SEPARATE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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	31/12/2023	31/12/2022
Non-current assets			
Tangible fixed assets	**6**	414.310	352.197
Goodwill			
Plant and machinery		*85.608*	*112.990*
Furniture and equipment		*39.696*	*56.342*
Vehicles		*126.518*	*60.129*
Leasehold improvements		*36.185*	*9.037*
Other property plant and machinery		*126.302*	*113.698*
Intangible fixed assets	**7**	6.144.486	5.594.824
Development costs		*3.770.714*	*3.203.291*
Patents, Trademarks and other rights		*56.101*	*58.249*
Software		*2.973*	*18.587*
Other intangible assets		*1.214.697*	*1.214.697*
Goodwill		*1.100.000*	*1.100.000*
Investments in subsidiaries	**8**	2.584.687	2.584.687
Non-current financial assets	**9**	117.041	44.814
Financial receivables	**10**	716.847	907.143
Deferred tax assets	**11**	36.797	124.413
Total non-current assets		**10.014.169**	**9.608.079**
Current assets			
Inventory	**12**	3.699.123	3.799.767
Tax receivables	**13**	534.913	131.192
Trade and sundry receivables	**14**	3.809.902	4.447.338
Financial receivables	**10**	190.296	92.857
Cash and cash equivalents	**15**	9.817.749	11.127.866
Other assets	**16**	246.643	225.202
Derivative financial instruments			
Total current assets		**18.298.625**	**19.824.223**
Non-current assets held for sale			
Total Assets		**28.312.794**	**29.432.301**
Equity			
Share capital		5.478.981	5.478.981
Legal reserve		199.178	83.254
Other reserves		4.147.717	4.168.900
Retained earnings (losses carried forward)		2.410.679	208.122
Profit (loss) for the period		1.986.883	2.318.481
Total equity	**17**	**14.223.437**	**12.257.737**
Non-current liabilities			
Financial payables	**18**	6.577.037	9.270.507
Provision for other employee benefits	**19**	334.158	281.710
Deferred tax liabilities and tax provisions	**20**	20.435	13.541
Non-current tax payables	**21**	51.987	95.251
Other non-current liabilities	**22**	-	4.024
Total non-current liabilities		**6.983.617**	**9.665.032**
Current liabilities			
Financial payables	**18**	3.424.716	2.221.093
Current tax payables	**21**	294.778	1.381.082
Trade and sundry payables	**23**	2.204.805	2.083.417
Other current liabilities	**22**	1.181.441	1.823.941
Provision for future risks and charges			
Derivative financial instruments			
Total current liabilities		**7.105.740**	**7.509.532**
Liabilities directly related to assets held for sale			
Total equity and liabilities		**28.312.794**	**29.432.301**

Statement of comprehensive income

Amounts in Euro	Notes	31/12/2023	31/12/2022
Revenue from sales	**24**	18.691.658	17.509.261
Other revenue and income	**24**	286.920	324.181
Change in inventory	**12**	(138.493)	692.535
Increases in internal work capitalized	**7**	702.415	705.171
Reversal of write-downs			
Total Revenue		**19.542.499**	**19.231.149**
Purchase costs	**25**	(6.782.076)	(6.840.227)
Other operating costs	**26**	(4.982.845)	(4.317.573)
Service costs		*(4.176.418)*	*(3.683.348)*
Rentals and leases		*(406.207)*	*(202.659)*
Sundry operating expense		*(400.220)*	*(431.566)*
Personnel expense	**27**	(3.769.660)	(3.281.050)
Operating costs		**(15.534.581)**	**(14.438.849)**
EBITDA		**4.007.918**	**4.792.299**
Amortization/depreciation	**6 , 7**	(890.921)	(900.634)
Write-backs/(Write-downs)	**28**	244.323	(164.272)
EBIT		**3.361.319**	**3.727.393**
Financial income		237.219	166.096
Financial expense		(821.479)	(641.256)
Net financial income (expense)	**29**	**(584.259)**	**(475.160)**
Profit (loss) before tax		**2.777.059**	**3.252.233**
Current tax		(688.977)	(1.045.034)
(Loss) Profit from discontinued and discontinuing operations		244.323	(164.272)
Deferred tax assets/(liabilities)		(101.199)	111.282
Total tax	**30**	(790.176)	(933.752)
Profit (loss) for the year		**1.986.883**	**2.318.481**
Basic earnings/(loss) per share (Euro per share)	**31**	0,1816	0,2183
Diluted earnings/(loss) per share (Euro per share)	**31**	0,1816	0,2183
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		-	-
Gains/(Losses) from the restatement of financial assets available for sale			
Tax effect related to Other Profits/(Losses)			
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"	**19**	(21.183)	77.443
Tax effect related to Other Profits/(Losses)			
Total Other Gains/(Losses), net of tax effect (B)		**(21.183)**	**77.443**
Total comprehensive income/(loss) (A) + (B)		**1.965.700**	**2.395.924**

Statement of changes in equity

Amounts in Euro/000

	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
31/12/2021	5.258	22	3.332	177	16	(154)	(300)	(957)	1.227	**8.621**
Allocation of the result	-	61	-	-	-	-	-	1.165	(1.227)	-
Share 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**
Allocation of the result	-	116	-	-	-	-	-	2.203	(2.318)	-
Comprehensive profit/(loss)	-	-	-	-	-	(21)	-	-	1.987	1.966
31/12/2023	5.479	199	4.096	177	16	- 98	- 44	2.411	1.987	**14.223**

Statement of cash flows

Amounts in Euro

	Notes	31/12/2023	31/12/2022
Profit (loss) for the year before tax		2.777.059	3.252.233
Adjustments for:			
- non-cash items - Write-dow ns (w rite-backs)		(244.323)	164.272
- Financial income		(237.219)	(166.096)
- Financial expense		821.479	641.256
- non-cash items - amortization and depreciation		890.921	900.634
Adjusted profit (loss) for the period before tax		**4.007.918**	**4.792.299**
Cash generated from operations			
- Income tax paid		(2.228.955)	(1.021.593)
	Total	**(2.228.955)**	**(1.021.593)**
Changes in working capital			
Change in receivables from customers		881.759	(2.209.278)
Change in inventory		100.644	(693.571)
Change in payables to suppliers		121.388	403.557
Change in other receivables and other payables		(830.940)	691.998
Change in provision for post-employment benefits and other provisions		24.575	20.165
Changes in other provisions and deferred tax		-	-
	Total	**297.427**	**(1.787.128)**
Cash flow from operations (1)		**2.076.389**	**1.983.579**
Disposals (Acquisitions):			
- Tangible		(204.500)	(110.120)
- Intangible		(1.298.196)	(932.380)
- Financial		-	(2.584.687)
Cash flow from investing activities (2)		**(1.502.696)**	**(3.627.187)**
Financing activities			
Increases/(decreases) financial payables		(1.299.551)	(1.159.716)
Financial income (expense)		(584.259)	(475.160)
Share capital increases of a cash nature		-	984.670
(Purchase)/disposal of treasury shares		-	256.026
Other changes in equity		0,48	- 0,08
Cash flow from financing activities (3)		**(1.883.810)**	**(394.180)**
Change in cash (1+2+3)		**(1.310.117)**	**(2.037.788)**
Cash, beginning of period		**11.127.866**	**13.165.655**
Cash, end of period		**9.817.749**	**11.127.867**

FORMAT AND CONTENT
OF THE SEPARATE FINANCIAL STATEMENTS

Foreword

These separate financial statements at December 31, 2023 ("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”).

It should be noted that, as from 2022, the Company holds controlling interests and is therefore required to prepare consolidated financial statements.

1 Basis for presentation

The Separate Financial Statements at December 31, 2023 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 tangible assets 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 then 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 prior 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, 2023 and 2022, 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

Financial debt is mostly governed by floating interest rates. 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. Currently, the Company does not hedge, taking account of the positive impact from current accounts receivable.

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

Amounts in Euro

Financial assets at December 31, 2023	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)	-	-	117.041	-	**117.041**
Receivables:					
Trade receivables from customers	-	-	3.809.902	-	**3.809.902**
Other current receivables/assets:					
Sundry receivables and assets	-	-	781.555	-	**781.555**
Financial assets:					
Financial receivables (portion within 12 months)	-	-	190.296	-	**190.296**
Financial receivables (portion over 12 months)	-	-	716.847	-	**716.847**
Cash and cash equivalents					
Bank and postal deposits		-	-	9.817.749	**9.817.749**
TOTAL FINANCIAL ASSETS	**-**	**-**	**5.615.642**	**9.817.749**	**15.433.390**

Financial liabilities at December 31, 2023	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	6.577.037	-	-	**6.577.037**
Other financial liabilities	-	-	-	**-**
Current liabilities:				
Payables to banks and other lenders	3.424.716	-	-	**3.424.716**
Payables to suppliers	2.204.805	-	-	**2.204.805**
Non-current tax payables	51.987	-	-	**51.987**
Other financial liabilities	1.476.219	-	-	**1.476.219**
Other financial liabilities:	-	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**13.734.763**	**-**	**-**	**13.734.763**

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 uses Euro as the currency for most of its transactions; therefore, this risk should be considered negligible.

Interest rate risk

The Company is partly exposed 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 sales 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, 2023

Pursuant to IAS 8 "Accounting Standards, Changes in Accounting Estimates, and Errors", the IFRSs effective as of January 1, 2023, are shown below:

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.
IFRS 17 applies to insurance contracts, reinsurance contracts, and investment contracts with discretionary participation elements. There was no impact from the adoption of this standard on the Financial Statements.

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.
There was no impact from the adoption of this standard on the Financial Statements.

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.
There was no impact from the adoption of this standard on the Financial Statements.

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.
There was no impact from the adoption of this standard on the Financial Statements.

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 from the adoption of this standard on the Financial Statements.

5.2 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, 2023, 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 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, 2024, 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 is expected as a result of these amendments.

EXPLANATORY NOTES

6 Tangible fixed assets

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

Amounts in Euro thousands	Plant and machinery	Furniture and equipment	Vehicles	Leasehold improvements	Other property, plant and machinery	Total
Cost at 1.1.2023	**419**	**1.317**	**196**	**101**	**530**	**2.563**
Changes in the period:						
- Increases	0	2	115	32	68	**217**
- Reclassifications	-	(8)	-	8	-	**-**
- sales	-	-	(88)	-	(17)	**(105)**
Total changes	**-**	**(6)**	**27**	**40**	**51**	**112**
Total cost at 31.12.2023	**419**	**1.319**	**223**	**133**	**581**	**2.675**
Accumulated depreciation at 1.1	**(306)**	**(1.261)**	**(136)**	**(92)**	**(416)**	**(2.211)**
Changes in the period:						
- depreciation	(27)	(19)	(36)	(5)	(56)	**(144)**
- provision utilization	-	-	75	-	17	**92**
Total changes	**(27)**	**(19)**	**39**	**(5)**	**(39)**	**(50)**
Total accumulated depreciation at 31.12.2023	**(333)**	**(1.280)**	**(97)**	**(97)**	**(455)**	**(2.261)**
Amounts at 31.12.2023	**86**	**39**	**126**	**36**	**126**	**414**

Amounts in Euro thousands	Plant and machinery	Furniture and equipment	Vehicles	Leasehold improvements	Other property, plant and machinery	Total
Cost at 1.1.2023						
	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 31.12.2023	**419**	**1.317**	**196**	**101**	**530**	**2.563**
Accumulated depreciation at 1.1.2023	**(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 31.12.2023	**(306)**	**(1.261)**	**(136)**	**(92)**	**(416)**	**(2.211)**
Amounts at 31.12.2023	**113**	**56**	**60**	**9**	**114**	**352**

Tangible fixed assets include amounts accounted for in accordance with IFRS 16 - Leases with a net book value at December 31, 2023 of €143 thousand.

7 Intangible fixed assets

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

Amounts in Euro thousands	Development costs	Patents, Trademarks and other rights	Software	Other intangible assets	Goodwill	Total
	3.001	**48**	**29**	**1.215**	**1.100**	**5.393**
Changes in the year:						
- Acquisitions in the year	879	28	10	-	-	917
- amortization	(677)	(18)	(20)	-		(715)
- utilizations						
	3.203	**58**	**19**	**1.215**	**1.100**	**5.594**
	3.203	**58**	**19**	**1.215**	**1.100**	**5.594**
Changes in the year:						
- Acquisitions in the year	1.279	19	-	-		1.298
- amortization	(711)	(21)	(16)	-		(748)
- utilizations						
	3.771	**56**	**3**	**1.215**	**1.100**	**6.144**

Other intangible assets and goodwill arose in 2017, respectively, as a result of the transfer of the Matica Technologies Italian branch to Matica Fintec S.r.l. (formerly Matica Electronics S.r.l.). 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, 2023, 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 2024-27 Business Plan, extended to 2028. The discount rate, defined as the average after-tax cost of capital applied to prospective cash flows, is 12.43%. At December 31, 2023, 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

As of January 1, 2023, UbiQ Software Inc. is the only subsidiary company. This entity results from the merger of the two companies Card Technology Group Corp. and NBS Technologies (US) Inc. already controlled as of December 31, 2022.
The equity and result of the investee are shown in the table below:

	Address	% held	Equity	Profit (loss) for the year	Carrying amount
Ubiq Software Inc.	5775 W. Old Sha Suite 60 55437 Bloomington MN (USA)	100%	3.117	365	2.585

It should be noted that the difference between the Company's equity and book value is positive. Additionally, the goodwill identified upon first consolidation was at December 31, 2023 subject to impairment testing as part of the consolidated financial statements, to which reference should be made; no impairment resulted from this test.

9 Non-current financial assets

They consist almost entirely of security deposits, as shown in the table below:

Amounts in Euro thousands	**31/12/23**	**31/12/22**
Security deposits	112	44
Other assets	5	1
Total	**117**	**45**

10 Financial receivables

These consist of the loan receivable granted to the parent company Matica Technologies Group SA at a 3.5% interest rate for a total of €907,143, of which €716,847 due beyond the next year and €190,296 due within, as shown in the table below:

Amounts in Euro thousands	**12 2023**			**12 2022**		
	Non Current	**Current**	**Total**	**Non Current**	**Current**	**Total**
Loan Matica Group	717	190	907	907	93	1.000
Total	**717**	**190**	**906**	**907**	**93**	**1.000**

11 Deferred tax assets

Deferred tax assets at December 31, 2023 are recorded in connection with the following temporary differences:

Amounts in Euro thousands

Description	**Taxable**	**Rate**	**Balance**
Unrealized exchange losses	38	24,00%	9
Post-employment benefits	15	24,00%	4
Unpaid directors' fees	100	24,00%	24
Total			**37**

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

Amounts in Euro thousands

Description	Taxable	Rate	Balance
Unrealized exchange losses	46	24,00%	11
Post-employment benefits	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.

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

	31/12/23	31/12/22
Raw and ancillary materials and consumables	2.653	2.549
Goods	859	1.031
Work in progress	187	220
Total	**3.699**	**3.800**

13 Tax receivables

Tax receivables consist of IRES and IRAP advance payments shown net of the tax charge for the year amounting to €375 thousand, the tax receivable for R&D and Innovation of €140 thousand, and withholding tax on interest of €21 thousand.

At December 31, 2022, the item included a tax receivable related to energy consumption (non-energy-intensive companies) of €3 thousand, and a tax receivable for R&D and Innovation of €126 thousand, and withholding tax on interest for the remainder.

Amounts in Euro thousands

	31/12/23	**31/12/22**
Tax receivable R&D&I	140	126
Withholdings	21	1
Energy and gas receivable	-	4
IRES	329	-
IRAP	45	-
Total	**535**	**131**

14 Trade and other receivables

The composition of trade and other receivables at December 31, 2023 and December 31, 2022 is as follows:

Amounts in Euro thousands

	31/12/23	**31/12/22**
Non-controlling interests	2.677	3.565
Related parties	1.133	1.128
Provision for bad debts	-	(246)
Total	**3.810**	**4.447**

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

Amounts in Euro thousands

Amount at December 31, 2022	246
Allocations	-
Utilizations	(9)
Releases	(237)
Amount at December 31, 2023	-

15 Cash and cash equivalents

The composition of cash and cash equivalents at December 31, 2023 and December 31, 2022 is as follows:

Amounts in Euro thousands

	31/12/23	**31/12/22**
Cash and cash on hand	1	3
Bank deposits	9.817	11.125
Total	**9.818**	**11.128**

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 (€91 thousand), insurance (€93 thousand), utilities (€15 thousand), other prepaid expense (€30 thousand) and accrued income (€10 thousand).

17 Equity

Equity is made up as follows:

Amounts in Euro thousands

	31/12/23	**31/12/22**
Share capital	5.479	5.479
Legal reserve	199	83
Share premium reserve	4.273	4.273
Contribution reserve	16	16
IAS 19 Reserve	(98)	(77)
Reserve for treasury shares in portfolio	(44)	(44)
Retained earnings (losses carried forward)	2.411	208
Profit (loss) for the year	1.987	2.318
Total equity	**14.223**	**12.258**

The share capital consists of 10,957,962 ordinary shares with a unit value of €0.50 per share. No changes in capital have occurred since last year.

The share premium reserve is determined by the premium paid at the time of listing, by the increase in 2022 for a total of €778 thousand; under IAS 32, 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.

The Company holds 19,800 of its 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 prior 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	199.177	U	B	199.177		
Other reserves:						
- Contribution reserve	16.080	C	A,B,C	16.080		
- IAS 19 adjustment reserve	(97.724)			(97.724)		
- Negative reserve for treasury shares	(44.084)			(44.084)		
Total other reserves	**4.346.891**			**4.346.891**		
Retained earnings/losses carried forward	2.410.679	U	A,B,C	2.410.679		
Profit/(loss) for the year	1.986.883	U	A,B,C	1.986.883		
Total	**14.223.434**			**8.744.453**		
Non-distributable portion				3.770.714		
Remaining distributable portion				4.973.739		

18 Financial payables

Financial payables are composed as follows:

Amounts in Euro thousands	12 2023			12 2022		
	Non Current	Current	Total	Non Current	Current	Total
Payables to banks	6.485	3.370	9.855	9.174	2.221	11.395
Lease liabilities IFRS 16	92	54	146	96	-	96
Total	**6.577**	**3.425**	**10.002**	**9.270**	**2.221**	**11.491**

Details of outstanding loans are as follows:

Amounts in Euro thousands

Bank	Amount of loan	Term		Interest rate	Outstanding debt at 31/12/2023		
		Start	End		Current	Non-Current	Total
Banca del Fucino	1.000	24/05/2021	31/03/2027	Floating rate	200	450	650
Valsabbina	1.000	31/12/2019	31/10/2026	2.25% fixed annual nominal	196	393	589
Banca Finnat (Basket Bond)	4.000	21/10/2021	21/10/2028	Floating rate	640	2.639	3.279
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	162	338	500
Banca Intesa	4.500	15/09/2020	15/09/2026	Floating rate	1.473	2.665	4.138
Total bank loans	**12.450**				**3.371**	**6.485**	**9.856**

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 recognized in the calculation of these items are shown in a specific equity reserve.

Changes in the liability for post-employment benefits at December 31, 2023 are shown below:

Amounts in Euro thousands

Amount at December 31, 2022	282
Allocations	35
Interest expense/(income)	8
Actuarial profit/(loss)	28
Utilizations	(19)
Amount at December 31, 2023	334

"Provision for employee benefit costs" and "Contribution/benefits paid" are recorded in the income statement under "Personnel expense" in the relevant area. "Financial expense/(income)" is recognized in the income statement under "Financial income (expense)", while "Actuarial gain/(loss)" is shown in an Equity Reserve called "Actuarial gain/loss reserve".

The main actuarial assumptions used at December 31, 2023 and 2022 are as follows:

Actuarial assumptions	**31/12/2023**	**31/12/2022**
Discount rate	3,34%	3,01%
Inflation rate	2,44%	4,53%
Expected rate of increase in wages	2,50%	2,50%
Average annual staff leave percentage	4,24%	2,74%

20 Deferred tax liabilities and tax provisions

Deferred tax liabilities at December 31, 2023 are recorded in connection with the following temporary differences:

Amounts in Euro thousands

Description	**Taxable**	**Rate**	**Balance**
Unrealized exchange gains	59	24,00%	14
Post-employment benefits	26	24,00%	6
Total			**20**

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**

21 Tax payables

Tax payables are composed as follows:

Amounts in Euro thousands		12 2023			12 2022	
	Non Current	Current	Total	Non Current	Current	Total
IRES	-	-	-	-	687	687
IRAP	-	-	-	-	94	94
Withholdings	52	215	267	95	314	409
VAT	-	80	80	-	285	285
Total	**52**	**295**	**346**	**95**	**1.381**	**1.475**

22 Other liabilities

Other liabilities are composed as follows:

Amounts in Euro thousands		12 2023			12 2022	
	Non Current	Current	Total	Non Current	Current	Total
Payables to employees	-	463	463	-	391	391
Payables to social security institutions	-	209	209	-	220	220
Advances	-	299	299	-	825	825
Payables to directors	-	122	122	-	294	294
Accrued expense and deferred income	-	85	85	-	81	81
Other payables	-	4	4	4	13	17
Total	**-**	**1.181**	**1.180**	**4**	**1.824**	**1.828**

23 Trade and other payables

The item is broken down as follows:

Amounts in Euro thousands

	31/12/23	31/12/22
Non-controlling interests	2.095	1.805
Parents	-	9
Subsidiaries	7	-
Affiliates	103	269
Total	**2.205**	**2.083**

24 Revenue from sales and other income

Revenue from sales is made up as follows:

Amounts in Euro thousands

	2023	2022
Provision of services	1.431	1.047
Disposal of machinery	13.033	12.911
Disposal of consumables	1.330	1.371
Disposal of spare parts	2.889	2.180
Other	9	-
Total	**18.692**	**17.509**

It should be noted that of the total revenue, approximately €1,500 thousand (approximately 8%) come from related parties (€1,342 thousand or 8% in 2022).

The breakdown of 2023 revenue by geographical area versus the prior year is as follows:

Amounts in Euro thousands

	2023	**2022**
Europe	4.006	5.160
Asia	1.503	1.711
South America	3.627	4.337
USA	2.310	1.167
Africa	2.017	1.707
United Arab Emirates	1.824	897
Other Middle East	1.211	740
Italy	722	607
India	1.400	993
Canada	-	185
Australia	21	-
China	52	5
Total	**18.692**	**17.509**

Other income consists mainly of €148 thousand from a tax receivable for R&D and innovation, and €12 thousand from tax receivables for electricity and gas.

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

	2023	**2022**
Purchases of raw materials, finished products and goods	6.614	6.752
Subcontracted work	123	84
Other	45	4
Total	**6.782**	**6.840**

26. Other operating costs

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

Amounts in Euro thousands

	2023	2022
Service costs	4.176	3.683
Rentals and leases	406	203
Sundry operating expense	400	432
Total	**4.983**	**4.318**

Costs for services are detailed in the table below:

Amounts in Euro thousands

	2023	2022
Consultancy	1.452	1.576
Royalties	513	-
Fees to Directors and Statutory Auditors	1.149	1.064
Advertising and marketing	161	248
Travel expense	77	57
Transportation and customs costs	321	308
Insurance	62	38
Entertainment expense	29	20
IT expense	89	65
Motor vehicle expense	60	53
Utilities	49	46
Maintenance	27	27
Certifications	11	9
Other administrative expense	93	64
Other general expense	85	109
Total	**4.176**	**3.683**

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.

Other operating expense mainly includes contingent liabilities (€330 thousand), tax and duties (€17 thousand), membership fees (€9 thousand), and penalties (€26 thousand).

27 Personnel expense

The item is broken down as follows:

Amounts in Euro thousands

	2023	2022
Wages and salaries	2.336	1.914
Social security expense	672	604
Post-employment benefits	67	177
Retirement benefits and the like	73	50
Other costs	622	537
Total	**3.770**	**3.281**

"Other costs" consists mainly of €255 thousand related to Management Fees recognized to Matica Technologies Group SA from the chargeback of employee costs for performing activities and services beneficial to the Group, €126 thousand of compulsory insurance policies, life/accident policies for executives and directors, and €61 thousand of meal vouchers provided to employees starting January 2023.

The average number of employees by category is as follows:

Employees	**31/12/2023**	**31/12/2022**
Executives	3	3
White collars	33	29
Blue collars	25	25
Total average number	**61**	**57**

28 Write-backs/Write-downs

The item in 2023 includes the release of the provision for bad debts, while the item in 2022 included an allocation to the provision for bad debts.

29 Financial income and expense

Financial income and expense is made up as follows:

Amounts in Euro thousands

	2023	2022
Exchange rate gains	125	145
Interest on intercompany loans	32	16
Interest income on current accounts	80	5
Total financial income	**237**	**166**
Bank interest expense	(609)	(463)
Other financial expense	(48)	(26)
Exchange rate losses	(164)	(153)
Total financial expense	**(821)**	**(641)**

30 Tax

Tax in 2023 and 2022 is detailed as follows:

Amounts in Euro thousands

	2023	2022
IRES	(497)	(828)
IRAP	(192)	(217)
Total current tax	**(689)**	**(1.045)**
Deferred tax assets	(10)	123
Deferred tax liabilities	(91)	(12)
Total deferred tax liabilities	**(101)**	**111**
Total tax	**(790)**	**(934)**

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	**2023**	**2022**
Profit (loss) for the year before tax	2.777	3.252
A Total taxable	**2.777**	**3.252**
B Theoretical tax	775	907
Main reasons that give rise to differences between theoretical and actual tax rates		
- ACE benefit	(125)	(87)
- Utilization of tax losses	-	-
- Net permanent differences	140	113
C Actual tax	790	933
Theoretical tax rate (B/A)	27,90%	27,90%
Actual tax rate (C/A)	28,44%	28,70%

31 Earnings per share

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

	31/12/2023	**31/12/2022**
Profit (loss) for the year	1.986.883	2.318.481
Number of ordinary shares net of treasury sl	10.938.162	10.619.779
Basic earnings per share	**0,1816**	**0,2183**
Weighted average number of ordinary shares to calculate diluted earnings per share	10.938.152	10.619.769
Diluted earnings per share	**0,1816**	**0,2183**

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. From 2022, basic earnings were in line with diluted earnings.

32 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, 2023 of the above transactions by counterparty:

Amounts in Euro thousands	DISO	Matica Technologies GROUP SA	Matica Technologies GROUP SA IB	Matica Corp	Matica Corp India	Matica Technologies Beijing	Ubiq	Javelin	Digital Identity Solution Korea Co., Ltd.	Matica Technologies FZE	Balance at 31.12.2023
Trade receivables	-	16	1	969	-	-	-	-	-	33	**1.018**
Other receivables	-	102	-	-	-	-	-	-	-	13	**115**
Trade payables	-	(64)	(11)	(6)	-	-	-	-	(7)	(1)	**(89)**
Invoices to receive	-	(21)	-	-	-	-	-	-	-	-	**(21)**
Loans	-	907	-	-	-	-	-	-	-	-	**907**
Total capital items	**-**	**941**	**(11)**	**963**	**-**	**-**	**-**	**-**	**(7)**	**44**	**1.930**
Sales	-	6	42	1.253	16	52	-	6	-	125	**1.500**
Other revenue	7	43	0	53	-	-	5	0	-	87	**195**
Purchase costs	-	-	(137)	(5)	-	-	(4)	-	-	-	**(145)**
Other costs	(7)	(252)	(0)	(46)	-	-	(5)	(0)	(11)	(12)	**(333)**
Royalties/Management fees	-	(768)	-	-	-	-	-	-	-	-	**(768)**
Personnel expense	-	-	-	(51)	-	-	-	-	-	(1)	**(52)**
Interest on loans	-	32	-	-	-	-	-	-	-	-	**32**
Total income items	**-**	**(940)**	**(95)**	**1.204**	**16**	**52**	**(4)**	**6**	**(11)**	**198**	**428**

33 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.

34 Fees to corporate bodies

In 2023, the following fees were paid:

- Governing body: €776 thousand (in addition to end-of-mandate indemnity (TFM) of €250 thousand, expense reimbursements of €31 thousand, and social security charges of €62 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).

35 Government grants

In 2023, the Company benefited from the following government grants:

- Research, development and innovation receivable related to 2022 under Law 160/2019: €148 thousand
- Tax receivables for electricity and gas purchase - non-energy-intensive companies: €12 thousand

36 Proposed allocation of profit for the year

Shareholders, it is proposed that profit for the year, amounting to €1,986,883.00, be allocated as follows:

- €99,344.00 to the legal reserve
- €1,887,539.00 to retained earnings

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