CONSOLIDATED 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
Non-current assets		
Tangible fixed assets	7	378,687
Plant and machinery		131,646
Furniture and equipment		64,177
Vehicles		60,129
Leasehold improvements		9,037
Other property plant and machinery		113,698
Intangible fixed assets		6,780,418
Development costs		3,203,291
Patents, Trademarks and other rights		58,249
Software		18,587
Other intangible assets		1,214,697
Goodwill		2,285,594
Investments		(0)
Other non-current assets		960,208
Deferred tax assets		124,413
Total non-current assets		**8,243,726**
Current assets		
Inventory		4,651,938
Tax receivables		131,192
Trade and sundry receivables		5,110,637
Cash and cash equivalents		12,612,063
Other assets		293,571
Total current assets		**22,799,401**
Total Assets		**31,043,127**
Equity		
Share capital		5,478,981
Legal reserve		83,254
Other reserves		4,178,923
Retained earnings (losses carried forward)		208,122
Profit (loss) for the period		2,592,546
Total equity		**12,541,825**
Non-current liabilities		
Financial payables		9,270,507
Provision for other employee benefits		281,710
Deferred tax liabilities and tax provisions		13,541
Non-current tax payables		95,251
Other non-current liabilities		4,024
Total non-current liabilities		**9,665,032**
Current liabilities		
Financial payables		2,221,093
Current tax payables		1,381,082
Trade and sundry payables		2,393,326
Other current liabilities		2,840,769
Total current liabilities		**8,836,270**
Total equity and liabilities		**31,043,128**

Statement of comprehensive income

Amounts in Euro	Notes	31/12/2022
Revenue from sales	**23**	19,486,192
Other revenue and income	**23**	324,181
Change in inventory	**11**	692,535
Increases in internal work capitalized	**8**	705,171
Total Revenue		**21,208,079**
Purchase costs	**24**	(7,408,359)
Other operating costs	**25**	(4,790,377)
Service costs		(4,070,812)
Rentals and leases		(286,764)
Sundry operating expense		(432,801)
Personnel expense	**26**	(3,925,009)
Operating costs		**(16,123,745)**
EBITDA		**5,084,335**
Amortization/depreciation	**7, 8**	(914,679)
Provisions for risks	**27**	0
Write-backs/(Write-downs)	**28**	(164,272)
EBIT		**4,005,383**
Financial income		166,096
Financial expense		(641,858)
Net financial income (expense)	**29**	**(475,762)**
Profit (loss) before tax		**3,529,621**
Current tax		(1,048,358)
Deferred tax assets/(liabilities)		111,282
Total tax	**30**	**(937,076)**
Profit (loss) for the year (A)		**2,592,545**
Basic earnings/(loss) per share (Euro per share)		0.2441
Diluted earnings/(loss) per share (Euro per share)		0.2441

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"	77,443
Total Other Gains/(Losses), net of tax effect (B)	**77,443**
Total comprehensive income/(loss) (A) + (B)	**2,669,988**

Explanatory notes to the consolidated financial statements

Foreword

These consolidated financial statements at December 31, 2022 (hereinafter "Consolidated Financial Statements") were prepared in compliance with the requirements of the Euronext Growth Milan Regulations of Borsa Italiana S.p.A..

These consolidated financial statements are also prepared in accordance with 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").

1 Basis for presentation

The Consolidated Financial Statements at December 31, 2022 consist of the Statement of Financial Position, Statement of Comprehensive Income, and the Notes, and are accompanied by the directors' report on operations.

The figures of the Statement of Financial Position and Statement of Comprehensive Income contained in the Consolidated Financial Statements at December 31, 2022 are not compared with those of the comparable period of the previous year, as the company was not required to prepare such a document and therefore the figures are not available in the required form. For the same reason, the Statement of Changes in Equity and the Statement of Cash Flows were not prepared.

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 reconciliation of equity includes the amounts of transactions with equity holders and movements during the year in reserves.
The Statement of Financial Position, Statement of Comprehensive Income, and Statement of Reconciliation of Equity are presented in units of Euro; amounts shown in the notes to the financial statements are in Euro thousands unless otherwise indicated.

2 Consolidation scope

These consolidated financial statements include the income-financial statements at December 31 2022 of the companies/entities included in the consolidation scope (hereinafter referred to as "consolidated entities") prepared in accordance with the Group's IAS/IFRS accounting standards.

Subsidiaries are all those investees over which the Group has at the same time:

- decision-making power, namely, the ability to direct the relevant activities of the investee, i.e., those activities that have a significant influence on the results of the investee;
- entitlement to variable (positive or negative) results derived from the investment in the consolidated entity;
- ability to use its decision-making power to determine the amount of results derived from the investment in the consolidated entity.

The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which control is assumed until such control ceases to exist. The portions of equity and net result attributable to non-controlling interests are shown separately in the Consolidated Statement of Financial Position and Consolidated Income Statement, respectively.

Listed below are the entities included in the consolidation scope and the relating percentages of direct or indirect ownership by the Group:

Subsidiaries are consolidated on a line-by-line basis.

The following is a list of Matica Fintec S.p.A. (the "Parent Company") investments:

Amounts in Dollars

	Incorporation Date	Address	Currency	Share Capital	% ownership (direct or indirect)
Card Technology Corp.	09/12/1983	405 Second Avenue south, Minneapolis, Minnesota 55401 USA	Dollar	9,587,844	100.00%
Card Technology Corp.	12/07/2004	10925 Bren Road East, Minneapolis, Minnesota 55343, USA	Dollar	7,075,287	100.00%

Consolidation methods

The main consolidation methods adopted are as follows:

- the carrying amount of the investments, included in the consolidation scope, is eliminated against the relevant equity, in connection with the assumption of assets and liabilities based on the global integration method; any difference arising from the above elimination, after being allocated, where possible, to the individual elements of assets and liabilities, is carried as an adjustment to the group's equity and allocated to retained earnings (losses);
- receivables and payables, costs and revenue, any dividends received, and any other transactions between companies included in the consolidation scope are eliminated;
- the following criteria were adopted for the translation of financial statements expressed in foreign currencies into Euro, consistent with current regulations:
  - assets and liabilities are valued at the spot exchange rate at December 31, 2022;

- income statement items are valued by applying the average exchange rate for the period.

Exchange rate differences arising from the translation of equity at historical exchange rates of formation as opposed to those in effect at the balance sheet date, including the difference arising from the income result expressed at the average exchange rate for the period, are charged directly to equity in a specific "Reserve from translation differences”.

The exchange rates used for the financial statements of foreign subsidiaries in foreign currencies are as follows:

- euro/dollar daily exchange rate at December 31, 2022: 1.0666
- average annual euro/dollar rate 2022: 1.0530

(Source Bank of Italy http://cambi.bancaditalia.it)

With regard to information on the Group's business performance, the main events that occurred in 2022 and those that occurred after the closing date, reference is made to the Directors’ Report on Operations accompanying these consolidated explanatory notes.

3. Applied accounting standards

General standards of preparation

The consolidated 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 notes.

Unless otherwise indicated, the accounting standards indicated in this section were also applied for the separate financial statements of Matica Fintec S.p.A..

The consolidated financial statements are prepared in accordance with IAS/IFRS issued by the IASB and published in the Official Journal of the European Community. The consolidated financial statements are prepared under the assumption of the group's ability to operate as a going concern and include the group's financial position, income statement, statement of comprehensive income, and related notes.

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

Business combinations

Business combinations are accounted through the acquisition method. The cost of an acquisition is the acquisition-date fair value of the consideration transferred, plus the amount of any non-controlling interest held. For each business combination, any non-controlling interest in the acquiree must be measured by the acquirer at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. The acquisition costs are recognized and classified under administrative expense.

At the date of acquisition, the identifiable assets acquired and liabilities assumed are recognized at fair value at the date of acquisition; exceptions are deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments related to share-based payments of the acquiree or share-based payments issued in lieu of contracts of the acquiree, and assets (or groups of assets and liabilities) held for sale, which are instead measured according to their relevant principle.

Any contingent consideration must be recognized by the acquirer at fair value at the acquisition date and classified in accordance with IFRS 9.

Goodwill is initially measured at the cost that arises as the excess of the sum of the consideration transferred in the business combination, the value of equity attributable to non-controlling interests, and the fair value of any previously held investment in the acquiree over the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the date of acquisition exceeds the sum of the consideration transferred, the value of equity attributable to non-controlling interests, and the fair value of any previously held investment in the acquiree, this excess is recognized immediately in the income statement as income from the completed transaction.

Equity attributable to non-controlling can be measured at fair value or in proportion to the net assets recognized for the acquired company, at the acquisition date. The valuation method is selected on a case-by-case basis.

Any contingent consideration under the business combination agreement is measured at fair value at the acquisition date and included in the value of consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent changes in this fair value, which qualify as adjustments arising in the measurement period, are included in goodwill retrospectively. Changes in fair value that qualify as adjustments that arose in the measurement period are those that result from more information about facts and circumstances that existed at the acquisition date, obtained during the measurement period (which cannot exceed a period of one year from the business combination).

In case of business combinations accomplished in subsequent steps, the investment previously held in the acquired company is subject to write-back at fair value from the date of control acquisition and any resulting income or loss is recognized in the income statement. Any amounts arising from the investment previously held and recognized in Other comprehensive income (loss) are reclassified in the income statement as if the investment had been sold.

If the initial amounts of a business combination are incomplete at the balance sheet date on which the business combination occurred, the provisional amounts of the items for which recognition cannot be completed are shown in the consolidated financial statements. These provisional amounts are adjusted in the measurement period to take account of any new information about facts and circumstances existing at the acquisition date, that, if made available earlier, would have had an impact on the value of the assets and liabilities recognized on that same date.

Transactions in which the parent company acquires or disposes of additional minority interests without changing the control exercised over the subsidiary are transactions with shareholders, and therefore their effects must be recognized in equity: there will be no adjustments to the value of goodwill and gains or losses recognized in the income statement.

Ancillary expense from business combination transactions is recognized in the income statement in the period in which it is incurred.

Intangible assets with finite useful life

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.

Other 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 and is proportionate, for the first year, to the period of actual use. The amortization rates used are determined according to the useful life of the relevant assets.

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

Investments in subsidiaries excluded from consolidation are carried at cost adjusted for impairment. Any excess in value between the purchase price at the time of acquisition and the share of equity at current values is therefore included in the carrying amount of the investment. Whenever there is evidence that such investments have incurred an impairment loss, the impairment loss is recognized in profit and loss. Should the share of losses in an investment exceed the carrying amount of the investment, and the entity is required to reflect those losses, the value of the investment is written off and the share of any such losses is shown as a provision in liabilities. Whenever an impairment loss is reduced or ceases to exist, the loss is reversed up to the carrying amount through profit and loss.

Associates are all those companies over which the Group is able to exercise significant influence as defined by IAS 28 - Investments in Associates and Joint Ventures. Such influence is normally presumed to exist where the Group holds between 20% and 50% of the voting rights, or in which - even with a lower proportion of voting rights - it has the power to participate in the determination of financial and management policies by virtue of special legal ties such as, for example, participation in shareholders' agreements jointly with other forms of significant exercise of governance rights.

At December 31, 2022, the Group had no investments in subsidiaries.

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 Group applies a simplified approach, calculating expected losses over the life of the receivables from the time of initial recognition. The Group 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 Group 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 Group 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 Group 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.

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.

4 Fair value measurement

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, no assets or liabilities held by the company are measured at fair value.

5 Risks to which the Group is exposed

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

5.1 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 Group 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 Group 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:

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:					
Investments	-	-	-	-	**-**
Securities	-	-	-	-	**-**
Other financial assets	-		-		**-**
Financial receivables (portion over 12 months)	-	-	960,208		**960,208**
Receivables:					
Trade receivables from customers	-	-	5,110,637		**5,110,637**
Trade receivables from related parties	-	-			**0**
Other current receivables/assets:					
Sundry receivables and assets	-	-	424,763		**424,763**
Current financial assets:	-	-			**-**
Financial receivables (portion within 12 months)	-	-			**-**
Hedge derivatives	-	-			**-**
Securities	-	-			**-**
Cash and cash equivalents					
Bank and postal deposits	-	-	0	12,612,063	**12,612,063**
TOTAL FINANCIAL ASSETS	**-**	**-**	**6,495,608**	**12,612,063**	**19,107,671**

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**
Payables to financial institutions for financial leases		-	-	**-**
Other financial liabilities	4,024	-	-	**4,024**
Current liabilities:				
Payables to banks and other lenders	2,221,093	-	-	**2,221,093**
Payables to suppliers	2,393,326	-	-	**2,393,326**
Non-current tax payables	95,251	-	-	**95,251**
Other financial liabilities	4,221,851	-	-	**4,221,851**
Other financial liabilities:	-	-	-	**-**
Hedge derivatives	-	-	-	**-**
Non-hedge derivatives	-	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**18,206,052**	**-**	**-**	**18,206,052**

5.2 Market risk

Exchange risk

Exposure to the risk of changes in exchange rates arises from conducting business in currencies other than the Euro. The Group carries on its business primarily in Euro; therefore, this risk should be considered negligible.

Interest rate risk

The Group 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 Group'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.

5.3 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 Group 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.

5.4 Liquidity risk

Liquidity risk can arise with the inability to raise, under economic conditions, the financial resources required for the Group's operations.

The Group 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 Group 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 17 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.

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

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

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.
There was no impact on the Group Financial Statements as a result of these amendments.

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).

There was no impact on the Group Financial Statements as a result of these amendments.

Annual Improvements (2018 - 2020 cycle)

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. There was no impact on the Group Financial Statements as a result of these amendments.

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

Under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", 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, and the foreseeable impact on the Consolidated Financial Statements, are shown below.

None of these Standards and Interpretations have been adopted by the Group in advance.

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 Group'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 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 changes, endorsed by the European Union, will come into effect on January 1, 2023. Disclosures in the Group's Consolidated Financial Statements are not expected to be impacted by 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 Group's Consolidated 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 Group's Consolidated Financial Statements as a result of these changes are being reviewed.

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 Group's Consolidated Financial Statements is expected as a result of these amendments.

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

7. Tangible fixed assets

"Tangible fixed assets" at December 31, 2022 amounted to €379 thousand. The composition of tangible fixed assets at December 31, 2022 is as follows:

Amounts in Euro thousands

	31/12/22
Plant and machinery	132
Furniture and equipment	64
Vehicles	60
Leasehold improvements	9
Other property plant and machinery	114
Total	**379**

During the year, there were no events that required a reassessment of the estimated useful lives of tangible fixed assets. At year end, the Group has determined that there are no indications that the tangible fixed assets recorded in the assets may have been impaired and, consequently, has deemed these amounts to be fully recoverable.
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.

8 Intangible fixed assets

"Intangible fixed assets" at December 31, 2022 amounted to €6,780 thousand. The composition of intangible fixed assets at December 31, 2022 is as follows:

Amounts in Euro thousands

	31/12/22
Development costs	3,203
Patents, Trademarks and other rights	58
Software	19
Other intangible assets	1,215
Goodwill	2,286
Total	**6,780**

Goodwill, amounting to €2,286 thousand, includes both the goodwill of Matica Fintec SpA, which arose in 2017 following transfer of the Matica Technologies Italian BU to Matica Fintec Srl (formerly Matica Electronics Srl), amounting to €1,100 thousand, and the goodwill generated as a result of the write-off of the Parent Company's investment in Card Technology Corp. amounting to €1,185 thousand, the allocation of which, under IFRS 3, will be completed within 12 months of the finalization of the Business Combination. Additionally, Other intangible assets, amounting to €1,215 thousand, include the merger deficit recognized as a result of the merger by incorporation of Matica Americas LLC into Matica Technologies Italian Branch and the goodwill recognized as a result of the purchase by Matica Technology 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, since they are assets with indefinite useful life, but are subject to an assessment carried out at least annually for the purpose of identifying any impairment ("impairment test").
Goodwill arising from the parent company is allocated to a single CGU attributable to the entire legal entity (CGU Matica Fintec), while goodwill generated as a result of the cancellation of the investment in Card Technology Corp. has been allocated to a single CGU attributable to the

sub-consolidate of the U.S. legal entities (CGU CTC). 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 CGUs 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 Matica Fintec CGU and the CTC 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 projected within the 2023-26 plan, extended to 2027, of the parent company and within the 2023-26 plan, extended to 2027, of the sub-consolidated U.S. legal entities. The discount rate, defined as the average after-tax cost of capital applied to prospective cash flows, is 10.33% for the Matica Fintec CGU and 6.5% for the CTC CGU. At December 31, 2022, a comparison between the carrying amount and the relating value in use (determined using the Discounted Cash Flow methodology) shows no impairment losses on all CGUs. 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.

9 Other non-current assets

"Other non-current assets" at December 31, 2022 amounted to €960 thousand. The item consists of €907 thousand from the long-term portion of the loan granted by the parent company Matica Fintec to the controlling entity Matica Technologies Group SA, while the remainder mainly refers to security deposits.

10 Deferred tax assets

"Deferred tax assets" at December 31, 2022 amounted to €124 thousand. Deferred tax assets at December 31, 2022 are recorded in connection with the following temporary differences and refer exclusively to the Parent Company:

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

11 Inventory

“Inventory" at December 31, 2022 amounted to €4,652 thousand. 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
Raw and ancillary materials and consumables	2,590
Goods	2,592
Work in progress	219
Advances	1
Provision for inventory write-down	(750)
Total	**4,652**

12 Tax receivables

“Tax receivables" at December 31, 2022 amounted to €131 thousand. Tax receivables consist of tax credit related to energy consumption (non-energy intensive companies) amounting to €3 thousand and tax credit for Research and Development of €126 thousand and withholding tax on interest for the remainder. These receivables refer exclusively to the Parent Company.

13 Trade and other receivables

“Trade and other receivables” at December 31, 2022 amounted to €5,111 thousand. The composition of trade and other receivables at December 31, 2022 is as follows:

Amounts in Euro thousands

	31/12/22
Third parties	4,191
Related parties	1,212
Provision for bad debts	(293)
Total	**5,111**

14 Cash and cash equivalents

"Cash and cash equivalents" at December 31, 2022 amounted to €12,612 thousand. The composition of cash and cash equivalents at December 31, 2022 is as follows:

Amounts in Euro thousands

	31/12/22
Cash and cash on hand	3
Bank deposits	12,609
Total	**12,612**

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

15 Other assets

"Other current assets" at December 31, 2022 amounted to €294 thousand. They consist, as far as the Parent Company is concerned, mainly of prepaid expense calculated in connection with consulting (€102 thousand), insurance (€32 thousand), utilities (€15 thousand), other prepaid expense (€6 thousand) and advances to suppliers (€42 thousand). The remainder refers to costs for services incurred by NBS and CTC.

16 Equity

“Equity" at December 31, 2022 amounted to €12,542 thousand.

The composition of Group Equity is shown below:

Amounts in Euro thousands

	31/12/22
Share capital	5,479
Legal reserve	83

Share premium reserve	4,273
Consolidation reserve	107
Reserve from translation difference	(97)
Contribution reserve	16
IAS 19 Reserve	(77)
Reserve for shares held	(44)
Retained earnings (losses carried forward)	208
Profit (loss) for the year	2,593
Total Equity	**12,542**

The share capital consists of 10,957,962 ordinary shares with a par value of €0.50 per share.
The consolidation reserve, amounting to €107 thousand, originates as the difference between the value of newly-issued shares to service the acquisition of Card Technology Corp and the average carrying price of the shares in the portfolio sold in order to complete the acquisition.
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 severance pay. The negative reserve is determined net of deferred taxation.
At December 31, 2022, Matica Fintec S.p.A. held 19,800 treasury shares. Under IAS 31, the purchase cost of these shares was recorded in a negative reserve.

The following is a reconciliation of equity and profit for the period of the Parent Company and consolidated equity and profit for the period attributable to the Group:

Amounts in Euro

	Equity	**Profit (loss) for the year**	**Total**
Parent company financial statements	**9,939**	**2,318**	**12,258**
Effect of consolidating the financial statements of subsidiaries	-	274	274
Consolidation reserve	107	-	107
Elimination of dividends	-	-	-
Translation difference	(97)	-	(97)
Equity and profit (loss) for the year	**9,949**	**2,593**	**12,542**
Equity and profit (loss) for the year attributable to non-controlling interests	-	-	-
Group equity and profit (loss) for the year	**9,949**	**2,593**	**12,542**

17 Financial payables

"Financial payables" at December 31, 2022 amounted to €11,492 thousand. Financial payables are composed as follows and refer exclusively to the Matica Fintec entity:

Amounts in Euro thousands	**Non-current**	**Current**	**31/12/22**
Payables to banks	(9,174)	(2,221)	(11,395)
Lease liabilities IFRS 16	(96)	-	(96)
Total	**(9,271)**	**(2,221)**	**(11,492)**

Details of outstanding loans are as follows:

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.

18 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.

"Provisions for other employee benefits" at December 31, 2022 amounted to €282 thousand and consisted of the following:

Amounts in Euro thousands	**31/12/22**
Provision for post-employment benefits	(332)
Post-employment benefit reserve IAS19 adjustment	50
Total	**(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 are as follows:

Actuarial assumptions	31/12/22
Discount rate	3.01%
Inflation rate	4.53%
Expected rate of increase in wages	2.50%
Average annual staff leave percentage	2.74%

19 Deferred tax liabilities and tax provisions

Deferred tax liabilities at December 31, 2022 are recorded in connection with the following temporary differences and are attributable exclusively to the Parent Company:

Amounts in Euro thousands

Description	Taxable	Rate	31/12/22
Unrealized exchange gains	15	24.00%	4
Post-employment benefits	42	24.00%	10
Total			**14**

20 Tax payables

“Tax payables" at December 31, 2022 amounted to €1,476 thousand.
Tax payables are composed as follows:

Amounts in Euro thousands

	Non-current	Current	31/12/22
IRES	-	(687)	(687)
IRAP	-	(94)	(94)
Withholdings	(95)	(314)	(409)
VAT	-	(286)	(286)
Total	**(95)**	**(1,381)**	**(1,476)**

21 Other liabilities

"Other liabilities" at December 31, 2022 amounted to €2,845 thousand and consisted of the following:

Other liabilities are composed as follows:

Amounts in Euro thousands	**Non-current**	**Current**	**31/12/22**
Payables to employees	-	(425)	(425)
Payables to social security institutions	-	(220)	(220)
Advances	-	(848)	(848)
Payables to directors	-	(294)	(294)
Accrued expense and deferred income	-	(328)	(328)
Other payables	(4)	(726)	(730)
Total	**(4)**	**(2,840)**	**(2,845)**

22 Trade and other payables

"Trade and other payables" at December 31, 2022 amounted to €2,393 thousand.

The item is broken down as follows:

Amounts in Euro thousands	**31/12/22**
Third parties	(2,115)
Parents	(9)
Affiliates	(270)
Total	**(2,393)**

The item includes the balance of payables to suppliers net of credit notes receivable and trade discounts.

23 Revenue from sales and other income

“Revenue from sales" at December 31, 2022 amounted to €19,486 thousand and is shown net of returns, discounts and rebates.

Revenue from sales is made up as follows:

Amounts in Euro thousands

	31/12/22
Provision of services	(1,466)
Disposal of machinery	(13,389)
Disposal of consumables	(2,167)
Disposal of spare parts	(2,465)
Total	**(19,486)**

The breakdown of revenue in 2022 by geographical area is as follows:

	31/12/22
Europe	5,166
Asia	2,588
South America	4,407
USA	1,513
Africa	1,928
United Arab Emirates	897
Other Middle East	740
EMEA	97
Italy	619
India	1,342
Canada	185
China	5
Total	**19,486**

Other income, amounting to €324 thousand at December 31, 2022, mainly includes income from ancillary operations including contingent income, amounting to approximately €159 thousand, and research and development tax credit of €122 thousand related to the Parent Company.

24 Purchase costs

“Purchase costs" at December 31, 2022 amounted to €7,408 thousand.

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

	31/12/22
Purchases of finished products and goods	7,320
Subcontracted work	84
Other	4
Total	**7,408**

25 Other operating costs

“Other operating costs" at December 31, 2022 amounted to €4,790 thousand.

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

Amounts in Euro thousands

	31/12/22
Service costs	4,071
Rentals and leases	287
Sundry operating expense	433
Total	**4,790**

The Group's service costs are detailed in the table below:

Amounts in Euro thousands

	31/12/22
Consultancy	1,745
Fees to Directors and Statutory Auditors	1,064
Advertising and marketing	252
Travel expense	84
Transportation and customs costs	328
Insurance	58
Entertainment expense	20
IT expense	74
Motor vehicle expense	53
Utilities	77
Maintenance	38
Certifications	9
Other administrative expense	103
Other general expense	166
Total	**4,071**

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 refers mostly to the Parent Company and 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).

26 Personnel expense

“Personnel expense" at December 31, 2022 amounted to €3,925 thousand.

The item is broken down as follows:

Amounts in Euro thousands

	31/12/22
Wages and salaries	2,405
Social security expense	604
Post-employment benefits	177
Retirement benefits and the like	50
Other costs	690
Total	**3,925**

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 34 below.

The average number of employees by category is as follows:

Employees	**31/12/2022**
Executives	6
White collars	40
Blue collars	25
Total average number	**71**

27 Provisions for risks

No provision was made in 2022.

28 Write-backs/Write-downs

At December 31, 2022, this item amounted to €164 thousand and included the provision for bad debts of the Matica Fintec entity.

29 Financial income and expense

“Financial income and expense" at December 31, 2022 amounted to €476 thousand. Financial income and expense is made up as follows:

Amounts in Euro thousands

	31/12/22
Exchange rate gains	145
Interest on intercompany loans	16
Interest income on current accounts	4
Total financial income	**165**
Bank interest expense	(463)
Other financial expense	(25)
Exchange rate losses	(152)
Total financial expense	**(641)**

30 Tax

“Tax" at December 31, 2022 amounted to €937 thousand.

Tax in 2022 is detailed as follows:

Amounts in Euro thousands

	31/12/22
Extra-EU tax	(3)
IRES	(828)
IRAP	(217)
Total current tax	**(1,048)**
Deferred tax assets	123
Deferred tax liabilities	(12)
Total deferred tax liabilities	**111**
Total tax	**(937)**

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	**31/12/2022**
Profit (loss) for the year before tax	3,530
A Total taxable	**3,530**
B Theoretical tax	985
Main reasons that give rise to differences between theoretical and actual tax rates	
- ACE benefit	(87)
- Use of tax losses	
- Net permanent differences	39
C Actual tax	**937**
Theoretical tax rate (B/A)	28%
Actual tax rate (C/A)	29%

31 Earnings per share

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

	31/12/2022
Profit for the year	2,592,545
Number of ordinary shares net of treasury shares	10,619,779
Basic earnings per share	**0.2441**
Weighted average number of ordinary shares to calculate diluted earnings per share	10,619,769
Diluted earnings per share	**0.2441**

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. It should be noted that on November 30, 2022, the window for the possible exercise of warrants related to the Parent Company closed. For 2022, basic earnings were in line with diluted earnings.

32 Related party transactions

Transactions with related parties mainly regard the exchange of goods, provision of services, and the provision and use of financial resources with its subsidiaries and other Group companies and are part of the normal course of business of Group companies and are concluded at normal market conditions. These transactions are governed by special contracts. For the purpose of identifying and presenting related parties, reference has been made to the definition of "related party" under IAS 24. While these are transactions concluded at normal market conditions, the following are the transactions of significant amounts with related parties divided between financial and commercial; for further details, reference is made to the specific sections of these notes.

Below are details of the balances at December 31, 2022 of the above transactions by counterparty:

Amounts in Euro thousands	**Matica Technologies 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)**
Advances								**-**
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**

33 Atypical and unusual transactions

During the period, the Group 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.

34 Fees to corporate bodies

In 2022, the following fees were paid:

- Governing Body (Parent Company): €716 thousand (in addition to TFM settled for €250 thousand);
- Governing body (subsidiaries): They do not receive fees
- Board of Statutory Auditors (Parent Company): €29 thousand;
- Independent Auditors (Parent Company):

    - €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);
- Independent Auditors (subsidiaries):
    - €52 thousand for audit

35 Government grants

During the year, the Parent 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.

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