SEPARATE FINANCIAL STATEMENTS
DECEMBER 31, 2022

MATICA FINTEC S.P.A.
Registered office in Milan - Via Giuseppe Parini 2
Share capital €5,478,981.00.
Tax code, VAT number and
Company Register of Milan Monza Brianza Lodi no. 10354300013
R.E.A. No. MI-2540487

Statement of Financial Position

Amounts in Euro	Notes	31/12/2022	31/12/2021
Non-current assets			
Tangible fixed assets	**6**	352,197	410,825
Plant and machinery		*112,990*	*144,138*
Furniture and equipment		*56,342*	*91,709*
Vehicles		*60,129*	*59,242*
Leasehold improvements		*9,037*	*21,721*
Other property plant and machinery		*113,698*	*94,015*
Intangible fixed assets	**7**	5,594,824	5,394,331
Development costs		*3,203,291*	*3,001,308*
Patents, Trademarks and other rights		*58,249*	*47,960*
Software		*18,587*	*29,903*
Other intangible assets		*1,214,697*	*1,215,159*
Goodwill		*1,100,000*	*1,100,000*
Investments in subsidiaries	**8**	2,584,687	-
Non-current financial assets	**9**	44,814	40,245
Financial receivables	**10**	907,143	-
Deferred tax assets	**11**	124,413	25,494
Total non-current assets		**9,608,079**	**5,870,895**
Current assets			
Inventory	**12**	3,799,767	3,106,196
Tax receivables	**13**	131,192	101,597
Trade and sundry receivables	**14**	4,447,338	2,402,333
Financial receivables	**10**	92,857	-
Cash and cash equivalents	**15**	11,127,866	13,165,655
Other assets	**16**	225,202	243,377
Total current assets		**19,824,223**	**19,019,159**
Total Assets		**29,432,301**	**24,890,054**
Equity			
Share capital		5,478,981	5,257,915
Legal reserve		83,254	21,919
Other reserves		4,168,900	3,071,825
Retained earnings (losses carried forward)		208,122	(957,240)
Profit (loss) for the period		2,318,481	1,226,697
Total equity	**17**	**12,257,737**	**8,621,116**
Non-current liabilities			
Financial payables	**18**	9,270,507	10,702,345
Provision for other employee benefits	**19**	281,710	363,445
Deferred tax liabilities and tax provisions	**20**	13,541	70,280
Non-current tax payables	**21**	95,251	831,834
Other non-current liabilities	**22**	4,024	141,071
Total non-current liabilities		**9,665,032**	**12,108,975**
Current liabilities			
Financial payables	**18**	2,221,093	1,041,828
Current tax payables	**21**	1,381,082	547,087
Trade and sundry payables	**23**	2,083,417	1,679,859
Other current liabilities	**22**	1,823,941	891,188
Total current liabilities		**7,509,532**	**4,159,962**
Total equity and liabilities		**29,432,301**	**24,890,054**

Statement of Comprehensive Income

Amounts in Euro	Notes	31/12/2022	31/12/2021
Revenue from sales	23	17,509,261	14,504,718
Other revenue and income	23	324,181	187,168
Change in inventory	11	692,535	(404,761)
Increases in internal work capitalized	7	705,171	670,475
Total Revenue		**19,231,149**	**14,957,600**
Purchase costs	24	(6,840,227)	(5,595,587)
Other operating costs	25	(4,317,573)	(3,177,926)
Service costs		*(3,683,348)*	*(2,829,053)*
Rentals and leases		*(202,659)*	*(210,723)*
Sundry operating expense		*(431,566)*	*(138,150)*
Personnel expense	26	(3,281,050)	(2,816,942)
Operating costs		**(14,438,849)**	**(11,590,455)**
			0
EBITDA		**4,792,299**	**3,367,145**
Amortization/depreciation	6 , 7	(900,634)	(1,216,970)
Provisions for risks	27	-	(9,945)
Write-backs/(Write-downs)	28	(164,272)	(40,573)
EBIT		**3,727,393**	**2,099,656**
Financial income		166,096	72,822
Financial expense		(641,256)	(387,324)
Net financial income (expense)	29	**(475,160)**	**(314,503)**
Profit (loss) before tax		**3,252,233**	**1,785,153**
			0
Current tax		(1,045,034)	(283,104)
Deferred tax assets/(liabilities)		111,282	(275,353)
Total Tax	30	(933,752)	(558,457)
Profit (loss) for the year		**2,318,481**	**1,226,697**
Basic earnings/(loss) per share (Euro per share)	31	0.2183	0.1188
Diluted earnings/(loss) per share (Euro per share)	31	0.2183	0.1144
Other Profit/(Loss) of comprehensive result:			
Other items of the comprehensive income statement in the period that will later be released to the income statement		**-**	**-**
Other items of the comprehensive income statement in the period that will not be later released to the income statement			
Actuarial gains/(losses) from "defined benefit plans"	18	77,443	24,810
Total Other Gains/(Losses), net of tax effect (B)		**77,443**	**24,810**
Total comprehensive income/(loss) (A) + (B)		**2,395,924**	**1,251,507**

Statement of Changes in Equity

	Share capital	Legal reserve	Share premium reserve	Non-repayable contribution	Contribution reserve	IAS 19 reserve	Treasury shares reserve	Retained earnings (losses carried forward)	Profit (loss) for the year	Total equity
31/12/2020	5,254	19	3,320	177	16	(179)		(1,005)	50	**7,654**
ocation of the result	-	3	-	-	-	-	-	48	(50)	-
Exercise of warrants	4	-	12	-	-	-	-	-	-	16
Purchase of treasury shares	-	-	-	-	-	-	(300)	-	-	(300)
Comprehensive profit/(loss)	-	-	-	-	-	25	-	-	1,227	1,252
31/12/2021	5,258	22	3,332	177	16	(154)	(300)	(957)	1,227	**8,621**
ocation of the result	-	61	-	-	-	-	-	1,165	(1,227)	-
Capital increase	92	-	305	-	-	-	-	-	-	397
Exercise of warrants	129	-	458	-	-	-	-	-	-	588
Disposal of treasury shares	-	-	-	-	-	-	256	-	-	256
Comprehensive profit/(loss)	-	-	-	-	-	77	-	-	2,318	2,396
31/12/2022	5,479	83	4,096	177	16	(77)	(44)	208	2,318	**12,258**

Statement of Cash Flows

Amounts in Euro

		31/12/2022	31/12/2021
Profit (loss) for the year before tax		3,252,233	1,785,153
Adjustments for:			
- non-cash items - Write-downs (write-backs)		164,272	40,573
- non-cash items - allocations / (releases)		-	9,945
- Financial income		(166,096)	(72,822)
- Financial expense		641,256	387,324
- non-cash items - amortization and depreciation		900,634	1,216,970
Adjusted profit for the period (loss) before tax		**4,792,299**	**3,367,145**
Cash generated from operations			
- Income tax paid		(1,021,593)	(394,275)
	Total	**(1,021,593)**	**(394,275)**
Changes in working capital			
Change in receivables from customers		(2,209,278)	808,674
Change in inventory		(693,571)	406,891
Change in payables to suppliers		403,557	(118,871)
Change in other receivables and other payables		691,998	(369,428)
Change in provision for post-employment benefits and other provisions		20,165	(97,682)
	Total	**(1,787,128)**	**629,583**
Cash flow from operations (1)		**1,983,579**	**3,602,452**
Disposals (Acquisitions)			
- Tangible		(110,120)	(81,576)
- Intangible		(932,380)	(922,938)
- Financial		(2,584,687)	-
Cash flow from investing activities (2)		**(3,627,187)**	**(1,004,514)**
Financing activities			
Increases/(decreases) financial payables		(1,159,716)	3,805,565
Financial income (expense)		(475,160)	(314,503)
Share capital increases of a cash nature		984,670	15,786.00
(Purchase)/disposal of treasury shares		256,026	(300,110)
Cash flow from financing activities (3)		**(394,180)**	**3,206,739**
Change in cash (1+2+3)		**(2,037,788)**	**5,804,678**
Cash, beginning of period		**13,165,655**	**7,360,978**
Cash, end of period		**11,127,867**	**13,165,655**

FORMAT AND CONTENT
OF THE SEPARATE FINANCIAL STATEMENTS

Foreword

These separate financial statements at December 31, 2022 ("Separate Financial Statements") were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretations issued by the Interpretation Committee, formerly the International Financial Reporting Interpretations Committee ("IFRIC") and earlier the Standing Interpretations Committee ("SIC”), and was prepared under the Euronext Growth Milan Regulations.

In 2022, the Company acquired controlling interests and is therefore required to prepare consolidated financial statements as of this year.

1 Basis for presentation

The Separate Financial Statements at December 31, 2022 consist of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes, and are accompanied by the directors' report on operations.
The format adopted for the statement of financial position includes the distinction between current and non-current assets and liabilities.
The items of profit/loss for the year are included directly in the statement of comprehensive income. The income statement format adopted envisages the classification of costs by nature.
The statement of changes in equity includes the amounts of transactions with equity holders and movements during the year in reserves.
In the statement of cash flows, cash flows from operations are presented using the indirect method, whereby net profit or loss for the year is adjusted for the effects of non-cash transactions, any deferrals or accruals of prior or future operating cash receipts or payments, and items of income or expense related to cash flows from investing or financing activities.
The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows are presented in units of Euro; amounts shown in the notes to the financial statements are in thousands of Euro.

2 Applied accounting standards

General standards of preparation

The financial statements were prepared on a going concern basis, with the presentation currency being the Euro, and amounts shown are rounded to the nearest unit, including, unless otherwise indicated, amounts presented in the explanatory notes.

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

Intangible fixed assets

Other intangible assets are recognized in the statement of financial position 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. When these conditions are met, intangible assets are recorded at their purchase cost, which corresponds to the price paid plus ancillary expense.
The gross carrying amount of other intangible fixed assets with finite useful life is systematically apportioned among the years in which their use occurs through allocation of constant amortization rates in relation to their estimated useful lives. Amortization starts when the asset is available for use. The amortization rates used are determined according to the useful life of the relevant assets.
Industrial patent rights and rights to use intellectual works are amortized on the basis of their presumed duration of use, however, not exceeding the duration set by license agreements.
Development costs are amortized over the time frame in which the related economic benefits are expected to be used.

Intangible assets with indefinite useful life: Goodwill

Goodwill is recognized as an asset with indefinite useful life and is not amortized; rather, it is tested annually, or more frequently if there is an indication that specific events or changed circumstances may have resulted in impairment, for impairment. Impairment losses are recognized directly in profit and loss and are not subsequently reversed. After initial recognition, goodwill is measured net of any accumulated impairment losses.

In order to test for impairment, goodwill acquired in a business combination is allocated as of the acquisition date to the individual cash-generating units or groups of cash-generating units that are expected to 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 groups of units to which the goodwill is allocated:

- represents the lowest level at which goodwill is monitored for internal management purposes;
- is no broader than the segments identifiable by segment reporting.

Any impairment loss is identified by comparing the carrying amount of the cash-generating unit with its recoverable value. In the event that the recoverable amount from the cash-generating unit is less than the assigned book value, the corresponding impairment loss is recognized. Such an impairment loss is not reinstated in the event that the reasons that generated it cease to apply.

If goodwill has been allocated to a cash generating unit (CGU) and the entity disposes of part of this unit, goodwill associated with the sold unit must be included in the book value of the asset when the profit or loss on disposal is determined. Goodwill associated with the discontinued operation must be calculated on the basis of the relating values of the discontinued operation and the retained portion of the cash-generating unit.

Tangible fixed assets

They are recorded at the cost of acquisition or production, including directly attributable ancillary expense required to put the asset into operation for its intended use.

Cost is reduced by depreciation, except for land, which is not depreciated because it has indefinite useful life, and any impairment losses.

Depreciation is calculated line-by-line through percentages that reflect the economic and technical deterioration of the asset and is computed from the time the asset is available for use.

Significant parts of tangible assets that have different useful lives are accounted for separately and depreciated on the basis of their useful lives.

Useful lives and residual amounts are reviewed annually at the balance sheet date. The useful lives used for the purpose of preparing these financial statements are as follows:

- Leasehold improvements: shorter of useful life and lease contract
- Plant and machinery: 10%
- Industrial and commercial equipment: 15%
- Furniture and fittings: 12%
- Electronic office equipment: 20%

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

Gains and losses arising from the sale or disposal of property, plant and equipment are determined as the difference between the sale proceeds and the net carrying amount of the asset and are recognized in the income statement for the year.

Leasehold improvements having the characteristics of fixed assets are capitalized in the category of the asset to which they refer and are depreciated over their useful life or over the term of the lease, whichever is shorter.

Financial expense incurred for investments in assets that normally require a specific amount of time in order for the asset to be ready for use or sale (qualifying asset pursuant to IAS 23 - Borrowing costs) is capitalized and amortized over the useful life of the asset class to which it relates.
All the other financial expense is recognized in the income statement during the year in which it is incurred.

Investments

Subsidiaries are business entities over which the Company independently has the power to determine the strategic choices of the entity in order to obtain the related benefits. Generally, control is assumed to exist when the company holds, directly and indirectly, more than half of the voting rights that can be exercised at the ordinary shareholders' meeting considering also the so-called potential votes i.e., voting rights arising from convertible instruments.

Investments in subsidiaries and associates are measured at acquisition cost, possibly reduced in the event of distribution of capital or capital reserves or in the presence of impairment losses determined by applying the so-called impairment test.

If the conditions for a previously made write-down no longer apply, the carrying amount of the investment is reinstated with a charge to the income statement, within the limits of the original cost.

Impairment

At least once a year, a test is conducted on whether the assets and/or cash generating units ("CGUs") to which the assets are attributable may be impaired. If there is such evidence, the recoverable value of assets/CGUs is estimated. Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired.
Recoverable value is defined as the higher of its fair value less costs to sell and value in use. Value in use is defined on the basis of discounting the expected future cash flows from the use of the asset, before tax, by applying a discount rate that reflects current market changes in the time value of money and risks of the asset.
When the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.
In the event that the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount and the loss is charged to the income statement. Thereafter, if a loss on assets other than goodwill ceases to apply or is reduced, the carrying amount of the asset (or cash-generating unit) is increased to the new estimate of recoverable amount (which in any case cannot exceed the net carrying

amount that the asset would have had if the impairment loss had never been incurred). This reinstatement is immediately recognized in the income statement.

Financial instruments

Financial instruments, if any, are included in the balance sheet items described below. Investments and other non-current financial assets include investments in subsidiaries, other non-current financial assets. Current financial assets include trade receivables and cash and cash equivalents. Specifically, cash and cash equivalents include bank deposits. Financial liabilities refer to financial payables, including payables for advances on orders, assignment of receivables, as well as other financial liabilities (which include the negative fair value of derivative financial instruments), trade payables, and other payables.

Non-current financial assets

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

This measurement category includes equity instruments for which the Company - at initial recognition or at transition - has exercised an irrevocable option to present gains and losses from changes in fair value in equity (FVOCI). They are classified as non-current assets under "Other financial assets at fair value through OCI”.

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

They are subsequently measured at fair value, and gains and losses from changes in fair value are recognized in a specific equity reserve. This reserve will not revert to the income statement. If the financial asset is sold, the amount suspended in equity is reclassified to retained earnings. Dividends from such financial assets are recognized in the income statement when the right to collect arises.

Receivables

Receivables are initially recorded at fair value, generally represented by the agreed consideration or the present value of the amount that will be collected. They are then measured at amortized cost, reduced in case of impairment. Amortized cost is calculated using the effective interest rate method, which is equivalent to the discount rate that, when applied to future cash flows, makes the present book value of those flows equal to the initial fair value.

Receivables in currencies other than the functional currency of individual entities are adjusted to period-end exchange rates with a balancing entry in the Income Statement. Receivables are derecognized when the right to receive cash flows is settled, when substantially all the risks and rewards associated with holding the receivable have been transferred, or if the receivable is deemed to be permanently irrecoverable after all necessary recovery procedures have been completed. Concurrent to the write-off of the receivable, the related provision is also reversed, if the receivable was previously written down.

Write-down of receivables

For trade 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 ageing of the receivables, adjusted to account for forecasting factors specific to certain creditors.

For financial receivables, the calculation of impairment is made with regard to expected losses in the next 12 months. This calculation is based on a matrix that includes customer ratings provided by independent market participants. If there is a significant increase in credit risk after the origination date of the receivable, the expected loss is calculated with reference to the entire life of the receivable. The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

The Company assesses whether there has been a significant increase in credit risk when the customer's rating, assigned by independent market participants, undergoes a change that shows an increase in the probability of default.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the full contractual amount past due (e.g., when receivables are at legal).

Payables

Payables are initially recorded at fair value, generally represented by the agreed consideration or the present value of the amount that will be paid. They are subsequently measured at amortized cost. Amortized cost is calculated using the effective interest rate method, which is equivalent to the discount rate that, when applied to future cash flows, makes the present book value of those flows equal to the initial fair value. Payables in currencies other than the functional currency of individual entities are adjusted to year-end exchange rates with a balancing entry in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts, post office accounts, deposits on demand, and other short-term highly liquid financial investments which are easily convertible to cash and not subject to the risk of significant value changes.

Cash and cash equivalents include Valsabbina's current account, the stock of which is encumbered by a performance guarantee pledge, for participation in the so-called *Bando Croazia*, for € 52 thousand.

Derivative financial instruments

Consistent with IFRS 9, derivative financial instruments, where they exist, may be accounted for in the manner established for hedge accounting only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship itself, the hedge is expected to be highly effective, the effectiveness can be reliably measured, and the hedge itself is highly effective during the various periods for which it is designated.

All derivative financial instruments are measured at fair value.

If a derivative financial instrument is designated to hedge the exposure to the variability of the future cash flows of an asset or liability booked in the financial statements or a highly probable transaction that could impact on the income statement, the effective portion of the profits or losses on the derivative financial instrument is recognized in equity. The cumulative profit or loss is removed from equity and recorded in the income statement in the same period in which the relevant operating effect of the transaction subject of the hedge is recognized. The profit or loss associated with a hedge (or part of a hedge) which has become ineffective is immediately booked in the income statement. If a hedging instrument or hedging relationship is terminated, but the hedged transaction has not yet taken place, the cumulative gains and losses, up to that point recognized in equity, are recognized in the income statement in correlation with the recognition of the income effects of the hedged transaction. If the hedged transaction is no longer considered probable, the unrealized gains or losses suspended in equity are immediately recognized in the income statement.

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

Inventory

Inventory is recognized at the lower of purchase or production cost and realizable value represented by the amount 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 suppliers net of discounts and rebates.

Provisions are made against the value of inventory thus determined to account for inventory considered obsolete or slow-moving.

Assets and liabilities held for sale

Assets and liabilities held for sale and discontinued operations, if any, are classified as such if their carrying amount will be recovered primarily through sale rather than through continued

use. These conditions are considered fulfilled when the sale or discontinuance of the disposal group of assets is considered highly probable and the assets and liabilities are immediately available for sale in their present condition.
When an entity is involved in a divestment plan involving 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 fulfilled, even if, after the divestment, the entity continues to hold a minority interest in the subsidiary.
Assets held for sale are measured at the lower of their net book value or fair value less costs to sell.

Employee benefits

Premiums paid under defined contribution plans are recognized in the income statement for the portion accrued during the year.
Until December 31, 2006, the provision for post-employment benefits (TFR) was considered a defined benefit plan. The regulations of this fund were amended by Law No. 296 of December 27, 2006 ("2007 Budget Law") and subsequent Decrees and Regulations issued in early 2007. In light of these changes, and in particular with regard to companies with at least 50 employees, this system is now to be considered a defined benefit plan exclusively for the portions accrued before January 1, 2007 (and not yet settled at the balance sheet date), while for the portions accrued after that date it is assimilated to a defined contribution plan.
Defined benefit pension plans, which include post-employment benefits due to employees under Article 2120 of the Civil Code, are based on employees' working lives and the remuneration received by the employee over a set period of service. Specifically, the liability representing the benefit due to employees under defined benefit plans is recorded in the balance sheet at its actuarial value.
The recognition of defined benefit plans in the financial statements requires the estimation by actuarial techniques of the amount of benefits accrued by employees in exchange for their service in the current and previous years and the discounting of these benefits to determine the present value of the entity's commitments. The calculation of the present value of commitments is made by an independent actuary using the Projected Unit Credit Method. This method treats each period of service performed by workers with the company as an additional unit of entitlement: the actuarial liability must therefore be quantified based on only the seniority accrued as of the valuation date; therefore, the total liability is usually re-proportioned according to the ratio of the years of service accrued as of the valuation date to the total seniority attained at the time the benefit is scheduled to be paid. Additionally, the above approach considers incorporating future salary increases, for whatever reason (inflation, career, contract renewals, etc.), up to the time of termination of employment.
The cost for defined-benefit plans accrued during the year and recognized in the income statement as part of personnel expense is equal to the sum of the average present value of the

rights accrued by the employees present for work performed during the 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 for future outlays adopted to estimate the liability at the end of the previous year. The annual discount rate adopted for the computations is assumed to be equal to the market rate at the end of the period relating to zero coupon bonds with maturities equal to the average remaining life of the liability.
The amount of actuarial losses and gains, resulting from changes in the estimates made, is charged to the income statement.

Provisions for future risks and charges

These are allocations arising from current obligations (legal or implied) and relating to a past event, the fulfillment of which is likely to require the use of resources, the amount of which can be reliably estimated. If the expected use of resources extends beyond the subsequent year, the obligation is recorded at the present value determined by discounting the expected future cash flows discounted at a rate that also takes account of the cost of money and the risk of the liability.
Provisions are reviewed at each reporting date and adjusted, if necessary, to reflect the current best estimate; any changes in estimates are reflected in the income statement for the period in which the change occurred.
Risks for which the onset of a liability is merely a possibility are disclosed in the notes to the financial statements without making any provisions.

Product sales

Revenue from product sales is recognized when performance obligations to customers are met. Performance obligations are met when control of the asset is transferred to the customer.
Retrospective discounts based on the achievement of targets, where envisaged in commercial agreements, are applied to product sales. Sales revenue is recognized net of such discounts, estimated on the basis of historical experience using the expected value method and for amounts that are not expected to be reversed.
Sales do not include a financial component, as the average payment terms applied to customers are within standard commercial terms for the relevant country.

Provision of services

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

Financial income and expense

Financial income and expense is recognized on an accrual basis.

Government grants

The recording of government grants is contingent upon a reasonable assurance that they will be received, which typically coincides with the formal resolution of the public granting bodies, and upon the satisfaction of all the conditions for obtaining the grants. They are accounted for differently according to the nature of the grant, specifically:

- Where grants are intended to cover costs (e.g., relief or plant grants), they should be accounted for in the same way as the related costs, i.e., in the income statement, and over the time horizon over which the costs accrue (e.g., over the time horizon of depreciation of the asset for which the plant grant was received).
- If the grants have financing substance and represent an incentive provided by a public entity without the related costs being incurred, the grant should be accounted for in equity.

Tax

Tax for the year corresponds to the sum of current and deferred tax.

Current tax is based upon taxable income for the year. Taxable income differs from the results shown in the income statement as it excludes both positive and negative entries which would be taxable or deductible in other tax years and excludes items which are not taxable or deductible at any time. The liability for current tax is calculated using the rates in effect or in fact in effect at the balance sheet date, or if known, those that will be in effect when the asset is realized or the liability settled.

Deferred tax assets and liabilities are the tax expected to be paid or recovered on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax amount used in calculating taxable income, accounted for using the global liability allocation method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent of the probability that there will be future taxable profits which will allow for the utilization of the 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 on either profit for accounting purposes or taxable profit. The tax benefit from the carryforward of tax losses is recognized when and to the extent that it is deemed probable that future taxable income will be available against which such losses can be used.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient taxable income to allow all or part of these assets to be recovered.

Deferred tax is calculated at the tax rate expected to be in force at the time the asset is sold or the liability is settled.

Deferred tax is charged directly to the income statement, except for tax related to items recognized directly in equity, in which case the related deferred tax is also charged to equity.

Valuation of fair value

The fair value of financial instruments listed in an active market, if any, is determined on the basis of market prices on the balance sheet date. The reference market price for financial assets held is the current sale price (purchase price for financial liabilities).

The fair value of financial instruments that are not traded in an active market is determined through various valuation techniques and assumptions based on market conditions existing at the balance sheet date. For medium- and long-term liabilities, prices of similar listed financial instruments are compared; for other categories of financial instruments, cash flows are discounted.

The fair value of IRS is determined by discounting the estimated cash flows from it to the balance sheet date. For receivables, it is assumed that the face value net of any adjustments made to account for their collectability approximates fair value. The fair value of financial liabilities for disclosure purposes is determined by discounting contract cash flows at an interest rate that approximates the market rate at which the entity finances itself.

3 Measurement of fair value

With regard to financial instruments measured at fair value, the following is the classification of these instruments based on the hierarchy of levels under IFRS 13, reflecting the significance of the inputs used in determining fair value. The levels are as follows:

Level 1 - unadjusted quoted prices in active markets for assets or liabilities subject to measurement;

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

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

At December 31, 2022 and 2021, no assets or liabilities held by the company are measured at fair value.

4 Risks to which the Company is exposed

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

4.1 Financial risks

Risks arising from changes in exchange rates

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

With regard to this risk, the strategy adopted aims at minimizing the impact on the income statement of changes in exchange rates and provides for hedging the risk arising from financial positions denominated in currencies other than the balance sheet currency if the need arises.

Based on the above, exchange rate fluctuations that occurred during the year did not have a material effect on the financial statements.

Risks arising from changes in interest rates

Since financial debt is mostly governed by fixed interest rates, it follows that the company is not significantly exposed to the risk of their fluctuation. However, the trend of interest rates is monitored by the Company, and in relation to their trend, the appropriateness of interest rate risk hedging may be considered. To date, the Company does not hedge, given the immaterial impact on the income statement from changes in rates.

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

Amounts in Euro

Financial assets at December 31, 2022	IFRS 9 CATEGORIES: Financial instruments at fair value through profit or loss	Financial instruments at fair value through equity	Receivables and loans	Cash	Carrying amount
Financial assets:					
Financial receivables (portion over 12 months)	-	-	44,814	-	**44,814**
Receivables:					
Trade receivables from customers	-	-	4,447,338	-	**4,447,338**
Other current receivables/assets:					
Sundry receivables and assets	-	-	356,395	-	**356,395**
Financial assets:					
Financial receivables (portion within 12 months)	-	-	92,857	-	**92,857**
Financial receivables (portion over 12 months)	-	-	907,143	-	**907,143**
Cash and cash equivalents					
Bank and postal deposits		-	-	11,127,866	**11,127,866**
TOTAL FINANCIAL ASSETS	**-**	**-**	**5,848,547**	**11,127,866**	**16,976,413**

Financial liabilities at December 31, 2022	IFRS 9 CATEGORIES: Liabilities at amortized cost	Financial instruments at fair value through profit or loss	Financial instruments at fair value through equity	Carrying amount
Payables and non-current financial liabilities:				
Payables to banks	9,270,507	-	-	**9,270,507**
Other financial liabilities	4,024	-	-	**4,024**
Current liabilities:				
Payables to banks and other lenders	2,221,093	-	-	**2,221,093**
Payables to suppliers	2,083,417	-	-	**2,083,417**
Non-current tax payables	95,251	-	-	**95,251**
Other financial liabilities	3,205,022	-	-	**3,205,022**
Other financial liabilities:	-	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**16,879,313**	**-**	**-**	**16,879,313**

4.2 Market risk

Exchange risk

Exposure to the risk of changes in exchange rates arises from conducting business in currencies other than the Euro. The Company carries on its business primarily in Euro, and in any case a large part of its transactions; therefore, this risk should be considered negligible.

Interest rate risk

The Company has a minor exposure to the risk of rate fluctuations on its financial assets, short-term bank debts and loans, and long-term leases.
The Company's strategy aims at minimizing risk through a balanced allocation between fixed- and floating-rate loans, including ad hoc hedging instruments if the need arises.
Based on the above, interest rate fluctuations that occurred during the year did not have a material effect on the financial statements.

Price risk
Price risk is the possibility that the value of a financial asset or liability will vary as a result of changes in market prices (other than those related to currencies and rates).
This risk is typical of financial assets that are not listed in an active market and which cannot always be realized quickly at close to their fair value.
This risk, given the size of the outstanding investments, is not material and is therefore not hedged.

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 involving the settlement of positions with the counterparty.

With regard to trade transactions, the Company operates with medium- and large-sized counterparties in relation to which creditworthiness audits are carried out in advance.

The Company implements a procedure for evaluating and controlling its customer portfolio, including through constant monitoring of collections. In case of excessive or repeated delays, supplies are suspended.

Historically recorded losses on receivables are extremely low in relation to turnover and do not require special hedging and/or insurance.

As for financial transactions, these are carried out with primary, large-sized financial institutions with high creditworthiness, whose rating is monitored for the purpose of limiting the risk of counterparty default.

4.4 Liquidity risk

Liquidity risk can arise with the inability to raise, under economic conditions, the financial resources required for the Company's operations. The two main factors affecting the liquidity of the Company are:

- The financial resources generated or absorbed by operations or investing activities (new premises openings);
- The maturity characteristics of financial debt.

The Company finances its activities both through cash flows generated by operations and through resort to loan capital, and is therefore exposed to liquidity risk, represented by the fact that financial resources are not sufficient to meet financial and commercial obligations on the set terms and deadlines. The Company's cash flows, financing requirements, and liquidity are controlled by considering the maturity of financial assets (trade receivables and other financial assets) and the expected cash flows from related transactions. The Company has both secured and unsecured lines of credit, consisting of cancellable short-term lines in the forms of hot loans, overdrafts and signature credit.

The Company's has a long-term debt structure exposed to interest rate risk as shown in Note 16 below.

Regarding exposure related to trade payables, there is no significant supplier concentration.

Management believes that the funds generated from operations and financing activities, will enable the Company to meet its needs arising from investing activities, working capital management, and repayment of debts as they mature contractually.

5.1 Accounting standards and interpretations endorsed and effective as of January 1, 2022

Pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors", the IFRSs effective as of January 1, 2022, are shown below.

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

Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before intended use

These amendments prohibit deducting from the cost of property, plant and equipment amounts received from the sale of products while the asset is being prepared for its intended use. The proceeds from the sale of 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 into account when evaluating onerous contracts are both incremental costs for contract performance (e.g., direct labor and materials) and a share of other costs that relate directly to contract performance (e.g., an allocation of the depreciation rate of assets used for contract performance).

Annual Improvements (2018 - 2020 cycle)

Issued in May 2020, these improvements make minor amendments to certain standards (IFRS 1 First-Time Adoption of IFRS, 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 IFRS standards.

5.2 International accounting standards and/or interpretations issued but not yet effective and/or not endorsed

The following are the new Standards or Interpretations that have already been issued but have not yet come into force or have not yet been endorsed by the European Union at December 31, 2022, and are therefore not applicable. They are not expected to have a material impact on the Company's financial statements as of the date of application.

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

These changes provide guidance for the application of materiality judgments to accounting policy disclosures in a way that is more useful; specifically:

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

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

These amendments, which will come into force on January 1, 2023, have not been endorsed yet by the European Union. Disclosures in the Financial Statements are not expected to be impacted by these changes.

Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as current or non-current

The amendments clarify the criteria to be applied in classifying liabilities as current or non-current and specify that the classification of a liability is not affected by the likelihood that settlement of the liability will be delayed by twelve months following the reporting period. The Company's intention to liquidate in the short term has no impact on classification. These amendments, scheduled to take effect on January 1, 2023, have not been endorsed yet by the European Union. No impact on the classification of financial liabilities is expected as a result of these amendments.

Amendments to IAS 1 - Presentation of Financial Statements - non-current liabilities with covenants

These amendments specify that covenants to be met after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require the Company to provide information on these covenants in the notes to the financial statements.

These amendments, which will come into force on January 1, 2024, have not been endorsed yet by the European Union. No impact on the classification of financial liabilities and in terms of disclosure is expected as a result of these amendments.

Amendments to IFRS 16 Leases: Liabilities for leases in a sale and leaseback transaction

These amendments specify the requirements for accounting for a sale and leaseback after the transaction date.

Specifically, in the subsequent measurement of the liability arising from the lease agreement, the seller-lessee determines "lease payments" and "revised lease payments" in such a way as not to recognize gains or losses that relate to the retained right of use.

These amendments, which will come into force on January 1, 2024, have not been endorsed yet by the European Union. No impact on the Company's financial statements is expected as a result of these amendments.

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

These amendments introduce a new definition of "accounting estimates”, particularly in terms of the difference between accounting estimates and accounting policies, and provide guidance

for determining whether changes should be treated as changes in estimates, changes in accounting policies, or errors.
These amendments, which will come into force on January 1, 2023, have not been endorsed yet by the European Union. No impact on the Financial Statements is expected as a result of these amendments.

Amendments to IAS 12 - Income taxes - deferred tax assets and liabilities arising from a single transaction

These amendments remove the option of not recognizing deferred tax upon initial recognition of transactions that give rise to both taxable and deductible temporary differences (e.g., leases). These amendments also clarify that when lease payments are deductible for tax purposes, it is a matter of judgment (after considering the applicable tax law) whether such deductions are attributable for tax purposes to the lease liability recorded on the balance sheet or to the related right of use. If tax deductions are allocated to the right of use, the tax amounts of the right of use and lease liability are the same as their book values, and no temporary differences arise upon initial recognition. However, if tax deductions are allocated to the lease liability, the tax amounts of the right of use and lease liability are nil, 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 come into force on January 1, 2023, have not been endorsed yet by the European Union. The impacts on the Financial Statements as a result of these changes are being reviewed.

IFRS 17 - Insurance Contracts

The accounting standard, published by the International Accounting Standards Board (IASB) on May 18, 2017, and amended on June 25, 2020, supersedes IFRS 4, as amended in 2020, and establishes an integrated approach to accounting for insurance contracts, with the goal of ensuring that companies disclose relevant information in their financial statements that gives a true and fair view of the contracts under consideration.
This information provides users of financial statements with the elements to assess the effect of insurance contracts on the financial position, results of operations and cash flows of business entities.
It is scheduled to take effect on the start date of the first financial period beginning on or after 1 January 2023.
IFRS 17 applies to insurance contracts, reinsurance contracts, and investment contracts with discretionary participation elements. No impact on the Financial Statements is expected.

EXPLANATORY NOTES

6 Tangible fixed assets

Changes in property, plant and equipment over the past two years are shown below:

Amounts in Euro thousand	Plant and machinery	Furniture and equipment	Vehicles	Leasehold improvements	Other property, plant and machinery	Total
Cost at 1.1.2022	**412**	**1,316**	**206**	**98**	**600**	**2,632**
Changes in the period:						
- Increases	7	1	40	3	74	**125**
- sales			(50)		(144)	**(194)**
Total changes	**7**	**1**	**(10)**	**3**	**(70)**	**(69)**
Total cost at 31.12.2022	**419**	**1,317**	**196**	**101**	**530**	**2,563**
Accumulated depreciation at 1.1.2022	**(268)**	**(1,224)**	**(147)**	**(76)**	**(506)**	**(2,221)**
Changes in the period:						
- depreciation	(38)	(37)	(39)	(16)	(55)	**(185)**
- sales			50		145	**195**
Total changes	**(38)**	**(37)**	**11**	**(16)**	**90**	**10**
Total accumulated depreciation at 31.12.2022	**(306)**	**(1,261)**	**(136)**	**(92)**	**(416)**	**(2,211)**
Amounts at 31.12.2022	**113**	**56**	**60**	**9**	**114**	**352**

Amounts in Euro thousand	Plant and machinery	Furniture and equipment	Vehicles	Leasehold improvements	Other property, plant and machinery	Total
Cost at 1.1.2021	**536**	**1,491**	**198**	**90**	**575**	**2,890**
Changes in the period:						
- Increases	8	6	20	8	25	**67**
- sales	(132)	(181)	(12)	-		**(325)**
Total changes	**(124)**	**(175)**	**8**	**8**	**25**	**(258)**
Total cost at 12/31/2021	**412**	**1,316**	**206**	**98**	**600**	**2,632**
Accumulated depreciation at 1.1.2021	**(355)**	**(1,348)**	**(109)**	**(60)**	**(495)**	**(2,367)**
Changes in the period:						
- depreciation	(43)	(57)	(38)	(16)	(11)	**(165)**
- provision utilization	130	181	0	0	0	**311**
Total changes	**87**	**124**	**(38)**	**(16)**	**(11)**	**146**
Total accumulated depreciation at 31.12.2021	**(268)**	**(1,224)**	**(147)**	**(76)**	**(506)**	**(2,221)**
Amounts at 31.12.2021	**144**	**92**	**59**	**22**	**94**	**411**

Tangible fixed assets include amounts accounted for in accordance with IFRS 16 - Leases with a net book value at December 31, 2022 of €85 thousand.

7 Intangible fixed assets

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

Amounts in Euro thousand	Development costs	Patents, Trademarks and other rights	Software	Other intangible assets	Goodwill	Total
Amounts at 31/12/2020	**3,114**	**7**	**57**	**1,216**	**1,100**	**5,494**
Changes in the year:						
- Acquisitions in the year	829	55	38	-	-	**1,488**
- amortization	(942)	(14)	(66)	-	-	**(1,265)**
Amounts at 31.12.2021	**3,001**	**48**	**29**	**1,216**	**1,100**	**5,394**
Changes in the year:						
- Acquisitions in the year	879	28	10	-	-	917
- amortization	(677)	(18)	(20)	-	-	(715)
Amounts at 31.12.2022	**3,203**	**58**	**19**	**1,216**	**1,100**	**5,595**

Other intangible assets and goodwill arose respectively during 2017 as a result of the transfer of the Matica Technologies Italian business unit to Matica Fintec Srl (formerly Matica Electronics Srl). These items refer, respectively, to the merger deficit recognized as a result of the merger by incorporation of Matica Americas LLC into Matica Technologies Italian Branch and to the goodwill recognized as a result of the acquisition by Matica Technologies Italian Branch (formerly Matica System) of the Digicard Engineering Gmbh (Austria) business unit.
Under IFRS, these items are not systematically amortized in the income statement but are subject to an assessment carried out at least annually for the purpose of identifying any impairment ("impairment test").

Goodwill is allocated to a single CGU attributable to the entire legal entity. At December 31, 2022, goodwill and intangible fixed assets with indefinite useful lives were tested for impairment, which consists of estimating the recoverable value of the CGU and comparing it with the net book value of related assets, including goodwill. Value in use is the present value of the future cash flows expected to be associated with the CGU, using a rate that reflects the specific risks of individual CGUs at the valuation date. The key assumptions used by Management are estimates of future increases in sales, operating cash flows, terminal value growth rate, and weighted average cost of capital (discount rate). The expected flows are those envisaged in the 2023-26 Business Plan, extended to 2027. The discount rate, defined as the average after-tax cost of capital applied to prospective cash flows, is 10.33%. At December 31, 2022, there were no impairment losses on all CGUs, between the carrying amount and the related value in use (determined using the Discounted Cash Flow methodology). A sensitivity analysis of the results was also carried out for the CGUs under consideration, considering a change in discount rates of 300 basis points under which the value in use remains far higher than the carrying amounts.

8 Investments in subsidiaries

On July 14, 2022, the closing took place for the acquisition of the shares representing 100% of the share capital of the two companies of the Japanese Group AI Holdings Corporation ("AIH"), namely CTC (Card Technologies Corp), a U.S.-registered company, which in turn controls 100% of UBIQ (NBS Technologies (US) Inc.) (collectively “Acquirees"). The total consideration for the transaction was paid partly in cash and partly in shares. The cash amount of USD1.5 million (equal to approximately €1.5 million) was financed through equity, while as for the share component, the agreement between the parties provided for payment partly with treasury shares and partly with newly-issued shares, the latter arising from the partial execution of the proxy to increase the share capital, granted by the Shareholders' Meeting to the Board of Directors on July 7, 2022. With regard to the latter, 183,991 new ordinary shares were then issued, also dematerialized, with no indication of par value, with regular dividend entitlements and the same characteristics as the shares in circulation on the date of issue; the issuance of the new ordinary shares, together with the transfer of 351,000 treasury shares held in the portfolio, brought AIH to hold a total of 534,991 shares, representing 5% of the share capital of Matica Fintec. The consideration for the share component, by setting the issue price of the new shares at €2.23 (prices recorded in the market session closed on July 05, 2022) and the sale price of the treasury shares at €1.9256 (average purchase value), amounted to approximately €1.1 million, which, added to approximately €1.5 million of the cash component, resulted in a total consideration for 100% of CTC's share capital of approximately €2.6 million. This was a major strategic transaction as it complemented Matica Fintec's offerings, enabling it to offer a bundled Hardware & Software solution for the relevant segments: Banking and Digital-ID.

Amounts in Euro thousands

	Address	% ownership	Equity	Net Income	Book value
Card Technology Corporation	405 Second Avenue south, Minneapolis Minnesota 55401 USA	100.00%	1,485	35	2,585

The difference between the book value and equity is due to the goodwill recorded in the first-time consolidation. At December 31, 2022, this goodwill was subject to impairment testing as part of the consolidated financial statements, to which reference should be made; no impairment resulted from this test.

9 Other non-current assets

They consist almost entirely of security deposits

10 Financial Receivables

These consist of the loan receivable granted to the parent company Matica Group SA for a total of €1,000,000, of which €907,143 due beyond the next year and €92,857 due within.

11 Deferred tax assets

Deferred tax assets at December 31, 2022 are recorded in connection with the following temporary differences:

Amounts in Euro thousands

Description	**Taxable**	**Rate**	**Balance**
Unrealized exchange losses	46	24.00%	11
Write-down of receivables deductible in future years	222	24.00%	53
Unpaid directors' fees	250	24.00%	60
Total			**124**

Deferred tax assets at December 31, 2021 were recorded in connection with the following temporary differences:

Amounts in Euro thousands

Description	**Taxable**	**Rate**	**Balance**
Unrealized exchange losses	3	24.00%	1
Write-down of receivables deductible in future years	77	24.00%	18
Post-employment benefits	25	24.00%	6
Total			**25**

Deferred tax assets are recognized on the assumption of their recoverability based on the probability of future taxable income.

12 Inventory

Assets are recognized in inventory when the transfer of risks and rewards associated with the acquired assets takes place. Specifically, the item includes raw materials, goods and work in progress, as detailed below:

Amounts in Euro thousands

	31/12/22	31/12/21
Raw and ancillary materials and consumables	2,549	1,979
Goods	1,031	881
Work in progress	219	246
Total	**3,800**	**3,106**

13 Tax receivables

Tax receivables consist of tax credit related to energy consumption (non-energy intensive businesses) amounting to €3 thousand and tax credit for Research and Development of €126 thousand and withholding tax on interest for the remainder.

At December 31, 2021, they included VAT receivable of €11 thousand and R&D tax receivables of €90 thousand.

14 Trade and other receivables

The composition of trade and other receivables at December 31, 2022 and December 31, 2021 is as follows:

Amounts in Euro thousands

	31/12/22	31/12/21
Non-controlling interests	3,565	2,302
Related parties	1,128	189
Provision for bad debts	(246)	(89)
Total	**4,447**	**2,402**

During the year, the provision for bad debts changed as follows:

Amounts in Euro thousands

Amount at 31 December 2021	89
Allocations	246
Releases	(89)
Amount at 31 December 2022	246

15 Cash and cash equivalents

The composition of cash and cash equivalents at December 31, 2022 and December 31, 2021 is as follows:

Amounts in Euro thousands

	31/12/22	31/12/21
Cash and cash on hand	3	3
Bank deposits	11,125	13,163
Total	**11,128**	**13,166**

Cash and cash equivalents are held with leading bank counterparties at interest rates aligned with prevailing market conditions.

16 Other assets

They consist mainly of prepaid expense calculated in connection with consulting (€102 thousand), insurance (€32 thousand), utilities (€18 thousand), other prepaid expense (€6 thousand) and advances to suppliers (€42 thousand).

17 Equity

Equity is made up as follows:

Amounts in Euro thousands

	31/12/22	31/12/21
Share capital	5,479	5,258
Legal reserve	83	22
Share premium reserve	4,273	3,509
Contribution reserve	16	16
IAS 19 reserve	(77)	(154)
Reserve for treasury shares in portfolio	(44)	(300)
Retained earnings (losses carried forward)	208	(955)
Profit (loss) for the year	2,318	1,227
Total equity	**12,258**	**8,621**

The share capital consists of 10,957,962 ordinary shares with a par value of €0.50 per share.
The increase in the share capital versus the previous year is given by:

- Capital increase made to service the acquisition of CTC (Card Technologies Corp, which later changed its name to UbiQ Software Inc) for a total of 183,991 new ordinary shares;
- Exercise of 2,581,410 warrants, with issuance of 258,141 new ordinary shares, at a price of €2.276 per share.

The share premium reserve is determined by the premium paid at the time of listing, the increase in 2022 related to the above two transactions for a total of €778 thousand; under IAS 32, the increase in the reserve is shown net of ancillary expense totalling €13 thousand.
The IAS 19 reserve includes accumulated actuarial losses, recorded with a direct offset in equity under IAS 19, determined in relation to post-employment benefits; the negative reserve is determined net of deferred taxation.
Lastly, during the year the company sold 351,000 treasury shares to service the above acquisition; the remaining treasury shares at December 31, 2022 amounted to 19,800 treasury shares. Under IAS 32, the purchase cost of these shares was recorded in a negative reserve.

The disclosure required by Article 2427, paragraph 1, number 7-bis of the Civil Code on the specification of equity items with regard to their origin, possibility of utilization and distributability, as well as their utilization in previous years, can be inferred from the schedules below:

Amounts in Euro

Description	Amount	Origin / Nature (*)	Eligibility for use (**)	Available portion	Summary of utilizations made in past three years	
					to cover losses	for other reasons
Share capital	5,478,981	C				
Share premium reserve	4,273,442	C	A,B,C	4,273,442		
Legal reserve	83,254	U	B	83,254		
Other reserves:						
- Contribution reserve	16,080	C	A,B,C	16,080		8,812
- IAS 19 adjustment reserve	(76,541)			(76,541)		
- Negative reserve for treasury shares	(44,084)			(44,084)		
Total other reserves	**4,252,151**			**4,252,151**		**8,812**
Retained earnings/losses carried forward	208,122	U	A,B,C	208,122		
Profit/(loss) for the year	2,318,481	U	A,B,C	2,318,481		
Total	**12,257,734**			**6,570,632**		
Non-distributable portion				3,286,545		
Remaining distributable portion				3,284,087		

(*) C - Capital reserve; U - Profit reserve

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

18 Financial payables

Financial payables are composed as follows:

Amounts in Euro thousands	12 2022			12 2021		
	Non Current	**Current**	**Total**	**Non Current**	**Current**	**Total**
Payables to banks	9,174	2,221	11,395	10,611	1,042	11,653
Lease liabilities IFRS 16	96	-	96	91	-	91
Total	**9,271**	**2,221**	**11,492**	**10,702**	**1,042**	**11,744**

Details of outstanding loans are as follows:

Amounts in Euro thousands

Bank	Amount of loan	Term		Interest rate	Outstanding debt at 31/12/2022		
		Start	End		Current	Non-Current	Total
Banca del Fucino	1,000	24/05/2021	31/03/2027	Floating rate	200	650	850
Valsabbina	1,000	31/12/2019	31/10/2026	2.25% fixed annual nominal	194	584	778
Banca Finnat (Basket Bond)	4,000	21/10/2021	21/10/2028	Floating rate	607	3,303	3,910
Banca Intesa (Cash Overdraft - Finimport/export	1,250			Floating rate	700	-	700
Sace Simest	700	30/12/2020	31/12/2026	0.65% fixed annual nominal	158	500	658
Banca Intesa	4,500	15/09/2020	15/09/2026	Floating rate	363	4,137	4,500
Total bank loans	**12,450**				**2,221**	**9,174**	**11,395**

The SACE SIMEST loan obtained in 2020 intended for the capitalization of exporting companies, consisted of the granting of a maximum of €800 thousand, of which €100 thousand non-repayable and the remainder at a subsidized rate of 0.65%; this loan was discounted at a market rate and the discounting component (€78 thousand) was accounted for in an equity reserve along with the non-repayable portion.

In October 2021, the issuance was completed, as part of a broader structured financing transaction in the form of a so-called "basket bond" of a non-convertible bond, pursuant to Article 2410 of the Civil Code, for a nominal amount of €4 million and a term of 7 years, which was underwritten by a securitization vehicle, established pursuant to Law No. 130 of April 30, 1999, which in turn financed itself by issuing asset-backed securities aimed at major qualified investors.

In May 2021, the company obtained a loan from Banca del Fucino totaling €1 million and maturing in 2027.

19 Provision for other employee benefits

Defined contribution plans

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

Contributions payable at the balance sheet date are included under "Other current liabilities"; the cost for the period accrues on the basis of the service rendered by the employee and is recognized under "Personnel expense" in the relevant area.

Defined benefit plans

Employee benefit plans, which can be regarded as defined benefit plans, are represented by post-employment benefits (TFR); instead, the liability is determined on an actuarial basis using the "projected unit credit" method. Actuarial gains and losses determined in the calculation of these items, as of this year, recognized are shown in a specific equity reserve, whereas in the previous year they were recognized in the income statement.

Changes in the liability for post-employment benefits at December 31, 2022 are shown below:

Amounts in Euro thousands

Amount at 31 December 2021	363
Allocations	39
Interest expense/(income)	(2)
Actuarial profit/(loss)	(102)
Utilizations	(16)
Amount at 31 December 2022	282

The component of "provision for employee benefit costs", "contribution/benefits paid" are recorded in the income statement under "Personnel expense" in the relevant area. The “financial expense/(income)” component is recognized in the income statement under "Financial income (expense)”, while the “actuarial gain/(loss)” component is shown in an Equity Reserve called "Actuarial gain/loss reserve”.

The main actuarial assumptions used at December 31, 2022 and 2021 are as follows:

Actuarial assumptions	**31/12/2022**	**31/12/2021**
Discount rate	3.01%	2.52%
Inflation rate	4.53%	3.47%
Expected rate of increase in wages	2.50%	2.50%
Average annual staff leave percentage	2.74%	2.12%

20 Deferred tax liabilities and tax provisions

Deferred tax liabilities at December 31, 2022 are recorded in connection with the following temporary differences:

Amounts in Euro thousands

Description	**Taxable**	**Rate**	**Balance**
Unrealized exchange gains	15	24.00%	4
Post-employment benefits	42	24.00%	10
Total			**14**

Deferred tax liabilities at December 31, 2021 are recorded in connection with the following temporary differences:

Amounts in Euro thousands

Description	Taxable	Rate	Balance
Unrealized exchange gains	3	24.00%	1
Total			**1**

21 Tax payables

Tax payables are composed as follows:

Amounts in Euro thousands	12 2022			12 2021		
	Non Current	**Current**	**Total**	**Non Current**	**Current**	**Total**
IRES	-	687	687	19	155	174
IRAP	-	94	94	-	58	58
Withholdings	95	314	409	543	250	793
VAT	-	286	286	270	83	353
Total	**95**	**1,381**	**1,475**	**832**	**547**	**1,378**

22 Other liabilities

Other liabilities are composed as follows:

Amounts in Euro thousands	12 2022			12 2021		
	Non Current	**Current**	**Total**	**Non Current**	**Current**	**Total**
Payables to employees	-	391	391	-	333	333
Payables to social security institution	-	220	220	129	282	411
Advances	-	825	825	-	137	137
Payables to directors	-	294	294	-	37	37
Accrued expense and deferred incon	-	81	81	-	93	93
Other payables	4	13	17	12	9	21
Total	**4**	**1,824**	**1,827**	**141**	**891**	**1,032**

23 Trade and other payables

The item is broken down as follows:

Amounts in Euro thousands

	31/12/22	31/12/21
Non-controlling interests	1,805	1,651
Parents	9	13
Affiliates	270	16
Total	**2,083**	**1,680**

24 Revenue from sales and other income

Revenue from sales is made up as follows:

Amounts in Euro thousands

	2022	2021
Provision of services	1,047	830
Disposal of machinery	12,911	10,270
Disposal of consumables	1,371	1,254
Disposal of spare parts	2,180	2,151
Total	**17,509**	**14,505**

It should be noted that of the total revenue, approximately €1,342 thousand (approximately 8%) come from related parties (€1,682 thousand or 12% in 2021).

The breakdown of 2022 revenue by geographical area versus the previous year is as follows:

Amounts in Euro thousands

	2022	2021
Europe	5,160	3,851
Asia	1,711	1,383
South America	4,337	3,138
USA	1,167	1,568
Africa	1,707	1,497
United Arab Emirates	897	1,085
Other Middle East	740	1,284
Italy	607	423
India	993	235
Canada	185	9
China	5	32
Australia		
Total	**17,509**	**14,505**

Other income consists mainly of €122 thousand from a tax receivable for research and development and €30 thousand from chargeback of costs for office use to the subsidiary Matica Technologies Group SA - Italian Branch.

25 Purchase costs

They include purchases of goods and finished goods and are shown net of discounts and rebates. The detail is shown in the table below:

Amounts in Euro thousands

	2022	2021
Purchases of finished products and goods	6,752	5,498
#RIF!		
Subcontracted work	84	96
Other	4	2
Total	**6,840**	**5,596**

26. Other operating costs

They include costs for services, lease and rental costs, and sundry operating expense as detailed below:

Amounts in Euro thousands

	2022	2021
Service costs	3,683	2,829
Rentals and leases	203	211
Sundry operating expense	432	138
Total	**4,318**	**3,178**

Costs for services are detailed in the table below:

Amounts in Euro thousands

	2022	2021
Consultancy	1,576	1,343
Fees to Directors and Statutory Auditors	1,064	706
Advertising and marketing	248	11
Travel expense	57	39
Transportation and customs costs	308	348
Insurance	38	41
Entertainment expense	20	11
IT expense	65	56
Motor vehicle expense	53	51
Utilities	46	44
Maintenance	27	37
Certifications	9	20
Other administrative expense	64	61
Other general expense	109	61
Total	**3,683**	**2,829**

Lease and rental costs mainly relate to office buildings located in Galliate, where the Company transferred its operational offices in 2017; the lease agreement does not fall within the scope of IFRS 16 - Leases.

Sundry operating expense mainly includes contingent liabilities (€160 thousand), expense incurred as part of the acquisition made during the year (€195 thousand), membership fees (€11 thousand) and penalties (€8 thousand).

27 Personnel expense

The item is broken down as follows:

Amounts in Euro thousands

	2022	2021
Wages and salaries	1,914	1,797
Social security expense	604	552
Post-employment benefits	177	132
Retirement benefits and the like	50	79
Other costs	537	256
Total	**3,281**	**2,817**

Labour costs refer to individuals who are also directors of the company totaling €89 thousand. This amount is additional to the amount shown in Note 32 below.

The average number of employees by category is as follows:

Employees	31/12/2022	31/12/2021
Executives	3	2
White collars	29	31
Blue collars	25	22
Total average number	**57**	**55**

28 Provisions for risks

No provision was made in 2022. The item in 2021 included the provision for current tax, recorded for penalties and interest on overdue tax payables for which the Company was waiting to receive the relevant payment notice.

29 Write-backs/Write-downs

The item in 2022 and 2021 includes the provision for bad debt.

30 Financial income and expense

Financial income and expense is made up as follows:

Amounts in Euro thousands

	2022	2021
Exchange rate gains	145	73
Interest on intercompany loans	16	-
Interest income on current accounts	5	-
Total financial income	**166**	**73**
Interest on intercompany loans	-	-
Bank interest expense	(463)	(309)
Other financial expense	(25)	(26)
Exchange rate losses	(153)	(52)
Total financial expense	**(641)**	**(387)**

31 Tax

Tax in 2022 and 2021 is detailed as follows:

Amounts in Euro thousands

	2022	2021
IRES	(828)	(160)
IRAP	(217)	(123)
Total current tax	**(1,045)**	**(283)**
Deferred tax assets	123	(274)
Deferred tax liabilities	(12)	(1)
Total deferred tax liabilities	**111**	**(275)**
Total tax	**(934)**	**(558)**

See Note 10 and Note 19 for details on the origin of deferred tax assets and liabilities.

The reconciliation statement between theoretical and actual rates is shown below.

Amounts in Euro thousands	**2022**	**2021**
Profit (loss) for the year before tax	3,252	1,785
A Total taxable	**3,252**	**1,785**
B Theoretical tax	907	498
Main reasons that give rise to differences between theoretical and actual tax rates		
- ACE benefit	(87)	(18)
- Use of tax losses	-	(259)
- Net permanent differences	113	337
C Actual tax	933	558
Theoretical tax rate (B/A)	27.90%	27.90%
Actual tax rate (C/A)	28.70%	31.26%

32 Earnings per share

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

	31/12/2022	**31/12/2021**
Profit (loss) for the year	**2,318,481**	**1,226,697**
number of ordinary shares net of treasury shares	10,619,779	10,325,030
Basic earnings/(loss) per share (Euro per share)	**0.2183**	**0.1188**
weighted average number of ordinary shares for the calculation of diluted earnings per share	10,619,769	10,720,780
Diluted earnings/(loss) per share (Euro per share)	**0.2183**	**0.1144**

Earnings per share refer to the net result divided by the weighted average number of outstanding shares in the reporting period, net of treasury shares. Diluted earnings per share are calculated by taking into account the number of outstanding shares and the potential dilutive effect from the exercise of warrants in the 2020-2022 period. In this regard, the third and final exercise period for the possible exercise of warrants ended on 30 November 2022. For 2022, basic earnings were in line with diluted earnings.

33 Related party transactions

Transactions during the year with related parties were concluded at normal market conditions. Below are details of the balances at December 31, 2022 of the above transactions by counterparty:

Amounts in Euro thousands	**DISO Verwaltungs AG**	**Matica Technologies GROUP SA**	**Matica Technologies GROUP SA IB**	**Matica Corp**	**Matica Technologies Beijing**	**CTC**	**Matica Technologies FZE**	**Balance at 31.12.2022**
Trade receivables	-	333	73	625	-	3	-	**1,034**
Other receivables	38	38	2	17	-	-	-	**95**
Trade payables	-	(8)	(3)	(40)	-	-	(1)	**(52)**
Invoices to receive	(1)	(222)	-	-	-	-	(4)	**(227)**
Loans	-	1,000	-	-	-	-	-	**1,000**
Total capital items	**37**	**1,141**	**71**	**602**	**-**	**3**	**(5)**	**1,850**
Sales	-	102	21	886	5	-	329	**1,342**
Other revenue	-	-	30	4	-	-	-	**34**
Purchase costs	(10)	-	(17)	(6)	-	-	-	**(32)**
Other costs	-	(26)	-	(3)	-	-	-	**(29)**
Management fee	-	(270)	-	-	-	-	-	**(270)**
Personnel expense	-	-	-	(57)	-	-	(1)	**(58)**
Interest on loans	-	16	-	-	-	-	-	**16**
Total income items	**(10)**	**(178)**	**34**	**824**	**5**		**328**	**1,003**

34 Atypical and unusual transactions

During the period, the company did not carry out any atypical or unusual transactions, as set out by the Communication itself, which defines atypical and/or unusual transactions as transactions which, by significance/relevance, nature of the counterparties, object of the transaction, transfer pricing method and timing of the event, may give rise to doubts regarding: the accuracy/completeness of the information in the financial statements, conflicts of interest, safeguarding of company assets, and the protection of non-controlling interests.

35 Fees to corporate bodies

In 2022, the following fees were paid:

- Governing body: €716 thousand (in addition to end-of-mandate indemnity (TFM) settled in the amount of €250 thousand)
- Board of Statutory Auditors: €29 thousand
- Independent Auditors:
    - €18 thousand for the statutory audit of the annual separate financial statements of the Parent Company;
    - €8 thousand for the statutory audit of the consolidated statements;
    - €10 thousand for other audit services (including €6 thousand for the audit of the condensed half-year financial statements);

36 Government grants

In 2022, the Company benefited from the following government grants:

- Research, development and innovation credit related to 2021 under Law 160/2019: €122 thousand
- Tax credits for electricity purchase - non-energy-intensive companies, for the second, third and fourth quarters 2022: €7 thousand

37 Proposed allocation of profit for the year

Shareholders, it is proposed that profit for the year, amounting to €2,318,481.00, be allocated as follows:

- €115,924.00 to the Legal Reserve
- €2,202,557.00 carried forward

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