
No. of Bonds issued	-	-
O. Other non-current payables	-	-
P. Non-current financial debt (M) + (N) + (O)	**7,100**	**5,915**
Q. Net non-current financial debt (P) - (K) - (L)	**7,100**	**5,915**
Net financial position (J) + (Q)	**319**	**444**
R. Overdue tax payables	1,134	1,190
S. Overdue social security debts	323	485
PAST DUE SOCIAL SECURITY TAX PAYABLES (R) + (S)	**1,457**	**1,674**
Net financial position Adj (J) + (Q) + (R) + (S)	**1,776**	**2,118**

The main economic and financial indicators are highlighted below:

FIXED ASSET FINANCING INDICATORS		30-06-21	31-12-20
Primary Margin of Structure	*Equity - Fixed assets*	2,187	1,595
Primary Structure Quotient	*Equity / Fixed assets*	1.36	1.26
Outline Secondary Margin	*(Equity + Consolidated liabilities) - Fixed assets*	2,729	2,356
Secondary Structure Quotient	*(Equity + Consolidated liabilities)/ Fixed assets*	1.45	1.39

INDEXES ON THE STRUCTURE OF FINANCING		30-06-21	31-12-20
Total Debt Ratio	*(Pml + Pc) /Equity*	0.54	0.75
Financial debt ratio	*Financing Liabilities/Equity*	1.00	1.00

PROFITABILITY RATIOS		30-06-21	30-06-20
Net ROE	*Net profit/loss /Average equity*	7%	0%
Gross ROE	*Gross profit/loss /Average equity*	11%	1%
ROI	*Operating profit/loss /(average CIO - Average operating liabilities)*	12%	3%
EBITDA on Revenues	*Gross Operating Margin /Revenues*	22%	16%
ROS	*Operating profit/loss / Revenues from sales*	14%	4%

SOLVENCY INDICATORS		30-06-21	31-12-20
Margin of availability	*Current assets - Current liabilities*	3,203	2,934
Availability quotient	*Current Assets / Current Liabilities*	1.92	1.67
Treasury Margin	*(Deferred liquidity + Immediate liquidity) - Current liabilities*	4,503	2,993
Quick ratio	*(Deferred liquidity + Immediate liquidity) /Current liabilities*	2.29	1.69

Research and development activities (R&D)

During the period, the company carried out research and development activities, proceeding various projects, that at closing date of the financial statements, are still being completed. The Company expects to launch two new innovative systems on the market by the end of this year. In particular, the Company has carried out both industrial research activities and experimental research.

During the 2020 financial year, our Company carried out activities that fall within the eligibility criteria provided by the Law 160/2019, and in this sense, it dedicated a significant commitment of its resources to the implementation of the following projects, carried out at the Galliate (Novara) plant:

- Project 1 - Research and Development activities to be directed towards the design and implementation of new technological solutions for the personalisation and issuance of cards and digital authentication systems;
- Project 2 - Technological Innovation activities with reference to new technical solutions to be directed towards the creation of an innovative modular product structure.

For the development of these projects, the Company incurred in the previous year, R&D&I activities costs equal to Euro 1,370,705.

It is hoped that the positive outcome of these innovations will generate good results in terms of turnover with favourable effects on the company's economy.

For R&D&I activities, the Company intends to avail itself of the tax credit provided by the Law 160/2019 art. 1 paragraph 198/209 as amended by the Law 178/2020 art. 1 paragraph 1064.

In compliance with national accounting principle no. 24 of the CNDC and CNR as revised by the OIC and article 2426 of the Italian Civil Code, point 5, it is believed that the R&D costs highlighted above meet the requirements to be capitalised and amortised within a period not exceeding five years.

Relations with subsidiaries, associates, parent companies and related parties

The company had the following relationships with the parent company:

Description	Financial debts	Accounts receivables	Accounts Payables	Invoices to be received	Advances	Costs	Revenues	Interest expense on financing
Matica Technologies AG	0	1,714	(2,436)	(2,668)	-	(72,568)	8,421	0
Total	**0**	**1,714**	**(2,436)**	(2,668)	-	**(72,568)**	**8,421**	**0**

The company had the following relations with related parties:

Description	Financial debts	Accounts receivables	Accounts Payables	Invoices to be received	Advances	Costs	Revenues	Interest expense on financing
Matica Corp	-	517,998	(11,453)	-	(2,378)	(315,508)	921,014	-
Matica Technologies FZE	-	15,984	-	-	-	-	125,640	-
Matica Technologies Beijing	-	16,717	(11,962)	-	-	-	13,551	-
Matica Technologies Group SA	-	140,576	(700)	-	-	-	106,180	-
Total	**-**	**691,275**	**(24,116)**	**0**	**(2,378)**	**(315,508)**	**1,166,384**	**-**

In defining a related party, the company referred to Consob regulation no. 17221 of 12/03/2010 and subsequent changes and additions. These relationships, which do not include atypical and / or unusual transactions, are regulated at normal market conditions.

Number and nominal value of both treasury stock and shares or dues of parent companies

As of 30.06.2021, the Company held 27,000 treasury stock equals to 0.72% of the share capital.

Significant events occurring after il 30.06.2021

Significant events include the continuation of the pandemic crisis in various parts of the world and the consequent difficulties that the situation has caused, both as regards the movement of goods and people, and the shortage of certain raw materials at a global level, but above all the climate of uncertainty that the pandemic has created. The Company immediately put in place various activities to deal with the COVID-19 emergency by adopting a timely and comprehensive plan to implement all measures, including non-mandatory ones, aimed at containing and/or limiting the impact of this pandemic and continues to comply with the rules and protocol in all its daily activities.

The Company reports that the purchase of treasury stock programme, initiated by the Board of Directors on 3 May 2021 is continuing, under the authorisation granted by the Ordinary Quote holders Meeting on 14 April 2021. The Company has appointed Intermonte SIM L.t.d. as the intermediary in charge of executing the transaction, which periodically carries out the purchases in full independence and in compliance with the constraints arising from applicable regulations as well as within the limits of the resolutions passed by the corporate bodies.

As regards its strictly productive activities, the Company, following the issuance of Prime Ministerial Decree No. 76 on 22 March 2020, has always continued its activity, without interruption, demonstrating to the competent bodies the essential nature of its activities in order to ensure the continuity of strategic supply chains for the Country. In addition, using the tools made available by the law to enable companies to cope with the financial difficulties related to the contingent situation, on 23 March 2020, Matica submitted a request to National Institute for Social Security (INPS in Italy) so that its employees, who see their work duties reduced or inhibited, can benefit from the Extraordinary Wages Guarantee Fund (CIGO) for the Coronavirus epidemiological emergency (COVID-19). The Company benefited from the CIGO until 30 June 2021.

Other significant events after 30 June 2021 included the subscription on 5 July 2021 of a partnership agreement with the world's largest digital identity System Integrator and, at the same time, the conclusion of an important supply contract in Central America. The 3-year agreement with the System Integrator will enable the company to start a synergic collaboration to exploit mutual expertise in the field of issuing systems in the global market. This partnership has allowed the realisation and subscription of an important supply contract, also with a duration of three years, with one of the main banks in Central America, which foresees the supply by the Company of payment card issuing systems for a total of over $1 million per year.

Other noteworthy events include the appointment of Intermonte SIM L.t.d. as the new Specialist operator and Corporate Broker from 1 September 2021. Intermonte SIM L.t.d. took over the role of Specialist operator to Integrae SIM L.t.d., which continues to act as Nominated Adviser (NOMAD) and Corporate Broker.

On 20 September 2021, the Board of Directors resolved to issue, within the context of a broader financing transaction structured as a basket bond, a non-convertible bond, pursuant to Article 2410 of the Italian Civil Code, for a nominal amount of Euro 4 million and a duration of 7 years, which will be underwritten by a securitization vehicle, set up pursuant to the Law No. 130 on 30 April 1999, which in turn will finance itself through the issue of asset-backed securities to major qualified investors. Through this instrument, the Company will have the opportunity to raise finance resources with a long-term time horizon, with competitive economic conditions to support investments for the strategic growth of the Company.

Foreseeable evolution of operations

Given the continuing pandemic crisis and the uncertainty regarding the duration and geographical spread of this epidemic, it is difficult today to make reliable predictions of possible impacts for the coming months.

However, the data in our possession testify to a very positive trend, confirming not only that the Company has faced the serious epidemic crisis without problems of business continuity and with excellent results, but that it has been able to react and conclude important supply contracts in such a particular period. We expect that in the coming months activity will continue in line with the first half of the year.

Use of financial instruments

Pursuant to art. 2428 paragraph 2 point 6-bis a), we inform you that the company has not issued financial instruments of any kind.

Company exposure to price, credit, liquidity and market risks

Pursuant to art. 2428, paragraph 2, point 6-bis b) of the Italian Civil Code, information is provided below on the use of financial instruments is provided below, as they are relevant for the purposes of evaluating the equity and financial situation.

<u>Credit risk</u>

Credit risk is represented by the possibility that the issuer of a financial instrument will default on its obligation and cause a financial loss to the subscriber.

Credit risk arises from sales made in the ordinary course of business activities and from the use of financial instruments involving the settlement of positions with the counterparty.

As far as commercial transactions are concerned, the company works with medium-and-large-sized counterparties for whom credit checks are carried out in advance.

The company implements a procedure for evaluating and controlling its customer portfolio, also through constant monitoring of collections. In the event of excessive or repeated delays, supplies are suspended.

Losses on receivables historically recorded are very low in relation to the value of production and do not require specific coverage and/or insurance.

As regards financial transactions, these are carried out by leading financial institutions of large size and high creditworthiness, whose rating is monitored in order to limit the risk of counterparty insolvency.

<u>Liquidity risk</u>

Liquidity risk can manifest itself in the inability to obtain, at economic conditions, the financial resources necessary for the Company's operations. The two main factors affecting the Company's liquidity are:

- The financial resources generated or absorbed by operating or investing activities;
- The maturity characteristics of financial debt.

The Company finances its activities both through the cash flows generated by operations and through recourse to external financing sources and is therefore exposed to liquidity risk, represented by the fact that financial resources are not sufficient to meet financial and commercial obligations within the established terms and deadlines. The company’s cash flows, funding requirements and liquidity are controlled by considering the maturity of the financial assets (trade receivables and other financial assets) and the cash flows expected from the related transactions. The company has both secured and unsecured credit lines, consisting of short-term revocable lines in the forms of hot financing, bank overdrafts and endorsement credit.

It should be noted that at 31 December 2020, liquidity risk is mitigated by the cash & cash equivalent held.

As regards the exposure related to trade payables, there is no significant concentration of suppliers.

The management believes that the funds generated by operating and financing activities will allow the Company to satisfy its needs arising from investment activities, working capital management and repayment of debits at their contractual maturity.

Interest rate risk

As financial indebtedness is mainly regulated by fixed interest rates, it follows that the company is not significantly exposed to the risk of their fluctuation. The evolution of interest rates is however monitored by the Company and in relation to their evolution, the opportunity to proceed with an adequate hedging of the interest rate risk may be evaluated. At present, the Company does not hedge itself, considering the insignificant impact on the income statement deriving from changes in interest rates.

Currency risk

The exposure to the risk of changes in exchange rates arises from conducting business in currencies other than the euro. The Company conducts its business mainly in Euros, and in any case most of its transactions; therefore, this risk must be considered negligible.

As regards the other risks to which the company is exposed, not mentioned in this paragraph, reference should be made to paragraph 4 of the Explanatory Notes.

Information relating to the environment

In relation to this type of information, the Company reports that it has not incurred any significant expenses or made significant investments in environmental matters, in consideration of the type of activity carried out which does not present particular risks.

Information on Employees

The following main information is provided:

- during the fiscal year under review there were no deaths at work, no accidents or charges relating to occupational diseases;

- the Company complies with the regulations on the protection and safety of workers (Legislative Decree no. 81 of 9 April 2008, no. 81) and the related risk assessment.

Below is a summary table that provides further information on employees:

Employees	**30-06-21**	**31-12-19**
Executives	2	3
Clerical staff	27	31
Manual workers	23	23
Total average number	**52**	**57**

Milan, 30 September 2021.

The Chairman of the Board of Directors
(Mr. Sandro Camilleri)

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Balance sheet and financial situation

Values in euro	Notes	30-06-21	31-12-20
Non-current assets			
Tangible fixed assets	**6**	451,316	523,220
Plant and machinery		*162,371*	*181,105*
Furniture and equipment		*120,100*	*142,983*
Vehicles		*74,973*	*89,355*
Improvements on leased assets		*22,773*	*30,244*
Other property, plant, and equipment		*71,099*	*79,533*
Intangible fixed assets	**7**	5,568,045	5,494,393
Development Costs		*3,164,924*	*3,114,256*
Patents Trademarks and other rights		*24,841*	*7,155*
Software		*62,891*	*57,361*
Other intangible assets		*1,215,390*	*1,215,621*
Goodwill		*1,100,000*	*1,100,000*
Other non-current assets	**8**	65,119	41,608
Deferred tax assets	**9**	109,286	307,032
Total non-current assets		**6,193,766**	**6,366,253**
Current assets			
Inventories	**10**	3,202,831	3,513,087
Tax receivables	**11**	-	28,102
Trade and other receivables	**12**	3,133,670	3,251,579
Cash and cash equivalents	**13**	7,943,650	7,360,978
Other assets	**14**	235,355	201,908
Total Current Assets		**14,515,506**	**14,355,654**
Non-current assets held for sale			
Total assets		**20,709,272**	**20,721,907**
Net Assets			
Share capital		5,254,100	5,254,100
Legal reserve		21,919	19,397
Other reserves		3,344,839	3,335,153
Profits (losses) carried forward		(957,240)	(1,005,151)
Net profit/loss for the period		607,576	50,433
Total shareholders' equity	**15**	**8,271,193**	**7,653,932**
Non-current liabilities			
Financial debts	**16**	7,217,671	6,049,099
Provision for other employees' benefits	**17**	348,704	483,829
Deferred tax liabilities and tax provisions	**18**	68,756	89,039
Non-current tax payables	**19**	933,592	997,188
Other non-current liabilities	**20**	193,817	277,849
Total Non-Current Liabilities		**8,762,540**	**7,897,003**
Current Liabilities			
Financial debts	**16**	1,199,868	1,889,509
Current tax payables	**19**	365,248	406,835
Trade and other payables	**21**	1,116,784	1,798,730
Other current liabilities	**20**	993,638	1,075,897
Total Current Liabilities		**3,675,539**	**5,170,972**
Total shareholders' equity and liabilities		**20,709,272**	**20,721,907**

Comprehensive income statement

Values in euro	Notes	30-06-21	30-06-20
Sales Revenues	**22**	7,082,282	5,437,039
Other Revenues and Proceeds	**22**	40,796	370,296
Change in inventories	**10**	(349,221)	417,653
increments of internal work capitalized under fixed assets	**7**	388,580	369,549
Total Revenues		**7,162,437**	**6,594,537**
Costs for purchases	**23**	(2,723,677)	(2,687,561)
Other operating costs	**24**	(1,437,559)	(1,565,482)
Costs for Services		*(1,262,364)*	*(1,307,232)*
Costs for use of assets owned by others		*(103,589)*	*(101,829)*
Other Operating Costs		*(71,606)*	*(156,421)*
Employees Costs	**25**	(1,432,353)	(1,363,469)
Operating costs		**(5,593,589)**	**(5,616,512)**
EBITDA		**1,568,848**	**978,025**
Amortizations	**6 , 7**	(557,158)	(737,770)
Provisions for risks	**26**	(4,973)	-
Revaluations / (Depreciations)	**27**	17,250	(48,863)
Operating profit/loss		**1,023,968**	**191,392**
Financial Proceeds		19,993	26,618
Financial Charges		(167,857)	(145,986)
Net Financial Proceeds (Charges)	**28**	**(147,864)**	**(119,369)**
Profit/loss before taxation		**876,104**	**72,023**
Current Taxes		(80,613)	(27,620)
Advanced Taxed /(deferred)		(187,915)	(41,338)
Total taxes	**29**	(268,528)	(68,958)
Fiscal Year profit/loss		**607,576**	**3,065**
Basic earnings / (loss) per share (EUR per share)	**30**	0.0580	0.0003
Diluted earnings / (loss) per share (EUR per share)	**30**	0.0558	0.0003
Other profits/(losses) of comprehensive operating result:			
Other components of the comprehensive income statement for the period that will be subsequently released to the income statement		**-**	**-**
Other components of the comprehensive income statement for the period that will not be subsequently released to the income statement			
Actuarial gains / (losses) related to "defined benefit plans"	**17**	47,279	(1,439)
Total Other Profits/(Losses), net of tax effect (B)		**47,279**	**(1,439)**
Total comprehensive Profit/(Loss) (A) + (B)		**654,855**	**1,626**

Statement of changes in Shareholders' equity

Values in Euro/000

	Share capital	Legal reserve	Share premium reserve	Non-repayable payment	Reserve for treasury shares	Capital contribution reserve	IAS 19 RESERVE	Profits (losses) carried forward	Profit/ (Loss) of fiscal year	Total shareholders' equity
12/31/2019	5,254	4	3,320			25	(134)	(12,978)	308	**7,479**
Attribution of the result		15						293	(308)	-
Other turnover						(9)				(9)
Payments of non-repayable funds				177						177
Comprehensive proft/loss							(44)		50	6
12/31/2020	5,254	19	3,320	177		16	(179)	(1,005)	50	**7,654**
Attribution of the result		3						48	(50)	-
Purchase of own shares					(38)					- 38.00
Comprehensive proft/loss							47		608	655
30/06/2021	5,254	22	3,320	177	(38)	16	(132)	(957)	608	**8,271**

Financial statement

Values in euro

		30-06-21	30-06-20
Profit (loss) for the fiscal year before taxes		876,104	72,023
Adjustments for:			
- non-monetary items - devaluations (revaluations)		(17,250)	48,863
- non-monetary items - provisions / (releases)		4,973	38,409
- Financial Proceeds		(19,993)	(26,618)
- Financial Charges		167,857	145,986
- non-monetary items - depreciation		557,158	737,770
Adjusted profit for the period (loss) before taxes		**1,568,848**	**1,016,433**
Cash and cash equivalents generated by transactions			
- Income taxes paid		(168,145)	(178,420)
	Total	**(168,145)**	**(178,420)**
Variations to Working Capital			
Variation in receivables from customers		135,159	(106,758)
Variation in inventories		310,256	(417,653)
Variation in payables to providers		(681,946)	(997,821)
Variation in other receivables and other payables		(223,250)	96,705
Change in employee severance pay (TFR) and other provisions		(92,819)	(37,585)
	Total	**(552,599)**	**(1,463,111)**
Cash flow from operating activities (1)		**848,104**	**(625,097)**
Divestments / (Investments):			
- Tangible		(24,254)	(16,916)
- Intangible		(534,652)	(788,255)
Cash flow from in investment activities (2)		**(558,906)**	**(805,171)**
Financial assets			
Increases/(decreases) in financial payables		478,932	(1,818,296)
Financial proceeds (charges)		(147,864)	(119,369)
Purchase of own shares		(37,593)	-
Cash flow from in financing activities (3)		**293,474**	**(1,937,664)**
Cash flow from operating activities		**582,672**	**(3,367,933)**
Variation in cash and cash equivalents (1+2+3)		**582,672**	**(3,367,933)**
Cash and cash equivalents at the beginning of the period		**7,360,978**	**5,552,697**
Cash and cash equivalents at the end of the period		**7,943,650**	**2,184,764**

FORM AND CONTENT
OF THE HALF-YEARLY FINANCIAL REPORT

Premise

This half-yearly financial report for the six months ended 30 June 2021 (hereinafter the "Half-yearly Report") has been prepared in accordance with the requirements of the AIM Italia Rules of Borsa Italiana L.t.d.

This Half-Yearly Report has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" also includes the International Accounting Standards ("IAS") still in force, as well as all interpretative documents issued by the Interpretation Committee, formerly the International Financial Reporting Interpretations Committee ("IFRIC") and before that the Standing Interpretations Committee ("SIC"). In the preparation of the Half-Year Financial Statements, prepared in accordance with IAS 34 - Interim Financial Reporting, the same accounting principles are applied as those adopted in the preparation of the Individual Financial Statements at 31 December 2020, except as described in the paragraph below Accounting principles, amendments and interpretations applied from 1 January 2.

1 Basis for presentation

The Biannual report comprises the statement of financial position, the statement of comprehensive income, the statement of variances of net assets, the financial statement, and the explanatory notes and is accompanied by the directors' report on operations.

The format adopted for the statement of financial position distinguishes between current and non-current assets and liabilities.

The components of the profit/loss for the year are included directly in the statement of comprehensive income. The income statement format adopted provides for the classification of expenses by nature.

The statement of variances of net assets includes the amounts of transactions with equity holders and movements in reserves during the year.

In the financial statement, the cash flows deriving from operating activities are presented using the indirect method, whereby profit or loss for the period is adjusted for the effects of non-monetary transactions, any deferral or accruals of past or future operating cash receipts or payments, and revenue or expense items related to cash flows from investing or financing activities.

The statement of the financial position, the statement of comprehensive income, the statement of variances of net assets, and the financial statement are presented in Euros; amounts reported in the explanatory notes are expressed in thousands of Euros.

2 Applied accounting principles

General principles for the preparation of interim results

The half-year results do not show significant fluctuations.

Taxes are calculated on the result for the period, based on the best estimate of the tax rate expected to be applied to the result for the entire year.

Costs incurred in a non-homogeneous or linear manner during the period are advanced and/or deferred to the end of the half-year only to the extent that their advancement and/or deferral is in accordance with the accounting principles for the preparation of annual financial statements.

Fundamental assumptions concerning the future and other causes of uncertainty in making estimates at the balance sheet date that may cause material adjustments to the carrying amounts of assets and liabilities within the next fiscal year are mainly related to:

- the process of assessing the impairment of non-recurring assets, which is generally only carried out in full during the preparation of the annual financial statements, except in cases where there are indicators of impairment;
- the process of determining the allowance for doubtful accounts;
- the process of the variation of inventories.

3 Fair value measurement

In relation to financial instruments measured at *fair value*, the classification of these instruments based on the hierarchy of levels required by IFRS 13, which reflects the significance of the inputs used in determining *fair value,* is presented below. The following levels are distinguished:

Level 1 - unadjusted listing prices recognized in an active market for assets or liabilities being measured;

Level 2 - inputs other than quoted prices referred to in the previous point, which are observable in the market, either directly (as in the case of prices) or indirectly (i.e. as derived from prices);

Level 3 - inputs that are not based on observable market data.

As of 31 December 2020 and 2019, no assets or liabilities held by the company are measured at fair value.

4 Risks to which the Company is exposed

The Company is mainly exposed to financial risks, market risk, credit risk, and liquidity risk.

4.1 Financial Risks

Risks deriving from variances rate fluctuations

Foreign exchange risk is the risk that the value of a financial asset or liability changes due to changes in exchange rates.

With regard to this risk, the strategy adopted is to minimize the impact on the income statement of changes in exchange rates and envisages hedging the risk deriving from financial positions denominated in currencies other than the reporting currency, if necessary.

On the basis of the above, the fluctuations in exchange rates that occurred during the year did not have any significant impact on the financial statements.

Risks arising from interest rate variances

As financial net debt is mainly regulated by fixed interest rates, it follows that the Company is not significantly exposed to the risk of their fluctuation. The evolution of interest rates is however monitored by the Company and in relation to their evolution, the opportunity to proceed to adequate hedging of the interest rate risk may be evaluated. At present, the Company does not hedge itself, considering the insignificant impact on the income statement deriving from variances in interest rates.

Details of financial assets and liabilities by category are shown below:

Values in Euro

Financial assets as of 30 June 2021	IFRS 9 CATEGORIES: Financial instruments at fair value with income statement counterpart	Financial instruments at fair value through equity	Receivables and loans	Cash and cash equivalents	Balance sheet value
Financial assets:					
Financial receivables (portion over 12 months)	-	-	65,119	-	**65,119**
Credits:					
Trade receivables from clients	-	-	3,133,670	-	**3,133,670**
Other current receivables/assets:					
Other receivables and assets	-	-	235,355	-	**235,355**
Cash and cash equivalents					
Bank and postal deposits		-	-	7,943,650	**7,943,650**
TOTAL FINANCIAL ASSETS	**-**	**-**	**3,434,144**	**7,943,650**	**11,377,794**

Financial liabilities as of 30 June 2021	IFRS 9 CATEGORIES: Liabilities at amortised cost	Financial instruments at fair value with income statement counterpart	Financial instruments at fair value through equity	Balance sheet value
Non-current financial payables and liabilities:				
Payables due to banks	7,217,671	-	-	**7,217,671**
Other financial liabilities	193,817	-	-	**193,817**
Current liabilities:				
Payables to banks and other lenders	1,199,868	-	-	**1,199,868**
Trade payables	1,116,784	-	-	**1,116,784**
Non-current tax payables	933,592	-	-	**933,592**
Other financial liabilities	1,358,887	-	-	**1,358,887**
Other financial liabilities	-	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**12,020,619**	**-**	**-**	**12,020,619**

4.2 Market risk

Currency risk

The exposure to the risk of variances in exchange rates arises from conducting business in currencies other than the Euro. The Company conducts its business mainly in Euro, and in any case most of its transactions; therefore, this risk must be considered negligible.

Interest rate risk

The company has an insignificant exposure to the risk of interest rate fluctuations on its financial assets, short-term bank debts and loans, and long-term leasing contracts.
The company's strategy is aimed at minimizing the risk through a balanced distribution between fixed and variable rate loans, also with ad hoc hedging instruments, if necessary.
On the basis of the above, the fluctuations in interest rates during the year did not have a significant impact on the financial statements.

Price risk

Price risk is represented by the possibility that the value of a financial asset or liability changes due to changes in market prices (other than those related to currencies and rates).

This risk is typical of financial assets that are not quoted in an active market and cannot always be realized in the short term at a value close to their fair value.

Given the size of the existing investments, this risk is not significant and therefore is not hedged.

4.3 Credit risk

Credit risk is represented by the possibility that the issuer of a financial instrument will default on its debentures and cause a financial loss to the subscriber.

Credit risk arises from sales made in the ordinary course of business and from the use of financial instruments involving the settlement of positions with the counterparty.

As far as commercial transactions are concerned, the company operates with medium-and-large-sized counterparties in relation to which creditworthiness checks are carried out in advance.

The company implements a procedure to valuation and control its customer portfolio, including through constant monitoring of collections. In the event of excessive or repeated delays, supplies are suspended.

Losses on receivables historically recorded are very low in relation to the value of production and do not require special coverage and/or insurance.

As regards financial transactions, these are carried out with leading financial institutions of large size and high creditworthiness, whose rating is monitored in order to limit the risk of counterparty insolvency.

4.4 Liquidity risk

Liquidity risk can manifest itself with the inability to obtain, at economic conditions, the financial resources necessary for the Company's operations. The two main factors affecting the Company's liquidity are:

- The financial resources generated or absorbed by operating or investment activities (opening of new premises);
- The maturity characteristics of the financial debt.

The Company finances its activities both through the cash flows generated by operations and through the use of external financing sources of financing and is therefore exposed to liquidity risk, represented by the fact that financial resources are not sufficient to meet financial and commercial debentures in the established terms and deadlines. The company's cash flows, funding requirements, and liquidity are controlled by considering the maturity of the financial assets (trade receivables and other financial assets) and the cash flows expected from the related transactions. The company has both secured and unsecured credit lines, consisting of short-term revocable lines in the form of hot financing, overdrafts, and endorsement credit.

The Company has a composition of the long-term indebtedness structure exposed to interest rate risk with reference as reported in Note 16 below.

It should be noted that, on 31 December 2020, the liquidity risk is mitigated by the residual cash flow generated at the time of listing in 2019 and received in 2020 as a result of the new subsidized loans.

With regard to the exposure related to trade payables, there is no significant concentration of suppliers.

Management believes that the funds generated from operating and financing activities will allow the Company to meet its needs arising from investment activities, working capital management, and refund of debits at their contractual maturity.

5.1 Approved accounting standards and interpretations effective from 1 January 2021

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the IFRSs effective from 1 January 2021 are set out below:

On 14 January 2021, Commission Regulation (EU) 2021/25 of 13 January 2021 amended Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and the Council, as regards International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, and International Financial Reporting Standard (IFRS) 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IFRS 16 Leases

The Regulation implements at the European level the amendments adopted on 27 August 2020 by the International Accounting Standards Board of 'Reform of Interest Rate Benchmarks - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16', which take into account the consequences of effectively replacing existing interest rate benchmarks with alternative benchmarks.

These amendments provide for a specific accounting treatment to allocate overtime changes in the value of financial instruments or leases due to the replacement of the interest rate reference index, thus avoiding immediate effects on profit or loss and unnecessary discontinuance of hedging relationships due to the replacement of the interest rate reference index.
Companies apply the amendments to the European Regulation at the latest from the commencement date of their first financial year starting on or after 1 January 2021. There is no impact on the individual financial statements due to the application of these amendments.

5.2 International Accounting Standards and/or interpretations issued but not yet effective and/or endorsed

New Standards or interpretations that have been issued, but are not yet effective or endorsed by the European Union at 31 June 2021 and therefore not applicable are indicated below. They are not expected to have a material impact on the Company's financial statements as the date of application.

Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current. The amendments clarify the principles to be applied for the classification of liabilities as current or non-current. These amendments, which will become effective on 1 January 2022, have not yet been endorsed by the European Union.

Amendments to IAS 16 – Land and building, Machinery and Installation - Considerations Received Before Intended Use. These amendments prohibit deducting from the cost of land and building, machinery, and installation amounts received from the sale of products while the asset is being prepared for its intended use. The proceeds from the sale of the products, and the related production cost, shall be recognized in profit or loss.
These amendments, which will become effective on 1 January 2022, have not yet been endorsed by the European Union.

Amendments to IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets - Onerous Contracts - Costs for Performing a Contract. These amendments specify the costs to be taken into account when measuring onerous contracts.
These amendments, which will come into force on 1 January 2022, have not yet been endorsed by the European Union.

Annual Improvements (2018 - 2020 cycle) issued in May 2020. These are limited amendments to certain standards (IFRS 1 First-time Adoption of IFRSs, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples of IFRS 16 Leases) that clarify their wording or correct omissions or conflicts between the requirements of the IFRSs. These amendments, which will become effective on 1 January 2022, have not yet been endorsed by the European Union.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

These amendments provide guidance for applying materiality judgments to accounting policy disclosures in a more useful way; in particular

- the requirement to disclose 'significant' accounting policies has been replaced with a requirement to disclose 'material' accounting policies;
- guidance has been added on how to apply the concept of materiality to accounting policy disclosures.

In assessing the materiality of accounting policy disclosures, entities shall consider the size of transactions, other events or conditions, and their nature.

These amendments, which will become effective on 1 January 2023, have not been endorsed yet by the European Union. Disclosures in the financial statements are not expected to be affected by these amendments.

Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

These amendments introduce a new definition of "accounting estimates", in particular in terms of the difference between accounting estimates and accounting policies, and provide guidance on whether changes should be treated as changes in estimates, changes in accounting policies, or errors.

These amendments, which will become effective on 1 January 2023, have not yet been endorsed by the European Union. The financial statements are not expected to be affected by these amendments.

Amendments to IFRS 16 Leases – Covid-19 Related Rent Reductions

These amendments introduce an optional accounting treatment for lessees for permanent rent holidays or temporary rent reductions related to Covid-19.

Lessees may choose to account for rent reductions occurring until 30 June 2021 as variable lease payments recognized directly in profit or loss in the period in which the reduction applies, or treat them as an amendment to the lease agreement with the resulting debentures to remeasure the lease liability on the basis of the revised consideration using a revised discount rate.

There is no impact on the Individual Financial Statements due to the application of these amendments.

Amendments to IAS 12 - Income Taxes - Deferred Taxes and Prepayments arising from a Single Transaction

These amendments eliminate the possibility of not recognizing deferred taxes upon initial recognition of transactions that give rise to both taxable and deductible temporary differences (e.g., leases).

These amendments also clarify that, when lease payments are deductible for tax purposes, it is a matter of judgment (after considering the applicable tax law) whether such deductions are attributable for tax purposes to the lease liability recognized in the financial statements or to the related right-of-use. If the tax deductions are allocated to the right-of-use, the tax bases of the right-of-use and the lease liability are the same as their carrying amounts, and no temporary differences arise on initial recognition. However, if tax deductions are allocated to the lease liability, the tax bases of the right-of-use and the lease liability are zero, giving rise to taxable and deductible temporary differences, respectively. Even if the gross temporary differences are equal, deferred tax liability and a deferred tax asset should still be recognized.

These amendments, which will come into force on 1 January 2023, have not yet been endorsed by the European Union. The impact on the financial statements as a result of these changes is currently being analyzed.

EXPLANATORY NOTES

6 Tangible fixed assets

Changes in tangible fixed assets over the last two years are shown below:

Data in thousands of euro	**Plants and machinery**	**Furniture and equipment**	**Vehicles**	**Improvements on leased assets**	**Other property, plant and equipment**	**Total**
Cost as of 1.1.2021	**536**	**1,505**	**216**	**90**	**579**	**2,926**
Variations during the period:						
- Increases	-	14	4	-	3	**21**
Total variations	**-**	**14**	**4**	**-**	**3**	**21**
Total cost as of 30.06.2021	**536**	**1,519**	**220**	**90**	**582**	**2,947**
Amortization provisions as of 1.1.2021	**(355)**	**(1,362)**	**(127)**	**(60)**	**(500)**	**(2,403)**
Variations during the period:						
- Amortizations	(19)	(37)	(18)	(7)	(12)	**(93)**
Total variations	**(19)**	**(37)**	**(18)**	**(7)**	**(12)**	**(93)**
Total amortization provisions as of 30.06.2021	**(374)**	**(1,399)**	**(145)**	**(67)**	**(512)**	**(2,496)**
Values as of 30.06.2021	**162**	**120**	**75**	**23**	**70**	**451**

Data in thousands of euro	**Plants and machinery**	**Furniture and equipment**	**Vehicles**	**Improvements on leased assets**	**Other property, plant and equipment**	**Total**
Cost as of 1.1.2020	**535**	**1,458**	**181**	**90**	**562**	**2,826**
Variations during the period:						
- Increases	1	47	35	-	17	**100**
Total variations	**1**	**47**	**35**	**-**	**17**	**100**
Total cost as of 31.12.2020	**536**	**1,505**	**216**	**90**	**579**	**2,926**
Amortization provisions as of 1.1.2020	**(311)**	**(1,232)**	**(88)**	**(45)**	**(463)**	**(2,139)**
Variations during the period:						
- Amortizations	(44)	(130)	(39)	(15)	(37)	**(264)**
Total variations	**(44)**	**(130)**	**(39)**	**(15)**	**(37)**	**(264)**
Total amortization provisions as of 31.12.2020	**(355)**	**(1,362)**	**(127)**	**(60)**	**(500)**	**(2,403)**
Values as of 31.12.2020	**181**	**143**	**89**	**30**	**79**	**523**

Tangible fixed assets included amounts accounted for in accordance with IFRS 16 - Leases for a net book value of Euro 102 thousand as of 30 June 2021.

7 Intangible fixed assets

Changes in intangible fixed assets over the last two years are shown below:

Data in thousands of euro	Development Costs	Patents Trademarks and other rights	Software	Other intangible assets	Goodwill	Total
Values as of 31.12.2019	**2,844**	**13**	**98**	**1,216**	**1,100**	**5,271**
Variations during the period:						
- Acquisitions of the fiscal year	1,473	3	12	-	-	**1,488**
- Amortizations	(1,203)	(9)	(53)	-	-	**(1,265)**
Values as of 31.12.2020	**3,114**	**7**	**57**	**1,216**	**1,100**	**5,494**
Variations during the period:						
- Acquisitions of the fiscal year	477	23	35	-	-	**535**
- Amortizations	(426)	(5)	(29)	(1)	-	**(461)**
Values as of 30.06.2021	**3,165**	**25**	**63**	**1,215**	**1,100**	**5,568**

Other intangible assets and goodwill arose respectively during 2017, following the contribution of Matica Technologies AG - Italian Branch to Matica Fintec Ltd (formerly Matica Electronics Ltd). These items refer respectively to the merger deficit recognized following the merger by incorporation of Matica Americas LLC into Matica Technologies AG - Italian Branch and to the goodwill recognized following the purchase by Matica Technologies AG - Italian Branch (formerly Matica System) of the business branch of Digicard Engineering Gmbh (Austria).
According to IFRS, these items are not systematically amortized in the income statement but are subject to an impairment test at least once a year.
No interim impairment test was performed for the purposes of the half-yearly financial statements. The impairment test performed for the 2020 financial statements did not reveal any impairment losses.

8 Other non-current assets

These consist almost entirely of security deposits and amount to Euro 65 thousand.

9 Deferred tax assets

Deferred tax assets as of 30 June 2021 are recognized in relation to the following temporary differences:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Reportable tax losses	391	24.00%	94
Unrealized foreign exchange losses	-	24.00%	-
Depreciation of receivables deductible in future fiscal years	17	24.00%	4
Employee severance indemnity	46	24.00%	11
Total			**109**

Deferred tax assets as of 31 December 2020 were determined as follows:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Reportable tax losses	1,073	24.00%	258
Unrealized foreign exchange losses	10	24.00%	2
Depreciation of receivables deductible in future fiscal years	79	24.00%	19
Employee severance indemnity	117	24.00%	28
Total			**307**

Deferred tax assets are recognized on the assumption of their recoverability based on the probability of future basis of assessment.

10 Inventories

Goods are recognized in inventories when the risks and rewards associated with the acquired goods are transferred. Specifically, the item includes raw materials, goods, and work in progress, as detailed below:

Data in thousands of euro

	30-06-21	31-12-20
Raw materials, supplies and consumables	2,159	2,625
Goods	575	595
Goods in progress	429	293
Advances to providers	40	-
Total	**3,203**	**3,513**

11 Tax credits

No tax receivables existed on 30 June 2021. Tax receivables as of 31 December 2020 consisted of regional tax on productive activities (IRAP) receivables related to residuals on unused 2019 advances following the "Cura Italia" Decree, which canceled the payment of the 2019 balance and the first 2020 advance.

12 Trade and miscellaneous credits

The composition of trade and miscellaneous credits as at 30 June 2021 and 31 December 2020 is as follows:

Data in thousands of euro

	30-06-21	31-12-20
To third parties	2,459	3,145
To related parties	707	252
Provision for bad debts	(33)	(145)
Total	**3,134**	**3,252**

The provision for doubtful accounts changed as follows during the year:

Data in thousands of euro

Value as of 31 December 2020	145
Provisions	20
Uses	(132)
Value as of 30 June 2021	33

13 Cash and cash equivalents

The composition of cash and cash equivalents as of 30 June 2021 and 31 December 2020 is as follows:

Data in thousands of euro

	30-06-21	31-12-20
Cash and cash equivalents	1	-
Bank deposits	7,943	7,361
Total	**7,944**	**7,361**

The change in cash and cash equivalents is mainly due to new bank loans obtained during the year.

Cash and cash equivalents are held with primary bank counterparties at interest rates in line with prevailing market conditions.

14 Others activities

These consist of prepaid expenses calculated in relation to consulting (Euro 98 thousand), insurance (Euro 58 thousand), utilities (Euro 26 thousand), and other prepaid expenses (Euro 54 thousand).

15 Equity

Equity is made up as follows:

Data in thousands of euro

	30-06-21	31-12-20
Share capital	5,254	5,254
Legal reserve	22	19
Share premium reserve	3,320	3,320
Public contributions	177	177
Contribution reserve	16	16
Reserve for own shares	(38)	-
Reserve for IAS 19	(132)	(179)
Profits (losses) carried forward	(957)	(1,005)
Profit/ (Loss) of fiscal year	608	50
Total shareholders' equity	**8,271**	**7,654**

The share capital consists of 10,508,200 ordinary shares with no nominal value. Following the listing operation which took place during the previous year, 3,508,200 new ordinary shares were issued with a value of € 0.50, charged to share capital, plus a share premium of € 1.21 per share.

The share premium reserve is determined by the premium paid at the time of listing, net of accessory charges amounting to Euro 924 thousand, as required by IAS 32.

The IAS 19 reserve includes accumulated actuarial losses, accounted for with a balancing entry directly in equity in accordance with IAS 19, determined in relation to the severance pay. The negative reserve is determined net of deferred taxes.

During the first half of the year, the company purchased 27,000 treasury shares, equal to 0.26% of the share capital, for an amount of approximately EUR 38,000. This outlay, in accordance with IAS 32, was recorded as a balancing entry in a negative equity reserve.

16 Financial debts

Financial debts are composed as follows:

Data in thousands of euro	06 2021			12 2020		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Payables to banks	7,100	1,200	8,299	5,915	1,890	7,805
IFRS 16 leasing liabilities	118	-	118	134	-	134
Total	**7,218**	**1,200**	**8,418**	**6,049**	**1,890**	**7,939**

Details about outstanding loans are as follows:

Data in thousands of euro

Bank Name	**Finance Amount**	**Length**		**Interest rate**	**Residual debt as of 30/06/2021**		
		Start	**Finish**		**Current**	**Non-current**	**Total**
BNL - BNP Paribas (Banca Nazionale del Lavoro S.p.A.)	1,400	26-11-15	31-12-21	0.25% fixed annual nominal	140	-	140
Valsabbina	1,000	31-01-20	31-10-26	2.25% fixed annual nominal	-	968	968
Hedge Invest - Crescitalia	2,000	26-11-15	30-09-21	5.75% fixed annual nominal	360	-	360
Banca del Fucino	1,150	25-04-21	31-03-27	Variable rate	-	1,000	1,000
Banca Intesa (Cash credit - Finimport/export	1,250			Variable rate	700	-	700
Sace Simest	700	19-12-20	31-12-26	0.65% fixed annual nominal	-	632	632
Banca Intesa	4,500	15-09-20	15-09-26	Variable rate	-	4,500	4,500
Total bank loans	**6,800**				**1,200**	**7,100**	**8,300**

17 Provision for other employee benefits

Defined contribution plans

In the case of defined contribution plans, the Company pays contributions to public or private insurance institutions on the basis of a legal or contractual obligation, or on a voluntary basis. By paying the contributions, the company fulfils all its obligations.

Payables for contributions to be paid at the balance sheet date are included in the item “Other current liabilities”; the cost for the period accrues on the basis of the service rendered by the employee and is recognized in the item “Employees costs” in the relevant area.

Defined benefit plans

The plans in favour of employees, which can be configured defined benefit plans, are represented by the severance indemnity (TFR); the liability is instead determined on an actuarial basis using the “projected unit credit” method. Actuarial gains and losses determined in the calculation of these items, starting from this fiscal year, are recognized in a specific Equity reserve, while in the previous fiscal year they were recognized in the income statement.

Changes in the severance indemnity (TFR) liability for termination benefits at 30 June 2021 are shown below:

Data in thousands of euro

Value as of 31 December 2020	484
Provisions	49
Actuarial (proft) / losses	(62)
Uses	(122)
Value as of 30 June 2021	349

The "provision for employee benefits costs" and "contribution/benefits paid" components are recognized in the income statement under "Employees costs" in the relevant area. The "financial expenses / (proceeds)" component is recognized in the income statement under "Financial proceeds (expenses)", while the "actuarial gains / (losses)" component is recognized in an equity reserve called "Actuarial profit/losses reserve ".

The main actuarial assumptions used as of 30 June 2021 and 31 December 2020 are as follows:

Actuarial assumptions	**31-12-21**	**31-12-20**
Discount rate	0.61%	1.15%
Inflation rate	1.60%	1.20%
Expected rate of increase in salaries	2.50%	2.50%
Average annual percentage of personnel leaving	2.26%	3.08%

18 Deferred tax liabilities and tax provisions

On 30 June 2021, this item amounted to Euro 64 thousand and related to the provision for current taxes in relation to penalties and interest on overdue tax debts for which the Company is waiting to receive the relevant payment notice.

19 Deferred tax liabilities and tax provisions

Other deferred tax liabilities are composed as follows:

Data in thousands of euro	06 2021			12 2020		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
IRES (corporation tax)	28	18	46	7	19	26
IRAP (regional income tax)	-	30	30	-	14	14
Withholdings	593	231	824	635	243	878
VAT	312	86	398	355	131	486
Other payables	-	-	-	-	-	-
Total	**934**	**365**	**1,298**	**997**	**407**	**1,404**

20 Other liabilities

Other liabilities are composed as follows:

Data in thousands of euro	06 2021			12 2020		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Payables to Employees	-	445	445	-	336	336
Payables to social security instit	194	257	451	258	388	646
Payables to directors	-	37	37	-	35	35
Advances	-	153	153	-	-	-
Accrued expenses and deferred	-	76	76	-	88	88
Current payables	-	25	25	19	229	248
Total	**194**	**993**	**1,186**	**277**	**1,076**	**1,353**

21 Trade and miscellaneous tax debits

The item consists of the following:

Data in thousands of euro	**30-06-21**	**31-12-20**
To third parties	1,088	1,771
To parent companies	6	15
To subsidiaries	23	13
Total	**1,117**	**1,799**

22 Revenues from sales and Other Proceeds

The item Sales revenues consists of the following:

Data in thousands of euro

	30-06-21	30-06-20
Provision of services	211	212
Sale of machines	5,274	3,761
Sale of consumables	555	692
Sale of spare parts	1,042	772
Total revenues from sales	**7,082**	**5,437**
Contingent assets	16	-
Other Revenues and Proceeds	25	370
Total Others	**41**	**370**

It should be noted that of total revenues, approximately Euro 1,167 thousand (approximately 16%) were generated from related parties, details of which are provided in Note 31.

The breakdown of revenues for the first half of the 2021 geographic area is as follows:

Data in thousands of euro

	30-06-21
Europe	2,125
Asia	480
South America	999
USA	951
Africa	990
United Arab Emirates	1,244
Italy	182
India	93
Canada	4
China	14
Australia	-
Total	**7,082**

23 Purchase costs

They include purchases of goods and finished products and are shown net of discounts and allowances. Details are shown in the table below:

Data in thousands of euro

	30-06-21	30-06-20
Purchases of finished products and goods	2,648	2,591
Processing on behalf of third parties	65	75
Other	11	22
Total	**2,724**	**2,688**

24 Other operating costs

They include costs for services, leases and rentals and other operating expenses, as detailed below:

Data in thousands of euro

	30-06-21	30-06-20
Costs for Services	1,262	1,307
Costs for use of assets owned by others	104	102
Other Operating Costs	72	156
Total	**1,438**	**1,565**

The costs for services are detailed in the table below:

Data in thousands of euro

	30-06-21	30-06-20
Consulting	586	645
Directors' and statutory auditors' fees	362	360
Advertising and promotions	1	21
Travel expenses	15	12
Costs of transport and customs	112	80
Insurance	20	23
Representation expenses	2	4
IT Expenses	30	32
Vehicle expenses	23	20
Utilities	23	23
Maintenance	16	9
Certifications	13	9
Other administrative expenses	26	42
Other overheads	35	27
Total	**1,263**	**1,307**

Lease and rental costs, mainly related to office land and buildings located in the municipality of Galliate, to which the company moved its operational headquarters in 2017;

note in this regard that the lease agreement does not fall within the scope of IFRS 16 - Leases. Other operating expenses mainly include unexpected occurrences.

25 Employees costs

This item consists of the following:

Data in thousands of euro

	30-06-21	30-06-20
Wages and Salaries	936	899
Social security charges	294	283
Employee severance indemnity	49	31
Pension and similar treatment	33	38
Other costs	120	112
Total	**1,432**	**1,363**

The item "Wages and salaries" includes labour costs related to people who are also directors of the Company for a total amount of Euro 121 thousand.

This amount is additional to that reported in Note 33 below.

The average number of employees by category is as follows:

Employees	**30-06-21**	**30-06-20**
Executives	2	3
Clerical staff	27	33
Manual workers	23	21
Total average number	**52**	**57**

26 Provisions for risks

It includes the fund for current taxes and amounts to Euro 5 thousand.

27 Revaluations / Depreciations

The item related to 2021 was positive following the partial release of the credit devaluation accounts for Euro 24 thousand. This item is shown net of provisions made. The 2020 amount of Euro 49 thousand included the fund for credits devaluation.

28 Financial income and proceeds

Financial income and proceeds are made up as follows:

Data in thousands of euro

	30-06-21	30-06-20
Profit on foreign exchange	20	26
Interest income on current accounts	-	1
Total financial income	**20**	**27**
Interest on intercompany loans	-	(10)
Bank interest expense	(138)	(86)
Other financial charges	(12)	(19)
Foreign exchange losses	(18)	(31)
Total financial charges	**(168)**	**(146)**

29 Taxes

Taxes as of 30 June 2021 and 30 June 2020 are detailed as follows:

Data in thousands of euro

	30-06-21	30-06-20
IRES (corporation tax)	(25)	-
IRAP (regional income tax)	(56)	(28)
Total current taxes	**(81)**	**(28)**
Prepaid taxes	(183)	(42)
Deferred taxes	(5)	1
Total deferred taxes	**(188)**	**(41)**
Total taxes	**(269)**	**(69)**

See Note 9 for details of the origin of deferred tax assets and liabilities as of 30 June 2021.

The reconciliation between the theoretical and effective tax rates is shown below.

Data in thousands of euro	**30-06-21**	**30-06-20**
Profit (loss) for the period before taxes	876	72
A Total taxable amount	**876**	**72**
B Theoretical taxes	244	20
Main causes giving rise to differences between the theoretical and the actual rate		
- ACE benefit	(17)	(16)
- Use of tax losses	(166)	(49)
- Net permanent differences	19	114
C Actual taxes	81	28
Theoretical tax rate (B/A)	27.90%	27.90%
Actual tax rate (C/A)	9.25%	38.89%

30 Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	30-06-21	**30-06-20**
Fiscal Year Net Income	607,576	3,065
Number of ordinary shares net of treasury shares	10,481,200	10,508,200
Basic earnings per share	**0.0580**	**0.0003**
Weighted average number of ordinary shares for the determination of diluted earnings per share	10,884,580	10,911,580
Diluted earnings per share	**0.0558**	**0.0003**

Earnings per share are determined as the ratio of net income to the weighted average number of shares outstanding during the period, net of treasury shares. Diluted earnings per share are calculated taking into account the number of outstanding shares and the potential dilutive effect of the exercise of warrants in the period 2020-2022.

31 Transactions with related parties

Transactions with related parties during the year were concluded at normal market conditions. Details of the balances as of 30 June 2021 of these transactions, by the counterparty, are shown below:

Data in thousands of euro	Matica Technologies AG	Matica Technologies GROUP SA	Matica Corp	Matica Technologies Beijing	Matica Technologies FZE	Balance as of 30.06.2021
Accounts receivables	-	117	518	17	30	**683**
Other receivables	2	23	0	-	-	**25**
Accounts Payables	(2)	(1)	(11)	(12)	-	**(27)**
Advances	-	-	(2)	-	(15)	**(17)**
Invoices to be received	(3)	-	-	-	-	**(3)**
Total balance sheet items	**(4)**	**140**	**504**	**5**	**16**	**661**
Sales	8	106	919	14	123	**1,170**
Other revenues	-	0	2	-	3	**5**
Purchase costs	(73)	-	(297)	-	-	**(369)**
Other costs	-	-	(4)	-	-	**(4)**
Employees costs	-	-	(14)	-	-	**(14)**
Total economic items	**(64)**	**106**	**606**	**14**	**126**	**787**

32 Atypical and unusual transactions

During the period, the company did not carry out any atypical or unusual transactions, as defined in the Communication itself, according to which atypical and/or unusual transactions are those transactions that due to their significance / relevance, the nature of the counterparties, the subject of the transaction, the way in which the transfer price is determined and the timing of the event may give rise to doubts concerning: the correctness / completeness of the information in the financial statements, conflict of interests, the safeguarding of the company's assets, the protection of minority shareholders.

33 Remuneration of corporate bodies

It should be noted that during the first half of 2021, the following emoluments were paid:

- Administrative Body: Euro 188 thousand (in addition to TFM paid for Euro 125 thousand)
    - Board of Auditors: Euro 14 thousand
    - Auditing Business: Euro 22 thousand

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Matica Fintec S.p.A.

Limited audit report on the interim financial statements as of June 30, 2021

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Limited audit report on the interim financial statements as of June 30, 2021

To the Board of Directors of

Matica Fintec S.p.A.

Introduction

We have carried out the limited audit of the attached interim financial statements, consisting of the balance sheet, the comprehensive income statement, the statement of variations in shareholders' equity, the cash flow statement, and the related explanatory notes of Matica Fintec S.p.A. as of June 30, 2021. The Directors are responsible for the preparation of the interim financial statements in accordance with the applicable international accounting standard for interim financial reporting (IAS 34) adopted by the European Union. It is our responsibility to express a conclusion on the half-yearly financial statements based on the limited audit carried out.

Scope of the limited audit

Our review has been carried out in accordance with the *International Standard on Review Engagements* 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". The limited audit of the interim financial statements consists of conducting interviews, mainly with the company's employees responsible for financial and accounting aspects, financial analysis, and other limited audit procedures. The scope of a limited audit is substantially less than that of a full audit carried out in accordance with the International Standards on Auditing and, consequently, does not allow us to be sure that we have become aware of all the significant facts that could be identified with the performance of a full audit. Therefore, we do not express an opinion on the interim financial statements.

Conclusions

Based on the limited audit carried out, no elements have come to the attention that makes us believe that the attached interim financial statements of Matica Fintec S.p.A. as of June 30, 2021, are not drawn up, in all significant aspects, in accordance with the applicable international accounting standard for interim financial reporting (IAS 34) adopted by the European Union.

Milan, 30 September 2021

Audirevi S.p.A.

Alfonso Laratta

Partner