



***DIRECTORS' REPORT ON OPERATIONS
TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
AT DECEMBER 31, 2024***

*Registered office in Milan (MI) - Via Giuseppe Parini 9
Share capital €5,478,981
Tax code, VAT number and
Company Register of Milan Monza Brianza Lodi No. 10354300013
R.E.A. No. MI-2540487*

MATICA FINTEC S.p.A.
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**DIRECTORS' REPORT ON SEPARATE AND CONSOLIDATED OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Shareholders,

the consolidated financial statements and separate financial statements for the year ended December 31, 2024 were prepared in accordance with IAS/IFRS.

This Directors' Report on Operations on the consolidated and separate financial statements of the Parent Company, pursuant to Article 40, paragraph 2-bis of Legislative Decree No. 127 of 1991, is presented in a single document, giving greater emphasis, where appropriate, to matters that are relevant to the group of companies included in the consolidation.

The consolidation scope includes the results for 2024 of Matica Fintec S.p.A. ("Parent Company") and the results of its subsidiary UbiQ Software Inc. (jointly the "Group"). This entity results from the merger of the two companies Card Technology Group Corp. and NBS Technologies (US) Inc., which were already subsidiaries at December 31, 2022, having been acquired on July 14, 2022.

The consolidated figures of the Group contained in this Directors' Report on Operations at December 31, 2024 are compared with the annual consolidated figures at December 31, 2023.

The Directors state that they have adopted measures with the development of appropriate setups under the regulation on the Code of Business Crisis and Insolvency (Legislative Decree 83/2022).

Operations and business development

The Group develops, manufactures and distributes integrated (hardware and software) solutions for the personalization of identification and payment documents, such as driver's licenses, passports, ID cards and financial cards, globally.

The demand for secure identification documents continues to rise, driven by efforts to combat counterfeiting.

More and more countries are adopting citizen identification systems with high security standards, capable of storing as much information as possible for the unambiguous identification of the document holder. This global trend is reflected in the integration of the physical card with its digital version, opening up new possibilities for more secure solutions than in the past for both the payments and ID markets. The ongoing technological evolution is expected to drive the development of numerous identity document upgrade projects, offering significant opportunities for industry players.

At the same time, the number of financial cards issued globally continues to grow, further driving the demand for solutions to issue credit and debit cards. The primary market demands are security, durability, and production flexibility. The company continues to invest in designing technologically advanced solutions.

Another high-growth area is special applications for payment cards, including metal cards, wooden cards, and high-end products. The company is a global leader in this field, offering advanced solutions for centralized and decentralized card issuing, along with dedicated application software.

Pursuant to Article 2428 of the Civil Code, it should be noted that the Parent Company's activities are carried out at its headquarters in Galliate (NO), Vicolo Omar, 33, where the administrative offices and production plant are located, and, as of 01/05/2024, in Pont Saint Martin (AO), Via Carlo Viola, 78 c/o "Les Pépinières d'Entreprises" where the R&D office is located.

The registered office of the subsidiary UBIQ Software Inc. is at W. Old Shakopee Road 5775, Suite 160, Bloomington MN (USA).

Group operating and financial performance

On the operations front, the Group ended the period at December 31, 2024 with revenue from sales amounting to €/000 21,289 (€/000 22,590 at December 31, 2023).

At December 31, 2024, the Group recorded an EBITDA of €/000 4,616 (approximately 22% of sales at December 31, 2024), up from €/000 4,484 in 2023 (approximately 20% of sales at December 31, 2023).

EBIT at December 31, 2024 stood at €/000 3,742 (€/000 3,616 at December 31, 2023).

The year ended December 31, 2024 closed with a Group profit of €/000 2,772 (€/000 2,197 at December 31, 2023).

Reclassified consolidated income statement at December 31, 2024

Income statement	31/12/2024	31/12/2023
(Figures in Euro Thousands)		
Revenue and income	21,289	22,590
Other revenue and income	(12)	23
Change in WIP and PF inventory	62	-
Capitalization of work on time and materials basis	798	702
Other write-downs and utilizations	-	-
Revenue	22,137	23,315
COGS (Incl. change in inventory)	(7,501)	(8,218)
Gross margin	14,637	15,097
Services	(4,341)	(5,057)
Personnel	(5,129)	(5,041)
Rent and facility expense	(501)	(467)
Sundry operating expense	(49)	(48)
EBITDA	4,616	4,484
Amortization, depreciation and provisions	(874)	(868)
EBIT	3,742	3,616
Financial income/(expense)	(339)	(600)
Extraordinary income/(expense)	11	(69)
EBT	3,414	2,947
Tax	(642)	(750)
Profit (loss) for the year	2,772	2,197

The presentation of operations is intended to emphasize the Group's specialties more prominently.

Reclassified consolidated statement of financial position at 31 December 2024

<i>Amounts in Euro thousands</i>	31/12/2024	31/12/2023
Net intangible fixed assets	7,714	7,282
Net tangible fixed assets	263	464
Investments and other financial fixed assets	3,525	871
Fixed Capital	11,502	8,616
Inventory	4,608	4,920
Receivables from Customers and Other Receivables	7,206	4,188
Tax receivables and deferred tax assets	216	535
Non-current financial assets	-	-
Accrued income and prepaid expense	278	289
Current operating assets	12,307	9,932
Payables to suppliers	(1,589)	(2,528)
Tax payables and deferred tax	(596)	(295)
Other payables	(1,422)	(2,448)
Current operating liabilities	(3,607)	(5,271)
Net working capital for the year	8,700	4,661
Post-employment benefits	(388)	(334)
Other medium- and long-term liabilities	(146)	(236)
Medium- and long-term liabilities	(534)	(570)
Net capital employed	19,668	12,707
Equity	17,488	14,514
Short-term net financial position	(1,573)	(8,238)
M/L-term net financial position	3,752	6,431
Equity and net financial debt	19,668	12,707

Consolidated net financial debt at December 31, 2024

Consolidated adjusted net financial debt at December 31, 2024 stood at a cash negative of €/000 2,232 (cash positive of €/000 1,711 at December 31, 2023).

Figures in Euro Thousands	31/12/2024	31/12/2023
A. Cash	4,467	11,312
B. Cash equivalents	-	-
C. Other current financial assets	539	350
D. Liquidity (A + B + C)	5,005	11,662
E. Current financial debt	700	700
F. Current portion of non-current financial debt	2,085	2,670
G. Non-current debt instruments	647	639
H. Current financial debt (E + F + G)	3,433	4,009
I. Net current financial debt (H - D)	(1,572)	(7,653)
J. Non-current financial debt	1,760	3,846
K. Non-current debt instruments	1,992	2,000
L. Trade and other non-current payables	-	-
M. Non-current financial debt (J + K + L)	3,752	5,846
N. Total financial debt (I + M)	2,180	(1,807)
O. Past due tax payables	52	95
P. Past due social security payables	-	-
Q. PAST DUE SOCIAL SECURITY TAX PAYABLES (O + P)	52	95
R. Adj. financial debt (Q) + (R)	2,232	(1,711)

Consolidated income and financial indicators at December 31, 2024

The main consolidated income and financial indicators are shown below:

FIXED ASSET FINANCING INDICATORS		31/12/2024	31/12/2023
Equity less fixed assets margin	<i>Equity – Fixed assets</i>	9,304	6,768
Equity less fixed assets ratio	<i>Equity / Fixed assets</i>	2.15	1.87
Equity plus non-current liabilities less fixed assets margin	<i>(Equity + Consolidated liabilities) - Fixed assets</i>	9,707	7,118
Equity plus non-current liabilities less fixed assets ratio	<i>(Equity + Consolidated liabilities) / Fixed assets</i>	2.19	1.92

INDEXES ON THE STRUCTURE OF FINANCING		31/12/2024	31/12/2023
Total debt ratio	<i>(Pml + Pc) / Equity</i>	0.23	0.38
Financing debt ratio	<i>Financing Liabilities/Equity</i>	0.41	0.68

PROFITABILITY INDEXES		31/12/2024	31/12/2023
Net ROE	<i>Net result/Average equity</i>	16%	15%
Gross ROE	<i>Gross result/Average equity</i>	20%	20%
ROI	<i>Operating result/(Average CIO - Average operating liabilities)</i>	23%	29%
EBITDA on Revenue	<i>Gross Operating Margin/Revenue</i>	22%	20%
ROS	<i>Operating result/Revenue from sales</i>	17%	16%

SOLVENCY INDICATORS		31/12/2024	31/12/2023
Current assets less current liabilities margin	<i>Current Assets - Current Liabilities</i>	9,178	5,157

Current assets less current liabilities ratio	<i>Current Assets / Current Liabilities</i>	3.54	2.01
Treasury margin	<i>(Deferred cash + Immediate cash) - Current liabilities</i>	1,398	6,537
Treasury ratio	<i>(Deferred cash + Immediate cash) / Current liabilities</i>	1.39	2.28

Parent company operating and financial performance

On the operations front, the Parent Company ended December 31, 2024 with revenue of €/000 18,693 (€/000 18,692 at December 31, 2023).

At December 31, 2024, the Parent Company's EBITDA stood at €/000 4,135 (approximately 22% of sales at December 31, 2024) versus €/000 4,096 in the same period of 2022 (approximately 22% of sales in 2023).

EBIT at December 31, 2024 stood at €/000 3,490 versus €/000 3,450 in the same period of 2023.

At December 31, 2024 the Company closed with a profit of €/000 2,191 versus a profit of €/000 1,987 in the same period of the prior year.

Parent company reclassified income statement at December 31, 2024 and at December 31, 2023

Income statement	31/12/2024	31/12/2023
(Figures in Euro Thousands)		
Revenue and income	18,693	18,692
Other revenue and income	0	23
Change in WIP and PF inventory	-	-
Capitalization of work on time and materials basis	798	702
Other write-downs and utilizations	-	-
Revenue	19,491	19,417
COGS (Incl. change in inventory)	(6,890)	(6,921)
Gross margin	12,601	12,496
Services	(3,894)	(4,176)
Personnel	(4,073)	(3,770)
Rent and facility expense	(450)	(406)
Sundry operating expense	(49)	(47)
EBITDA	4,135	4,096
Amortization, depreciation and provisions	(645)	(647)
EBIT	3,490	3,450
Financial income/(expense)	(387)	(604)
Extraordinary income/(expense)	11	(69)
EBT	3,114	2,777
Tax	(923)	(790)
Profit (loss) for the year	2,191	1,987

The presentation of operations is intended to emphasize the Parent Company's specialties more prominently.

Parent company reclassified statement of financial position at December 31, 2024

<i>Amounts in Euro thousands</i>	31/12/2024	31/12/2023
Net intangible fixed assets	6,813	6,144
Net tangible fixed assets	236	414
Investments and other financial fixed assets	5,496	3,455
Fixed Capital	12,545	10,014
Inventory	3,603	3,699
Receivables from Customers and Other Receivables	6,738	3,650
Tax receivables and deferred tax assets	151	535
Non-current financial assets	-	-
Accrued income and prepaid expense	246	247
Current operating assets	10,738	8,131
Payables to suppliers	(1,501)	(2,205)
Tax payables and deferred tax	(596)	(295)
Other payables	(954)	(1,327)
Current operating liabilities	(3,051)	(3,827)
Net working capital for the year	7,686	4,304
Post-employment benefits	(388)	(334)
Other medium- and long-term liabilities	(25)	(72)
Medium- and long-term liabilities	(413)	(407)
Net capital employed	19,819	13,911
Equity	16,446	14,223
Short-term net financial position	(380)	(6,743)
M/L-term net financial position	3,752	6,431
Equity and net financial debt	19,818	13,911

Parent company net financial debt at December 31, 2024 and at December 31, 2023

The Parent Company's adjusted net financial debt at December 31, 2024 shows a cash negative of €/000 3,424 (a cash positive of €/000 217 in 2023), with a change from the prior year of €/000 3,641.

Figures in Euro Thousands	31/12/2024	31/12/2023
A. Cash	3,274	9,818
B. Cash equivalents	-	-
C. Other current financial assets	539	350
D. Liquidity (A + B + C)	3,812	10,168
E. Current financial debt	700	700
F. Current portion of non-current financial debt	2,085	2,670
G. Non-current debt instruments	647	639
H. Current financial debt (E + F + G)	3,433	4,009
I. Net current financial debt (H - D)	(380)	(6,158)
J. Non-current financial debt	1,760	3,846
K. Non-current debt instruments	1,992	2,000
L. Trade and other non-current payables	-	-
M. Non-current financial debt (J + K + L)	3,752	5,846
N. Total financial debt (I + M)	3,372	(312)
O. Past due tax payables	52	95
P. Past due social security payables	-	-
Q. PAST DUE SOCIAL SECURITY TAX PAYABLES (O + P)	52	95
R. Adj. financial debt (Q) + (R)	3,424	(217)

Parent company income and financial indicators at December 31, 2024 and at December 31, 2023

The main income and financial indicators of the Parent Company are shown below:

FIXED ASSET FINANCING INDICATORS		31/12/2024	31/12/2023
Equity less fixed assets margin	<i>Equity – Fixed assets</i>	6,621	5,080
Equity less fixed assets ratio	<i>Equity / Fixed assets</i>	1.68	1.56
Equity plus non-current liabilities less fixed assets margin	<i>(Equity + Consolidated liabilities) - Fixed assets</i>	7,009	5,414
Equity plus non-current liabilities less fixed assets ratio	<i>(Equity + Consolidated liabilities) / Fixed assets</i>	1.72	1.59

INDEXES ON THE STRUCTURE OF FINANCING		31/12/2024	31/12/2023
Total debt ratio	<i>(Pml + Pc) / Equity</i>	0.21	0.28
Financing debt ratio	<i>Financing Liabilities/Equity</i>	0.44	0.69

PROFITABILITY INDEXES		31/12/2024	31/12/2023
Net ROE	<i>Net result/Average equity</i>	13%	14%
Gross ROE	<i>Gross result/Average equity</i>	19%	20%
ROI	<i>Operating result/(Average CIO - Average operating liabilities)</i>	20%	26%
EBITDA on Revenue	<i>Gross Operating Margin/Revenue</i>	22%	22%
ROS	<i>Operating result/Revenue from sales</i>	18%	18%

SOLVENCY INDICATORS		31/12/2024	31/12/2023
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Current assets less current liabilities margin	<i>Current Assets - Current Liabilities</i>	8,181	4,800
Current assets less current liabilities ratio	<i>Current Assets / Current Liabilities</i>	3.68	2.30
Treasury margin	<i>(Deferred cash + Immediate cash) - Current liabilities</i>	761	6,487
Treasury ratio	<i>(Deferred cash + Immediate cash) / Current liabilities</i>	1.25	2.76

Research & Development

During the year, the Parent Company continued its R&D activities, focusing on several projects aimed at enhancing the productivity of its systems by incorporating the latest technological innovations in printing and chip encoding for smartcards. The main areas of study currently include inkjet printing, laser engraving, and multi-chip encoding. The subsidiary's R&D activities were mainly focused on the ongoing evolution of smartcard programming and the market-required updates to the proprietary software used for issuing financial cards ("Xpressi"). The Group consistently aims to understand and anticipate market and customer demands by developing solutions that adapt to shifting needs and capitalize on continuous technological advancements, whether mechanical, electronic, software, or related to the potential integration of technologies from sectors outside the target market. The Parent Company undertook both industrial and experimental research, engaging in multiple projects that, to date, are still in the process of being finalized.

Transactions with subsidiaries, affiliates, controlling entities and related parties of the Group

The Parent Company had the following transactions with the controlling entity:

Amounts in Euro thousands

	Financial payables	Trade receivables	Trade payables	Invoices/CN to be received	Advances	Costs	Revenue	Interest expense on loans
DISO	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

The Parent Company had the following transactions with the subsidiary:

Amounts in Euro thousands

	Financial payables	Trade receivables	Trade payables	Invoices/CN to be received	Advances	Costs	Revenue	Interest expense on loans
UbiQ	-	119	-	-	-	(43)	119	-
Total	-	119	-	-	-	(43)	119	-

The Parent Company had the following transactions with related parties:

Amounts in Euro thousands

	Financial payables	Trade receivables	Trade payables	Invoices/CN to be received	Advances	Costs	Revenue	Interest expense on loans
Matica Technologies GROUP SA	3.217	120	14	4	-	(1.258)	311	77
Matica Technologies GROUP SA IB	-	45	-	-	-	(156)	103	-
Matica Corp	-	1.779	-	0	-	(99)	1.479	-
Matica Corp India	-	-	-	-	-	-	-	-
Matica Technologies Beijing	-	4	-	-	-	-	26	-
Javelin	-	-	-	-	-	(172)	-	-
Digital Identity Solution Korea Co., Ltd. (formerly Digital Printing Solutions)	-	7	-	-	-	(21)	7	-
Matica Technologies FZE	-	71	-	29	-	(175)	211	-
Total	3.217	2.027	14	33	-	(1.881)	2.137	77

In defining related party, the Parent Company referred to CONSOB Regulation No. 17221 of 12/03/2010 as amended and supplemented. These dealings, which do not include atypical and/or unusual transactions, are settled at normal market conditions.

Number and par value of both treasury shares and shares or units of parent companies

At December 31, 2024, the Parent Company held a total of 19,800 treasury shares, equal to 0.181% of the share capital.

Significant events in the year

On March 14, 2024, Matica Fintec S.p.A. announced the successful completion of the installation and testing of the Venezuela License Project. This included the supply of laser systems, spare parts, and installation services with a total value of approximately \$900,000 (approximately €823,000) under an agreement with the Venezuelan government. The project, which began in late 2023, involves Matica Fintec supplying an S7000 system, a complete centralized card personalization solution (currently being shipped), and 4 already installed and operational S5200LX laser systems at the customer's site.

On June 28, 2024, the Company's Board of Directors approved a transaction to enter into a loan agreement whereby Matica Fintec grants an interest-bearing loan of €2,500,000 (two million five hundred thousand) to Matica Technologies Group SA.. The transaction was approved by the Board of Directors following the favourable opinion of the Related Parties Committee, in accordance with the Procedure for Related Party Transactions adopted by Matica Fintec ("RPT Procedure"). This Transaction qualifies as a significant transaction, as it exceeds the 5% threshold of the transaction value significance index. The transaction involves Matica Fintec granting an interest-bearing principal loan totaling €2,500,000 (two million five hundred thousand/00) to Matica Technologies Group. A fixed annual interest rate of 4% will be applied. A 12-month grace period is also included. Repayment of the interest portion only will start from July 1, 2024, and repayment of the principal portion in addition to the interest portion from July 1, 2025. Payments will be made on a monthly basis, and the loan must be repaid by June 1, 2030, together with interest accrued to that date, unless an extension is agreed between the parties. Provision is made for Matica Fintec to request that repayment also be made through transfer to it of shares in Digital Identity Solution Korea Co. Ltd. ("DISK"), a Korean company in which Matica Technologies Group already holds a majority stake, at a price to be agreed upon between the parties based on an appropriate appraisal report.

On November 29, 2024, the Board of Directors of Matica Fintec resolved to call an Extraordinary Shareholders' Meeting to propose the amendment of Article 6 and the introduction of new Articles 6 bis, 6 ter, and 6 quater of the company's bylaws and introduce the increased voting right system. Specifically, the proposal put forward by the Board of Directors provides for granting the benefit of increased voting rights, up to double voting, for each share that has been continuously held by the same shareholder for at least 24 months from the date of its inclusion in the appropriate list. Additionally, an extra vote will be granted at the end of each 12-month period following the accrual of the previous 24-month period, up to a maximum total of 10 votes per share. Since this is an amendment to the bylaws concerning voting or participation rights as referred to in Article 2437, paragraph 1, letter g) of the Civil Code, shareholders who did not participate in the shareholders' meeting resolution approving this bylaw amendment will be entitled to the right of withdrawal, with the price set at €1.66 per share. The resolutions of the shareholders' meeting concerning the introduction of the benefit of increased voting and the related proposed amendments to the bylaws will be subject to the resolute condition that the amount to be paid to those who exercise their right of withdrawal exceeds €2,000,000.00 (two million/00). During the same BoD meeting, a proposal was approved to grant the Board of Directors a proxy to increase the share capital pursuant to Article 2443 of the Civil Code. This proxy is to be exercised within five years from the date of the relevant shareholders' meeting resolution, for a maximum nominal amount of €10,000,000.00, plus share premium, by issuing up to 20,000,000 ordinary shares. This is subject to the revocation of the authorization granted to the Board of Directors pursuant to Article 2443 of the Civil Code by the Extraordinary Shareholders' Meeting on June 29, 2022, for the unexecuted portion. Consequently,

the related amendments to the bylaws will be submitted for approval at the relevant Shareholders' Meeting in an extraordinary session.

On December 10, 2024, the Company announced that it had received notification from SIEVA S.r.l. (a company not related to any of the Company's relevant parties) that it had exceeded the 5% significance threshold of Matica Fintec S.p.A.'s share capital, holding 560,700 ordinary shares, equal to approximately 5.12% of the share capital, purchased on the Euronext Growth Milan market.

On December 20, 2024, the Company announced that the Extraordinary Shareholders' Meeting approved all items on the agenda, including the introduction of the increased voting right system and the amendments to the bylaws mentioned above, as well as the proposal to grant the Board of Directors the power to increase the share capital for cash, in one or more installments, within 5 years from the shareholders' resolution date, up to a maximum nominal amount of €10,000,000.00, plus any share premium, through issuance of up to 20,000,000 ordinary shares with the same characteristics as the existing shares, with or without the exclusion of option rights, subject to the revocation of the proxy granted to the Board of Directors by the Extraordinary Shareholders' Meeting on June 29, 2022, for the unexecuted portion.

Implementation continues on the Leg. Decr. 231 model for the Parent Company, adopted on October 14, 2020, with the updating of the Organizational Model pursuant to Legislative Decree 231/2001 to the regulations introduced by Legislative Decree 184/2021 and Law No. 22/2022. Staff training on whistleblowing continues, with attendance of all employees and active engagement of the heads of the company's top-level departments by the Supervisory Board, and the implementation of the drafted procedures.

Significant events after year end

On January 9, 2024, the Company announced that it had received notification from Matica Technologies Group SA and DISO Verwaltungs AG, companies associated with the Chairman of the Board of Matica Fintec, Sandro Camilleri, both of which are significant shareholders in Matica Fintec, regarding a substantial change in their respective investments in Matica Fintec's share capital. As a result of the off-market sale by DISO Verwaltungs AG to Matica Technologies Group SA of a total of 2,914,000 Matica Fintec ordinary shares, DISO Verwaltungs AG now holds a 23.42% stake (previously 50.01%) in Matica Fintec, while Matica Technologies Group SA's stake has increased to 36.57% (previously 9.98%).

Following the resolution of the Extraordinary Shareholders' Meeting of December 20, 2024, which approved, *inter alia*, the introduction of the increased voting right system, the period for the exercise of the right of withdrawal ended on January 23, 2025, pursuant to and in accordance with Article 2437, paragraph 1, letter g) of the Civil Code. This applied to a total of 546,050 shares, representing 4.983% of the share capital of

Matica Fintec S.p.A.. The total value, calculated based on the liquidation value determined at €1.66 per share (in accordance with the provisions of Article 2437-ter of the Civil Code), amounted to €906,443.00. This total value was less than the €2,000,000.00 referred to in the resolute condition attached to the effectiveness of the aforementioned shareholders' resolution, and therefore, the condition was not met.

On March 7, 2025, the Company announced the conclusion of the option and pre-emption offer on March 5, 2025, for 546,050 ordinary shares of the Company, priced at €1.66 per share each, for which the right of withdrawal was validly exercised. At the end of the period, based on the ratio of 1 share for every 20 available options, the acceptance of the offer totaled 546,050 shares, consisting of 330,559 shares under option and 763,431 shares requested through pre-emption. Considering that the number of shares for which the right of pre-emption was exercised exceeds the number of unexercised share options (i.e., shares for which the option rights were not exercised), the unexercised share options were distributed among all right holders in proportion to the number of option rights held by each of them. Therefore, all 546,050 shares, with a total value of €906,443.00, were purchased as a result of the exercise of both option rights and preemption rights.

Business outlook of the Group

Despite the uncertain macroeconomic environment, we remain focused on improving efficiency with the goal of maintaining the growth trend in operating profit and consolidating the revenue results already achieved, even as the subsidiary integration process continues.

As part of this strategy, the UbiQ subsidiary officially announced in early 2024 the end of life (EOL) of NBS-branded hardware production, while continuing to provide maintenance and support to customers. and replacing them with Matica-branded solutions, in line with the strategic acquisition plan, to focus on software development, marketing, and maintenance. Thanks to the company's strategy and its team of professionals, Matica is able to offer a complete range of (Hardware and Software) solutions and will continue to invest to enhance its offerings, strengthen its business model, and expand its sales network.

Group's exposure to price, credit, liquidity, market risks

Pursuant to Article 2428, paragraph 2, point 6-bis b) of the Civil Code, information on the use of financial instruments is shown below, as it is relevant to the assessment of the financial position.

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 Group 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 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.

Liquidity risk

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

- The financial resources generated or absorbed by operations or investing activities;
- The maturity characteristics of financial debt.

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 Group'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.

At December 31, 2024, liquidity risk is mitigated by cash held.

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

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

Interest rate risk

The Group is partly exposed 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.

However, the trend of interest rates is monitored by the Group, and in relation to their trend, the appropriateness of interest rate risk hedging may be considered.

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, and in any case for a large part of its transactions; therefore, this risk should be considered negligible.

For information on additional risks to which the Group is exposed, which are not discussed in this section, reference is made to Section 5 of the Notes to the Financial Statements.

Information on the environment

In relation to this type of disclosure, the Group highlights that, given the nature of its business, which does not pose significant risks, it has not incurred substantial expense or made major investments concerning environmental matters.

Information on personnel

The following main information is provided:

- there were no occupational deaths, accidents or occupational disease charges in the year under review;
- the Group complies with regulations on worker protection and safety (Legislative Decree No. 81 of April 9, 2008) and related risk assessment.

The following is a summary table that provides additional information on employees:

Allocation of parent company profit

Shareholders, it is proposed that profit for the year, amounting to €2,190,902.00, be allocated as follows:

- €109,545 to the legal reserve;
- €2,081,357 to retained earnings.

We thank you for the confidence shown in us and invite you to approve the financial statements as prepared.

Milan, March 11, 2025

The Chairman of the Board of Directors
(Sandro Camilleri)

Employees	31/12/24	31/12/23
Executives	6	6
White collars	36	34
Blue collars	31	33
Total average number	73	73