FINANCIAL STATEMENTS
31 DECEMBER 2021

MATICA FINTEC S.p.A.
Registered office in Milan (MI) – Via Giuseppe Parini no. 2
Share Capital € 5,254,100.00. =
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

	Notes	31/12/2021	31/12/2020
Values in euro			
Non-current assets			
Tangible fixed assets	**6**	410,825	523,220
Goodwill			
Plant and machinery		*144,138*	*181,105*
Furniture and equipment		*91,709*	*142,983*
Vehicles		*59,242*	*89,355*
Improvements on leased assets		*21,721*	*30,244*
Other property, plant, and equipment		*94,015*	*79,533*
Intangible fixed assets	**7**	5,394,331	5,494,393
Development Costs		*3,001,308*	*3,114,256*
Patents Trademarks and other rights		*47,960*	*7,155*
Software		*29,903*	*57,361*
Other intangible assets		*1,215,159*	*1,215,621*
Goodwill		*1,100,000*	*1,100,000*
Other non-current assets	**8**	40,245	41,608
Deferred tax assets	**9**	25,494	307,032
Total non-current assets		**5,870,895**	**6,366,253**
Current assets			
Inventories	**10**	3,106,196	3,513,087
Tax receivables	**11**	101,597	28,102
Trade and other receivables	**12**	2,402,333	3,251,579
Cash and cash equivalents	**13**	13,165,655	7,360,978
Other assets	**14**	243,377	201,908
Total Current Assets		**19,019,159**	**14,355,654**
Non-current assets held for sale			
Total assets		**24,890,054**	**20,721,907**
Net Assets			
Share capital		5,257,915	5,254,100
Legal reserve		21,919	19,397
Other reserves		3,071,825	3,335,153
Profits (losses) carried forward		(957,240)	(1,005,151)
Net profit/loss for the period		1,226,697	50,433
Total shareholders' equity	**15**	**8,621,116**	**7,653,932**
Non-current liabilities			
Financial debts	**16**	10,702,345	6,049,099
Provision for other employees' benefits	**17**	363,445	483,829
Deferred tax liabilities and tax provisions	**18**	70,280	89,039
Non-current tax payables	**19**	831,834	997,188
Other non-current liabilities	**20**	141,071	277,849
Total Non-Current Liabilities		**12,108,975**	**7,897,003**
Current Liabilities			
Financial debts	**16**	1,041,828	1,889,509
Current tax payables	**19**	547,087	406,835
Trade and other payables	**21**	1,679,859	1,798,730
Other current liabilities	**20**	891,188	1,075,897
Provision for future risks and charges			
Financial derivatives			
Total Current Liabilities		**4,159,962**	**5,170,972**
Total shareholders' equity and liabilities		**24,890,054**	**20,721,907**

Comprehensive income statement

Values in euro	Notes	31/12/2021	31/12/2020
Sales Revenues	**22**	14,504,718	12,009,990
Other Revenues and Proceeds	**22**	187,168	401,121
Variation in inventories	**10**	(404,761)	503,273
increments of internal work capitalized under fixed assets	**7**	670,475	730,926
Reversal of depreciation			
Total Revenues		**14,957,600**	**13,645,309**
Costs for purchases	**23**	(5,595,587)	(5,568,086)
Other operating costs	**24**	(3,177,926)	(3,246,139)
Costs for Services		*(2,829,053)*	*(2,498,453)*
Costs for use of assets owned by others		*(210,723)*	*(206,749)*
Other Operating Expenses		*(138,150)*	*(540,936)*
Employees Costs	**25**	(2,816,942)	(2,679,232)
Operating costs		**(11,590,455)**	**(11,493,457)**
		0	0
EBITDA		**3,367,145**	**2,151,852**
Amortizations	**6 , 7**	(1,216,970)	(1,530,163)
Provisions for risks	**26**	(9,945)	(15,087)
Revaluations / (Depreciations)	**27**	(40,573)	(77,042)
Operating profit/loss		**2,099,656**	**529,561**
Financial Proceeds		72,822	42,419
Financial Charges		(387,324)	(369,248)
Net Financial Proceeds (Charges)	**28**	**(314,503)**	**(326,829)**
Profit/loss before taxation		**1,785,153**	**202,732**
		0	0
Current Taxes		(283,104)	(75,132)
		0	0
(Loss) Profit from discontinued operations and disposal		(40,573)	(77,042)
Advanced Taxed /(deferred)		(275,353)	(77,168)
Total taxes	**29**	(558,457)	(152,300)
Fiscal Year profit/loss		**1,226,697**	**50,433**
Basic earnings / (loss) per share (EUR per share)	**30**	0.1188	0.0048
Diluted earnings / (loss) per share (EUR per share)	**30**	0.1144	0.0046
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		**-**	**-**
Profit/(loss) from the reassessment of financial assets available for sale ("Available for sale")			
Tax effect relating to Other Profits/(Losses)			
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**	24,810	(44,490)
Tax effect relating to Other Profits/(Losses)			
Total Other Profits/(Losses), net of tax effect (B)		**24,810**	**(44,490)**
Total comprehensive Profit/(Loss) (A) + (B)		**1,251,507**	**5,943**

Statement of Changes in Net Assets

Values in Euro/000

	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
31/12/2019	5,254	4	3,320	-	25	(134)		(1,298)	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
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**

Cash Flow Statement

Values in euro

	Notes	31/12/2021	31/12/2020
Profit (loss) for the fiscal year before taxes		1,785,153	202,732
Adjustments for:			
- non-monetary items - devaluations (revaluations)		40,573	77,042
- non-monetary items - provisions / (releases)		9,945	15,087
- Financial Proceeds		(72,822)	(42,419)
- Financial Charges		387,324	369,248
- non-monetary items - depreciation		1,216,970	1,530,163
Adjusted profit for the period (loss) before taxes		**3,367,145**	**2,151,852**
Cash and cash equivalents generated by transactions			
- Income taxes paid		(394,275)	27,720
Other (income)/financial charges without cash flow		0	0
	Total	**(394,275)**	**27,720**
Variations to Working Capital			
Variation in receivables from customers		808,674	(742,626)
Variation in inventories		406,891	(503,273)
Variation in payables to providers		(118,871)	(636,288)
Variation in other receivables and other payables		(369,428)	225,200
Other variations		0	0
Change in employee severance pay (TFR) and other provisions		(97,682)	25,739
Variations in other provisions and deferred taxes		-	-
	Total	**629,583**	**(1,631,247)**
Cash flow from operating activities (1)		**3,602,452**	**548,325**
Divestments / (Investments):			
- Tangible		(81,576)	(101,738)
- Intangible		(922,938)	(1,488,671)
- Acquisition of additional shares in companies in which control was already held		0	0
- Financial		0	0
Cash flow from in investment activities (2)		**(1,004,514)**	**(1,590,409)**
Financial assets			
Increases/(decreases) in financial payables		3,805,565	3,177,194
Financial proceeds (charges)		(314,503)	(326,829)
Increases in share capital of a monetary nature		15,786	-
Purchase of own of shares		(300,110)	-
Variations Net Assets		- 0.00	-
Cash flow from in financing activities (3)		**3,206,739**	**2,850,365**
Cash flow from operating activities		**5,804,678**	**1,808,281**
Cash flow from discontinued operations		0	0
Variation in cash and cash equivalents (1+2+3)		**5,804,678**	**1,808,281**
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		**13,165,655**	**7,360,978**

FORM AND CONTENT
OF THE FINANCIAL STATEMENTS

Preamble

These financial statements as of 31 December 2021 (hereinafter referred to as “Individual Financial Statements”) have been prepared by the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IAS”) 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") and has been drawn up under the Euronext Growth Milan Regulation.

1 Basis for presentation

The Individual Financial Statements as of 31 December 2021 consist 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 are 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 movements 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’s method, the comprehensive income statement, the statement of adjustment 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 of drafting

The financial statements have been prepared from the perspective of business continuity, with presentation currency consisting of the Euro, and the amounts shown are rounded to the nearest unit, including, unless otherwise indicated, the amounts highlighted in the accompanying notes.

The most significant accounting standards adopted in the preparation of these financial statements are:

Intangible fixed assets

Other intangible assets are recorded in the position of the financial statement only if it is probable that the use of the asset will generate future economic benefits and if the cost of the asset can be measured reliably. Subject to these conditions, intangible assets are recorded at purchase cost, which corresponds to the price paid plus ancillary charges.

The gross book value of other intangible fixed assets with a finite useful life is systematically distributed among the fiscal years during which it is used, through the appropriation of constant depreciation shares, concerning the estimated useful life. Depreciation begins when the asset is available for use. The depreciation rates used are established based on the useful life of the related assets.

Industrial patent rights and intellectual property rights shall be amortized based on their presumed duration of use, which shall in any case not exceed that laid down in the license agreements.

Development costs are amortized over the period in which it is expected that the related economic benefits will be enjoyed.

Intangible assets with indefinite life: Goodwill

Goodwill is recognized as an asset with an indefinite useful life and is not amortized, but is subject to annual checks, or more frequently if there is an indication that specific events or changed circumstances may have caused a permanent impairment test. Impairment losses are immediately recorded in the income statement and are not subsequently reinstated. After initial recognition, goodwill is valued net of any accumulated impairment losses.

To verify the presence of lasting impairments, goodwill acquired in a business combination is allocated, at the acquisition date, to the individual flow-generating units or groups of flow-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units or groupings of units.

Each unit or group of units to which goodwill is allocated:

- represents the lowest level at which goodwill is monitored for internal management purposes;
- is no wider than the segments identifiable by the sector information.

Any impairment loss is identified by comparing the book value of the cash-generating unit with its recoverable value. If the recoverable value by the flow-generating unit is lower than the attributed carrying value, the relative loss of value is noted. This loss of value is not restored if the reasons that generated it cease to exist.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of that unit's assets, the goodwill associated with the disposed asset must be included in the book value of the asset when determining the profit or loss on disposal. The goodwill associated with the derecognized asset shall be determined based on the relative values of the derecognized asset and the retained portion of the cash-generating unit.

Tangible fixed assets

They are recorded at the cost of acquisition or production, including the directly attributable accessory charges necessary for the commissioning of the asset for the use for which it was intended.

The cost is reduced by depreciations, except for land that is not depreciated as it has an indefinite useful life, and any impairment losses.

Depreciations are calculated linearly through percentages that reflect the economic and technical deterioration of the asset and are computed from the moment the asset is available for use.

Significant parts of tangible assets that have different useful lives are accounted for separately and amortized based on their useful life.

The useful lives and residual values are reviewed annually at the end of the financial statements. The useful lives used for the preparation of these financial statements are as follows:

- Improvements on third-party assets: shorter between useful life and lease agreement
- Plant and machinery: 10%
- Industrial and commercial equipment: 15%
- furniture and furnishings: 12%
- electronic office machines: 20%

Charges incurred for ordinary maintenance and repairs are directly charged to the income statement for the fiscal year in which they are incurred.

Profits and losses arising from the assignments or disposal of tangible assets are determined as the difference between the sales revenue and the net book value of the asset and are charged to the Income Statement for the fiscal year.

Improvements on third-party assets with the characteristics of fixed assets are capitalized in the category of the asset to which they refer and are amortized according to their useful life or, if lower, throughout the lease.
Financial charges incurred in the face of investments in assets for which a certain period normally elapses to make the asset ready for use or sale (qualifying assets under IAS 23 – Financial charges) are capitalized and amortized over the useful life of the class of assets to which they relate.
All other financial charges are recognized in the income statement during the fiscal year in which they are incurred.

Impairment of assets

At least once a year, it is verified whether the assets and/or cash-generating units ("CGUs") to which the assets are attributable may have suffered a loss of value. If there is such evidence, the recoverable value of the assets/CGU is estimated. Goodwill and other intangible assets with an indefinite useful life are tested for impairment each year or more frequently, whenever there is an indication that the asset may have suffered impairment.
Recoverable value is defined as the greatest of its fair value fewer costs to sell and value in use. The value in use is defined based on the discounting of future cash flows expected from the use of the asset, before taxes, applying a discount rate that reflects current market changes in the time value of money and the risks of the asset.
When it is not possible to estimate the recoverable value of an individual asset, the recoverable value of the cash-generating unit to which the asset belongs is estimated.
If the recoverable amount of an asset (or a cash-generating unit) is less than the carrying amount, the book value is reduced to the recoverable amount and the loss is charged to the income statement. Subsequently, if a loss on assets other than goodwill is lost or reduced, the book value of the asset (or of the cash-generating unit) is increased until the new estimate of the recoverable value (which in any case cannot exceed the net book value that the asset would have had if the impairment loss had never been carried out). This restoration of value is immediately accounted for in the income statement.

Financial instruments

Financial instruments, if any, are included in the financial statements’ items described below. The item Investments and other non-current financial assets include investments in subsidiaries and other non-current financial assets. Current financial assets include accounts receivables and cash and cash equivalents. In particular, the item Availability and equivalent means include bank deposits. Financial liabilities refer to financial debts, including debts for advances on orders, assignment of receivables, as well as other financial liabilities (which include the negative fair value of derivative financial instruments), accounts debts, and other debts.

Non-current financial assets

Non-current financial assets other than equity investments, if any, as well as financial liabilities, are accounted for by IFRS 9.

This valuation category includes equity instruments for which the Company – at the time of initial recognition or transition - has exercised the irrevocable option to present the profits and losses deriving from an adjustment in fair value in net assets (FVOCI). They are classified as non-current assets under the item "Other financial assets at fair value through other comprehensive income statement".

They are initially recognized at fair value, including transaction costs directly attributable to the acquisition.

They are subsequently measured at fair value, and the profits and losses deriving from variances in fair value are recognized in a specific net assets reserve. This reserve will not be recorded in the income statement. In the event of the sale of the financial asset, the amount suspended at equity is reclassified to retained profits.

Dividends deriving from these financial assets are recognized in the income statement at the time when the right to cash receipts arises.

Receivables

Receivables are initially recorded at fair value, normally represented by the agreed consideration or the current value of the amount that will be collected. They are subsequently valued at amortized cost, reduced in the event of impairment. The amortized cost is calculated using the effective interest rate criterion, which is equivalent to the discount rate that, applied to future cash flows, makes the current book value of these flows equal to the initial fair value.

Receivables in currencies other than the functional currency of the individual entities are adjusted to the exchange rates at the end of the period with a counterpart in the Income Statement. Receivables are eliminated when the right to receive cash flows is extinguished when all the risks and rewards associated with the holding of the receivable have been substantially transferred, or if the receivable is considered definitively irrecoverable after all the necessary recovery procedures have been completed. At the same time as the receivable is canceled, the related provision is also reversed, if the receivable had previously been written down.

Depreciation of receivables

For accounts receivables, the Company applies a simplified approach, calculating expected losses over the life of the receivables from the time of initial recognition. The Company uses a

matrix based on historical experience and linked to the aging of the receivables themselves, adjusted to take specific forecasting factors for some creditors into account.

For financial receivables, the devaluation calculation is carried out concerning the expected losses in the following 12 months. This calculation is based on a matrix that includes the client rating provided by independent market participants. In the event of a significant increase in credit risk after the date of origin of the credit, the expected loss is calculated concerning the entire life of the receivable. The Company assumes that the credit risk relating to a financial instrument has not increased significantly after initial recognition if it is determined that the financial instrument has a low credit risk at the date of the financial statements.
The Company assesses whether there has been a significant increase in credit risk when the client's rating, attributed by independent market operators, undergoes a variance that highlights an increase in the probability of default.
The Company considers a financial asset to default when internal or external information indicates that the Company is unlikely to receive the full contractual amount due (e.g. when the receivables are at law).

Debts

Debts are initially recorded at fair value, normally represented by the agreed consideration or the current value of the amount that will be paid. They are subsequently valued at amortized cost. The amortized cost is calculated using the effective interest rate criterion, which is equivalent to the discount rate that, applied to future cash flows, makes the current book value of these flows equal to the initial fair value. Debts in currencies other than the functional currency of the individual entities are adjusted at fiscal year-end exchange rates with a counterpart in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents include cash, bank current accounts, post office accounts, deposits redeemable on demand, and other short-term financial investments with high liquidity that are readily convertible into cash and are subject to a non-significant risk of adjustment in value.

The item of cash and cash equivalents includes the current account of Valsabbina, whose stock is encumbered by a pledge as a "Performance guarantee", for participation in the so-called Bando Croatia, for an amount equal to Euro 260 thousand.

Derivative financial instruments

Consistent with IFRS9, derivative financial instruments, where they exist, can only be accounted for in the manner established for hedge accounting when, at the beginning of the hedge, there is the formal designation and documentation of the covering relationship itself, it is assumed that the coverage is highly effective, effectiveness can be reliably measured and the coverage itself is highly effective during the different accounting periods for which it is designated.
All derivative financial instruments are measured at fair value.

If a derivative financial instrument is designated as covering exposure to the volatility of future cash flows of an asset or liability on the financial statements or of a highly probable forecast transaction that could affect the profit and loss account, the effective portion of the gains or losses on the derivative financial instrument is recognized in net assets. The accumulated profit or loss is reversed from net assets and accounted for in the income statement in the same period in which the related economic effect of the transaction being covered is recognized. The profit or loss associated with a coverage (or part of coverage) that has become ineffective is recognized in the income statement immediately. If a covering instrument or a covering relationship is closed, but the covered transaction has not yet been carried out, the cumulative profits and losses, until then, recorded in net assets, are recognized in the income statement in correlation with the recognition of the economic effects of the covered transaction. If the covered transaction is no longer considered probable, unrealized profits or losses suspended in net assets are recognized immediately in profit or loss.

Derivative instruments that cannot be accounted for using the hedge accounting method are initially recognized at cost and adjusted to fair value at subsequent closing dates. Adjustments in fair value are recorded in the income statement.

Inventories

Warehouse Inventories are recorded at the lowest of the purchase or production cost, and the realizable value is represented by the amount that the entity expects to obtain from their sale in the normal course of business. The cost configuration adopted is the weighted average cost. Purchase costs include prices paid to providers net of discounts and rebates.

For the value of inventories thus determined, accruals are made to take account of inventories considered obsolete or slow-moving.

Assets and liabilities held for sale

Assets and liabilities held for sale and discontinued operations, where they exist, are classified as such if their book value will be recovered mainly through sale rather than through continuous use. Such conditions shall be deemed to be fulfilled when the sale or discontinuance of the disposal group is considered highly probable and the assets and liabilities are immediately available for sale in the condition in which they are located.

When the entity is involved in a disposal plan that results in the loss of control of an investee, all the assets and liabilities of that investee are classified as held for sale when the conditions described above are met, even if, after the disposal, the entity continues to hold a minority interest in the subsidiary.

Assets held for sale are valued at the lowest of their net book value and fair value, with fewer costs to sell.

Employee Benefits

Premiums paid against defined contribution plans are recognized in the income statement for the part, accrued during the fiscal year.

Until 31 December 2006, the severance package (TFR) was considered a defined benefit plan. The regulation of this fund was amended by Law no. 296 of 27 December 2006 ("2007 Financial Law") and subsequent Decrees and Regulations issued in the first months of 2007. In light of these changes, and in particular, concerning companies with at least 50 employees, this institution is now to be considered a defined benefit plan exclusively for shares accrued before 1 January 2007 (and not yet settled at the balance sheet date), while for shares accrued after that date it is similar to a defined contribution plan.

Defined benefit pension plans, which also include employee severance packages according to Article 2120 of the Italian Civil Code, are based on the working life of the employees and the remuneration received by the employee during a predetermined period of service. In particular, the liability that represents the benefit due to employees under defined benefit plans is recorded in the financial statements at its actuarial value.

The recording in the financial statements of defined benefit plans requires the estimation with actuarial techniques of the sum of benefits accrued by employees in exchange for the work performed in the current and previous fiscal years and the discounting of these benefits to determine the present value of the entity's commitments. The determination of the present value of the commitments is carried out by an independent actuary using the "Projected Unit Credit Method". This method considers each period of service provided by workers at the company as a unit of additional law: the actuarial liability must therefore be quantified based on the only seniority accrued at the valuation date; therefore, the total liability is normally re-proportioned based on the ratio between the years of service accrued at the reference date of the valuations and the total seniority reached at the time expected for the liquidation of the benefit. In addition, the aforementioned method envisages considering future salary increases, due to any cause (inflation, career, contractual renewals, etc.), up to the time of termination of the employment relationship.

The cost for defined benefit plans accrued in the year and recorded in the income statement as part of personnel expenses is equal to the sum of the average present value of the rights accrued by the employees present for the activity performed in the fiscal year and the annual interest accrued on the present value of the entity's commitments at the beginning of the year, calculated using the discount rate of future disbursements adopted for the estimation of the liability at the end of the previous fiscal year. The annual discount rate adopted for the calculations is assumed to be equal to the market rate at the end of the period, relating to zero coupon bonds with a maturity equal to the average residual maturity of the liability.

The sum of actuarial losses and gains, deriving from adjustments in the estimates made, is charged to the income statement.

Provisions for future risks and charges

These are appropriations deriving from current debentures (legal or implicit) and relating to a past event, for the fulfillment of which it will likely be necessary to use resources whose amount can be estimated reliably. If the expected use of resources goes beyond the following fiscal year, the debenture is recorded at its present value, determined by discounting the expected future flows discounted at a rate that also takes the cost of money and the risk of the liability into account.

The accruals are reviewed at each financial statement date and possibly adjusted to reflect the best current estimate; any adjustments in the estimate are reflected in the income statement for the period in which the adjustment occurred.

Risks for which the occurrence of liability is only possible are mentioned in the explanatory notes without any appropriation.

Sales of products

Revenues from sales of products are recognized when the performance obligations towards clients are satisfied. Performance obligations are met when control of the asset is transferred to the client.

Sales of products are subject to retrospective discounts based on the achievement of objectives, where defined within commercial agreements. Revenues from sales are recognized net of these discounts, estimated based on historical experience with the expected value method and for sums that are not expected to be reversed.

Sales do not include a financial component, as the average payment terms applied to clients are within the standard commercial terms for the country of reference.

Provision of services

Revenue from the rendering of services is recognized when the service rendered is completed.

Financial proceeds and changes

Financial proceeds and charges are recognized on an accrual basis.

Public contributions

Public contributions are recorded when there is reasonable certainty that they can be received (this coincides with the formal resolution of the public bodies providing them) and all the requirements dictated by the conditions for obtaining them have been met.

They shall be accounted for differently according to the nature of the contribution, in particular:

- Where the contributions are intended to cover costs (e.g. refunds or contributions on behalf of plants) they must be accounted for in the same way as the related costs, or in the income statement, and along the time horizon of accrual of costs (for example along the depreciation time horizon of the asset for which the contribution on behalf of plants was received).
- If the contributions have financing substance and represent an incentive provided by a public body without the related costs being incurred, the contribution must be accounted for in net assets.

Taxes

Taxes for the fiscal year represent the sum of current and deferred taxes.

Current taxes are based on the taxable profit for the fiscal year. Taxable income differs from the result reported in the income statement since it excludes positive and negative components that will be taxable or deductible in other fiscal years and also excludes items that will never be taxable or deductible. The current tax liability is calculated using the rates in force or fact in force at the date of the financial statements, or if known, those that will be in force at the time the asset is realized or the liability is extinguished.

Prepaid and deferred taxes are taxes that are expected to be paid or recovered on the temporary differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding book value used in the calculation of the taxable basis of assessment, accounted for according to the method of the global appropriation of the liability. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is considered probable that there will be taxable tax results in the future that allow the use of deductible temporary differences. These assets and liabilities are not recognized if, the temporary differences arise from goodwill or from the initial recognition (not in business combinations) of other assets or liabilities in transactions that have no influence either on the accounting result or on the taxable result. The tax benefit from carrying forward tax losses is recognized when and to the extent that the availability of future taxable income against which such losses can be used is deemed probable.

The carrying amount of deferred tax assets shall be reviewed at each financial statement date and reduced to the extent that sufficient taxable income is no longer likely to be available to permit the recovery of all or part of those assets.

Deferred taxes are calculated based on the tax rate that is expected to be in effect at the time the asset is realized, or the liability is extinguished.

Deferred taxes are recognized directly in the income statement, except those relating to items recognized directly in equity, in which case the related deferred taxes are also recognized in equity.

***The fair value* estimate**

The fair value of financial instruments listed on an active market, if any, is determined based on market prices at the date of the financial statements. The reference market price for financial assets held is the current selling price (purchase price for financial liabilities).
The fair value of financial instruments that are not treated in an active market is determined through various valuation techniques and assumptions based on market conditions existing at the date of the financial statements. For medium- and long-term liabilities, the prices of similar financial instruments quoted are compared, for the other categories of financial instruments the cash flows are discounted.
The fair value of the IRS is determined by discounting the estimated cash flows deriving from it at the date of the financial statements. For receivables, it is assumed that the nominal value, net of any adjustments made to take their collectability into account, approximates the fair value.
The fair value of financial liabilities for disclosure purposes is determined by discounting the contract cash flows at an interest rate that approximates the market rate at which the entity finances itself.

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 31 December 2021, and 2020, 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 variances 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

	IFRS 9 CATEGORIES				
Financial assets as of 31 December 2021	Financial instruments at fair value with income statement counterpart	Financial instruments at fair value with equity counterpart	Receivables and loans	Cash and cash equivalents	Balance sheet value
Financial assets:					
Equity investments	-	-	-	-	**-**
Securities	-	-	-	-	**-**
Other financial assets	-		-		**-**
Financial receivables (portion over 12 months)	-	-	40,245	-	**40,245**
Credits:					
Accounts receivables from clients	-	-	2,402,333	-	**2,402,333**
Accounts receivables from related parties	-	-		-	**0**
Other current receivables/assets:					
Other receivables and assets	-	-	344,975	-	**344,975**
Current financial assets:	-	-	-	-	**-**
Financial receivables (portion within 12 months)	-	-	-	-	**-**
Designated hedging derivatives	-	-	-	-	**-**
Securities	-	-	-	-	**-**
Cash and cash equivalents					
Bank and postal deposits		-	-	13,165,655	**13,165,655**
TOTAL FINANCIAL ASSETS	**-**	**-**	**2,787,552**	**13,165,655**	**15,953,207**

	IFRS 9 CATEGORIES			
Financial liabilities as of 31 December 2021	Liabilities at amortized cost	Financial instruments at fair value with income statement counterpart	Financial instruments at fair value with equity counterpart	Balance sheet value
Non-current financial payables and liabilities:				
Payables due to banks	10,702,345	-	-	**10,702,345**
Payables to financial institutions for financial leases	-	-	-	**-**
Other financial liabilities	141,071	-	-	**141,071**
Current liabilities:				
Payables to banks and other lenders	1,041,828	-	-	**1,041,828**
Accounts payables	1,679,859	-	-	**1,679,859**
0	831,834	-	-	**831,834**
Other financial liabilities	1,438,275	-	-	**1,438,275**
Other financial liabilities	-	-	-	**-**
Designated hedging derivatives	-	-	-	**-**
Undesignated hedging derivatives	-	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**15,835,212**	**-**	**-**	**15,835,212**

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 (new premises openings);

- 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.

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 2021

By IAS 8 "Accounting standards, changes in accounting estimates and errors", the IFRSs in force from 1 January 2021 are shown below:

On 14 January 2021, Commission Regulation (EU) 2021/25 of 13 January 2021 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards by 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 Standards (IFRS) 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IFRS 16 Leasing was published in the Official Journal of the European Union.

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 the effective replacement of benchmarks for the determination of existing interest rates with alternative reference rates.
These amendments provide for a specific accounting treatment to spread over time the adjustment in the value of financial instruments or leasing contracts due to the replacement of the reference index for the determination of interest rates, thus avoiding immediate repercussions on the profit (loss) for the fiscal year and unnecessary terminations of covering relationships following the replacement of the reference index for the determination of interest rates.

Companies shall apply the amendments to the European Regulation at the latest from the start date of their first fiscal year, starting on or after 1 January 2021.
There are no impacts on the individual financial statements due to the application of these changes.

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 30 June 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 - 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 enter into force on 1 January 2022, have not yet been approved by the European Union.

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.
These amendments, which will enter into force on 1 January 2022, have not yet been approved by the European Union.

Amendments to IAS 37 - Provisions, contingent liabilities, and contingent assets - Onerous contracts - Costs of Fulfilling a contract These amendments specify the costs to be taken when carrying out the valuation of against payment contracts into account.
These amendments, which will enter into force on 1 January 2022, have not yet been approved by the European Union.

Annual Improvements (2018 – 2020 cycle) issued in May 2020. These amendments are limited 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. These amendments, which will enter into force on 1 January 2022, have not yet been approved by the European Union.

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 IFRS 16 Leases – Covid-19 Related Rent Reductions
These amendments extend by one year the possibility of applying an optional accounting treatment for lessees in the presence of reductions in permanent (rent holidays) or temporary rentals related to Covid-19.
Lessees may choose to account for rent reductions as variable lease payments recognized directly in the income statement for the period in which the reduction applies, or treat them as an amendment of the lease with the consequent obligation to remeasure the lease debt based on the revised consideration using a revised discount rate. This option applies to reductions of rents whose payment is due by 30 June 2022. The amendment, in force since 1 April 2021, has not yet been approved by the European Union.

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.

EXPLANATORY NOTES

6 Tangible fixed assets

The changes 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 1.1.2021	**536**	**1,491**	**198**	**90**	**575**	**2,890**
Variations during the period:						
- Increases	12	33	7	8	25	**85**
- disposals	-	(3)	-	-	-	**(3)**
Total variations	**12.00**	**30**	**7**	**8**	**25**	**82**
Total cost as of 31.12.2021	**548**	**1,521**	**205**	**98**	**600**	**2,972**
Amortization provisions as of 1.1.2021	**(355)**	**(1,348)**	**(109)**	**(60)**	**(495)**	**(2,367)**
Variations during the period:						
- Amortizations	(49)	(81)	(37)	(16)	(11)	**(194)**
- reclassifications						
- disposals						
- Amortizations						
- use of provisions	-	-	-	-	-	-
Total variations	**(49)**	**(81)**	**(37)**	**(16)**	**(11)**	**(194)**
Total amortization provisions as of 31.12.2021	**(404)**	**(1,429)**	**(146)**	**(76)**	**(506)**	**(2,561)**
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 31 December 2021 of 78 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	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	33	40	-	37	**111**
- reclassifications						
- Increases from business combinations						
- disposals	-	-	(23)	-	(24)	**(47)**
Total variations	**1**	**33**	**17**	**-**	**13**	**64**
Total cost as of 31.12.2020	**536**	**1,491**	**198**	**90**	**575**	**2,890**
Amortization provisions as of 1.1.2020	**(311)**	**(1,232)**	**(88)**	**(45)**	**(463)**	**(2,139)**
Variations during the period:						
- Amortizations						
- reclassifications						
- disposals						**0**
- Amortizations	(44)	(116)	(39)	(15)	(51)	**(265)**
- use of provisions			18		19	**37**
Total variations	**(44)**	**(116)**	**(21)**	**(15)**	**(32)**	**(228)**
Total amortization provisions as of 31.12.2020	**(355)**	**(1,348)**	**(109)**	**(60)**	**(495)**	**(2,367)**
Values as of 31.12.2020	**181**	**143**	**89**	**30**	**80**	**523**

Data in thousands of euro	Development Costs	Patents Trademarks and other rights	Software	Other intangible assets	Goodwill	Total
Values as of 31.12.2017	**5,950**	**57**	**3**	**1,214**	**1,100**	**8,324**
Variations during the period:						
- Acquisitions of the fiscal year	491	3	39	3	-	**536**
- Amortizations	(2,336)	(37)	(2)	-	-	**(2,375)**
Values as of 31.12.2018	**4,105**	**23**	**40**	**1,217**	**1,100**	**6,485**
Variations during the fiscal year:						
- Acquisitions of the fiscal year	745	-	108	-	-	**853**
- Increases from "under common control" operations						
- Business combination						
- Decreases / reclassifications						
- Amortizations	(2,006)	(10)	(50)	(1)	-	**(2,067)**
Values as of 31.12.2019	**2,844**	**13**	**98**	**1,216**	**1,100**	**5,271**
Variations during the fiscal year:						
- Acquisitions of the fiscal year	1,473	3	12	-	-	**1,488**
- Increases from "under common control" operations						**0**
- Business combination						**0**
- Decreases / reclassifications						**0**
- 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 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**

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.

The goodwill reported is allocated to a single CGU attributable to the legal entity. On 31 December 2021, goodwill and intangible fixed assets with an indefinite useful life were subjected to impairment tests, which consist of estimating the recoverable value of the CGU and comparing it with the net book value of the related assets, including goodwill. The value in use corresponds to the present value of future cash flows that are expected to be associated with the CGU, using a rate that reflects the specific risks of the individual CGUs at the valuation date. The key assumptions used by management are the estimate of future increases in sales, operating cash flows, the terminal value growth rate, and the weighted average cost of capital (discount rate). The expected cash flows are those provided for in the 2022-26 plan approved by the Board of Directors. The discount rate, defined as the average cost of capital after tax, applied to prospective cash flows, is 10.63%. As of December 31, 2021, no impairment losses emerge on all CGUs, between the book value and the relative value in use (determined according to the Discounted Cash Flow methodology). A sensitivity analysis of the results for the CGUs in question was also carried out, considering an adjustment in discount rates of 300 basis points, based on which the value in use remains much higher than the book values.

8 Other non-current assets

They consist almost entirely of security deposits

9 Deferred tax assets

Deferred tax assets on 31 December 2021 are recorded concerning the following temporary differences:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Reportable tax losses	-	24.00%	-
Unrealized foreign exchang	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 on 31 December 2020 are recorded concerning the following temporary differences:

Data in thousands of euro

Description	Taxable	Tax rate	Balance
Reportable tax losses	1,073	24.00%	258
Unrealized foreign exchang	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 recorded on the assumption of their recoverability based on the likelihood of future basis of assessment.

The reduction compared to the previous fiscal year is due to the full use of tax losses that can be carried forward to reduce the IRES taxable basis of assessment for 2021.

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

	31/12/21	**31/12/20**
Raw materials, supplies an	1,979	2,625
Goods	881	595
Goods in progress	246	293
Total	**3,106**	**3,513**

11 Tax receivables

Tax receivables consist of VAT receivable for 11 thousand Euro and tax credit for Research and Development amounting to 90 thousand Euro. Both amounts will be used as compensation in 2022.

As of December 31, 2020, they included IRAP credits linked to the residuals on 2019 advances not used following the "Cura Italia" Decree, which canceled the deposit of the 2019 balance and the first part-payment 2020 advance.

12 Accounts and other receivables

The breakdown of accounts and other receivables as of 31 December 2021 and 31 December 2020 is as follows:

Data in thousands of euro

	31/12/21	31/12/20
To third parties	2,303	3,145
To related parties	189	252
Provision for bad debts	(89)	(145)
Total	**2,402**	**3,252**

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

Data in thousands of euro

Value as of 31 December 2	145
Provisions	41
Uses	(96)
Value as of 31 December 2	89

13 Cash and cash equivalents

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

Data in thousands of euro

	31/12/21	31/12/20
Cash and cash equivalents	3	-
Bank deposits	13,163	7,361
Total	**13,166**	**7,361**

The adjustment in cash and cash equivalents is essentially due to new bank loans obtained during the fiscal year.

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 (120 thousand euros), insurance (31 thousand euros), utilities (13 thousand euros), and other prepaid expenses (45 thousand euros).

15 Net Assets

Net Assets are thus constituted:

Data in thousands of euro

	31/12/21	31/12/20
Share capital	5,258	5,254
Legal reserve	22	19
Share premium reserve	3,332	3,320
Public contributions	177	177
Contribution reserve	16	16
Reserve for IAS 19	(154)	(179)
Reserve for treasury share	(300)	-
Profits (losses) carried forv	(955)	(1,005)
Profit/ (Loss) of fiscal year	1,227	50
Total shareholders' equity	**8,621**	**7,654**

The share capital consists of 10,515,830 ordinary shares with a nominal value of €0.50 per share.

The increase compared to the previous fiscal year is given by the fiscal year of 76,300 warrants, with the issue of 7,630 new shares at the price of Euro 2,069 per share.
The share premium reserve was determined by the share premium paid at the time of listing, net of ancillary charges of Euro 924 thousand, as required by international standard IAS 32, and increased during the fiscal year following the aforementioned operation of the warrants.
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 fiscal year, the company purchased 190,800 treasury stocks. By IAS 32, the purchase cost of such shares has been recorded in a negative reserve.

The information required by Article 2427, paragraph 1, number 7-bis of the Italian Civil Code concerning the specification of net assets items concerning their origin, the possibility of use, and distribution, as well as their use in previous fiscal years, can be inferred from the tables below:

Values in Euro

Description	Amount	Origin / Nature (*)	Possibility of use (**)	Available share	Summary of the uses made in the three previous fiscal years	
					to cover losses	for other reasons
Capital	5,257,915	C				
Premium reserves	3,332,466	C	A,B,C	3,332,466		924,427
Legal reserve	21,919	U	B	21,919		
Other reserves:						
- Contribution reserve	16,080	C	A,B,C	16,080		383,157
- Reserve for non-repayable payments	177,372	C	A,B	177,372		
- Reserve for adjustment to IAS 19	(153,984)			(153,984)		
- Negative reserve FOR treasury shares	(300,110)			(300,110)		
Total other reserves	**(260,641)**			**3,093,743**		**1,307,584**
Profits/ losses carried over	(957,240)					
Profit/ (Loss) for fiscal year	1,226,697			1,226,697		
Total	**8,621,115**			**4,320,440**		
Non-distributable portion				3,023,689		
Remaining distributable portion				1,296,751		

(*) C - Capital reserve; U - Profit reserve
(**) A - for capital increase; B - to cover losses; C - for distribution to shareholders

16 Financial debts

Financial debts are composed as follows:

Data in thousands of euro	12 2021			12 2020		
	Non-current	Current	Total	Non-current	Current	Total
Payables to banks	0	0	0	5,915	1,890	7,805
Payables to parent companies	-	-	-	-	-	-
IFRS 16 leasing liabilities	91	-	91	134	-	134
Total	**91**	**0**	**91**	**6,049**	**1,890**	**7,939**

The breakdown of outstanding loans is as follows:

Data in thousands of euro

Bank Name	Finance Amount	Duration		Interest rate	Residual debt as of 31/12/2021		
		Start	Finish		Current	Non-current	Total
Banca del Fucino	1,000	24/05/2021	31/03/2027	Variable rate	150	850	1,000
Valsabbina	1,000	31/12/2019	30/11/2025	2.25% fixed annual nominal	192	777	969
Finnat Bank (Basket Bond)	4,000	21/10/2021	21/10/2028	Variable rate		3,844	3,844
Banca Intesa (Cash credit - Finimport/export	1,250			Variable rate	700	-	700
Sace Simest	700	26/11/2020	31/12/2026	0.65% fixed annual nominal	-	640	640
Banca Intesa	4,500	15/09/2020	15/09/2026	Variable rate	-	4,500	4,500
Total bank loans	**12,450**				**1,042**	**10,611**	**11,653**

It should be noted that the SACE SIMEST loan obtained in 2020 aimed at the capitalization of exporting companies, consisting of the grant of a maximum of 800 thousand euros, of which a share of 100 thousand euros in non-repayable funds and the remaining part at a subsidized rate of 0.65%; this loan was discounted at a market rate and the discounting component (78 thousand euros) was accounted for in a net assets reserve together with the share of non-repayable funds.

In October 2021, the issue was completed, in the context of a broader structured financing operation in the form of a so-called "basket bond", of a non-convertible loan, according to art. 2410 of the Italian Civil Code, for a nominal sum of Euro 4 million and 7 years, which was subscribed by a securitization vehicle, established according to Law no. 130 of 30 April 1999, which in turn was financed through the issuance of asset-backed securities addressed to major qualified investors.

In May, the company obtained a loan from Banca del Fucino for a total of 1 million euros, which expires in 2027.

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 31 December 2021 are shown below:

Data in thousands of euro

Value as of 31 December 2020	484
Provisions	50
Interests Proceeds / (Charges)	(2)
Actuarial (proft) / losses	(33)
Uses	(136)
Value as of 31 December 2021	363

The component "accrual for costs for employee benefits", and "contribution/benefits paid" are recorded in the income statement under "Personnel 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".

The main actuarial assumptions used on 31 December 2021 and 2020 are as follows:

Actuarial recruitment	**31/12/2021**	**31/12/2020**
Discount rate	2.52%	1.15%
Inflation rate	3.47%	1.20%
Expected rate of increase in salarie	2.50%	2.50%
Average annual percentage of pers	2.12%	3.08%

18 Deferred tax liabilities and tax provisions

They amount to €70 thousand on 31 December 2021 (€89 thousand on 31 December 2020) and include deferred taxes of €1 thousand and the current tax provision of €69 thousand.
Deferred taxes have been determined exclusively concerning unrealized foreign profits gains, as shown in the following table:

Description	Taxable	Tax rate	Balance
Unrealized foreign exchange gains	3	24.00%	1
Total			**1**

The current tax provision has been written to penalties and interest on overdue tax debts, for which the Company is waiting to receive the relevant payment notice.

19 Tax debts

Tax debts are composed as follows:

Data in thousands of euro		12 2021			12 2020	
	Non-current	Current	Total	Non-current	Current	Total
IRES (corporation tax)	19	155	174	7	19	26
IRAP (regional income tax)	-	58	58	-	14	14
Withholdings	543	250	793	635	243	878
VAT	270	83	353	355	131	486
Total	**832**	**547**	**1,378**	**997**	**407**	**1,404**

20 Other liabilities

The other liabilities are composed as follows:

Data in thousands of euro		12 2021			12 2020	
	Non-current	Current	Total	Non-current	Current	Total
Payables to Employees	-	333	333	-	336	336
Payables to social security institut	129	282	411	258	388	646
Advances	-	137	137	-	-	-
Payables to directors	-	37	37	-	35	35
Accrued expenses and deferred i	-	93	93	-	88	88
Other payables	12	9	21	20	228	248
Total	**141**	**891**	**1,031**	**278**	**1,075**	**1,353**

21 Accounts and other debts

This item consists of the following:

Data in thousands of euro	**31/12/21**	**31/12/20**
To third parties	1,651	1,772
To parent companies	13	15
To subsidiaries	16	12
Total	**1,680**	**1,799**

22 Revenues from sales and other proceeds

The item Revenues from sales consist of the following:

Data in thousands of euro

	2021	2020
Provision of services	830	407
Sale of machines	10,270	8,920
Sale of consumables	1,254	1,192
Sale of spare parts	2,151	1,491
Total	**14,505**	**12,010**

It should be noted that the total revenues of approximately Euro 1,682 thousand (about 12%) are realized concerning related parties (993 thousand euros, equal to 8% in 2020).

The breakdown by geographical area of 2021 revenues, compared with that of the previous fiscal year, is as follows:

Data in thousands of euro

	2021	2020
Europe	3,851	3,163
Asia	1,383	1,931
South America	3,138	1,936
USA	1,568	778
Africa	1,497	736
United Arab Emirates	1,085	634
Other Middle East	1,284	973
Italy	423	710
India	235	403
Canada	9	67
China	32	679
Total	**14,505**	**12,010**

The item Other proceeds consists mainly of 135 thousand euros from the tax credit for research and development.

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

	2021	2020
Purchases of finished products anc	5,498	4,938
Processing on behalf of third partie	96	148
Other	2	482
Total	**5,596**	**5,568**

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

	2021	2020
Costs for Services	2,829	2,498
Costs for use of assets owned by	211	207
Other Operating Expenses	138	541
Total	**3,178**	**3,246**

Costs for services are detailed in the following table:

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 liabilities (84 thousand euros) and penalties (8 thousand euros).

25 Employees Costs

This item consists of the following:

Data in thousands of euro

	2021	**2020**
Consulting	1,343	1,191
Directors' and statutory auditors'	706	703
Advertising and promotions	11	24
Travel expenses	39	17
Costs of transport and customs	348	188
Insurance	41	49
Representation expenses	11	6
IT Expenses	56	64
Vehicle expenses	51	43
Utilities	44	44
Maintenance	37	21
Certifications	20	16
Other administrative expenses	61	77
Other overheads	61	56
Total	**2,829**	**2,498**

Data in thousands of euro

	2021	**2020**
Wages and Salaries	1,797	1,754
Social security charges	552	543
Employee severance indemnity	132	63
Pension and similar treatment	79	95
Other costs	256	224
Total	**2,817**	**2,679**

Labor costs refer to persons who are also directors of the company, for a total of 289 thousand euros.

This amount is in addition to what is reported in the following note 33.

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

Employees	**31/12/2021**	**31/12/2020**
Executives	2	3
Clerical staff	31	33
Manual workers	22	21
Total average number	**55**	**57**

26 Accruals for risks

The item relating to 2021 and 2020 includes the accrual to the current tax provision, recorded concerning penalties and interest on expired tax debts for which the Company is waiting to receive the relative payment notice (please refer to note 18 above).

27 Revaluation/Devaluation

The item relating to 2021 and 2020 includes the provision for doubtful accounts.

28 Financial proceeds and charges

Financial proceeds and charges consist of the following:

Data in thousands of euro

	2021	2020
Profit on foreign exchange	73	41
Interest income on current accou	-	1
Total financial income	**73**	**42**
Interest on intercompany loans	-	(10)
Bank interest expense	(309)	(166)
Other financial charges	(26)	(105)
Foreign exchange losses	(52)	(88)
Total financial charges	**(387)**	**(369)**

29 Taxes

The 2021 and 2020 taxes are detailed as follows:

Data in thousands of euro

	2021	2020
IRES (corporation tax)	(160)	(6)
IRAP (regional income tax)	(123)	(69)
Total current taxes	**(283)**	**(75)**
Prepaid taxes	(274)	(79)
Deferred taxes	(2)	2
Total deferred taxes	**(275)**	**(77)**
Total taxes	**(558)**	**(152)**

For details on the origin of deferred tax assets, see Note 9 and Note 18.

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

Data in thousands of euro	**2021**	**2020**
Profit (loss) for the period before taxes	1,785	203
A Total taxable amount	**1,785**	**203**
B Theoretical taxes	498	57
Main causes giving rise to differences between the theoretical and the actual rate		
- ACE benefit	(18)	(23)
- Use of tax losses	(259)	(91)
- Net permanent differences	337	210
C Actual taxes	558	153
Theoretical tax rate (B/A)	27.90%	27.90%
Actual tax rate (C/A)	31.26%	75.19%

30 Profit per share

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

	31/12/2021	31/12/2020
Net Income	1,226,697	50,433
Number of ordinary shares net of treasury shares	10,325,030	10,508,200
Basic earnings / (loss) per share (EUR per share)	**0.1188**	**0.0048**
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,720,780	10,911,580
Diluted earnings / (loss) per share (EUR per share)	**0.1144**	**0.0046**

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 fiscal year were concluded under normal market conditions. Below is a breakdown of the balances as of 31 December 2021 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 31.12.2021**
Accounts receivables and other re	13	152	7	15	-	3	**189**
Other receivables	-	-	-	2	-	-	**2**
Accounts Payables	(10)	-	(1)	(5)	-	-	**(16)**
Invoices to be received	(2)	-	(11)	-	-	-	**(13)**
Total balance sheet items	**0**	**152**	**(5)**	**12**	**-**	**3**	**162**
Sales	8	292	-	1,134	32	209	**1,676**
Other Revenues	-	1	5	2	-	3	**11**
Purchase costs	(73)	-	-	(297)	-	-	**(369)**
Other costs	-	-	-	(4)	-	-	**(4)**
Employees costs	-	-	-	(32)	-	-	**(32)**
Total economic items	**(64)**	**294**	**5**	**803**	**32**	**212**	**1,281**

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 2021, the following emoluments were paid:

- Administrative body: Euro 376 thousand (in addition to TFM (severance pay) liquidated for Euro 250 thousand)
- Board of Auditors: Euro 28 thousand
- Auditing firm: Euro 23 thousand for the audit of the annual accounts, Euro 6 thousand for other audit services (audit of the half-yearly abridged financial statements)

34 Public contributions

It should be noted that during the 2021 fiscal year, the Company benefited from the following public contributions:

- Credit for research, development, and innovation relating to the 2020 fiscal year according to Law 160/2019: Euro 135 thousand

35 Proposed allocation of profit for the fiscal year

Dear Shareholders, it is proposed to allocate the profit for the fiscal year, amounting to Euro 1,226,697.00 as follows:

- Euro 61,335.00 to the legal reserve
- Euro 1,165,362.00 retained profits

*****