HALF-YEAR FINANCIAL REPORT
30 JUNE 2022

MATICA FINTEC S.p.A.
Registered office in Milan (MI) – Via Giuseppe Parini no. 2
Share Capital € 5,349,910.50.=
Fiscal code, VAT number and
registration number in the Milan Monza Brianza Lodi Business Register 10354300013
R.E.A. number MI-2540487

Balance sheet and financial situation

BALANCE SHEET

Values in euro	Notes	30/06/2022	31/12/2021
Non-current assets			
Tangible fixed assets	6	410,927	410,825
Goodwill			
Plant and machinery		*125,158*	*144,138*
Furniture and equipment		*74,660*	*91,709*
Vehicles		*78,517*	*59,242*
Improvements on leased assets		*13,669*	*21,721*
Other property, plant, and equipment		*118,924*	*94,015*
Intangible fixed assets	7	5,625,288	5,394,331
Development Costs		*3,246,105*	*3,001,308*
Patents Trademarks and other rights		*42,979*	*47,960*
Software		*21,276*	*29,903*
Other intangible assets		*1,214,928*	*1,215,159*
Goodwill		*1,100,000*	*1,100,000*
Other non-current assets	8	40,800	40,245
Deferred tax assets	9	20,087	25,494
Total non-current assets		**6,097,102**	**5,870,895**
Current assets			
Inventories	10	3,943,682	3,106,196
Tax receivables	11	45,156	101,597
Trade and other receivables	12	4,300,008	2,402,333
Cash and cash equivalents	13	11,592,909	13,165,655
Other assets	14	416,401	243,377
Financial derivatives			
Total Current Assets		**20,298,156**	**19,019,159**
Total assets		**26,395,258**	**24,890,054**
Net Assets			
Share capital		5,257,915	5,257,915
Legal reserve		83,254	21,919
Other reserves		2,700,233	3,071,825
Profits (losses) carried forward		208,122	(957,240)
Net profit/loss for the period		1,206,607	1,226,697
Total shareholders' equity	15	**9,456,131**	**8,621,116**
Non-current liabilities			
Financial debts	16	10,224,703	10,702,345
Provision for other employees' benefits	17	405,888	363,445
Deferred tax liabilities and tax provisions	18	7,067	70,280
Non-current tax payables	19	445,034	831,834
Other non-current liabilities	20	72,582	141,071
Total Non-Current Liabilities		**11,155,273**	**12,108,975**
Current Liabilities			
Financial debts	16	1,460,242	1,041,828
Current tax payables	19	991,752	547,087
Trade and other payables	21	1,599,760	1,679,859
Other current liabilities	20	1,732,099	891,188
Total Current Liabilities		**5,783,854**	**4,159,962**
Total shareholders' equity and liabilities		**26,395,258**	**24,890,054**

Comprehensive income statement

FINANCIAL STATEMENT

Values in euro

	Notes	30/06/2022	30/06/2021
Profit (loss) for the fiscal year before taxes		1,745,797	876,104
Adjustments for:			
- non-monetary items - devaluations (revaluations)		(59,582)	(17,250)
- non-monetary items - provisions / (releases)		-	4,973
- Financial Proceeds		(84,119)	(19,993)
- Financial Charges		274,513	167,857
- non-monetary items - depreciation		457,420	557,158
Adjusted profit for the period (loss) before taxes		**2,334,029**	**1,568,848**
Cash and cash equivalents generated by transactions			
- Income taxes paid		(482,690)	(168,145)
	Total	**(482,690)**	**(168,145)**
Variations to Working Capital			
Variation in receivables from customers		(1,792,987)	135,159
Variation in inventories		(837,486)	310,256
Variation in payables to providers		(80,099)	(681,946)
Variation in other receivables and other payables		598,843	(223,250)
Change in employee severance pay (TFR) and other provisions		42,442	(92,819)
	Total	**(2,069,287)**	**(552,599)**
Cash flow from operating activities (1)		**(217,947)**	**848,104**
Divestments / (Investments):			
- Tangible		(91,190)	(24,254)
- Intangible		(597,289)	(534,652)
Cash flow from in investment activities (2)		**(688,479)**	**(558,906)**
Financial assets			
Increases/(decreases) in financial payables		(59,228)	478,932
Financial proceeds (charges)		(235,501)	(147,864)
Purchase of own of shares		(371,592)	(37,593)
Variations Net Assets		- 0.01	0.03
Cash flow from in financing activities (3)		**(666,320)**	**293,474**
Variation in cash and cash equivalents (1+2+3)		**(1,572,746)**	**582,672**
Cash and cash equivalents at the beginning of the period		**13,165,655**	**7,360,978**
Cash and cash equivalents at the end of the period		**11,592,909**	**7,943,650**

Statement of Changes in Net Assets

	Share capital	Legal reserve	Share premium reserve	Payables to non-repayable funds	Capital contribution reserve	IAS 19 RESERVE	Reserve for treasury shares	Profits (losses) carried forward	Profit/ (Loss) of fiscal year	Total shareholders' equity
31/12/2020	5,254	19	3,320	177	16	(179)		(1,005)	50	**7,654**
Attribution of the result	-	3	-	-	-	-	-	48	(50)	-
warrant strike	4	-	12	-	-	-	-	-	-	16
Purchase of own shares	-	-	-	-	-	-	(300)	-	-	- (300)
Comprehensive proft/loss	-	-	-	-	-	25	-	-	1,227	- 1,252
31/12/2021	5,258	22	3,332	177	16	(154)	(300)	(957)	1,227	**8,621**
Attribution of the result	-	61	-	-	-	-	-	1,165	(1,227)	-
Purchase of own shares	-	-	-	-	-	-	(372)	-	-	- (372)
Comprehensive proft/loss	-	-	-	-	-		-	-	1,207	- 1,207
30/06/2022	5,258	83	3,332	177	16	(154)	(672)	208	1,207	**9,456**

Cash Flow Statement

FINANCIAL STATEMENT

Values in euro

	Notes	30/06/2022	30/06/2021
Profit (loss) for the fiscal year before taxes		1,745,797	876,104
Adjustments for:			
- non-monetary items - devaluations (revaluations)		(59,582)	(17,250)
- non-monetary items - provisions / (releases)		-	4,973
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Cash and cash equivalents at the end of the period		**11,592,909**	**7,943,650**

FORM AND CONTENT

OF THE HALF-YEAR FINANCIAL REPORT

Preamble

This half-year financial report as of 30 June 2022 (hereinafter the "Half-year Report") has been prepared by the Euronext Growth Milan Regulations.
This Half Yearly Report has been prepared in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and even before Standing Interpretations Committee ("SIC"). In preparing the half year report, prepared by IAS 34 – Interim financial statements, the same accounting principles adopted in the preparation of the individual financial statements as of 31 December 2021 are applied, except for what is described in the following paragraph Accounting standards, amendments, and interpretations applied from 1 January 2022.

1 Basis for presentation

The half-year report consists of the balance sheet financial statements' situation, the comprehensive income statement, the statement of adjustment in net assets, the cash flow statement, and the explanatory notes and is accompanied by the directors' report on the management trend.
The layout adopted for the balance sheet financial situation provides for the distinction of assets and liabilities between current and non-current.
The components of profit/loss for the fiscal year are included directly in the statement of comprehensive income. The income statement adopted provides for the classification of costs by type.
The statement of adjustment in net assets includes the amounts of transactions with capital holders and changes in reserves during the fiscal year.
In the cash flow statement, cash flows from operating activities are presented using the indirect method, whereby the profit or loss for the fiscal year is adjusted by the effects of non-monetary transactions, by any deferral or provision of previous or future operating cash receipts, or payments and by elements of revenues or costs related to cash flows from investment activities or financial activities.

The balance sheet financial statements' situation method, the comprehensive income statement, the statement of variances in net assets, and the cash flow statement are presented in Euros; the values shown in the explanatory notes are expressed in thousands of Euros.

2 Applied Accounting Standards

General standards for preparing interim results

Monthly economic-financial results are on average stable and do not show significant fluctuations (except for the growth recorded compared to the same period of the previous year); therefore, there are no critical issues in terms of business seasonality.

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

Costs incurred in a non-homogeneous or linear manner during the fiscal year are prepaid and/or deferred at the end of the half-year only to the extent that the anticipation and/or deferral of the same complies with the accounting standards for the preparation of the annual financial statements.

The fundamental assumptions regarding the future and other causes of uncertainty in making estimates at the date of the financial statements that may cause significant adjustments to the carrying amounts of assets and liabilities within the following fiscal year are mainly related to:

- to the processes of valuation of losses of the value of non-recurring assets, generally carried out completely only when preparing the Annual Financial Statements, except in cases where there are indicators of impairment;
- to the process of determining the depreciation for receivables;
- to the process of valuation of inventories.

3 Measurement of fair value

Concerning financial instruments measured at fair value, the classification of these instruments is shown below based on the hierarchy of levels provided for by IFRS 13, which reflects the significance of the inputs used in determining fair value. The following levels are distinguished:

Level 1 – unadjusted listing recorded on an active market for assets or liabilities subject to valuation;

Level 2 – inputs other than quoted prices referred to in the previous point, which are observable on the market, 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 30 June 2022, and 31 December 2021, no assets or liabilities held by the company are valued at fair value.

4 Risks to which the Company is exposed

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

4.1 Financial risks

Risks arising from an adjustment in exchange rates

Exchange rate risk is the risk that the value of a financial asset or financial liability changes as a result of an adjustment in exchange rates.

Concerning this risk, the strategy adopted is aimed at minimizing the impact on the income statement of adjustment in exchange rates and provides for hedging the risk deriving from financial positions denominated in currencies other than the financial statements, if necessary.

Based on the above, the fluctuations in exchange rates that occurred during the fiscal year did not have a significant effect on the financial statements.

Risks arising from an adjustment in interest rates

As financial debt is mainly regulated by fixed interest rates, it follows that the company is not significantly exposed to the risk of their fluctuation. In any case, the evolution of interest rates is monitored by the Company and concerning their evolution, the advisability of proceeding with adequate coverage of the interest rate risk may be evaluated. At present, the Company does not cover itself, given the insignificant impact on the income statement deriving from an adjustment in rates.

Below is a breakdown of financial assets and liabilities by category:

Values in Euro

Financial assets as of 30 June 2022	IFRS 9 CATEGORIES				Balance sheet value
	Financial instruments at fair value with income statement counterpart	Financial instruments at fair value with equity counterpart	Receivables and loans	Cash and cash equivalents	
Financial assets:					
Financial receivables (portion over 12 months)	-	-	40,800	-	**40,800**
Credits:					
Trade receivables from clients	-	-	4,300,008	-	**4,300,008**
Other current receivables/assets:					
Other receivables and assets	-	-	461,557	-	**461,557**
Cash and cash equivalents					
Bank and postal deposits		-	-	11,592,909	**11,592,909**
TOTAL FINANCIAL ASSETS	**-**	**-**	**4,802,365**	**11,592,909**	**16,395,274**

Financial liabilities as of 31 June 2022	IFRS 9 CATEGORIES			Balance sheet value
	Liabilities at amortised cost	Financial instruments at fair value with income statement counterpart	Financial instruments at fair value with equity counterpart	
Non-current financial payables and liabilities:				
Payables due to banks	10,224,703	-	-	**10,224,703**
Other financial liabilities	72,582	-	-	**72,582**
Current liabilities:				
Payables to banks and other lenders	1,460,242	-	-	**1,460,242**
Accounts payables	1,599,760	-	-	**1,599,760**
Non-current tax payables	445,034	-	-	**445,034**
Other financial liabilities	2,723,851	-	-	**2,723,851**
Other financial liabilities	-	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**16,526,172**	**-**	**-**	**16,526,172**

4.2 Market risk

Foreign exchange risk

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

Interest rate risk

The company is exposed to the negligible risk of interest rate fluctuations on its financial assets, short-term bank loans, debts, and long-term leasing contracts.

The company's strategy is aimed at minimizing risk through a balanced distribution between fixed-rate and variable-rate loans, including ad hoc coverage instruments, if necessary.

Based on the above, the fluctuations in interest rates that occurred during the fiscal year did not have a significant effect on the financial statements.

Price risk

Price risk is the possibility that the value of a financial asset or financial liability may change as a result of adjustments in market prices (other than those relating to currencies and rates).
This risk is typical of financial assets not listed on an active market, which cannot always be realized in a short time at a value close to their fair value.
This risk, given the size of the investments in place, is not significant and therefore is not covered.

4.3 Credit risk

Credit risk is 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 and from the use of financial instruments that provide for the settlement of positions with the counterparty.

Concerning commercial transactions, the company operates with medium and large counterparties concerning which creditworthiness checks are carried out in advance.

The company implements a procedure for evaluating and controlling its client portfolio, including constant control of cash receipts. In case of excessive or repeated delays, providers are suspended.

Historically, recorded losses on receivables are very low concerning turnover and do not require specific coverages and/or insurance.

Concerning financial transactions, these are carried out with major financial institutions of large size and high creditworthiness, whose rating is monitored to limit the risk of insolvency of the counterparty.

4.4 Liquidity risk

The liquidity risk can be manifested by the inability to find, under economic conditions, the financial resources necessary for the operation of the Company. The two main factors that influence the Company's liquidity are:

- The financial resources generated or absorbed by operational or investment activities;
- The maturity characteristics of the financial debt.

The Company finances its activities both through cash flows generated by operational management and through the use of external funding sources and is therefore exposed to liquidity risk, represented by the fact that the financial resources are not sufficient to meet financial and commercial debentures within the terms and maturities established. The cash flows, financing needs, and liquidity of the company are controlled by considering the maturity of the financial assets (accounts receivables and other financial assets) and the cash flows expected from the related operations. The company has both secured and unsecured receivable lines, consisting of revocable short-term lines in the forms of hot financing, current account overdrafts, and signature receivables.

The Company has a composition of the long-term debt structure exposed to interest rate risk with reference as reported in the following note 16.

It should be noted that as of 30 June 2022 the liquidity risk is mitigated by the cash inflows at the time of listing.

As regards the exposure related to account payables, there is no significant concentration of providers.

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

5.1 Approved accounting standards and interpretations in force from 1 January 2022

By IAS 8 "Accounting standards, changes in accounting estimates and errors", the IFRSs in force from 1 January 2022 are shown below.

The accounting standards adopted are the same as those used for the preparation of the consolidated financial statements as of 31 December 2021 to which, for further details, reference is made, except for the following amendments that apply from 1 January 2022 but have no impact on the Company:

Amendments to IAS 16 – Land and building, machinery and installations - 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 cost of production must be recognized in the Income Statement.

Amendments to IAS 37 - Provisions, contingent liabilities, and contingent assets - Onerous contracts - Costs of Fulfilling a contract

These amendments specify that the costs to be taken when carrying out the valuation of against payment contracts into account are both the incremental costs for the fulfillment of the contract (for example, direct labor and materials) and a portion of other costs that directly refer to the fulfillment of the contract (for example, a breakdown of the depreciation portion of the assets used for the fulfillment of the contract).

Annual Improvements (2018 – 2020 cycle)

Issued in May 2020, they make 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) and clarify their wording or correct omissions or conflicts between the requirements of IFRSs.

It should also be noted that income taxes are recognized based on the best estimate of the weighted average rate expected for the entire fiscal year in line with the indications provided by IAS 34 for the preparation of interim financial statements.

5.2 International accounting standards and/or interpretations issued but not yet entered into force and/or not approved

Below are the New Standards or Interpretations already issued, but not yet entered into force or not yet approved by the European Union as of 31 December 2021 and therefore not applicable. They are not expected to have a material impact on the Company's financial statements at the date of application.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting standards

These amendments guide the application of materiality judgments to the disclosure of accounting standards so that they are more useful; in particular:

- the obligation to indicate "significant" accounting standards has been replaced by the obligation to indicate "significant" ones;
- a guide on how to apply the concept of materiality to disclosures on accounting standards has been added.

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

These amendments, which will enter into force on 1 January 2023, have not yet been approved by the European Union. There are no expected impacts on the disclosures of the Financial Statements as a result of these changes.

Amendments to IAS 8 - Accounting standards, 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 standards, and a guide for determining whether changes should be treated as changes in estimates, changes in accounting standards, or errors.

These amendments, which will enter into force on 1 January 2023, have not yet been approved by the European Union. No impact on the financial statements is expected as a result of these changes.

Amendments to IAS 12 – income taxes – deferred and prepaid taxes arising from a single transaction

These changes eliminate the possibility of not recognizing deferred taxes at the time of initial recognition of transactions that give rise to both taxable and deductible temporary differences (e.g., leasing contracts).

These changes also clarify that, where 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 in the financial statements or the related right of use. If the tax deductions are attributed to the right of use, the tax values of the right of use and the leasing liability are equal to their book value, and no temporary differences arise at the time of initial recognition. However, if tax deductions are attributed to the leasing liability, the tax bases of the right of use and the leasing liability are null, giving rise to taxable and deductible temporary differences, respectively. Even if the gross temporary differences are equal, a deferred tax liability and a deferred tax asset must still be recognized.

These amendments, which will enter into force on 1 January 2023, have not yet been approved by the European Union. The impacts on the Financial Statements as a result of these changes are being analyzed.

IFRS 17 – Insurance Contracts

The accounting standard, published by the International Accounting Standards Board (IASB) on 18 May 2017 and amended on 25 June 2020, replaces IFRS 4, as amended in 2020, and establishes an integrated approach to the accounting of insurance contracts, to ensure that undertakings disclose in their financial statements relevant information that gives a true and fair view of the contracts under consideration.

This information provides the users of the financial statements with the elements to assess the effect of insurance contracts on the balance sheet and financial situation, economic performance, and cash flows of companies.

It shall take effect from the commencement date of the first fiscal year beginning on or after 1 January 2023.

IFRS 17 applies to insurance contracts, reinsurance contracts, as well as investment contracts with discretionary participation elements. No impacts on the Financial Statements are expected.

EXPLANATORY NOTES

6 Tangible fixed assets

The in tangible fixed assets in the last two fiscal 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 1.1.2022	**412**	**1,316**	**206**	**98**	**600**	**2,632**
Variations during the period:						
- Increases	-	1	40	-	56	**97**
- disposals	-	-	(19)	-	-	**(19)**
Total variations	**0**	**1.00**	**21**	**-**	**56**	**78**
Total cost as of 30.06.2022	**412**	**1,317**	**227**	**98**	**656**	**2,710**
Amortization provisions as of 1.1.2022	**(268)**	**(1,224)**	**(147)**	**(76)**	**(506)**	**(2,221)**
Variations during the period:						
- Amortizations	(19)	(18)	(21)	(8)	(31)	**(97)**
- reclassifications						
- disposals						
- Amortizations						
- use of provisions	-	-	19	-	-	**19**
Total variations	**(19)**	**(18)**	**(2)**	**(8)**	**(31)**	**(78)**
Total amortization provisions as of 30.06.2022	**(287)**	**(1,242)**	**(149)**	**(84)**	**(537)**	**(2,299)**
Values as of 30.06.2022	**125**	**75**	**78**	**14**	**119**	**411**

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**	**1,491**	**198**	**90**	**575**	**2,890**
Variations during the period:						
- Increases	8	6	20	8	25	**67**
- disposals	(132)	(181)	(12)	-	-	**(325)**
Total variations	**(124)**	**(175)**	**8**	**8**	**25**	**(258)**
Total cost as of 31.12.2021	**412**	**1,316**	**206**	**98**	**600**	**2,632**
Amortization provisions as of 1.1.2021	**(355)**	**(1,348)**	**(109)**	**(60)**	**(495)**	**(2,367)**
Variations during the period:						
- Amortizations	(43)	(57)	(38)	(16)	(11)	**(165)**
- reclassifications						
- disposals						
- Amortizations						
- use of provisions	130	181	-	-	-	311
Total variations	**87**	**124**	**(38)**	**(16)**	**(11)**	**146**
Total amortization provisions as of 31.12.2021	**(268)**	**(1,224)**	**(147)**	**(76)**	**(506)**	**(2,221)**
Values as of 31.12.2021	**144**	**92**	**59**	**22**	**94**	**411**

Tangible fixed assets include the amounts accounted for by IFRS 16 – Leases for a net book value on 30 June 2022 of 108 thousand euros.

7 Intangible fixed assets

The changes in intangible fixed assets that occurred in the last two fiscal 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 31.12.2020	**3,114**	**7**	**57**	**1,216**	**1,100**	**5,494**
Variations during the fiscal year:						
- Acquisitions of the fiscal year	829	55	38	-	-	922
- Amortizations	(943)	(14)	(66)	-	-	(1,023)
Values as of 31.12.2021	**3,001**	**48**	**29**	**1,216**	**1,100**	**5,394**
Variations during the period:						
- Acquisitions for the period	596	1	-	-	-	597
- Amortizations	(351)	(6)	(8)	-	-	(365)
Values as of 30.06.2022	**3,246**	**43**	**21**	**1,216**	**1,100**	**5,626**

Other intangible assets and goodwill arose respectively in 2017 following the transfer of the business unit of Matica Technologies Italian branch to Matica Fintec Srl (formerly Matica Electronics Srl). These items refer respectively to the negative merger difference recorded following the merger by incorporation of Matica Americas LLC into Matica Technologies Italian Branch and to the goodwill recognized following the purchase by Matica Technology Italian Branch (formerly Matica System) of the Digicard Engineering GmbH business unit (Austria).
According to IFRSs, these items are not systematically amortized in the income statement but are subject to an assessment carried out at least annually to identify any impairment test.
No interim impairment test was carried out for the half-year report. From the impairment test carried out for the 2021 financial statements, no impairment losses emerged.

8 Other non-current assets

They consist almost entirely of security deposits.

9 Deferred tax assets

Deferred tax assets on 30 June 2022 are recorded concerning the following temporary differences:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Unrealized foreign exchange losses	4	24.00%	1
Depreciation of receivables deductible in future fiscal years	21	24.00%	5
Employee severance indemnity	59	24.00%	14
Total			**20**

Deferred tax assets on 31 December 2021 were determined as follows:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Reportable tax losses	-	24.00%	-
Unrealized foreign exchange losses	3	24.00%	1
Depreciation of receivables deductible in future fiscal years	77	24.00%	18
Employee severance indemnity	25	24.00%	6
Total			**25**

Deferred tax assets are recorded on the assumption of their recoverability based on the likelihood of future basis of assessment.

10 Inventories

Goods are recognized in the inventories at the time when the transfer of risks and benefits related to the acquired goods takes place. Specifically, the item includes raw materials, goods, and products in progress, as detailed below:

Data in thousands of euro

	30/06/22	31/12/21
Raw materials, supplies and consumables	2,713	1,979
Goods	832	881
Goods in progress	399	246
Total	**3,944**	**3,106**

11 Tax receivables

The tax credits consist entirely of a tax credit for Research and Development amounting to 45 thousand Euro.

On 31 December 2021, they included VAT receivable for 11 thousand euros and the tax credit for Research and Development equal to 90 thousand Euros.

12 Accounts and other receivables

The breakdown of accounts and other receivables as of 30 June 2022 and 31 December 2021 is as follows:

Data in thousands of euro

	30/06/22	31/12/21
To third parties	2,920	2,303
To related parties	1,401	189
Provision for bad debts	(21)	(89)
Total	**4,300**	**2,403**

During the fiscal year, the provision for doubtful accounts changed as follows:

Data in thousands of euro

Value as of 31 December 2021	89
Releases	(60)
Uses	(8)
Value as of 30 June 2022	21

13 Cash and cash equivalents

The composition of cash and cash equivalents as of 30 June 2022 and 31 December 2021 is as follows:

Data in thousands of euro

	30/06/22	**31/12/21**
Cash and cash equivalents	3	3
Bank deposits	11,590	13,163
Total	**11,593**	**13,166**

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

14 Other assets

They consist mainly of prepaid expenses calculated concerning consultancy (76 thousand euros), insurance (56 thousand euros), utilities (17 thousand euros), and other prepaid expenses mainly related to costs that will be subject to capitalization or recognition to reduce net assets during the second half year of 2022 (143 thousand euros).

15 Net Assets

Net Assets are thus constituted

Data in thousands of euro

	30/06/22	**31/12/21**
Share capital	5,258	5,258
Legal reserve	83	22
Share premium reserve	3,332	3,332
Public contributions	177	177
Contribution reserve	16	16
Reserve for IAS 19	(154)	(154)
Reserve for treasury shares in portfolio	(672)	(300)
Profits (losses) carried forward	208	(957)
Profit/ (Loss) of fiscal year	1,207	1,227
Total shareholders' equity	**9,456**	**8,621**

The share capital consists of 10,515,830 ordinary shares with a nominal value of €0.50 per share. In service of the listing transaction at the end of 2019, 3,508,200 new ordinary shares were issued with a nominal value of €0.50 each in addition to a share premium of €1.21 per share.

The share premium reserve was determined by the share premium paid at the time of listing, net of ancillary expenses of Euro 924 thousand, as required by international standard IAS 32.

The IAS 19 share premium reserve includes cumulative actuarial losses, accounted for with a direct offset in net assets by IAS 19, determined concerning the employee severance package. The negative reserve is determined net of deferred tax.

During the half year, the company purchased 160,200 treasury stocks for a value of 372 thousand euros. This disbursement, by IAS 32, was recorded in return for a negative net assets reserve.

After the end of the fiscal year, 183,991 ordinary shares were issued; these new ordinary shares, together with the 351,000 treasury stocks held in total, were part of the consideration for the acquisition of Card Technologies Corp., a company under US law, completed on 14 July 2022.

16 Financial debts

Financial debts are composed as follows:

Data in thousands of euro	06 2022			12 2021		
	Non-current	**Current**	**Total**	**Non-curren**	**Current**	**Total**
Payables to banks	10,103	1,460	11,564	10,611	1,042	11,653
Payables to parent compani	-	-	-	-	-	-
IFRS 16 leasing liabilities	121	-	121	91	-	91
Total	**10,225**	**1,460**	**11,685**	**10,702**	**1,042**	**11,744**

The breakdown of outstanding loans is as follows:

Data in thousands of euro

Bank Name	Finance Amount	Duration		Interest rate	Residual debt as of 30/06/2022		
		Start	Finish		Current	Non-current	Total
Banca del Fucino	1,000	24/05/2021	31/03/2027	Variable rate	200	750	950
Valsabbina	1,000	31/12/2019	31/10/2026	2.25% fixed annual nominal	194	679	873
Finnat Bank (Basket Bond)	4,000	21/10/2021	21/10/2028	Variable rate	297	3,595	3,892
Banca Intesa (Cash credit - Finimport/export	1,250			Variable rate	700	-	700
Sace Simest	700	30/12/2020	31/12/2026	0.65% fixed annual nominal	69	579	648
Banca Intesa	4,500	15/09/2020	15/09/2026	Variable rate	-	4,500	4,500
Total bank loans	**14,450**				**1,460**	**10,103**	**11,563**

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 based on a legal or contractual obligation, or voluntarily. By paying the contributions, the company fulfills all its obligations.

Debts for contributions to be paid at the date of the financial statements are included in the item "Other current liabilities"; the cost of the period accrues based on the service rendered by the employee and is recorded in the item "Employees costs" in the area to which it belongs.

Defined benefit plans

Employee benefit plans, which can be configured as defined benefit plans, are represented by severance package (TFR); the liability is instead determined on an actuarial basis with the "unit receivable projection" method. The actuarial profit and losses determined in the calculation of these items, as of this fiscal year, are recorded in a specific net assets reserve, while in the previous fiscal year they were recognized in the income statement.

The changes in the liability for severance indemnities as of 30 June 2022 are shown below:

The component "accrual for costs for employee benefits", and "contribution/benefits paid" are recorded in the income statement under "Employees costs" in the area to which they belong. The "financial charges / (proceeds)" component is recognized in the income statement under

"Financial proceeds (charges)", while the "actuarial profit/(losses)" component is shown in a Net Assets Reserve called "Actuarial profit/losses reserve".

Data in thousands of euro

Value as of 31 December 2021	363
Provisions	97
Interests Proceeds / (Charges)	(1)
Actuarial (proft) / losses	-
Uses	(54)
Value as of 30 June 2022	405

18 Deferred tax liabilities and tax provisions

They consist entirely of deferred taxes, determined exclusively concerning unrealized foreign exchange gains, as shown in the following table:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Reportable tax losses			
Unrealized foreign exchange ga	29	24.00%	7
Total			**7**

19 Tax debts

Tax debts are composed as follows:

Data in thousands of euro	06 2022			12 2021		
	Non-current	**Current**	**Total**	**Ion-curren**	**Current**	**Total**
IRES (corporation tax)	9	550	559	19	155	174
IRAP (regional income tax)	-	139	139	-	58	58
Withholdings	208	222	430	543	250	793
VAT	227	81	309	270	83	353
Total	**445**	**992**	**1,436**	**832**	**547**	**1,378**

20 Other liabilities

The other liabilities are composed as follows:

Data in thousands of euro	06 2022			12 2021		
	Non-current	**Current**	**Total**	**Non-curren**	**Current**	**Total**
Payables to Employees	-	493	493	-	333	333
Payables to social security inst	65	229	294	129	282	411
Advances	-	824	824	-	137	137
Payables to directors	-	40	40	-	37	37
Accrued expenses and deferre	-	114	114	-	93	93
Other payables	8	31	39	12	9	21
Total	**73**	**1,732**	**1,804**	**141**	**891**	**1,032**

21 Accounts and other debts

This item consists of the following:

Data in thousands of euro	**30/06/22**	**31/12/21**
To third parties	1,538	1,651
To parent companies	21	13
To subsidiaries	41	16
Total	**1,600**	**1,680**

22 Revenues from sales and other proceeds

The item Revenues from sales consist of the following:

Data in thousands of euro	**30/06/2022**	**30/06/2021**
Provision of services	549	211
Sale of machines	6,067	5,274
Sale of consumables	693	555
Sale of spare parts	1,035	1,042
Total	**8,344**	**7,082**

It should be noted that the total revenues of approximately Euro 630 thousand (about 8%) are realized concerning related parties, the details of which are shown in note 30.

The breakdown by geographical area of revenues for the first half year of 2022 is as follows:

Data in thousands of euro

	30/06/22
Europe	1,598
Asia	2,167
Americas	2,185
Africa	1,721
Middle East	303
Italy	370
Total	**8,344**

23 Costs for purchases

They include purchases of goods and finished products and are shown net of discounts and rebates. The details are shown in the following table:

Data in thousands of euro

	30/06/2022	30/06/2021
Purchases of finished products	3,812	2,648
Processing on behalf of third pa	47	65
Other	2	11
Total	**3,861**	**2,724**

24 Other operating costs

They include costs for services, costs for the use of third-party goods, and other operating expenses, as detailed below:

Data in thousands of euro

	30/06/2022	30/06/2021
Costs for Services	1,722	1,263
Costs for use of assets owned	104	104
Other Operating Expenses	117	71
Total	**1,943**	**1,438**

Costs for services are detailed in the following table:

Data in thousands of euro

	30/06/2022	**30/06/2021**
Consulting	820	586
Management fees	-	-
Directors' and statutory audit	405	362
Advertising and promotions	65	1
Travel expenses	26	15
Costs of transport and custom	196	112
Insurance	19	20
Representation expenses	9	2
IT Expenses	31	30
Vehicle expenses	28	23
Utilities	23	23
Maintenance	16	16
Certifications	7	13
Other administrative expenses	32	26
Other overheads	45	34
Total	**1,722**	**1,263**

Costs for the use of third-party goods mainly concern the land and buildings used for offices located in the municipality of Galliate, in which in 2017 the company moved its operating headquarters; in this regard, it should be noted that the lease contract does not fall within the scope of IFRS 16 – Leases.

Other operating expenses mainly include contingencies.

25 Employees Costs

This item consists of the following:

Data in thousands of euro

	30/06/2022	**30/06/2021**
Wages and Salaries	997	936
Social security charges	325	294
Employee severance indemnit	69	49
Pension and similar treatment	28	33
Other costs	161	120
Total	**1,580**	**1,432**

The average number of employees divided by category is as follows:

Employees	30/06/2022	30/06/2021
Executives	3	2
Clerical staff	29	27
Manual workers	24	23
Total average number	**56**	**52**

26 Accruals for risks

The 2021 amount included the accrual to a current tax provision used during 2022.

No amount was set aside during the first half year of 2022.

27 Revaluation/Devaluation

The item, both in 2022 and 2021, is positive following the partial release of the provision for doubtful accounts for 67 thousand euros (24 thousand euros in the first half year of 2021). The item is shown net of accruals made for 8 thousand euros (7 thousand euros in the first half of 2021).

28 Financial proceeds and charges

Financial proceeds and charges consist of the following:

Data in thousands of euro

	30/06/2022	30/06/2021
Profit on foreign exchange	84	20
Total financial income	**84**	**20**
Bank interest expense	(222)	(138)
Other financial charges	(13)	(12)
Foreign exchange losses	(39)	(18)
Total financial charges	**(275)**	**(168)**

29 Taxes

The taxes on 30 June 2022 and 30 June 2021 are detailed as follows:

Data in thousands of euro	30/06/2022	30/06/2021
IRES (corporation tax)	(430)	(25)
IRAP (regional income tax)	(99)	(56)
Total current taxes	**(528)**	**(81)**
Prepaid taxes	(5)	(183)
Deferred taxes	(6)	(5)
Total deferred taxes	**(11)**	**(188)**
Total taxes	**(539)**	**(269)**

For details on the origin of deferred tax assets as of 30 June 2022, see Note 9.

The reconciliation table between the theoretical and the effective rate is set out below.

Data in thousands of euro	30/06/2022	30/06/2021
Profit (loss) for the period before taxes	1,746	876
A Total taxable amount	**1,746**	**876**
B Theoretical taxes	487	244
Main causes giving rise to differences between the theoretical and the actual rate		
- ACE benefit	(16)	(17)
- Use of tax losses	-	(166)
- Net permanent differences	68	19
C Actual taxes	539	81
Theoretical tax rate (B/A)	27.90%	27.90%
Actual tax rate (C/A)	30.88%	9.25%

30 Profit per share

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

	30/06/2022	30/06/2021
Fiscal Year Net Income	1,206,607	607,576
Number of ordinary shares net	10,164,830	10,481,200
Basic earnings per share	**0.1187**	**0.0580**
Weighted average number of ordinary shares for the determination of diluted earnings per share	10,560,580	10,884,580
Diluted earnings per share	**0.1143**	**0.0558**

Profit per share is determined by comparing the net result to the weighted average number of shares outstanding in the fiscal year, net of treasury stocks. Diluted profit per share is determined by taking the calculation of the number of shares in circulation into account and the potential dilutive effect deriving from the fiscal year of warrants in the period 2020-2022.

31 Transactions with related parties

Transactions with related parties during the period were concluded under normal market conditions. Below is a breakdown of the balances as of 30 June 2022 of the aforementioned transactions, by counterparty:

Data in thousands of euro	**Matica Technologies AG**	**Matica Technologies GROUP SA**	**Matica Technologies GROUP SA IB**	**Matica Corp**	**Matica Technologies Beijing**	**Matica Technologies FZE**	**Balance as of 30.06.2022**
Accounts receivables and other re	2	940	37	368	3	57	**1,407**
Other receivables	-	80	-	-	-	-	**80**
Accounts Payables	-	(22)	-	(27)	-	(3)	**(52)**
Advances	-	-	-	-	-	(16)	**(16)**
Invoices to be received	-	(16)	-	-	-	-	**(16)**
Total balance sheet items	**2**	**902**	**37**	**341**	**3**	**38**	**1,323**
Sales	-	95	6	317	2	211	**630**
Other Revenues	-	-	15	4	-	-	**19**
Purchase costs	(10)	-	(11)	(6)	-	-	**(26)**
Other costs	-	-	-	(3)	-	-	**(3)**
Management fee	-	(60)	-	-	-	-	**(60)**
Employees costs	-	-	-	(14)	-	-	**(14)**
Total economic items	**(10)**	**35**	**10**	**298**	**2**	**211**	**546**

32 Atypical and unusual operations

It should be noted that during the period the company has not carried out atypical or unusual transactions, as defined by the Communication itself, according to which atypical and/or unusual transactions are those that, due to their significance/relevance, the nature of the counterparties, the object of the transaction, the method of determining the transfer price and the timing of the event, may give rise to doubts regarding the correctness/completeness of the information in the financial statements, the conflict of interest, the protection of the company's assets, the protection of minority shareholders.

33 Bonus to corporate bodies

It should be noted that during the first half year of 2022, the following emoluments were paid:

- Administrative body: Euro 211 thousand (in addition to TFM (severance pay) liquidated for Euro 125 thousand)
- Board of Auditors: Euro 15 thousand
- Auditing firm: Euro 22 thousand

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HALF-YEAR REPORT AS OF 30 JUNE 2022

Registered office in Milan (MI) – Via Giuseppe Parini no. 9
Share Capital Euro 5,349,910.50
Fiscal code, VAT number and
Milan Monza Brianza Lodi Business Register number 10354300013
R.E.A. number MI-2540487

MATICA FINTEC S.p.A.
Registered office in Milan (MI) – Via Giuseppe Parini no. 9
Share Capital Euro 5,349,910.50.
Fiscal code, VAT number, and registration number in the
Milan Monza Brianza Lodi Business Register 10354300013
R.E.A. number MI-2540487

* * *

MANAGEMENT REPORT

FOR THE FIRST HALF YEAR OF 2022

Dear Shareholders,

this half-year report for the fiscal year that ended on 30 June 2022 is prepared in accordance with IAS/IFRS.

Operating conditions and business development

Our Company develops, manufactures, and markets systems for issuing security documents (driving licenses, passports, identity cards, and financial cards) and, thanks to significant investments in innovative products made in recent fiscal years, has become in a few years a player in international stature. Our company is an innovative medium-sized company located in Italy that exports 97% of its turnover to over 100 countries worldwide.

The market for security documents is growing steadily as it is clear that most countries in the world need to have an identification document with increasingly high-security standards to deal with any attempts at counterfeiting 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 document is the durability of the card. The life expectancy of ID documents is much longer than other smart cards, and their replacement can represent 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 to keep up 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, registers a more modest growth worldwide, except in some areas where the trend of issuing a financial card directly at the bank counter has opened a new and sophisticated market. This trend was the driver that led us to decide to develop new financial systems of instant issuance, more compact solutions that allow the customization of the payment card on-demand directly at the bank branch, through automatic tellers' machines called kiosks, thus reducing time, and providing the client with an immediate and high-level service. The contactless card issuing market is also growing significantly as it allows the user to make a touchless payment, thus avoiding any contact.

Another financial market niche that is experiencing strong growth is that of special applications, where we position ourselves among the market leaders globally with our centrally emitted laser solutions.

We also anticipate that the world of bank cards, rather than undergoing a sharp decline, will require increasingly technologically sophisticated systems that will store data relating to the transaction itself, biometric data, and financial data. During the year, we have developed and launched on the market a new innovative technology called Drop on Demand (DoD), which allows us to considerably reduce emission times and achieve high-quality standards. We immediately noted that the market reacted positively to this strategic choice.

According to Article 2428 of the Italian Civil Code, it should be noted that the activity is carried out at the headquarters in Galliate (NO), Vicolo Omar, 33, where the administrative offices and the production plant reside. The Company does not carry out activities in secondary offices.

Management and Balance Sheet Trend

From the management point of view, the Company closed the half year as of 30 June 2022 with revenues up, amounting to Euro/000 8,344 (Euro/000 7,082 in 2021).

In addition, as of 30 June 2022, the Company recorded a gross operating margin (EBITDA) of Euro/000 2,340 (about 28% of turnover as of 30 June 2022) against Euro/000 1,552 as of 30 June 2021 (about 22% of turnover as of 30 June 2021).

The operating result (EBIT) as of 30 June 2022 is equal to Euro/000 1,942 against a value of Euro/000 1,007 as of 30 June 2021.

The half year as of 30 June 2022 closed with a profit of Euro/000 1,207 compared to a profit of Euro/000 608 as of 30 June 2021.

Below is the reclassification for management purposes of the income statement as of 30/06/2022 and 30/06/2021:

Reclassified management income statement as of 30 June 2022 and 30 June 2021

Income statement (Data in Euro Thousands)	30/06/2022	30/06/2021
Revenues and Proceeds	8,344	7,082
Other Revenues and Proceeds	-	-
Variation in WIP and FP inventories	-	-
Capitalized (development costs)	430	389
Other devaluations and uses	-	-
Revenues	**8,775**	**7,471**
Cogs (Incl. Variation in inventories)	(3,393)	(3,143)
Gross margin	**5,381**	**4,328**
Services	(1,185)	(1,056)
Employees	(1,682)	(1,572)
Rents and structural expenses	(144)	(130)
Other Operating Expenses	(29)	(18)
Ebitda	**2,340**	**1,552**
Amortizations and provisions	(398)	(545)
Ebit	**1,942**	**1,007**
Financial proceeds /(charges)	(201)	(126)
Extraordinary Proceeds / (Charges)	5	(5)
Ebt	**1,746**	**876**
Taxes	(539)	(269)
Fiscal Year profit/loss	**1,207**	**608**

The management representation has the purpose of highlighting the Company's specialties more distinctly.

The main reclassifications relating to 30 June 2022 are attributable to:

1) the allocation of the variations in inventories in COGS (Cost of goods sold), while in the IAS/IFRS representation a part equal to Euro/000 (837) is reclassified in variations in inventories;

2) the allocation of extraordinary expenditure, amounting to a total of Euro/000 91, in extraordinary charges, while in the IAS/IFRS representation they are reclassified in revenues and proceeds;

3) the allocation of extraordinary expenditure, amounting to a total of Euro/000 74, in extraordinary charges, while in the IAS/IFRS representation they are reclassified to other operating expenses.

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

1) the allocation of the variations in inventories, equal to Euro 837 thousand, in COGS, while in the IAS/IFRS representation they are reclassified as variations in inventories;

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

3) the allocation of extraordinary expenditure, amounting to a total of Euro 45 thousand, in extraordinary charges, while in the IAS/IFRS representation they are reclassified to other operating expenses;

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

5) the allocation of transport costs on purchases, equal 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 costs for installation and assistance, equal to Euro 17 thousand in the COGS, while in the IAS/IFRS representation they are reclassified in the costs for services;

7) the allocation of various consultancies, amounting to a total amount of Euro 215 thousand in Personnel, while in the IAS/IFRS representation they are reclassified in costs for services;

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

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

Net working capital amounted to Euro/000 4,508 in the first half year of 2022 compared to a value of Euro/000 2,873 on 31.12.2021.

Finally, Net Assets as of 30 June 2022 amounted to Euro/000 9,456 against Euro/000 8,621 on 31 December 2021.

The net increase of Euro/000 835 is mainly due to the result for the half year for Euro/000 1,207 partially offset by the increase in the negative reserve for treasury shares in the portfolio, for Euro/000 372, following the purchases of treasury shares made in the first half year of 2022. The Buy-Back operation was approved by the Shareholders' Meeting on 14 April 2021.

The Adjusted Net Financial debt is cash negative for Euro/000 142 (positive for Euro/000 520 on 31 December 2021) and shows adjustments compared to the previous fiscal year of Euro/000 662.

To manage the potential risks related to the "shortage" of critical components (e.g., electronic components), it was decided to raise the "safety stock level" for some of them by investing financial resources in the warehouse.

Values in €/000	**30/06/2022**	**31/12/2021**
A. Cash and cash equivalents	11,593	13,166
B. Equivalent cash and cash equivalents	-	-
C. Other current financial assets	672	300
D. Liquidity (A + B + C)	**12,265**	**13,466**
E. Current financial debt	700	700
F. Current portion of non-current financial debt	760	342
G. Current financial debt (E + F)	**1,460**	**1,042**
H. Net current financial debt (G - D)	**(10,804)**	**(12,424)**
I. Non-current financial debt	6,508	6,766
J. Debt instruments	3,595	3,844
K. Accounts payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	**10,103**	**10,611**
M. Total financial debt (H + L)	**(702)**	**(1,813)**

No. of overdue tax payables	649	1,034
O. Overdue social security debts	194	258
P. EXPIRED SOCIAL SECURITY TAX PAYABLES (N) + (O)	**843**	**1,293**
Q. Financial debt Adj (M) + (P)	**142**	**(520)**

The following are the main economic and balance sheet indicators:

FIXED ASSET FINANCING INDICATORS		30/06/2022	31/12/2021
Primary Margin of Structure	*Equity - Fixed assets*	3,379	2,776
Primary Structure Quotient	*Equity / Fixed assets*	1.56	1.47
Outline Secondary Margin	*(Equity + Consolidated liabilities) - Fixed assets*	3,858	3,280
Secondary Structure Quotient	*(Equity + Consolidated liabilities)/ Fixed assets*	1.63	1.56

INDEXES ON THE STRUCTURE OF FINANCING		30/06/2022	31/12/2021
Total Debt Ratio	*(Pml + Pc) /Equity*	0.57	0.36
Financial debt ratio	*Financing Liabilities/Equity*	1.14	1.33

PROFITABILITY RATIOS		30/06/2022	31/12/2021
Net ROE	*Net profit/loss /Average equity*	13%	7%
Gross ROE	*Gross profit/loss /Average equity*	18%	10%
ROI	*Operating profit/loss /(average CIO - Average operating liabilities)*	20%	15%
EBITDA on Revenues	*Gross Operating Margin /Revenues*	28%	23%
ROS	*Operating profit/loss / Revenues from sales*	20%	15%

SOLVENCY INDICATORS		30/06/2022	31/12/2021
Margin of availability	*Current assets - Current liabilities*	3,950	1,859
Availability quotient	*Current Assets / Current Liabilities*	1.83	1.46
Treasury Margin	*(Deferred liquidity + Immediate liquidity) - Current liabilities*	6,817	9,145
Quick ratio	*(Deferred liquidity + Immediate liquidity) /Current liabilities*	2.43	3.27

Research and development activities

During the first half year, the Company carried out research and development activities continuing several projects, the most important of which allowed to launch of a system on the market with innovative technology, called Drop-on-Demand (DoD), new for Matica that allows issuing large quantities of documents at high speeds and with quality standards among the highest on the market. Other projects, at the date of the closure of this report, are still in the process of being completed.

In particular, the Company has carried out both industrial research and experimental research.

Relationships with subsidiaries, associates, parent companies, and related parties

The Company has had the following relationships with the parent company:

Description	Financial debts	Accounts receivables	Accounts Payables	Invoices /NC to be received	Advances	Costs	Revenues
Matica Technologies AG	0	719	0	980	-	(9,860)	0
Total	**0**	**719**	**0**	**980**	**0**	**(9,860)**	**0**

The Company has had the following relationships with related parties:

Description	Financial receivables	Accounts receivables	Accounts Payables	Invoices /NC to be received	Advances	Costs	Revenues
Matica Corp	-	367,907	(23,155)	(3,802)	-	(22,493)	320,630
Matica Technologies FZE	-	56,687	(229)	(2,500)	(16,259)	(229)	210,530
Matica Technologies Beijing	-	3,157	-	-	-	-	2,000
Matica Technologies Group SA	613,367	326,880	(22,305)	(15,593)	-	(60,000)	94,606
Matica Technologies Group SA IB	-	37,164	-	-	-	(10,628)	20,920
Total	**613,367**	**791,796**	**(45,689)**	**(21,895)**	**(16,259)**	**(93,350)**	**648,685**

In defining a related party, the Company referred to Consob Regulation no. 17221 of 12/03/2010 and subsequent amendments and additions. These relationships, which do not include atypical and/or unusual operations, are regulated under normal market conditions.

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

As of 31.12.2021, the company owns a total of 349,200 treasury shares, equal to 3.321% of the Share Capital.

Significant events after 30 June 2022

On 1 July, Matica Fintec granted an interest-bearing loan of Euro 1 million to Matica Group Technologies SA, through a contract compliant with the Transfer Price rules, maturing on 1/07/2028, with a 12-month pre-amortizations period and amortizations on a straight-line basis starting from 1/07/2023, at a fixed rate of 3.25%, according to the indications provided by the Swiss financial administration.

Matica Fintec reports that on July 14, 2022, the closing of the acquisition of the shares representing 100% of the share capital of the two companies of the Japanese AI Holdings Corporation Group ("AIH"), i.e., CTC (Card Technologies Corp), a company under US law, in turn, 100% parent company of UBIQ (NBS Technologies (US) Inc.) (jointly the "Acquired Companies"). The total consideration for the transaction was paid partly in cash and partly in shares. The cash amount, equal to USD 1.5 million (equal to approximately Euro 1.5 million), was financed through its resources while concerning the shareholding component, the agreement between the parties provides for payment in part with treasury stock and in part with newly issued shares, the latter resulting from the partial execution of the proxy to increase the share capital, granted by the shareholders' meeting to the board of directors on 07 July 2022. Concerning this last aspect, 183,991 new ordinary shares were therefore issued, also dematerialized, without indication of the nominal value, with regular enjoyment and the same characteristics as the shares in circulation at the date of issue; the issue of the new ordinary shares, together with the transfer of 351,000 treasury stock held in the portfolio, led AIH to hold a total of 534,991 shares, representing 5% of the share capital of Matica Fintec. The consideration of the equity component, setting at Euro 2.23 (prices recorded in the market session closed on 05 July 2022) the issue price of the new shares and at Euro 1.9256 (average purchase value) the sale price of the treasury stock, amounted to approximately Euro 1.1 million which, added to approximately Euro 1.5 million of the cash component, led to a total exchange value for 100% of the share capital of CTC, equal to approximately Euro 2.6 million. This was a strategic operation of great importance as it completed the offer of Matica Fintec, allowing it to offer a Hardware & Software bundle solution for the reference sectors: Banking and Digital-ID.

On 20 July 2022, the Company announced the variation in the share capital, following the allocation of 183,991 ordinary shares of the newly issued Company, with regular enjoyment and the same characteristics of the shares in circulation, in favor of AIH, following the closing of the acquisition operation of 100% of the two companies of the AIH Group, CTC and UBIQ. As a result of the above, the share capital of Matica Fintec is equal to Euro 5,349,910.50, divided into 10,699,821 ordinary shares.

Concerning the ongoing conflict between Russia and Ukraine, the Company notes the absence of direct links with the two countries concerned.

The purchase of treasury stock initiated by the Board of Directors on 3 May 2021 continues, by the authorization granted by the Ordinary Shareholders' Meeting on 14 April 2021. The purchase of treasury shares began in the fiscal year 2021 and continues within the time limit of 18 months from the resolution, up to a maximum exchange value of Euro 2 million and in any case up to a maximum number that, taking the Matica Fintec shares into account, held in the portfolio from time to time by the Company and any subsidiaries it may control, is not greater than 20% of the Company's share capital.

Following the adoption of the Organization, Management, and Control Model (OMC) according to Legislative Decree 231/2001, the Company has assigned the task of supervising the proper functioning of the OMC to a Supervisory Body (SB), as provided for by the same decree, which operates based on an annual activity plan and draws up, on the occasion of the audits, the related minutes, in addition to the annual report for the Board of Directors. During the first half year of 2022, the activities of the Supervisory Body include the sharing of the new activity plan for the current year, the presentation of the annual report for 2021, a report on the introduction of further new crimes in the category of those assumed 231/01 as a result of which it is appropriate to evaluate and possibly update the Model in this regard. An audit was also carried out on the new company procedures adopted, and one on the presence of clause 231 in contracts with the main providers as well as collaborators and employees is in progress. No violations of the Code of Ethics or the provisions of the OMC have been reported.

Predictable development of management

During 2022, management will develop based on the strategic lines announced in the IPO, aimed at consolidating the increase in volumes and market dues through the optimization of business processes, new products developed internally and external growth strategies.

At this time, taking the uncertainty into account, caused by the political and economic situation, it is not possible to explain to what extent there might be economic and financial effects on the Company's 2022 financial statements.

However, the data in our possession testify to a positive trend, confirming that the Company knows how to react well to unpredictable emergencies.

Exposure of the company to price, credit, liquidity, and market risks

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

Credit risk

Credit risk is 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 and from the use of financial instruments that provide for the settlement of positions with the counterparty.

Concerning accounts transactions, the Company operates with medium and large counterparties concerning which creditworthiness checks are carried out in advance.

The Company implements a procedure for evaluating and controlling its client portfolio, including constant control of cash receipts. In case of excessive or repeated delays, supplies are suspended.

Historically, recorded losses on receivables are very low concerning turnover and do not require specific coverages and/or insurance.

Concerning financial transactions, these are carried out with major financial institutions of large size and high creditworthiness, whose rating is monitored to limit the risk of insolvency of the counterparty.

Liquidity risk

The liquidity risk can be manifested by the inability to find, under economic conditions, the financial resources necessary for the operation of the Company. The two main factors that influence the Company's liquidity are:

- The financial resources generated or absorbed by operational or investment activities;
- The maturity characteristics of the financial debt.

The Company finances its activities both through cash flows generated by operational management and through the use of external funding sources and is therefore exposed to liquidity risk, represented by the fact that the financial resources are not sufficient to meet financial and accounts debentures within the terms and maturity established. The cash flows, financing needs, and liquidity of the Company are controlled by considering the maturity of the financial assets (account receivables and other financial assets) and the cash flows expected from the related operations. The Company has both secured and unsecured credit lines, consisting of revocable short-term lines in the forms of short-term fixed-use loans, current account overdrafts, and signature credit.

It should be noted that on 30 June 2022 the liquidity risk is mitigated by the cash held.

As regards the exposure related to account payables, there is no significant concentration of providers.

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

Interest rate risk

Since financial debt is mainly regulated by fixed interest rates, it follows that the Company is not significantly exposed to the risk of their fluctuation. In any case, the evolution of interest rates is monitored by the Company and concerning their evolution, the advisability of proceeding with adequate hedging of the interest rate risk may be evaluated. At present, the Company does not cover itself, given the insignificant impact on the income statement deriving from variations in rates.

Foreign exchange risk

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

Concerning the other risks to which the Company is subject, not mentioned in this paragraph, please refer to paragraph 4 of the Explanatory Notes.

Information relating to the environment

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

Information relating to Personnel

The following main information is provided:

- there were no fatalities at work, accidents, or charges relating to occupational diseases during the period in question;

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

The following is a summary table that provides additional information about the personnel employed:

Employees	**30/06/2022**	**30/06/2021**
Executives	3	2
Clerical staff	29	27
Manual workers	24	23
Total average number	**56**	**52**

Milan, 29 September 2022.

The Chairman of the Board of Directors

(Dr. Sandro Camilleri)

Matica Fintec SpA.

Limited Audit Report on the Interim Financial Statements as of 30 June 2022

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Limited Audit Report on the Interim Financial Statements as of 30 June 2022

To the Board of Directors of Matica

Fintec SpA.

Introduction

We have carried out the limited audit of the attached Interim Financial Statements, consisting of the Balance Sheet, Comprehensive Income Statement, Changes in Net Assets Statement, Cash Flow Statement, and related Explanatory Notes of Matica Fintec S.p.A. as of 30 June 2022. The Directors are responsible for drafting the Interim Financial Statements by the applicable international accounting standard for Interim Financial Reporting (IAS 34) as adopted by the European Union. It's 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 work has been carried out by 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 personnel responsible for financial and accounting aspects, financial statement analyses, and other limited audit procedures. The scope of a limited audit is substantially less than that of a full audit carried out by International Standards on Auditing and, consequently, it does not allow us to be sure that we have become aware of all significant facts that could be identified with the/by performing a full audit. Therefore, we do not express an opinion on the interim financial statements.

Conclusion

Based on the limited audit carried out, no elements have come to our attention that makes us believe that the attached interim financial statements of Matica Fintec SpA. as of 30 June 2022, are not drawn up, in all material respects, by the applicable international accounting standard for interim financial reporting (IAS 34) adopted by the European Union.

Milan, 30 September 2022

Audirevi SpA.

Alfonso Laratta
Partner