

INFORMATION MEMORANDUM

Document provided pursuant to Annex A of the Rules for the Operation of the Vienna MTF

December 2022



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1. WARNING

This document is not an approved prospectus pursuant to the Capital Market Act in conjunction with Regulation (EU) 2017/1129 or otherwise pursuant to Regulation (EU) 2017/1129. The information memorandum has been prepared for the purpose of inclusion in trading in the Vienna MTF, which is a multilateral trading system and not a regulated market. It is not permitted to use the information memorandum for a public offering; it is not updated, amended or supplemented after the time of inclusion. The information included in this document has been made available by the applicant for inclusion in the Vienna MTF. The applicant is responsible for this document and hereby declares that it has exercised the due care and diligence required to ensure that to the best of its knowledge the information given in the document is correct and no facts have been left out that in all likelihood would cause the statements in the document to change. The Vienna Stock Exchange has not checked the information memorandum as to its accuracy.

2. GENERAL INFORMATION ON THE ISSUER

Company	4SCIENCE S.P.A.
Venue of registered office	MILAN
Company address	Via Achille Papa, 30 20149 Milan - Italy
Telephone number	+39 02 3971 0430
Website	https://www.4science.com/
Date of establishment	27 November 2012
VAT Code	IT 02451840397
Fiscal code	IT 02451840397
Registration number in Companies Register	MI – 2100307
Share capital Euro	63.500
Legal form	S.P.A. - SOCIETA' PER AZIONI
Activity Code (ATECO)	62.02

Ownership structure

	No. of shares	% of share capital
Itway S.P.A.	5,000,000	71.43%
Free Float (<5.0%)	2,000,000	28.57%
TOTAL	7,000,000	100.00%

* **WARNING:** part of the ordinary shares representing the free float (1,000,000 shares in all), at listing date, will be identified by the ISIN code IT0005503997 as they will give the right to have 1 further ordinary share every 5 shares held for 36 months after the listing. If transferred before this period, the ISIN code IT0005503997 will be changed into the ISIN code IT0005503989 and the shares will lose the right to obtain further shares.

3. COMPANY DESCRIPTION

4Science S.P.A. is a scale-up that is growing in the very fertile market of Big Data and Data Management Systems.

In details, the company operates in the field of the services for the Big Data management of Digital Libraries for Cultural Heritage and for the Services for the Big Data management of Digital Repositories for Research in the scientific field.

4Science S.P.A. represents the flagship offer of ITWAY S.P.A., within IT Services, SaaS, Application Software in services related to Data Management Systems and Big Data management, all based on the internal development and specialized verticalizations of open-source products.

History

Year 2016

4Science S.P.A. was founded on 20th December 2016 starting from the idea of the mother-company, Itway S.P.A., to get an exposure on the “big data” industry, which was sky-rocketing in terms of management, reading, interpretation, sharing of knowledge and storage of a huge variety of documents, files, information.

After a first scouting on the market, Itway S.P.A. argued that big data and cultural heritage could be an interesting mix which was at the time totally uncovered by main market players.

Year 2017

In the beginning of 2017, thanks to contacts with Susanna Mornati (currently COO and Business Strategist & Technologist at 4Science S.P.A.), Itway S.P.A. could get in touch with a group of scientists, data manager, from diverse experiences in the field of culture and IT, and hired the team to launch the operations in Italy. At that time the mother-company held 100% of the share capital.

Year 2018

In 2018, after brainstorming in the industry, the group of data scientist proposed and decided to take the direction of the Open-source Platforms, and this would have definitely been the perfect choice for the development of the services for the open-source DSpace platform. The company began to develop a deep knowledge on how to

support clients who were already working on the DSpace platform. The choice was therefore to support the open-source software and not to develop its own software. The total Value of Production in FY2018 for the 1st time reached the “1 million euros” threshold.

Year 2020

In the year that will be remembered for the COVID pandemic, even during the lockdown period the operations of the company were carried out, also supported by the paradigm of digital culture that is growing more and more in the world. The consciousness of a long expected period in which physical culture and art events will be substituted and off-set by digital ones, and growth in online access to digital museums, universities, events are a boost that allow 4Science S.P.A. to double the revenues compared to FY2019, with a double-digit growth in the Total Value of the Production.

Year 2021

The success of 4Science is spreading also outside Italy, the share of foreign clients on the total clients of 4Science S.P.A. is over 50%, and Susanna Mornati is chosen as one of the 10 DSpace Steering Group Voting Members in the world. She is the only Italian entrepreneur among the 10 worldwide representatives in the committee.

More information at <https://wiki.lyrasis.org/display/DSPACE/DSpace+Steering+Group>

The FY2021 sees 4Science S.P.A. surpassing the “2 million euros” as Value of Production.

Year 2022

The successful strategy of 4Science S.P.A. in foreign countries leads the company to launch a US subsidiary: on 7th April the company opens its own office in the United States of America in order to closely follow its already acquired customers and to develop new opportunities in the United States (the US market is extremely interesting with just under 2000 universities, the main target to which 4Science is addressed, not to mention the cultural heritage market).

Also, the company obtains in Italy the qualification of “PMI Innovativa” (Innovative SME), a status who helps the fundraising of 2.800.000 eur already executed that will support the 2022-2025 business plan.

Target Market

The Target Market of 4Science S.P.A. can be identified in two group of activities: (i) Big Data in Cultural Heritage and (ii) Big Data in Research. The Target Customers are theferore (i) University, (ii) Research centers; (iii) Scientific hospitalization and care institutes; (iv) Cultural institutions (museums, libraries, art galleries, archives); (v) Foundations; (vi) Companies; (vii) Public Sector.

The development and consulting services of Science S.P.A. can be grouped in the following families:

- Services in the field of Data Management Systems;
- Management of Digital Libraries for Cultural Heritage
- Management of Digital Repositories for Research
- Management of Big Data analysis.

4Science S.P.A. supports clients giving them meaning to their data, information and digital assets. The outcome is an optimisation of clients' business processes, a facilitation of efficient decision-making processes and improvement in visibility to final customers of the clients.

In details, 4Science S.P.A. supports its clients in managing the Number of registrations in their domains, managing (i) the size of the digital archives, (ii) the data in a well complex mixed format, (iii) Unstructured data and (iv) Relationships between data packets.

The most relevant details of the success of the positioning of 4Science S.P.A. offer can be named as open-source technology.

Some of competitors worldwide chose to operate with their own proprietary solutions: these are traditional solutions, with the sale of software licenses and without the possibility for the customer to have access to the source codes of the software. In this situation, the customer is obliged to use the services of the software manufacturer and is in a situation of real lock-in with his supplier.

On the other side, 4Science S.P.A. opted for a long-term commitment to open-source, open-standards, interoperability, also contributing to create value to the most important international communities in the open-source field.

The advantages of open-source technology and software for the clients are:

- low costs (no licenses, leverage for competitiveness);
- flexibility / customization (participation in the community or service provider);
- freedom (no constraint of sw owner and sole supplier);
- high level of integration (use of open standards);
- software quality (the open-source community guarantees quality, security, and state-of-art technologies).

Today in almost all European /US countries the orientation of Public Administrations is to require open-source solutions with reusability requirements. This therefore leads to a competitive advantage for those companies like 4Science S.P.A. that offer open-source solutions. 4Science S.P.A. chose to operate in the main relevant open-source platform spread worldwide: the DSpace domain, being therefore 4Science S.P.A. one of the most relevant DSpace Partners (group of companies that have the technical expertise to develop, install and customize the DSpace platform for their customers. They are divided by levels of importance:

- Certified DSpace Partners: highest level for competence and number of technicians, 3 worldwide, 4Science has been since the beginning of its history.
- Certified DSpace Contributors: are the companies that can contribute to the development of the DSpace platform by offering their technical contribution coordinated by the Steering Committee. 4Science also participates in this committee with two members.
- DSpace Service Providers: are the companies that have the skills to install and assist the DSpace platform at their customers.

DSpace is the most widely used repository software with more than 3,000 installations around the world. It is free, open source and completely customisable to fit the needs of any organisation. Most relevant information and details about dSpace platform can be found in Wikipedia at <https://en.wikipedia.org/wiki/DSpace>.

Selection of current clients worldwide:

Italy

- ASI – Agenzia Spaziale Italiana
- Biblioteca Nazionale di Napoli "Vittorio Emanuele III"
- Casa Generalizia dei Fratelli delle Scuole Cristiane, Roma
- Comune di Genova
- Conservatorio "Giuseppe Verdi" di Milano, Italia
- Consorzio per la Ricerca Sanitaria - CORIS, Venezia, Italia
- CREA - Consiglio per la ricerca in agricoltura, Roma, Italia
- EUI – European University Institute
- HPS Health Publishing&Services, Roma
- I.N.G.V. - Ist.Nazionale di Geofisica e Vulcanologia
- INAF Istituto nazionale di astrofisica
- SocialTechno impresa sociale Srl, Italia
- Senato della Repubblica – Biblioteca, Italia
- Università Bicocca, Milano, Italia
- Università degli Studi Roma 3, Italia
- Reviewers Credits, Milano, Italia
- Prex S.r.l., Italia
- Università degli studi di Modena, Italia
- Università degli studi Pavia, Italia
- Università degli studi Siena, Italia
- Università degli studi di Torino, Italia
- Università degli studi Trieste, Italia
- Università Statale di Milano, Italia
- Veneranda Biblioteca Ambrosiana, Italia

Germany

- Fraunhofer – Gesellschaft, Stuttgart
- Helmut-Schmidt-Universität, Hamburg
- Martin-Luther - Universität Halle-Wittenberg
- Otto-Friedrich - Universität, Bamberg, Germany
- Universität of Kassel, Germany
- Universität Bamberg, Germany
- Universität of Göttingen, Germany
- Technische Universität Hamburg-Harburg, Germany

Austria

- Fachhochschule Burgenland GmbH, Osterreich
- OSCE Organisation for security and co-operation in Europe, Osterreich
- Technische Universität Wien, Austria

Spain

- Consejo Superior de Investigaciones Científicas, Madrid
- CSUC, portal of Catalan Universities, Catalunya

Switzerland

- Academy of Art and Design FHNW, Lugano
- Universität Bern; Switzerland

Others

- Athena Research Centre, Athens
- Hasselt University Belgium
- Hong Kong Polytechnic University, Hong Kong
- Institute for Advanced Study, Princeton, New Jersey, USA
- MTSU - Middle Tennessee State University, USA
- Kuwait University, Kuwait
- Nanyang Technological University, Singapore
- National Taiwan University, Taiwan

- Durban University of Technology, South Africa
- Cyprus University, Cyprus
- Avicenna research, UAE
- National University Singapore (NUS), Singapore
- Singapore Polytechnics, Singapore
- PerùCRIS (Concytec), Peru
- Prince Sultan University, UAE
- Queen's University, Canada
- University College of Dublin Ireland
- Universidade de Coimbra, Portugal

Products and Services

The products and services of 4Science S.P.A. are:

Installation & Configuration: 4Science S.P.A. is able to install, deploy and configure the software of choice on clients' infrastructure, supporting clients' IT staff or managing the whole process on its own. The presentation layer can be configured according to the desired look-and-feel. To populate your new environment, information can be retrieved from an older repository, a legacy database or from external services such as bibliographic databases, or map existing data into new formats.

Maintenance & Helpdesk: 4Science S.P.A. takes care of all clients' issues, from urgencies such as security or outage problems to functional failures, from database to configuration changes, from new requirements to simple helpdesk questions.

The company provides different levels of maintenance, according to clients' needs and budget: Silver, Gold and Platinum Service Level Agreements are available for monthly, yearly or multi-year agreements. Assistance can also be purchased as packages or pay-per-use deals (e.g. 50-hour or 100-hour packages); the support-ticketing system, based on Jira Service Desk, an ITIL-certified system by Atlassian, makes easy to request help,

track progress on issues, monitor usage and produce reporting. Real-time chat and remote video call system are also available to solve the most urgent and/or complex issues.

System integration: 4Science S.P.A. integrate the clients' new solutions with several other systems still existing via APIs or other models: human resource software, Ongoing Projects, Student Careers, Awards, Community services, OJS/OMP etc.

Software customization: 4Science S.P.A. provides analysis, design and development of software customizations to implement new features and services or to modify existing ones. All customizations are then proposed to the open-source software Community to reduce your future maintenance costs.

Authentication/Authorization: the solutions provided can easily work with clients' LDAP, Active Directory, Single Sign On solutions (like for example CAS or Shibboleth). Authorization rules can be inherited from your systems.

Reporting & analytics: Multidimensional analysis and bibliometric information turning the clients' data into information and information into knowledge.

Long Term Preservation (LTP): The solutions we offer are compliant with the Open Archival Information System Reference Model (OAIS) with the aim of preservation of clients' data in the very long term.

Consultancy and Training: 4Science S.P.A has a long and extensive experience in setting up institutional and disciplinary repositories, research information systems, and complex IT projects for research governance and digital libraries at national and international level. The experts, project managers and engineers are the right consultants to support the analysis of clients' requirements, the design of specifications, and the planning and management of projects.

Hosting: different hosting options are provided, all secure and scalable. Application management and database management are performed in trustworthy cloud

environments (e.g.: Amazon AWS and iNebula); SaaS solutions are also available where customers are the only owners of the data and their configurations. In case the client already has its own cloud provider, 4Science S.P.A. can work with the client to support the project on the environment of the previous technological choice.

Investments

Year 2021

0,33 eur mn invested in fixed assets (enhancement of software for the DSpace platform and new technology to support existing clients with cross-selling results.

Year 2022

So far, 4Science S.P.A. in 2022 sees investments in the field of target searching for M&A campaign, as well as the opening the US subsidiary in order to closely follow its already acquired customers and to develop new opportunities in the United States.

New release of the development of software and to enhance open-source services to existing clients.

4. VALUATION NOTE



SERVICES

4Science is an Italian company which works on the realization and advisory of IT platforms and IT systems; main services can be summarized as:

- Development and consulting services in the field of data Management System
- Development and consulting services for the management of Digital Libraries for Cultural Heritage;
- Development and consulting services for the management of Digital Repositories for Research;
- Development and consulting services for Big Data Analysis.

TARGET CUSTOMERS

- Universities
- Research centers;
- Scientific hospitalization and care institutes;
- Cultural institutions (museums, libraries, art galleries, archives);
- Foundations;
- Companies;
- Public sector.

PEOPLE

4Science is made up of a team of over 25 experts (Data Scientists, Architects, Computer Archaeologists, ...) who have gained decades of expertise, both technological and methodological, in the processing of digital data in the field of cultural heritage and in the management of research repositories, collaborating with many important academic and scientific realities all over the world.



HEADQUARTERS



GOVERNANCE

SHAREHOLDERS



DIRECTORS

- Valenti Cesare (Sole Director)

4Science has been incorporated in 2013 and from its creation, the Company realized successfully performances.

4Science was set up as an IT company in the year 2013 and began its operations in the subsequently months. Gradually, as the business began to establish itself, revenues started to flow, which has resulted in revenues at € 500 thousands at the end of 2017 FY and, subsequently growth, arriving to the end of 2021 at € 1.823 thousands.

Level of revenues had an increase higher than 100% at the end of 2019 FY (compared to 2017) and a level of more 470% at the end of 2021 FY (compared to 2017 FY), with a growth rate of 265% in five years.

Just in 2020 fiscal year, the Company was able to realize more than € 1 millions of revenues, with an EBITDA of € 497 thousands (35% of revenues) and an EBIT of € 400 thousands (28% of revenues).

EBITDA Margin realized at the end of 2021 fiscal year is about 48% of total revenues.

From 2018 FY, the Company strongly invested on CAPEX, and intangible assets in particular: on 2018 the increase of assets capitalized was about € 421 thousands (80% of total revenues), while on 2019 it was € 705 thousands (91% of total revenues); at the end of 2020 FY it was about € 345 thousands (25% of total revenues of the year).

Also important is the role of the people as asset of the company: the incidence of payroll costs during the period 2020-2021 was approximately about 60% (respectively 62% on 2020 with an expense of € 873 thousands and 61% on 2021 with a cost of € 1.106 thousands).

	2018	2019	2020	2021
A Revenues	706	777	1.407	1.823
B EBITDA	113	524	497	813
C EBIT	53	467	400	621
Revenues growth rate	41%	197%	296%	493%

B/A % EBITDA Margin	16%	67%	35%	45%
C/A % EBIT Margin	8%	60%	28%	34%

	2018	2019	2020	2021
A Revenues	706	777	1.407	1.823
B Intangible assets increase	421	705	345	571
C Payroll costs	800	780	873	1.106
B/A %	60%	91%	25%	31%
C/A %	113%	100%	62%	61%



BASIS OF VALUE ANALYSIS

- ◆ The basis of the Value Analysis that we have adopted in arriving at our Enterprise Value is the DCF – Discounted Cash Flow. The result obtained by our evaluation process is the “fair value” of 4Science, that can be considered as the price which a business might reasonably be expected to fetch, in money or money’s worth in an open market sale, between a willing buyer and a willing seller, both of whom are equally well informed about the business and the markets in which it operates and each of whom is deemed to be acting for its self-interest.
- ◆ Value analysis has been carried out as at **27 June 2022** (“Value Analysis Date”).

VALUE ANALYSIS APPROACHES ADOPTED

- Generally, the following approaches are used while carrying out Value Analysis:
- ◆ **Net Asset Value Approach:** this approach indicates the value of the business by adjusting the assets and liabilities appearing in the balance sheet of the company which is being valued as at the Value Analysis date. This approach is based on the sum of individual piecemeal value of the underlying assets less the book value of liabilities.
 - ◆ **Market Approach:** this approach indicates the value of a business based on a comparison of the business to comparable publicly traded companies and as well as prior business transactions in the industry.
The Market Approach indicates the value of a business on a going concern basis, based on a comparison of the business to comparable publicly traded companies and as well as prior business transactions in the industry. We understand that there are no listed guideline companies in Italy which are strictly comparable to 4Science business in terms of business profile and customer concentration. Hence, Market Multiple Method was considered in our Value Analysis only as benchmark method.
 For our analysis under this approach, we have relied on the Income Statement presented as at 31 December 2021. The multiple selected for our purposes was EV/EBIT.
 - ◆ **Income and Financial Approach:** this approach indicates the value of a business based on the value of the cash flows that the same business can be expected to generate in the future.
For our analysis the Financial Approach, and in particular the DCF method, has been considered appropriate to evaluate the capabilities of the Company to generate value in the future.
For our purposes we used the information reported in the Business Plan for the period 2021-2026 prepared by the Management of the Company and we determined the Enterprise Value (“EV”) on an Equity Side approach.

PRINCIPAL ASSUMPTIONS

- Our Value Analysis is subject to specific representations and assumptions which you consider necessary and appropriate. In addition, please refer the following section on the key assumptions underlying the Value Analysis:
 - 4Science is valued on a going concern basis. The business continues to operate till the end of the forecasts period, which will enable the achievement of the financial forecasts;
 - Information provided by the Management is up to the date of this report fairly reflects 4Science's business, financial and operating positions. Additionally, for the purpose of this exercise, Management has provided us carved out financials of 4Science for the period 2021 – 2026. It may be noted that we have independently not verified these financials;
 - We were informed that there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the Value Analysis of 4Science.
 - The other assumptions specifically outlined in following sections of this report hold true.

SOURCES OF INFORMATION

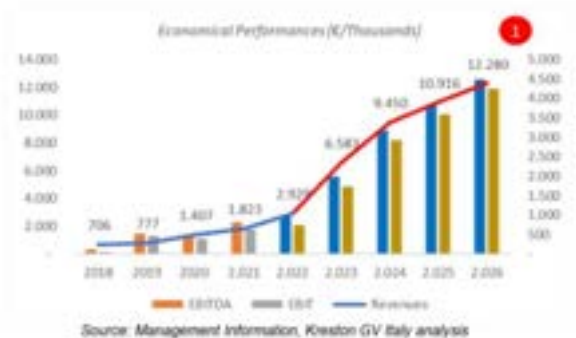
- The key information we have received and used in our Value Analysis include:
 - Carved out Business Plan for the period 2021 FY to 2026 FY (*);
 - Company information extracted by the Italian Company Register ("CCIAA") related to 4Science S.r.l.;
 - 4Science S.r.l. statutory financial statements at 31 December 2021 deposited in the Italian Company Register, including Independent Auditors Audit opinion;
 - 4Science Company overview prepared by Company Management.
- We have, also, used publicly available information sources, to gather industry related information including comparable companies.
- Additionally, we have obtained information through discussion and correspondence with the Management of the Company.
- We have also undertaken analysis of other facts and data consider pertinent to this value analysis.

(* Note: we have not independently verified the carved out Business Plan of 4Science as prepared by the Management

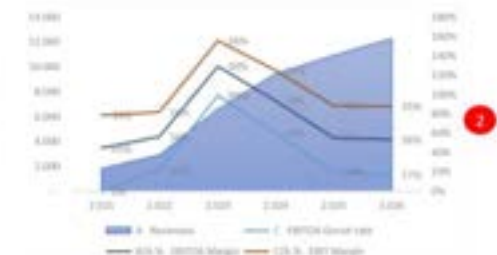
THE FINANCIAL PLAN

We obtained the Business Plan (the "Plan") of 4Science covering the period 2021 – 2026.

- The plan obtained evidences a growth of revenues and consequently a growth of the EBITDA and EBIT margin all period long; the level of EBITDA moves from € 813 thousands in 2021 FY to € 4.478 thousands in 2026, while the level of EBIT moves from € 621 thousands in 2021 to € 4.252 thousands in 2026 FY (about 35% of total revenues).
- The expectation is about a level of revenues that has performance of € 2.929 thousands of revenues at the end of 2022 FY, reaching the amount of € 10 millions of revenues at the end of 2025 and a final 2026 FY amount of € 12.280 thousands.
- The incidence of EBITDA is stable at a level between 30% and 35% long the period of the plan, with a level of EBIT which move from 26% in 2022 fiscal year to 35% in 2026.



	2018	2019	2020	2021	2022	2023	2024	2025	2026
A Revenues	706	777	1,407	1,823	2,929	6,583	9,450	10,916	12,280
B EBITDA	113	524	497	813	995	1,961	3,172	3,822	4,478
C EBIT	53	467	400	621	752	1,737	2,926	3,582	4,252
B/A % EBITDA Margin	16%	67%	35%	44%	34%	29%	33%	35%	36%
C/A % EBIT Margin	8%	60%	28%	34%	26%	26%	31%	33%	35%



	2018	2019	2020	2021	2022	2023	2024	2025	2026
Change in NWC	-87	39	71	-157	75	-50	-41	-12	-28
Net tangible assets	-738	-565	-197	-326	-164	-164	-164	-164	-164

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CAPITAL EXPENDITURE ("CAPEX")

- From the period 2018 – 2019 the Company invested in CAPEX, respectively, € 337 thousands and € 229 thousands; these amounts mainly refer to investments in intangible assets to realize the IT platforms that constitute the main products of the Company. **1**
- The expectation for the period included in the Business Plan 2021 – 2026 is to continue in the policy of intangible assets additions for the above-mentioned platforms and transform the value of investments in revenues for the period. **2**

NET WORKING CAPITAL

- Operating Net Working Capital is estimated to decrease in FY 2022 and progressively increase for the period of the Plan, respectively of about € 50 thousands in 2023, € 45 thousands in 2024 and € 12 thousands in 2025. **3**
- This was mainly due on account of increase in revenues which results in high proportion of revenues being accounted as trade receivables. **4**
- Going forward, Net Working Capital as a percentage of revenues is projected to remain in the range of 1% during the period 2023 – 2026. **5**

Detail of changes in CAPEX and NWC

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Capex	337	229	369	144	177	200	50	50	50
Capex as a % of revenues	46%	26%	26%	6%	4%	3%	1%	0,3%	0,4%
Net Working Capital	487	59	71	157	75	50	45	12	18
NWC as % of Revenues	66%	4%	1%	6%	2%	2%	0%	0%	0%



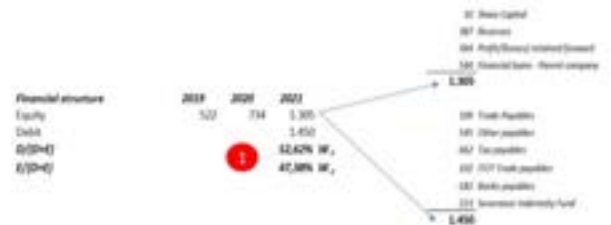
Source: Management Information, Kreston GV Italy analysis



Source: Management Information, Kreston GV Italy analysis

WEIGHTED AVERAGE COST OF CAPITAL

- The Weighted Average Cost of Capital ("WACC") represents the weighted average return attributable to all of the assets of the business. We have used Capital Asset Pricing Model ("CAPM") for estimation of Cost of Equity and WACC. **1**
- For the purpose of arriving at the debt-equity ratio of 4Science, we consider the balances included in the statutory financial statements of 4Science at the 31 December 2021; **2**
- We considered the market risk premium of 6,42%, related to Italian market ("Damodaran" information) with an additional country specific risk premium of 2,18% for Italy ("Damodaran" information). **3**
- Based on above reported information, we have considered a WACC of 4,97%. Please, refer to Appendix 1 for details of WACC calculation. **4**
- For our Value Analysis, we assumed a period of 5 years (from 2021 to 2025 with calculation of Terminal Value ("TV") at the end of the period. **5**
- We have assumed that the cash flows accrue to 4Science uniformly through the year, and have, thus, considered a mid-period discounting factor for this analysis. **6**



	2021	2022	2023	2024	2025	TV
Discount factor	0,8	0,8	0,8	0,8	0,7	0,7
Annual factor	1,0	2,0	3,0	4,0	5,0	5,0
Discount rate	4,97%	4,97%	4,97%	4,97%	4,97%	4,97%

TAXATION

- In our Value Analysis we consider a tax rate of 27,9% on incomes for cash flow (24% of Corporate Taxes, IRES, and 3,9% of Regional taxes, IRAP) and a tax of 12,50%, which is that applicable in Italy for financial instruments gains. **1**

TERMINAL VALUE

- ◆ We have considered the growth rate reported in the Business Plan of the management for estimation of free cash flows of each year included in the Plan.
- ◆ For the Value Report, we assumed a period of 5 years (2021 – 2025) and a subsequent TV. TV has been estimated as average value of balances among the periods including in the plan (2021 – 2025).
- ◆ To estimate TV at the date of the Value Analysis we assumed it as result of perpetual royalty methodology, with a perpetual growth rate of 0% (TV=UFCF/WACC)

	2021	2022	2023	2024	2025	TV
EBITDA	813	995	1.981	3.172	3.822	2.157
% Taxes	3%	3%	3%	3%	3%	
EBIT	621	752	1.712	2.873	3.498	1.891 A
% Taxes	3%	3%	3%	3%	3%	
Taxes on EBIT (27.9%)	- 173	- 210	- 479	- 801	- 976	- 528 B
NOPAT	448	542	1.235	2.071	2.522	1.363 A + B
Capex (investments)	144	-177	200	50	50	53 B
Change in NWC	157	-75	50	45	12	38 C
UNLEVERED FREE CASH FLOWS	749	290	1.485	2.166	2.584	1.455 A+B+C
						29.276 TV/WACC

	2021	2022	2023	2024	2025	TV
EBITDA	813	995	1.981	3.172	3.822	2.157
% Taxes	3%	3%	3%	3%	3%	
EBIT	621	752	1.712	2.873	3.498	1.891 A
% Taxes	3%	3%	3%	3%	3%	
Taxes on EBIT (27.9%)	- 173	- 210	- 479	- 801	- 976	- 528 B
NOPAT	448	542	1.235	2.071	2.522	1.363 A + B
Capex (investments)	144	-177	200	50	50	53 B
Change in NWC	157	-75	50	45	12	38 C
UNLEVERED FREE CASH FLOWS	749	290	1.485	2.166	2.584	1.455 A+B+C
						29.276 TV/WACC

PROJECTED FREE CASH FLOWS

Based on the approach described in previous pages, the Value Analysis of 4Science is assessed to be on a value of € 27.957 thousands, that can be, rounded to € 28.000 thousands

	2021	2022	2023	2024	2025	TV
Free Cash Flow to the Firm	749	290	1.485	2.166	2.584	29.276
Discount factor	0.95	0.91	0.88	0.82	0.78	0.75
Annual factor	1.90	3.00	3.00	4.00	5.00	6.00
Discount rate	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%
Discounted FCFF	713	263	1.284	1.784	2.027	21.885

Enterprise Value 27.957

MARKET APPROACH (BENCHMARKING)

- ◆ Given the purposes of the Value Analysis, the value as per the Market Approach has been considered for benchmarking purposes only.
- ◆ We have considered, for benchmarking following assumptions:
 - ◆ We used as income information to consider in the Value Analysis the EBIT at the date of 31 December 2021, as margin realized by the Company;
 - ◆ We considered as industry of the firm, the market related to Software (system and application) as registered in Damodaran databases;
 - ◆ The multiple considered for the above reported industry was EV/EBIT, estimated on 40,30 ("Damodaran" information) applicable for all firms and not only positive EBITDA firms.

EV/EBIT	40,30 a
2021 EBIT	671 b
Enterprise Value (control value)	25.026 a*b

Using this approach, the Enterprise Value of 4Science as at May 2022 is \approx € 25.026 thousands, that can be, prudentially rounded to **€ 25.000 thousands**.

Industry Name	Damodaran benchmarking Number of firms	Only positive EBITDA firms				All firms			
		EV/EBITDAR&D	EV/EBITDA	EV/EBIT	EV/EBIT (1-t)	EV/EBITDAR&D	EV/EBITDA	EV/EBIT	EV/EBIT (1-t)
Software (Entertainment)	60	26,18	37,98	119,99	198,85	32,71	50,36	132,91	NA
Software (Internet)	30	20,46	21,86	124,86	175,02	25,91	28,13	128,28	179,81
Software (System & Application)	366	16,25	27,92	37,47	48,85	17,15	29,07	40,30	52,54

Source: Damodaran information, date updated on 5 January 2022, Western Europe

VALUE ANALYSIS: CONCLUSION

- ◆ As result of Value Analysis, we determined the fair value of 4Science, on the assumption that the fair value could be defined as the price which a business might reasonably be expected to fetch, in money or money's worth in an open market sale, between a willing buyer and a willing seller, both of whom are equally well informed about the business.
- ◆ For the purpose required by 4Science Management in our engagement letter dated 30 May 2022, we placed reliance on DCF method (as application of income and financial methodologies), considering the lack of strictly comparable listed companies in Italy and the information related to future periods.
- ◆ The Enterprise Value calculated according to market approach is for benchmarking purposes only.
- ◆ According to above reported premises, the Enterprise Value of 4Science can be estimated on a value between € 28.000 Thousands and of € 25.000 Thousands.

	€Thousands Rounded amount	
Income/Financial Approach - DCF	27.957	28.000
Enterprise value for benchmarking purposes	25.026	25.000

Source: Management information, Kreston GV Italy analysis

Kreston GV Italy Audit
C.so Sempione, 4 – Milan
Dr. Giovanni Variale
(Partner)

Note: The Valuation document is also available as a standing-alone document in a separate section of the company website <https://www.4science.com/>

About Giovanni Varriale

Giovanni Varriale is Equity Partner and Head of Auditing Services at Kreston GV Italy Audit Srl.

About Kreston GV Italy Audit Srl

Kreston GV Italy Audit Srl (registered to “Albo Speciale CONSOB”) is a member firm of Kreston International, a network of independent audit and advisory firms, operating in the audit and accounting services, fiscal, tax and financial advisory.

Equity value and reference price

The proposed Equity Value of 4Science S.P.A. is 28,000,000.00 eur, which results from (1) the above-mentioned value range of EnterpriseValue (26 to 28 eur mn), (2) plus the current Net Financial position (net cash of 2.52 eur mn), which leads the Equity Value to 28.52 – 30.52 eur mn); (3) finally, we choose an equity value a little below the minimum value of the range. Considering the current number of outstanding ordinary shares (7,000,000 shares) this leads to a reference price of **4.00 eur per share**.

About mismatch in valuation of 4Science S.P.A. compared to the current valuation of the mothercompany Itway S.P.A

Itway S.P.A., mothercompany of 4Science S.P.A. with 71.43% stake, is currently valued at market price 16.4 eurmn (as per reference price of Dec, 5th 2022 on Euronext Milan). The facial mismatch between the market valuation of Itway S.P.A. and the fair value of 4Science S.P.A. relies in our opinion in the fact that the sum of the parts is worth more than the mothercompany overall. This is also the reason for which Itway S.P.A. and

4Science S.P.A. decide to go for a capital increase and directly with 4S than launching a capital increase through the already-listed mothercompany.

Considering the most similar companies IT Distribution (VAD, VAS) and Tech companies listed both on Euronext Market Growth and Euronext Market Milan, Itway S.P.A. is currently trading at 50% discount multiples compared to a comparable panel (Itway: 6.0x Ev / Ebitda compared to an average of the most similar companies of 15.4x EV / Ebitda) considering the last FY2021 approved.

Also considering the Revenues Multiples, for the same panel we get to a 3.4 EV /Sales versus a 0.4x for Itway S.P.A..

We believe this situation is due to the fact that Itway has no presence of institutional investors in the shares capital, and until today couldn't be considered a reference point for them considering that the group was in 2021 negotiating with banks and bond investors for the restructuring of the debt position, which actually today is already 100% done and finished. Therefore usual institutional investors are wouldn't consider Itway S.P.A. in their microuniverse of investments until the company will start to communicate back with the market once the restructuring has been closed (Debt Restructuring process has been definitely executed in 2022H1).

The current situation is not seeing institutional Investors looking for an equity stake in Itway S.P.A. looking through fundamentals and taking into consideration industry multiples, but it more about a nihil consideration to the company.

The figures for FY2021 for Itway S.P.A. show revenues for 43.7m with 2.6m Ebitda (or 5.9% margin); for 4Science S.P.A. the revenues in FY2021 were 1.8 m eur with 0.81 m eur Ebitda (or 44% margin). 4Science S.P.A. and Itway S.P.A. are completely different considering the size of revenues, the profitability, the past and expected growth.

For all the above points, in our opinion the facial mismatch between the market price of Itway S.P.A. and the proposed reference price for 4Science S.P.A. is a topic

definitely covered. This is the typical case in which the controlled company can access to better valuation and fundraising conditions than the mother-company.

5. COMPANY STRUCTURE

4Science S.P.A. is part of the Itway S.P.A. group, an Italian leader in the field of Information Technology, listed on the main market of Euronext Milan since 2001.

Itway reported in FY2021 revenues for 43.7 eur mn, with Ebitda of 2.6 eur mn, and 59 people employed.

Itway holds 71.34% of 4Science, being the rest of the shares divided among 34 small professional investors.

Itway is acting through the following business units:

- Cyber Security services: solutions for privacy (GDPR), for IT infrastructures and integration systems; more over a proprietary N-SOC –Network & Security Operation Center- in Trento (Italy)
- Cyber Safety: work safety solutions “ICOY” for material handling vehicles: no direct competitors in the market with comparable products technology-wise
- Data Science (**carried out through the controlled 4Science S.P.A.**): solutions for digital libraries using the open-source software Dspace: use of most widespread technology worldwide provides significant opportunity to scale
- Cyber Security products: best of breed products and solutions for top of class market, value added distribution, training, know how transfer and pre-sale/post sales services.

The ownership of Itway S.P.A. is the following:

- 30.0% Ing. Giovanni Andre Farina (founder, CEO and Chairman)
- 10.1% Ing. Cesare Valenti (CFO)
- 6.6% Ski-Netics, a Swiss company active in IT Security in Lebanon and UAE
- 53.3% Free Float

Itway S.P.A. has the following stakes:

- 100% of Itway Hellas, operating in the cybersecurity product distribution in Greece
- 100% of Itway Turkey, operating in the cybersecurity product distribution in Turkey
- 71.34% of 4Science S.P.A.

Board of Directors of 4 SCIENCE S.P.A.

Giovanni Andrea Farina, CEO

Andrea is President of 4Science, founder, Chairman, Chief Executive Officer of Itway Group S.p.A. (listed at the Italian Stock Exchange in Milan). Moreover, he is President of the Board of Directors of Itway Hellas SL, Itway Turkiye Ltd, President of Farway S.r.l. Group, President of Cu.RA – Consorzio Utilities Ravenna. Born in Ravenna in 1961, he holds a diploma in Computer Science from the Girolamo & M. Montani Industrial Technical Institute in Fermo and a degree in Business Administration with MBA from the Anderson School – Institute of Economics and Finance of the University of California Los Angeles (UCLA).

Cesare Valenti, CEO and Head of Sales

Cesare is Chief Executive Officer and Director of Sales of 4Science, Co-Founder and Executive Vice President of Itway S.p.A. (listed in the Italian Stock Exchange), in charge of strategic marketing and operations, Chairman of the Board of Itway France SARL and Itway Spain SL., Executive Director of Itway Turkey LTD and Itway Hellas S.A., Chairman of the Board of Directors of BE Innova s.r.l. He is a member of the Board of the INNOVATE Clust-ER of the Emilia Romagna Region. Graduated with honors in Electronic Engineering at Alma Mater University of Bologna in 1979, he is passionate about technological trends and innovation.

Massimo Grosso, Board Member and Head of Investor Relations

Massimo Grosso has deep experience as investor and advisor in high-tech companies and in Scale-up business. He has supported the IPOs in Italy of MailUp, DHH, Piteco, Cyberoo, WIIT, as well as the listing of Creactives Group and Icona Technology in Austria as a strategic advisor, Investor and investor relations.

Former Vice-President at Société Générale, Director at UBS Italia, and Relationship Manager at Borsa Italiana. He Graduated (1st class honors) in Financial Engineering from Milan Polytechnic. In the Capital Markets he brought to success more than 800 eur mn of fundraising in the last 25 years. Since July 2022 he is Member of the Board of Directors of Creactives Group, an Italian Company active in the Artificial Intelligence for the Supply Chain listed in Wien.

Sebastiano Missineo, Board Member

Sebastiano is an Italian Entrepreneur in the field of corporate advisory. Founder in 1997 of the Italian company Strateghia, active in the strategic consultancy in the industry of Tourism and Culture in Italy. He is Director for the magazine “Millionaire”, controlled by the UK company APL Media. He is also founder and member of the advisory board of the UK Company Its Italy Ltd, active in the field of renewal of small typical touristic towns in Italy. He is member of the Board of Director of Immobiliare Fioranello Glof Club, company active in the leisure and entertainment Real Estate. In 2010-2012 he was also technical consultant for the Government in the Public Administration for the Culture Ministry in Sicily.

Maurizio Giovanni Di Costanzo, Board Member

Maurizio is an experienced Professional, born in Osnabrück (Germany). After starting his experience in Mc Kinsey & Co. as business analyst, then since 2008 he acted in various supervisory boards of Industrial and Services Italian Companies (Bronchi Combustibili, Oikos Holding, B&T, Damir...). In 2016 started his collaboration with Studio Antonelli taking care of Financial Reports of the clients, Budgeting, Business Plan, Financial Restructuring and Special Distressed Situations, Fairness Opinions...). Maurizio is German mother-tongue.

Key People of 4Science S.P.A.:

4Science is made up of a team of over 25 experts (Data Scientists, Architects, Computer Archaeologists, ...) who have gained decades of expertise, both technological and methodological, in the processing of digital data in the field of cultural heritage and in the management of research repositories, collaborating with many important academic and scientific realities all over the world.



Susanna Mornati, COO and Business Strategist & Technologist

Susanna is Chief Operating Officer (COO) of 4Science and Business Strategist & Technologist. Her extensive experience has been gained over more than thirty years in the design and implementation of highly complex information systems for research worldwide. Susanna is well known and valued within the Open Access and Open Science communities. In the past she held positions of high responsibility in the Italian University Consortia Cilea and Cineca, the State University of Milan, and the Scientific Information Service at CERN in Geneva. She holds an MA in Linguistics with honors and a Masters in ICT Management.

Andrea Bollini, CTIO

Andrea is Chief Technology and Innovation Officer (CTIO), actively involved in various international open-source and open-standards communities with leading roles: DSpace committer, Deputy Leader of the CERIF TG of euroCRIS and member of the COAR Next Generation Repositories WG, chair, speaker and reviewer for several key conferences. Prior to 4Science Andrea worked for the Italian University Consortia Cilea and Cineca, where he was responsible for IT solutions and projects for research, e-publishing and OA repositories. He holds a MSc in Applied Mathematics and a Masters in ICT management.

Claudio Cortese, Data Scientist

Claudio is Data Scientist, Business Analyst and Project Manager, Degree in Classical Literature and PhD at the Catholic University of the Sacred Heart, Milan. Adjunct Professor of Computer Science Applied to Archaeology at the Catholic University of the Sacred Heart, Milan.

Emilia Groppo, Digital Humanities Program Manager

Emilia is Manager in Digital Humanities Program, Bachelor's degree in Classical Literature, Archaeology at the University of Milan, Adjunct Professor at the University of Milan - Faculty of Cultural Heritage, Milan

Board of Auditors of 4 Science S.P.A.

Chairman of the Supervisory Board	Andrea Magnani
Effective Member of the Supervisory Board	Stefano Sgarzani
Effective Member of the Supervisory Board	Silvia Caporali
Auditing Company	Analisi S.P.A.
Senior Partner Auditor of Analisi S.P.A.	Renzo Fantini

6. FINANCIAL FIGURES

In this section we present the financial figures of 4 Science S.P.A.

Company Financial Analysis, *ALL FIGURES IN EUR*

Balancesheet - ASSET SIDE	31.12.2021	31.12.2020	31.12.2019	31.12.2018
<i>Intangible Fixed Assets</i>	1.358.806	1.231.303	1.132.350	621.199
<i>Tangible fixed assets</i>	9.205	6.114	2.744	5.644
<i>Other fixed assets</i>	33.919	33.919	33.919	34.919
Total Fixed Assets	1.401.929	1.271.336	1.169.012	661.762
Stocks	54.625	63.167	10.741	0
Debtors	1.630.950	2.455.556	1.895.356	1.898.257,00
Other Current Assets	55.840	79.398	16.216	16.216,00
Cash and Cash Equivalent	181.731	100.519	22.686	37.511
Total Current Assets	1.923.146	2.698.640	1.945.000	1.951.984
TOTAL ASSET	3.325.075	3.969.976	3.114.012	2.613.746
SIDE	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Capital	10.000	10.000	10.000	10.000
Other Shareholders Funds	1.078.947	750.836	511.150	190.071
Total Shareholders Funds	1.088.947	760.836	521.150	200.071
Short Terms Debt	0	0	0	0
Other Current Liabilities	254.800	353.188	0	0
Long Terms Debt	1.544.325	2.599.601	2.445.245	2.293.334
Other Non-current Liabilities	213.274	175.185	147.617	120.341
Total Liabilities	2.236.128	3.209.140	2.592.862	2.413.675
TOTAL SHAREHOLDERS FUNDS AND LIABILITIES	3.325.075	3.969.976	3.114.012	2.613.746

Profit and Loss	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Revenues	1.823.491	1.407.289	777.086	706.393
Other Revenues +/- Variation in inventories and contract in progress + fixed assets	618.295	405.561	705.840	421.260
Turnover	2.441.786	1.812.850	1.482.926	1.127.653
Material Costs	66.293	49.743	37.100	33.048
Service Costs	884.587	829.810	284.646	365.384,63
Cost of Employees	1.106.366	932.575	779.633	798.144
Total Costs	2.441.786	1.812.850	1.482.926	1.127.653
EBITDA	727.238	413.174	520.171	110.502
Depreciation	211.067	97.802	55.384	59.405
EBIT	516.171	315.372	464.787	51.097
Net Financial Expenses	35.895	4.917	11.624	9.763
EBT	480.276	310.455	453.163	41.334
Tax Charge	152.165	70.770	132.083	1.184
NET INCOME	328.111	239.686	321.080	40.150
MAIN RATIOS	31.12.2021	31.12.2020	31.12.2019	31.12.2018
<i>Turnover growth</i>	34,7%	22,2%	31,5%	
<i>Ebitda Margin</i>	29,8%	22,8%	35,1%	9,8%
<i>Ebit Margin</i>	21,1%	17,4%	31,3%	4,5%
<i>Ebt Margin</i>	19,7%	17,1%	30,6%	3,7%
<i>Net Income Margin</i>	13,4%	13,2%	21,7%	3,6%
<i>Ebitda Growth</i>	76,0%	-20,6%	370,7%	
<i>Shareholders Capital Growth</i>	43,1%	46,0%	160,5%	
<i>Shareholders Capital on Total Assets</i>	33,3%	19,6%	16,7%	7,7%
<i>ROI</i>	15,8%	8,1%	14,9%	2,0%
<i>ROE</i>	30,1%	31,5%	61,6%	20,1%

7. PURPOSE OF THE USE OF THE ISSUING PROCEEDS

The listing is a “direct listing” without any issuing of new shares.

Nevertheless, 4Science S.P.A. on May 2022 approved a capital increase of up to 2,800,000 Euros reserved for institutional and professional investors. The Capital Increase was totally subscribed by 34 different investors, none of whom holding more than 2%.

The proceeds of this capital increase were and will be mostly used:

- To finance the listing process on the Vienna Stock Exchange;
- To boost the internal development in USA through the new USA branch just opened in April 2022
- To expand the target market abroad in the most promising countries
- To finance the Operating Working Capital
- To have the ability to retain additional resources and to attract senior management and experienced professionals;
- To increase marketing activities and Research and Development activities
- To explore possible M&A opportunities

Among others, 4Science S.p.A. sees the following possible benefits from listing on the Vienna Stock Exchange:

- To create additional value for the Company’s shareholders through a potential valuation uplift from increasing market coverage directly and through partners and Linux Platform Network Community;
- To expand the reach beyond the current market and bolster the Company’s reputation.
- In addition, a potential inclusion in financial indices which can appeal to benchmark investors;
- To allow the Company to gain further access equity and debt markets to support the capital needs without losing control of the Company itself;
- To have listed shares to be used for possible M&A deals which are currently under serious consideration.

8. DESCRIPTION OF THE RISK

1. ABOUT THE COMPANY RISK

Information about the Risk Description

The Company considers the following risks to be material for potential investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in any order of priority. Additional risks and uncertainties currently unknown to the Company (such as changes in legal, regulatory or tax requirements) or which the Company currently believes are immaterial, may also have a materially adverse effect on the financial condition or prospects or on the trading price of 4 Science S.P.A. shares. Investors should carefully read and consider the following material risk factors and other information contained in this Information Memorandum before deciding on purchasing any of 4 Science S.P.A. shares. The occurrence of one or more of these risks, individually or in combination with other circumstances, may materially affect the business of 4 Science S.P.A. (including its current and future controlled company) and have material adverse effects on net assets, financial position and results of operations of 4 Science S.P.A.. The chosen order does not indicate the likelihood of occurrence or the extent or significance of the individual risks. In addition, other risks and aspects that are not currently known to 4 Science S.P.A. may be significant. The stock price may fall as a result of the occurrence of each of these risks and investors may lose all or part of their capital. Prior to investing prospective investors should consider, together with the information contained in this document, the risks attached to an investment in the Company, including in particular, risks mentioned in this section.

Market-Specific and Company-Specific Risk

Our sales and revenue conditions are subject to market fluctuations and our forecasts might not be accurate.

Our revenue and operating results can vary and have varied in the past, sometimes substantially, from year to year. Our revenue in general, and our software revenue in particular, is difficult to forecast for a number of reasons, and could lead to risks related to the following, among others:

- Challenges in pipeline development and realization.
- Long sales cycles for many of our products.
- Timing issues with respect to the introduction of new products and services or product and service enhancements by us or our competitors.
- Introduction/adaptation of licensing and deployment models such as cloud subscription models.
- Adoption of, and conversion to, new business models, leading from upfront payment models to an increase in pay-per-use or subscription-based payment models, thus the respective service period typically ranges from one to three years, and goes up to five years.
- Changes in customer budgets or seasonality of technology purchases by customers, or customer solvency challenges due for example to political instability.
- Decreased software sales that could have an adverse effect on related maintenance and services revenue growth.
- Shortfall in anticipated revenue or delay in revenue recognition or deployment models that require revenue to be recognized over an extended period of time.
- Inability of acquired companies to accurately predict their sales pipelines.
- Challenges in expansion beyond Italy.

The loss or delay of one or a few large opportunities could have an adverse effect on our business, financial position, profit, and cash flows.

Our market share and profit could decline due to increased competition, market consolidation, technological innovation, and new business models in the software industry.

The market for cloud computing is increasing and shows strong growth relative to the market for on-premise solutions. To maintain or improve our operating results in the cloud business, it is important that our customers renew their agreements with us when the initial contract term expires and purchase additional modules or additional capacity, as well as for us to attract new customers.

Factoring in the aforementioned, this could lead to risks in the following areas, among others:

- Inability to successfully engage with on-premise customers on their cloud transformation journey with fully suitable solutions and transformation services.
- Adverse revenue effects due to increasing cloud business and conversions from on-premise licenses to cloud subscriptions from existing customers, which could have an adverse effect on related maintenance and services revenue.
- Customers and partners might be reluctant or unwilling to migrate and adapt to the cloud, or they might consider cloud offerings from our competitors.
- Existing customers might cancel or not renew their contracts (such as maintenance or cloud subscriptions) or decide not to buy additional products and services.
- The market for cloud business might not develop further, or it might develop more slowly than anticipated.
- Strategic alliances among competitors and/or their growth-related efficiency gains in the cloud area could lead to significantly increased competition in the market with regards to pricing and ability to integrate solutions.
- Price pressure, cost increases, and loss of market share.
- Inability to achieve the planned margin increase in time as planned.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

Sales and implementation of our software and services, including cloud, are subject to a number of significant risks sometimes beyond our direct control.

A core element of our business is the successful implementation of software and service solutions. The implementation of our software and cloud-based service deliveries is led by us, by partners, by customers, or by a combination thereof.

However, we might encounter risks in the following areas, among others:

- Implementation risks, if, for example, implementations take longer than planned, or fail to generate the profit originally expected, scope deviations, solution complexity, individual integration and migration needs or functional requirement changes, or insufficient milestone management and tracking leading to delays in timeline, maybe even exceeding maintenance cycles of solutions in scope.
- Insufficient or incorrect information provided by the customer, subsequently leading to requirement or technology mismatches.
- Insufficient customer expectation management, including scope, integration capabilities and aspects, as well as lack in purposeful selection, implementation, and utilization of our solutions.
- Lack of customer commitments and respective engagements, including lack of commitment of resources, leading to delays or deviations from recommended best practices.
- Challenges to effectively implement acquired technologies.
- Challenges to achieve a seamlessly integrated and aligned service delivery in complex deliveries or implementations, for example due to lack of insights especially in the event of limited project involvement of our Group.
- Protracted installation or significant third-party consulting costs.
- Improper calculations or estimates leading to costs exceeding the fees agreed in fixed-price contracts.
- Unrenderable services committed during the sales stage.
- Delayed customer payments due to differing perception on project outcome/results or customer solvency challenges.
- Inadequate contracting and consumption models based on subscription models for services, support, and application management.
- Deviations from standard terms and conditions, which may lead to an increased risk exposure.

- Statements on solution developments might be misperceived by customers as commitments on future software functionalities.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We currently generate significant revenue from our largest customers, and the loss or decline in revenue from any of these customers could harm our business, results of operations and financial condition.

In 2021 our 10 largest customers generated an aggregate of 25% of our revenue. We are making a continuous effort to increase and diversify our customer base, so to reduce the impact of the largest customers on our business and revenue.

In the event that any of our largest customers do not continue to use our products and services, use fewer of our products and services, or use our products and services in a more limited capacity, or not at all, our business, results of operations and financial condition could be adversely affected.

If we are unable to scale, maintain, and enhance an effective partner ecosystem, revenue might not increase as expected.

An open and vibrant partner ecosystem is a fundamental pillar of our success and growth strategy. Partners play a key role in driving market adoption of our entire solutions portfolio, by co-innovating on our platforms, embedding our technology, and reselling and/or implementing our software.

These partnerships could lead to risks in the following areas, among others:

- Failure to establish and enable a network of qualified partners supporting our scalability needs.
- Failure to get the full commitment of our partners, which might reduce speed and impact in market reach.
- Products or services model being less strategic and/or attractive compared to our competition.

- Partners might not renew agreements with us, or not enter into new agreements on terms acceptable to us or at all or start competing with us.
- Failure to enable or train sufficient partner resources to promote, sell, and support to scale to targeted markets.
- Partners might not develop a sufficient number of new solutions and content on our platforms or might not provide high-quality products or services to meet customer expectations.
- Partners might not embed our solutions sufficiently enough to profitably drive product adoption.
- Partners might not adhere to applicable legal and compliance regulations.
- Partners and their products might not meet quality requirements expected by our customers or us.
- Partners might not transform their business model in accordance with the transformation of our business model in a timely manner.
- Partners might not be able or might not have capacity to meet customer expectations in terms of service provisioning.
- Partners might fail to comply with contract terms in embargoed or high-risk countries.

If one or more of these risks materialize, this might have an adverse effect on the demand for our products and services as well as the partner's loyalty and ability to deliver. As a result, we might not be able to scale our business to compete successfully with other vendors, which could have an adverse effect on our reputation, business, financial position, profit, and cash flows.

Our future success depends in part on our ability to drive the adoption of our products by international customers.

We are deriving approximately 75% of our revenue from customer accounts located outside Italy. The future success of our business will depend, in part, on our ability to expand our customer base worldwide. While we have been rapidly expanding our sales efforts internationally, our experience in selling our products outside of Italy is limited.

As a result, our investment in marketing our products to these potential customers may not be successful. If we are unable to increase the revenue that we derive from international customers, then our business, results of operations and financial condition may be adversely affected.

We may not be able to properly protect and safeguard our critical information and assets, business operations, cloud offerings and portfolio presentation, and related infrastructure against disruption or poor performance.

We are highly dependent on the availability of our infrastructure, and the software used in our cloud portfolio is inherently complex.

This could lead to risks impacting successful cloud operations, such as:

- Capacity shortage and our inability to deliver and operate cloud services in a timely and efficient manner as expected by or committed to our customers
- Customer concerns about the ability to scale operations for large enterprise customers
- Incomplete cloud portfolio representation or strategic directions of cloud operations that may not fully meet customer demands and potentially lead to a disconnected customer orientation
- Lack of hyperscaler availability and/or infrastructure stability, which may lead to challenges in meeting Service Level Agreement (SLA) commitments
- Lack of sufficient 'future skills' for delivering and operating hybrid environments
- Lack of tools to manage and optimize operations while providing a seamless end-to-end experience to customers
- Local legal requirements or changes to data sovereignty may lead to customers considering a reallocation of their primary or disaster recovery landscapes to a different data center
- Defects or disruption to data center operations or system stability and availability
- Interruptions in the availability of our cloud applications portfolio could potentially impact customer service level agreements
- System outages or downtimes, failure of our network due to human or other errors, security breaches, or variability in user traffic for cloud applications

- Hardware failures or system errors resulting in data loss, corruption, or incompleteness of the collected information
- Loss of the right to use hardware purchased or leased from third parties could result in delays in our ability to provide our cloud applications
- Scalability demands on infrastructure and operation could lead to cost increase and margin impacts
- Non-adherence to our quality standards in the context of partner co-location of data centers
- Increased Total Cost of Ownership (TCO)
- Customers' cloud service demands might not match our data center capacity investments
- Non-compliance with applicable certification requirements

Any one or more of these events could have a material adverse effect on our business, financial position, profit, and cash flows.

Our reliance on SaaS technologies from third parties may adversely affect our business, results of operations and financial condition.

We rely heavily on hosted SaaS technologies from third parties in order to operate critical internal functions of our business, including enterprise resource planning, customer support and customer relations management services. If these services become unavailable due to extended outages or interruptions, or because they are no longer available on commercially reasonable terms or prices, our expenses could increase. As a result, our ability to manage our operations could be interrupted and our processes for managing our sales process and supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business, results of operations and financial condition.

If we are unable to attract new customers in a cost-effective manner, then our business, results of operations and financial condition would be adversely affected.

In order to grow our business, we must continue to attract new customers in a cost-effective manner. We use a variety of marketing channels to promote our products and platform, such as events and trade shows. We periodically adjust the mix of our other marketing programs. If the costs of the marketing channels we use increase dramatically, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. As we add to or change the mix of our marketing strategies, we may need to expand into more expensive channels than those we are currently in, which could adversely affect our business, results of operations and financial condition. We will incur marketing expenses before we are able to recognize any revenue that the marketing initiatives may generate, and these expenses may not result in increased revenue or brand awareness. We may make in the future significant expenditures and investments in new marketing campaigns, and we cannot guarantee that any such investments will lead to the cost-effective acquisition of additional customers.

If we are unable to maintain effective marketing programs, then our ability to attract new customers could be materially and adversely affected, our advertising and marketing expenses could increase substantially and our results of operations may suffer.

Our technology and/or products may experience undetected defects, coding or configuration errors, may not integrate as expected, or may not meet customer expectations.

Our product strategy and development investment, including new product launches and enhancements, are subject to risks in the following areas, among others:

- Software products and services might not fully meet market needs or customer expectations.
- Software products and services from future acquired companies might not fully comply with our quality standards.
- New products, services, and cloud offerings, including third-party technologies, might not comply with local standards and requirements or might contain defects

or might not be mature enough from the customer's point of view for business-critical solutions after shipment despite all the due diligence we put into quality.

- Inability to define and provide adequate solution packages and scope for all customer segments.
- Inability of algorithms to correctly adapt to evolving circumstances may lead to adverse decision-making processes in the context of artificial intelligence related technologies.
- Inability to fulfil expectations of customers regarding time and quality in the defect resolution process.
- Lack of customer references for new products and solutions.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

If we are unable to attract, develop, retain, and effectively manage our workforce, we might not be able to run our business and operations efficiently and successfully, or develop successful new solutions and services.

Our success is dependent on appropriate alignment of our planning processes for our highly skilled and specialized workforce and leaders. Successful retention and expansion of our highly skilled and specialized workforce in identified strategic areas, are key success factors for us. The availability of such personnel as well as business experts is limited and, as a result, competition in our industry is intense.

We could face risks in the following areas, among others:

- Failure to identify, attract, develop, motivate, adequately compensate, and retain well-qualified and engaged personnel to scale to targeted markets.
- Failure to successfully maintain, upskill, and expand our highly skilled and specialized workforce.
- Poor succession management or failure to find adequate replacements.
- Loss of key personnel.
- Failure to meet short-term and long-term workforce and skill requirements including achievement of internal gender diversity objectives.

- Lack of appropriate or inadequately executed benefit and compensation programs.
- Lack of availability and scalability of business experts and consultants.
- Mismatch of expenses and revenue due to changes in headcount and infrastructure needs, as well as local legal or tax regulations.

Any one or more of these events could reduce our ability to attract, develop, retain, and effectively manage our workforce, which in turn could have an adverse effect on our business, financial position, profit, and cash flows.

Any failure to offer high quality customer support may adversely affect our relationships with our customers and prospective customers, and adversely affect our business, results of operations and financial condition.

Many of our customers depend on our customer support team to assist them in deploying our products effectively to help them to resolve post-deployment issues quickly and to provide ongoing support. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our customers effectively, it could adversely affect our ability to retain existing customers and could prevent prospective customers from adopting our products. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Increased demand for customer support, without corresponding revenue, could increase costs and adversely affect our business, results of operations and financial condition. Our sales are highly dependent on our business reputation and on positive recommendations from developers. Any failure to maintain high quality customer support, or a market perception that we do not maintain high quality customer support, could adversely affect our reputation, business, results of operations and financial condition.

Our controls and efforts to prevent the unauthorized disclosure of confidential information might not be effective.

Confidential information and internal information related to topics such as our strategy, new technologies, mergers and acquisitions, unpublished financial results, customer data, or personal data, could be disclosed prematurely or inadvertently and subsequently lead to market misperception and volatility.

Such disclosure could lead to risks in the following areas, among others:

- Disclosure of confidential information and intellectual property, compromised data (including personal data) through, for example, inappropriate usage of social media by employees.
- Requirement to notify multiple regulatory agencies and comply with applicable regulatory requirements and, where appropriate, the data owner.

Any one or more of these events could have an adverse effect on our market position and lead to fines and penalties. In addition, this could have an adverse effect on our business, reputation, financial position, profit, and cash flows.

Claims and lawsuits against us, such as for IP infringements, or our inability to obtain or maintain adequate licenses for third-party technology, could have an adverse effect on our business, financial position, profit, cash flows, and reputation. Moreover, similar adverse effects could result if we are unable to adequately protect or enforce our own intellectual property.

We believe that we could be subject to claims and lawsuits, including intellectual property infringement claims, as our solution portfolio grows; as we acquire companies with increased use of third-party code including open-source code; as we expand into new industries with our offerings, resulting in greater overlap in the functional scope of offerings; and as non-practicing entities that do not design, manufacture, or distribute products assert intellectual property infringement claims. Moreover, protecting and defending our intellectual property is crucial to our success.

The outcome of litigation and other claims or lawsuits is intrinsically uncertain and could lead, for example, to the following risks:

- Claims and lawsuits might be brought against us, including claims and lawsuits involving customers or businesses we could acquire.

- We might be dependent in the aggregate on third-party technology, including cloud and Web services, that we embed in our products or that we resell to our customers.
- Third parties have claimed, and might claim in the future, that we infringe their intellectual property rights or that we are overusing or misusing licenses to these technologies.
- We integrate certain open-source software components from third parties into our software. Open-source licenses might require that the software code in those components or the software into which they are integrated be freely accessible under open-source terms.
- Despite our efforts, we might not be able to prevent third parties from obtaining, using, or selling without authorization what we regard as our proprietary technology and information. In addition, proprietary rights could be challenged, invalidated, held unenforceable, or otherwise affected. Moreover, the laws and courts of certain countries might not offer effective means to enforce our legal or intellectual property rights. Finally, we may not be able to collect all judgments awarded to it in legal proceedings.
- Some intellectual property might be vulnerable to disclosure or misappropriation by employees, partners, or other third parties.

Third parties might reverse-engineer or otherwise obtain and use technology and information that we regard as proprietary. Accordingly, we might not be able to protect our proprietary rights against unauthorized third-party copying or utilization. Adverse outcomes to some or all of the claims and lawsuits pending against us might result in the award of significant damages or injunctive relief against us or brought against us in the future that could hinder our ability to conduct our business and could have an adverse effect on our reputation, business, financial position, profit, and cash flows. Third parties could require us to enter into royalty and licensing arrangements on terms that are not favourable to us, cause product shipment delays, subject our products to injunctions, require a complete or partial redesign of products, result in delays to our customers' investment decisions, and damage our reputation. Third-party claims might require us to make freely accessible under open-source terms one of our products or third-party software upon which we depend.

Any legal action we bring to enforce our proprietary rights could also involve enforcement against a partner or other third party, which might have an adverse effect on our ability, and our customers' ability, to use that partner's or other third parties' products.

The outcome of litigation and other claims or lawsuits is intrinsically uncertain. Management's view of the litigation might also change in the future. Actual outcomes of litigation and other claims or lawsuits could differ from the assessments made by management in prior periods, which are the basis for our accounting for these litigations and claims under our accounting principles.

Our stock value may be negatively affected by bonus shares

The investors who subscribed the capital increase of 1.000.000 shares on 5 July 2022 issued by 4 Science S.P.A. acquired the right to get 1 additional bonus share for each 5 shares. In order to get these additional shares, investors must hold their investment for 36 months from the listing of the shares on a Stock Exchange or on a Multilateral Trading Facility.

As soon as the investors who acquired the right will get their bonus shares, the other shareholders who don't have bonus shares will be diluted accordingly.

Our stock value may be negatively affected by this event and its consequences.

In our accounting, management uses policies and applies estimates. This could negatively affect our business, financial position, profit, and cash flows.

To comply with our accounting principles, management is required to establish and apply accounting policies as well as to apply judgment, including but not limited to making and using estimates and assumptions. The policies and judgment affect our reported financial figures.

This use of policies and judgment could lead to risks in the following areas, among others:

- New pronouncements by standard setters and regulators as well as changes in common practice or common interpretations of existing standards might force us

to change existing policies. Where such changes trigger significant changes to our processes, we might struggle to implement the changes in a timely manner.

- The facts and circumstances, as well as the assumptions on which our management bases its judgment might change over time, requiring us to change the judgment previously applied.

Both of the above risks could result in significant changes to our reported financials, and could have an adverse effect on our business, financial position, profit, and cash flows.

We might not acquire and integrate companies effectively or successfully.

To expand our business, we plan to acquire businesses, products, and technologies, and we expect to continue doing so in the future.

Acquiring businesses, products, and technologies may present risks to us, including risks related to the following areas, among others:

- Incorrect information or assumptions during the due diligence process for the acquisition (including information or assumptions related to the business environment and/or business and licensing models).
- Failure to integrate acquired technologies or solutions successfully and profitably into our solution portfolio and strategy.
- Failure to successfully integrate acquired entities, operations, cultures, or languages, all within the constraints of applicable local laws.
- Unfulfilled needs of the acquired company's customers or partners.
- Material unidentified liabilities of acquired companies (including legal, tax, IP).
- Failure in implementing, restoring, or maintaining internal controls, disclosure controls and procedures, and policies within acquired companies.
- Incompatible practices or policies (compliance requirements).
- Insufficient integration of the acquired company's accounting, HR, and other administrative systems.

- Failure to coordinate or successfully integrate the acquired company's research and development (R&D), sales, marketing activities, and security and cybersecurity protocols.
- Debt incurrence or significant unexpected cash expenditures.
- Non-compliance with existing standards including applicable product standards such as our open-source product standards.
- Impairment of goodwill and other intangible assets acquired in business combinations.
- Non-compliance of the acquired company with regulatory requirements, for example accounting standards, export control laws, and trade sanctions, for which we with and by the acquisition assumes responsibility and liability, including potential fines and the obligation to remedy the non-compliance.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We might not be able to compete effectively if we strategize our solution portfolio ineffectively or if we are unable to keep up with rapid technological and product innovations, enhancements, new business models, and changing market expectations.

Our future success depends on our ability to keep pace with technological and process innovations and new business models, as well as on our ability to develop new products and services, enhance and expand our existing products and services portfolio, and integrate products and services we obtain through acquisitions. To be successful, we are required to adapt our products and our go-to-market approach to a cloud-based delivery and consumption model to satisfy increasing customer demand and to ensure an appropriate level of adoption, customer satisfaction, and retention.

Considering preceding dependencies, this could lead to risks in the following areas, among others:

- Inability to bring new business models, solutions, solution enhancements, intelligent technologies, integrations and interfaces, and/or services to market before our competitors or at equally favourable terms.

- Inability to develop and sell new cloud products spanning various organizations on time and in line with market demands due to complexity in heterogeneous technical environments.
- Inability to anticipate and develop technological improvements or succeed in adapting our products, services, processes, and business models to technological change, changing regulatory requirements, emerging industry standards, and changing requirements of our customers and partners.
- Uncertainties regarding new solutions, technologies, and business models as well as delivery and consumption models might lead customers to wait for proofs of concept or holistic integration scenarios through reference customers or more mature versions.
- Lower level of adoption of our new solutions, technologies, business models, and flexible consumption models, or no adoption at all.
- Our product and technology strategy might not be successful, or our customers and partners might not adopt our technology platforms, applications, or cloud services quickly enough or they might consider other competing solutions in the market, or our strategy might not match customers' expectations, specifically in the context of expanding the product portfolio into additional markets.
- Increasing competition from opensource software initiatives, or comparable models in which competitors might provide software and intellectual property free and/or at terms and conditions unfavourable for us.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We may have additional tax liabilities, which could harm our business, results of operations and financial condition.

Significant judgments and estimates are required in determining our provision for income taxes and other tax liabilities. Our tax expense may be impacted, for example, if tax laws change or are clarified to our detriment or if tax authorities successfully challenge the tax positions that we take.

Any future exposure could differ materially from our future estimates, and if the actual payments we make to these and other states exceed the accrual in our balance sheet, our results of operations would be harmed.

We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations and our presence outside of Italy, improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets. If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders

could suffer significant dilution. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favourable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. As of June 30, 2019, we carried a net Euros 1.657.369 of goodwill and intangible assets. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value

that could result in an impairment charge to our goodwill or intangible assets. Any such charges may adversely affect our results of operations.

If we lose our status of “PMI innovativa” our investors may lose their tax incentive and our business may be negatively impacted

Decree-Law no. 179 of 18 October 2012, approved with amendments by Law no. 221 of 17 December 2012, also known as the “decreto crescita-bis” (“growth decree bis”), introduced an organic framework of rules concerning the setup and development of innovative PMI companies. These provisions, aimed at creating favourable conditions and tools for the setup and development of innovative startups, were thought to introduce, as indicated in the report accompanying the decreto crescita-bis, “for the first time in the Italian legislative scenario, a consistent national benchmark framework for startups”.

In order to promote investment in innovative startups, the DL introduced a reduction in income tax – resulting from tax credits or deductions – for those who invest in the capital of innovative startups. Subsequently, this reduction in income tax has been extended to another category of companies (the so-called “PMI innovative”).

Currently our company has the status of “PMI innovativa”. If in the future we lose this status, our investors may lose the eventual tax incentive tied to their investment.

This event could have a negative effect on our business, financial position, profit, and cash flows.

If we lose one of our senior executive our business, financial position, profit, and cash flows may be negatively affected

Our success depends to a large extent on the abilities of our senior executives and of the other components of the management team to manage efficiently our company. If we should lose the contribution of key executives, this could have a negative effect on the business, financial position, profit, and cash flows.

We may have potential conflicts of interest Itway S.P.A.

Questions relating to conflicts of interest may arise between us and Itway SpA, our relevant shareholders (with 71.43% stake in 4 Science S.P.A.), in a number of areas relating to the management of our company, as well as our past and ongoing relationships.

These ownership interests could create actual, perceived or potential conflicts of interest when these parties or our common directors and officers are faced with decisions that could have different implications for us.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

Risks related to the missing adoption of the organization model as per the Decree-Law no. 231/2001

As of today, we have not aligned our internal procedures to the provisions included in the Decree-Law no. 231/2001. In the case of violations performed by our board members, managers or employees (or board members, managers or employees of our controlled and/or affiliated companies), we may get penalties tied to the rules about the responsibilities of companies and institutions.

This event could have a negative effect on our business, financial position, profit, and cash flows.

2. Market-specific risks

Uncertainty in the global economy, financial markets, social and political instability caused by state-based conflicts, terrorist attacks, civil unrest, war, or international hostilities could lead to disruptions of our business operations or have a negative impact on our business, financial position, profit, and cash flows.

We are influenced by multiple external factors that are difficult to predict and beyond our influence and control. Any of these factors could have a significant adverse effect on the overall economy as well as on our business.

The following potential events, among others, could bring risks to our business:

- The situation referred to “Coronavirus” and its economic effects can have an important economic repercussion on the operating turnover of our customers, which could impact negatively on our business.
- General economic, political, social, environmental, market conditions, and unrest (for example, other than the current situation in Ukraine, United States–China supply chain restrictions, United States–North Korea conflicts, western pressure on Iran, UK/Brexit, unrest in Hong Kong, and so on)
- Continued deterioration in global economic conditions (impact on accurate forecast) or budgetary constraints of national governments.
- Confrontations, frictions, trade or tariff conflicts such as that between the United States and China, with potential global implications as indicated by signs of a widespread economic slowdown, maybe even leading to a recession.
- Financial market volatility episodes, global economic crises and chronic fiscal imbalances, slowing economic conditions, or disruptions in emerging markets.
- Higher credit barriers for customers, reducing their ability to finance software purchases.
- Increased number of bankruptcies among customers, business partners, and key suppliers.
- Terrorist attacks or other acts of violence, civil unrest, natural disasters, or pandemic diseases impacting our business.
- Regional conflicts, which may affect data centers as critical infrastructure assets.

Any of these events could limit our ability to reach our targets as they could have a negative effect on our business operations, financial position, profit, and cash flows.

A cybersecurity attack or breach, or cybersecurity vulnerabilities in our products, infrastructure, or services, or economic espionage could result in significant legal and financial exposure and have a material adverse effect on our customers, partners, financial performance, profit, cash flows, operations, brand, reputation, competitive position, the perception of our products and services by current and prospective customers, and our business in general.

As we continue to grow organically and in the future also through acquisitions, deliver a full portfolio of solutions via the cloud, host or manage elements of our customers' businesses in the cloud, process large amounts of data and offer more mobile solutions to users, in each case either directly or through partners and other third parties, we face a progressively more complex and threatening cybersecurity environment. The severity of the challenges posed by this cybersecurity environment is amplified due to the increasingly sophisticated and malicious global cybersecurity threat landscape in which we operate, including third-party data, products, and services that we incorporate into our products and services, and the continually evolving and increasingly advanced techniques

employed by threat actors targeting IT products and businesses in general. Such threat actors include, but are not limited to, highly sophisticated parties such as nation-states and organized criminal syndicates. When we become aware of unauthorized access to our systems, we take steps intended to identify and remediate the source and impact of the incursions, and steps to comply with related necessary notification and disclosure obligations. To date, none of the incursions we have identified has had a material adverse effect on our business. However, we do not have visibility into all unauthorized incursions, and our systems may be experiencing ongoing incursions of which we are not aware. In addition, while we are continually taking steps to enhance our cybersecurity defenses, increased investments, coordination, and resources are required to achieve our objective of ensuring over time that our cybersecurity infrastructure meets or exceeds evolving industry standards. Achieving this objective will require continued effort and vigilance, including sustained investment of money and management resources in order to support the ongoing development and maintenance of systems that meet these standards. As a result, we are subject to risks and associated consequences in the following areas, among others:

- Identified or undetected cybersecurity defects and vulnerabilities.
- Increased complexity and risk of exploitation due to utilization of open-source software components.
- Exposure of our business operations and service delivery due to a number of threats, including virtual attack, disruption, damage, and/or unauthorized access,

theft, destruction, industrial and/or economic espionage, serious or organized crime, and other illegal activities, as well as violent extremism and terrorism.

- Abuse of data, social engineering, misuse, or trespassers in our facilities, or systems being rendered unusable.
- State-driven economic espionage or competitor-driven industrial espionage, and criminal activities including, but not limited to, cyberattacks and breaches against cloud services and hosted on-premise software, whether managed by us or our customers, partners, or other third parties.
- Disruptions to back-up, disaster recovery, or business continuity management processes.
- Disruptions due to exposure of our network systems to cybersecurity attacks via defects and vulnerabilities in the IT systems of our customers, or in the systems of third parties that facilitate our business activities such as cloud service providers, including those that are beyond our cybersecurity infrastructure and protocols.
- Failure to securely and successfully deliver cloud services by any cloud service provider could have a negative impact on customer trust in cloud solutions.
- Cybersecurity threats for us and our customers due to delayed or insufficient responses to identified cybersecurity issues attributable to complexity, interdependencies or other factors.
- Challenges in effectively synchronizing cybersecurity processes across our various lines of business in a heterogeneous environment.
- Insufficient or ineffective asset management potentially endangering secure operations.
- Customer systems or systems operated by us being compromised by vulnerabilities due to threat actor exploitation.
- Operational disruptions due to an increasing number of destructive malware, ransomware, or other cybersecurity attacks.
- Breach of cybersecurity measures due to, for example but not limited to, employee error or wrongdoing, system vulnerabilities, malfunctions, or attempts of third parties to fraudulently induce employees, users, partners, or customers to gain access to our systems, data, or customers' data.

- Failure to maintain a sufficient complement of personnel with sufficient levels of knowledge, experience, and training in cybersecurity matters necessary to support our evolving cybersecurity needs and commensurate with the increasingly complex and sophisticated threat landscape.
- Increased challenges due to an expanding and morphing cyberattack surface attributable to interconnected technologies such as Internet of Things (IoT) accompanied by an elevation of entry and endpoints.
- Expansion of cybersecurity attack surface due to increased connectivity of operational data.
- Material recovery costs as well as significant contractual and legal claims by customers, partners, authorities, and third-party service providers which could expose us to significant expense and liability and/or result in the issuance of orders, judgments, or consent decrees that could require us to modify our business practices.
- Material costs to attempt to detect, prevent, and mitigate any successful attacks, including but not limited to the costs of third-party legal and cybersecurity experts and consultants, insurance costs, additional personnel and technologies, organizational changes, and incentives to customers and partners to compensate for any losses and/or retain their business.
- Increasing sophistication, proliferation, and escalation in frequency, severity, and impact of cybersecurity attacks.
- Inability to discover a cybersecurity breach or a loss of information either fully, in a timely manner, for a significant amount of time after the breach, or at all.
- Inability to anticipate attacks or implement sufficient mitigating measures.
- Insufficient investment, coordination, or resources to achieve our objective of ensuring over time that our cybersecurity infrastructure meets or exceeds evolving industry standards, and defending against the ever-evolving and emerging threat landscape.
- Material costs and time associated with enhancing our cybersecurity infrastructure, which may impact the ongoing pace of development and delivery of our products and services, and our financial performance.

- Failure to integrate our cybersecurity infrastructure and protocols with other network systems obtained through acquisition, including addressing cybersecurity defects and vulnerabilities in acquired systems.
- Failure to maintain our cybersecurity infrastructure and protocols in connection with the divestiture of businesses and network systems from us.
- Inaccurate or incomplete third-party or our audit results, certifications, or representations concerning the adequacy of our cybersecurity infrastructure and protocols.
- Customer concerns and loss of confidence in the current or future security and reliability of our products and services, including cloud solutions, and the resulting termination of key contracts by customers and partners.

Any one or more of these events could have a material adverse effect on our business, financial position, profit, and cash flows.

Non-compliance with increasingly complex and stringent, sometimes even conflicting, applicable data protection and privacy laws or failure to adequately meet the contractual requirements of our customers with respect to our products and services could lead to civil liabilities and fines, as well as loss of customers and damage to our reputation, and could have a material adverse effect on our financial performance and our business in general.

As a global software and service provider, we are required to comply with local laws wherever we do business. One of the latest major harmonizations of European data protection laws has been the General Data Protection Regulation (GDPR).

Furthermore, evolving regulations and new laws globally (such as the California Consumer Privacy Act and the EU's proposed e-Privacy Regulation) regarding data protection and privacy or other standards increasingly aimed at the use of personal information, such as for marketing purposes and the tracking of individuals' online activities, may impose additional burdens for us due to increasing compliance standards that could restrict the use and adoption of our products and services (in particular cloud services) and make it more challenging and complex to meet customer expectations.

This could lead to increased risks for us, which could harm our business and limit our growth.

Non-compliance with applicable data protection and privacy laws by us and/or any of the sub-processors engaged by us within the processing of personal data could lead, for example, to risks in the following areas:

- Mandatory disclosures of breaches to affected individuals, customers, and data protection supervisory authorities.
- Investigations and administrative measures by data protection supervisory authorities, such as the instruction to alter or stop non-compliant data processing activities, including the instruction to stop using non-compliant subcontractors.
- Fines of up to 4% of our annual Group turnover, or unlimited fines.
- Damage claims by customers.
- Harm to our reputation.
- Increased complexity in times of digitalization with regards to legal requirements in the context of cross-border data transfer.
- Lack of digital frameworks such as in the context of machine learning or artificial intelligence could lead to distortion of individual data or information.

Any one or more of these events could have a material adverse effect on our business, financial position, profit, and cash flows.

The market price for ordinary shares may be volatile.

The market prices of our ordinary shares have experienced and may continue to experience significant volatility in response to various factors including, but not limited to:

- unauthorized or inadvertent premature disclosure of confidential information, including information concerning pending acquisition negotiations or acquisition rumors;
- fines, penalties or civil liabilities as a result of potential compliance violations in the context of alleged facts in ongoing or future investigations;

- proposed and completed acquisitions or other significant transactions by us or our competitors;
- the announcement of new products or product enhancements by us or our competitors;
- technological innovation by us or our competitors;
- variations in our results or our competitors' results of operations or results that fail to meet market expectations;
- changes in revenue and revenue growth rates on a consolidated basis or for specific geographic areas, business units, products or product categories;
- changes in our externally communicated outlook and our midterm ambitions;
- changes in our capital structure, for example due to the potential future issuance of additional debt securities;
- general market conditions specific to particular industries;
- litigation to which we are a party;
- cybersecurity attacks and breaches;
- low volumes due to our market capitalization and connected to the market where we are listed;
- general and country specific economic or political conditions (particularly wars, terrorist attacks, etc.); and general market conditions.

Many of these factors are beyond our control. In the past, companies that have experienced volatility in the market price of their stock have been subject to shareholder lawsuits, including securities class action litigation. Any such lawsuits against us, with or without merit, could result in substantial costs and the diversion of management's attention and resources, resulting in a decline in our results of operations and our stock price.

Changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself may diminish the demand for our products, and could adversely affect our business, results of operations and financial condition.

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communications and business applications. Government

bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and platform in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications generally, or result in reductions in the demand for Internet-based products and services such as our products and platform. In addition, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by “viruses”, “worms”, and similar malicious programs. If the use of the Internet is reduced as a result of these or other issues, then demand for our products could decline, which could adversely affect our business, results of operations and financial condition.

External factors could impact our liquidity and increase the default risk associated with, and the valuation of, our financial assets.

Macroeconomic factors such as an economic downturn could have an adverse effect on our future liquidity. We use a globally centralized financial management approach to control financial risk, such as liquidity, exchange rate, interest rate, counterparty, and equity price risks. The primary aim is to maintain liquidity in our Group at a level that is adequate to meet our obligations at any time.

However, adverse macroeconomic factors could increase the default risk associated with the investment of our total Group liquidity, and could lead to the following risks, among others:

- Group liquidity shortages.
- Inability to repay financial debt.
- Increased default risk of financial investments, which might lead to significant impairment charges in the future.

- Limitation of operating and/or strategic financial flexibility.

Any one or more of these events could have an impact on the value of our financial assets, which could have an adverse effect on our business, financial position, profit, and cash flows.

As an international company, we may be subject in the future to various financial risks related to currencies, interest rates, and share price fluctuations, which could negatively impact our business, financial position, profit, and cash flows.

Because we operate throughout the world, we may consider that a portion of our business can be conducted in foreign currencies. In 2021, the portion of our business that was conducted in foreign currencies was totally not relevant, but in the future this situation may change and it may become more relevant for us. This foreign currency business therefore gets translated into our reporting currency, the Euro.

This could lead to the following risks, among others:

- Period-over-period fluctuations.
- Exchange rate risks with currency appreciation or depreciation, or risks related to currency devaluation (legal and/or administrative changes to currency regimes).
- Interest rate fluctuation.
- Share price fluctuation impacting cash outflows for share-based compensation payments.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.