



***Directors' report on operations
of
4Science S.p.A.
For the fiscal year as of
December 31, 2023***

Social bodies

Board of Directors

(Until the approval of the December 31, 2024 Financial Statements)

<i>Name and last name</i>	<i>Position</i>
Giovanni Andrea Farina	President
Cesare Valenti	Chief Executive Officer
Massimo Grosso	Director
Maurizio Di Costanzo	Director

Board of Statutory Auditors

(Until the approval of the December 31, 2024 Financial Statements)

<i>Name and last name</i>	<i>Position</i>
Andrea Magnani	President
Silvia Caporali	Member
Stefano Sgarzani	Member

Auditing company

HLB Analisi S.p.A.

Report on operations as of December 31, 2023

In the current Report on operations as of December 31, 2023, the analysis of the economic performance relates to the situation from January 1, 2023 to December 31, 2022 compared with that in the same period of 2022. The net financial position and financial data refer to December 31, 2023 compared with the balances as of December 31, 2022.

Performance of the Company and the reference market

The current financial statements were drafted on a going concern basis; the accounting principles and the valuation criteria referred to for the drafting of the financial statements as of December 31, 2023, are the national accounting principles. In the context of the current economic uncertainty described below, please note that the forecasts used to draft the financial statements have their component of risk and uncertainty. It cannot be ruled out, therefore, that, in the near future, the results achieved could differ from those forecast, requiring revisions that today cannot be either estimated or forecast.

In 2023, the Company strengthened its market positioning on the so-called Big Data, focusing on the segments of Data Management Systems and Digital Repositories specialized for the sectors of scientific research and cultural heritage.

The Company's legal headquarters are in Milan, in Viale A, Papa 30. The administrative headquarters are in Ravenna, in Via L, Braille 15, There are secondary headquarters in Rome and Naples.

Following is the reclassified condensed income statement as of December 31, 2023 compared with that of the previous fiscal period:

<i>Euro</i>		
	31/12/23	31/12/22
Revenue	2,654,859	2,242,087
Other operating revenue	924,818	846,869
Total revenue	3,579,677	3,088,956
Direct cost of sales	(770,140)	(354,992)
Gross Profit	2,809,537	2,733,964
<i>GP%</i>	78,5%	88,5%
Overheads		
Costs for services	(514,096)	(302,182)
infra-group management services	(103,300)	(149,000)
Personnel costs	(1,981,645)	(1,533,705)
Other operating costs	(46,985)	(39,483)
Total Overheads	(2,646,026)	(2,024,370)
Ebitda	163,511	709,594
<i>Ebitda%</i>	4,7%	23,1%
Amortization	(292,562)	(263,654)
Ebit	(129,051)	445,940
Financial proceeds and charges	(178,473)	(130,531)
Profit before tax	(307,524)	315,409
Taxes	104,428	(83,334)
Result for the period	(203,096)	232,075

In the fiscal year that ended December 31, 2023, total revenue grew by 15,9%, with revenue for products and services up 18,4% compared with 2022, while general costs increased 30%. EBITDA was Euro 164 thousand, down 76% compared with 2022, while EBIT was a negative Euro 129 thousand and the result for the period was a negative Euro 203 thousand.

Despite the non-marginal increase in sales, the rise in operating costs led to a worsening of EBITDA compared with the previous fiscal period, both in value and as a percentage of revenue.

The higher costs mainly relate to the investments underway to adjust the company to the envisioned growth plans for the next few years. Considering that the company bases its value on the capability of offering services, the most relevant investments regard the growth in personnel that saw an increase in costs of Euro 448 thousand, growing from 27 units (on December 31, 2022) to 38 units (December 31, 2023). The cost increase reflects hiring qualified personnel, with an increase of 11 units in sales, project managers, analysts, developers, service desk analysts, systems engineers, and back-office personnel, as envisioned in the company's investment plan.

The hiring and training of new resources so conspicuously inevitably led to lower internal efficiency in delivering revenue (the impact on the value of revenue secured) and in the efficiency in supplying services (effect on the margins of the revenue secured) as senior personnel was busy

training and transferring know-how to the new entrants and the fact that new-hires were junior personnel.

Please note that the technical and domain expertise needed to work efficiently in 4Science is highly specialistic and not easily found on the market and, therefore, requires a lot of training investments over time. Even though this process will continue throughout 2024, the lower phase of efficiency and production capability seen in 2023 will improve in the next fiscal period,

During the 2023 fiscal year, the number of orders was steady compared with 2022 at Euro 2,304 thousand, reflecting the development of the CRIS and GLAM markets resulting from the investments made in past years and still underway.

The orders include the first awards to the company through its US operations following the opening of 4Science Corporation in 2023.

On December 4, 2023, 4Science S.p.A, signed a binding agreement to buy a 60% stake in Seacom S.r.l., an ICT player based in Navacchio (PI) with over 20 years of open-source experience and significant architectural skills (Leading Open Source Architects). Seacom is a partner of 4Science in some leading projects, and there are many synergies between the two companies. Seacom has a staff of 34 highly specialized people, and, in particular, the Seacom business model combines two distinctive units: i) data management, log and data analysis and security services (Business Intelligence), and ii) the value-added distribution of Zimbra, which is a leader in the EMEA region.

The consideration agreed with the Shareholder of Seacom is mixed, with a part in cash paid upon closing and an earn-out based on the achievement of predetermined EBITDA levels in 2023 and 2024. At the same time of the execution of the transaction, in the context of the re-investment by the founding shareholder of Seacom and, therefore, in complete alignment with the interests in the 4Science business plan, Stefano Pampaloni, the Seller, will underwrite a capital increase, indivisible, with the exclusion of pre-emptive rights under article 2441, paragraph 5, of the Civil Code for an overall Euro 450,000 (including share premium) through the issue of No. 150,000 new ordinary 4Science shares without par value at the subscription price of Euro 3.00 (including share premium) per share in cash, also by offsetting.

The agreements between the parties also provide for call/put options which regulate the possible purchase by 4Science within 5 years of the closing of the further 40% of Seacom S.r.l.

Seacom is a Benefit Corporation, and in 2023, it drafted its first Gender Report and is implementing the international Bcorp certification.

As stated in the “Subsequent events” paragraph, the transaction was closed on March 5, 2024.

Sector performance

4Science is on the market as a reference point in the Research & Data Management Systems sector, which is part of the broader Big Data market, offering its clients Digital Repositories solutions to manage and preserve the digital heritage, whether related to academia or the dissemination of scientific research both in terms of cultural assets and archives, the so-called Digital Libraries. Thanks to these solutions, the Value Proposition of the 4Science solutions is always tailored to the increase in prestige, the impact, and the visibility of the cultural and research heritage from which the institutions that adopt the solutions benefit.

Even if based on the same open-source Dspace software platform, already broadly adopted around the world for which 4Science secured a leadership role being a primary contributor, thanks to the significant investments in terms of software development that 4Science carried out, we can talk about to major market segments that we target: the CRIS (Current Research Information Systems) market comprising Universities and higher education institutions, international organizations, scientific and research hospitals (IRCCS) and GLAM (Galleries Libraries Archive Museums) solutions comprising Libraries, Conservatories, Archives, and Museums.

To date, CRIS represents the majority of the turnover of 4Science (almost 60%), thanks to the contribution and confidence from the international market that already boasts constant development and a very productive funnel (suspect and prospect). Currently, the international market represents approximately 54% of total revenue. We expect to develop it further thanks to the sales activities at the US headquarters, with the legal headquarters in Delaware and the operational one in Kansas City, Missouri.

2023 was a year of consolidation and growth for 4Science through the value of orders received and the addition of new clients. The most relevant include the Confederation of Open Access Repositories (COAR, an international association of over 160 members in over 50 countries representing libraries, universities and research institutes) that, in the context of a \$4 million received from UK charity ARCADIA, chose 4Science to implement the innovative Notify protocol (a game changer, a new paradigm, in the world of data management in research and scientific communication) in the DSpace technology, in which 4Science is a global leader.

Supporting the Dspace innovation and following investments made with the opening of the US headquarters of 4Science in the previous fiscal period, also the California Digital Library, the service of the Universities of California, awarded 4Science a significant contract to develop the software for the open-source community, another source of growth for the company and for solutions and products.

The new most prestigious clients acquired include the University of Cambridge (Ranked 2 in the 2023 QS World University Rankings), Harvard University (ranked 5th in the QS Ranking), and Imperial College of London (ranked 6th in QS Ranking).

Several other clients confirmed their confidence in 4Science to continue their projects in managing research data, including Princeton's Institute of Advanced Study, the National University of Singapore (ranked 11th in QS Ranking), EPFL of Lausanne (ranked 16th in QS Ranking), Nanyang Technological University in Singapore (ranked 19th in QS Ranking), the University of Bern, the capital of Switzerland, and the Fraunhofer Society, the most important applied research institution in Europe.

As far as the GLAM market is concerned, on the Italian market, we report the acquisition of a contract with Trentino Digitale for the implementation of a Digital Asset Management (DAM), delivered in cloud - SaaS mode and based on the open-source software Dspace GLAM, to manage the digital assets of the Autonomous Province of Trento's Superintendency and of the affiliated local authorities (War Museum, Rovereto Municipal Library, Trento Municipal Library). There was also the first significant GLAM order at an international level with the award of a tender from the Greek National Archive.

Personnel

The average number of employees of 4Science in the period was 34 units (26 as of December 31, 2022), while the punctual number at the end of the fiscal period was 38 units 27 as of December 31, 2021). The 11-unit increase is due to hiring technical staff as described above. Following is a breakdown by professional category, compared with the previous fiscal year.

	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	<i>Avg</i>	<i>Avg</i>	<i>Punctual</i>	<i>Punctual</i>
Executives	3	3	3	3
Mid-managers	2	1	2	1
Employees	29	22	33	23
Total	34	26	38	27

Net Financial Position

Following is the detailed Net Financial Position:

	31/12/23	31/12/22
Cash on hand	336.875	1.435.462
Financial receivables	1.416.814	1.806.603
Current financial liabilities	(238.232)	(262.494)
Current net financial position	1.515.457	2.979.571
Non-current financial liabilities	(1.065.264)	(974.162)
Total net financial position	450.193	2.005.409

The net financial position (NFP) as of December 31, 2023, was a positive Euro 450 thousand, down from Euro 1.6 million at the close of the 2022 fiscal year. The payment of expired tax debt and investments in development costs and other activities were the most significant factors contributing to the decline. Financial receivables of Euro 1.417 million reflect the amount credited to 4Science in the correspondent current account with the parent company Itway S.p.A, decreased due to the offsetting trade payables to the parent company. The repayment of the funding to Itway S.p.A. will be in a manner that is compatible with the industrial plan of 4Science and, in any case, within three years. This repayment could be earlier in case of the successful completion of eventual extraordinary and/or non-recurring transactions by Itway.

Research and Development

During 2023, the investments that began in previous fiscal periods continued with an increase of Euro 544 thousand in assets under construction due to development activities carried out in the year (Euro 716 thousand as of December 31, 2022).

The products that 4Science develops are based on an open-source technology called Dspace (an open-source solution previously promoted by Duraspace that is now Lyrasis.org) and tailored for 4Science's reference markets: Digital Libraries for cultural heritage and Digital Repositories for scientific research.

The implementations deployed during the year, in addition to those of previous years, allow the company to have a portfolio including: DSpace, DSpace-CRIS, and DSpace-GLAM in addition to some add-ons including IIF Image Viewer, Document Viewer, OCR&Transcription, Video Audio Streaming, UX Plus, Analytics&Reporting.

All products that 4Science manages are released to clients in open-source mode, giving a very significant competitive advantage. The company does not own the DSpace platform, whose intellectual property belongs to Lyrasis/Duraspace. However, it can develop and distribute, in open-source mode, the verticalization of these solutions while offering the same time maintenance and support services. The company develops the previously mentioned add-ons and owns their intellectual property, distributing them in open-source mode, just like the DSpace platform.

Risk management

The Company is exposed to financial risk deriving from the global economic situation even though it is not exposed to the Russian, Belarus, or Ukrainian markets and does not handle technologies and services coming from these markets. 4Science uses the Euro as a reference currency and for its purchasing and sales activities, while transactions in other currencies are not significant and, therefore, we see no potential currency risk.

The main financial assets of the Group are trade receivables and cash and cash equivalents that derive directly from operations and the financial transactions described above. Financial liabilities refer to the 60-month financing received by Banca Progetto. The interest rate applied to this

funding is variable (Euribor + spread), so the company is exposed to risks for changes in interest rates just for this financing as it has no other financial liability booked in the financial statements.

Regarding risks of potential losses deriving from counterparties not fulfilling their obligations, please note that the Company does not have significant concentrations of credit risk and has implemented procedures and measures to assess the clientele and the possible recovery measures

Subsequent events

On March 5, 4Science closed the transaction to buy a 60% stake in Seacom S.r.l and, on the same day, the extraordinary shareholders' meeting of 4Science S.p.A. deliberated to launch a paid capital increase, indivisible, with the exclusion of pre-emptive rights according to article 2441, paragraph 5 of the Civil Code, for an overall Euro 450,000 (including share premium) through the issue of 150,000 new ordinary 4Science shares without nominal value at a subscription price of Euro 3.00 (including share premium) per share in cash reserved for Mr Stefano Pampaloni.

The payment of the cash component for the purchase of the 60% stake in Seacom S.r.l. was funded through a 60-month, Euro 1.5 million financing from Banca Progetto with monthly repayments.

Foreseeable evolution of operations

The 2024 fiscal year began with a moderate order backlog and good prospects for new orders with a promising growth outlook related mainly to the international market, namely the US one.

The significant investments in personnel carried out during 2023, in addition to the reorganization of activities that we undertook last year, will have positive effects on the new operating structure, both in terms of revenue growth and improving profitability. The company is now one of the major service providers at a global level of the Dspace platform with a leading role within the US steering committee that defines its development and future development; this leading role, combined with the greater production capacity of our software factory, will enable us to grow on the international and national markets.

The direct presence in the US market, which already bore its fruits during the 2023 fiscal year, will also represent a source of growth, generating many negotiations to convert into sales in a market that certainly offers many opportunities..

Relations with companies of the same Group and with related parties

During 2023, 4Science S.p.A. had commercial and financial relationships with related parties. These relationships were part of the ordinary management activity, regulated at market conditions established by contract by the parties in line with the standard procedures. Following is a breakdown:

Euro	Receivables	Payables	Costs	Revenue
4Science S.p.A. vs Itway S.p.A.	1.961.811	115.300	115.300	171.117
4Science S.p.A. vs 4Science USA Corporation	35.964	-	-	91.546
4Science S.p.A. vs Itway Turkyie	262.450	-	-	261.550
TOTAL	2.260.225	115.300	115.300	524.213

Itway S.p.A. directs and coordinates 4Science S.p.A. This activity consists in indicating the general strategic and operational direction of the Group, defining and adjusting the organizational Model and elaborating the general policies to manage human and financial resources.

Own shares and those of the parent company

The company's share capital is Euro 61,000 and divided into No. 7 million shares without nominal value indication. The company does not own treasury shares or shares in the parent company and does not have financial instruments.

Milan, March 21, 2024

FOR THE BOARD OF DIRECTORS

The President
G.Andrea Farina



Financial Statements

Balance sheet assets		31/12/2023	31/12/2022
A	Receivables from shareholders for payments still due	0	0
B	FIXED ASSETS		
I	Intangible assets	2,424,814	2,078,873
	1) start-up and expansion costs	141,605	109,557
	2) development costs	471,772	693,271
	4) license trademarks concessions and similar rights	21,887	30,550
	6) fixed assets in progress	1,789,550	1,245,495
II	Property, plant, and equipment	24,332	26,434
	4) other goods	24,332	26,434
III	Financial fixed assets	185,129	185,129
	1) Investments in:		
	a) subsidiaries	151,210	151,210
	d-bis) others	33,919	33,919
	Total fixed assets	2,634,275	2,290,436
C	CURRENT ASSETS		
I	Inventories	928,680	847,380
II	Receivables	2,837,496	2,978,762
	1) accounts receivables	337,072	640,984
	2) subsidiary receivables	35,964	16,336
	3) affiliate receivables	262,450	-
	4) parent company receivables	1,961,811	2,243,600
	5 bis) tax receivables	234,439	74,962
	5 ter) deferred tax	5,760	2,880
III	Financial assets other than fixed assets	6,768	5,568
	6) other	6,768	5,568
IV	Cash	336,875	1,435,461
	1) bank and postal deposits	336,865	1,435,451
	3) money and cash	10	10
	Total current assets	4,109,819	5,267,171
D	Accruals and deferrals	56,703	45,155
TOTAL ASSETS		6,800,797	7,602,762

Balance sheet liabilities		31/12/2023	31/12/2022
A	Net equity:		
I	Share capital	61,000	61,000
II	Share premium reserve	2,790,000	2,790,000
III	Revaluation reserve	-	-
IV	Legal reserve	13,777	2,153
V	Statutory reserve	-	-
VI	Other reserves, specifically:	-	-
	Voluntary reserve	220,452	-
	Merger surplus reserve	200,163	200,163
	Advance payment for capital increase	150,000	150,000
VIII	Retained earnings (losses)	686,631	686,631
IX	Profit (loss) for the period	(203,096)	232,075
	Total net equity	3,918,927	4,122,022
B	Provision for risks and charges	-	-
C	Severance pay	317,185	250,641
D	Payables	2,399,964	3,038,585
	4) bank payables	1,303,496	1,236,656
		<i>within 12 months</i>	<i>238,232</i>
		<i>over 12 months</i>	<i>974,162</i>
	7) account payables	352,071	308,887
	11) parent company payables	115,300	503,000
	12) tax payables	244,194	622,667
	13) social security payables	153,558	197,013
	14) other payables	231,345	170,362
E	Prepaid expenses and deferred charges	164,721	191,514
	TOTAL LIABILITIES	6,800,797	7,602,762

Income Statement

Income Statement		31/12/2023	31/12/2022
A	Value of production		
1	revenue from sales and services	2,654,859	2,242,087
4	increase in fixed assets for internal work	544,055	672,800
5	other revenue and proceeds	380,763	174,069
	Total value of production	3,579,677	3,088,956
B	Cost of production		
6	for goods	163,085	62,007
7	for services	1,224,451	744,167
8	third-party use	28,844	30,261
9	for personnel	1,981,646	1,533,705
	a) salaries and wages	1,449,877	1,115,911
	b) social charges	426,297	318,036
	c) severance pay	98,472	94,057
	d) pensions and similar	-	-
	e) Other costs	7,000	5,700
10	amortization and depreciation	292,562	263,654
	a) amortization of fixed intangible assets	283,679	255,024
	b) amortization of fixed tangible assets	8,883	8,630
	c) other write-downs of fixed assets	-	-
12	provision for risk	-	-
13	other provisions	-	-
14	other management charges	18,140	9,223
	Total cost of production	3,708,728	2,643,016
	Difference between value and cost of production (A-B)	(129,051)	445,940
C	Financial proceeds and charges		
16	other financial proceeds and charges: Proceeds other than the above with separate disclosure of those from subsidiaries and affiliates and to the parent company	63,118	-
17	Interest and other financial charges with separate disclosure for those of subsidiaries and affiliates and to the parent companies	241,591	130,531
	Total financial proceeds and charges	(178,473)	(130,531)
D	Value adjustments of financial assets	-	-
	Total value adjustments of financial assets	-	-
	Result before taxes (A-B+- C +-D)	(307,524)	315,409
20	Income taxes, current and deferred		
	a) Current taxes	(104,428)	86,214
	c) Deferred and prepaid taxes	-	(2,880)
	Total taxes	(104,428)	83,334
21	Profit (Loss) for the period	(203,096)	232,075

Cashflow statement (indirect method)

<i>Euro</i>	31/12/23	31/12/22
Net Result	(203,096)	232,075
<i>Adjustment for items that had no effect on liquidity:</i>		
Amortization of tangible fixed assets	8,883	8,630
Amortization of intangible fixed assets	283,679	255,024
Provision for bad debt	0	-
Provision for severance pay	98,471	94,057
<i>Operating cash flow before changes in working capital</i>	187,937	589,786
Employee benefits payments and fund payments	(31,927)	(56,691)
Changes in trade receivables and other current assets	109,177	(283,568)
Changes in parent company receivables (payables)	(758,150)	80,000
Changes in inventories	(81,300)	(179,900)
Changes in trade payables and other current liabilities	(344,552)	684,127
<i>Operating cash flow generated (absorbed) by changes in net working capital</i>	(1,106,752)	243,968
<i>Operating cash flow (A)</i>	(918,815)	833,754
Investments in tangible and intangible fixed assets	(636,401)	(1,000,950)
(Investments)/Disinvestments in financial assets and participations	-	(151,210)
<i>Cash flow from investment activities (B)</i>	(636,401)	(1,152,160)
Issuance/(Repayment) of current financial liabilities	(24,262)	262,494
Issuance/(Repayment) of non-current financial liabilities	91,102	974,162
Changes in financial parent company receivables (payables)	389,789	(2,465,519)
Increase in share capital	-	2,801,000
<i>Cash flow from financing activity (C)</i>	456,629	1,572,137
<i>Increase/(Decrease) of cash on hand and equivalents (A+B+C+D)</i>	(1,098,587)	1,253,731
Cash and equivalents before short term bank payables at the beginning of the period	1,435,462	181,731
Cash and equivalents before bank payables at the end of the period	336,875	1,435,462

Explanatory notes

Financial statements to December 31, 2023

General information

Personal data

Name:	4Science S.p.A.
Headquarters:	Milano Viale Achille Papa, 30
Share capital:	Euro 63,500 paid Euro 61,000
VAT number:	02451840397
Tax code:	02451840397
REA number:	MI-2100307
Judicial status:	JOINT STOCK COMPANY
Prevalent activity code (ATECO):	62.02 Information consultancy
Company subject to management and coordination by others:	Yes
Name of the company or body that exercised coordination activity:	Itway S.p.A.
Belonging to a group:	yes
Name of the parent company:	Itway S.p.A.
Country of the parent company:	ITALY

Balance sheet

Balance sheet assets		31/12/2023	31/12/2022
A	Receivables from shareholders for payments still due	0	0
B	FIXED ASSETS		
I	Intangible assets	2,424,814	2,078,873
	1) start-up and expansion costs	141,605	109,557
	2) development costs	471,772	693,271
	4) license trademarks concessions and similar rights	21,887	30,550
	6) fixed assets in progress	1,789,550	1,245,495
II	Property, plant, and equipment	24,332	26,434
	4) other goods	24,332	26,434
III	Financial fixed assets	185,129	185,129
	1) Investments in:		
	a) subsidiaries	151,210	151,210
	d-bis) others	33,919	33,919
	Total fixed assets	2,634,275	2,290,436
C	CURRENT ASSETS		
I	Inventories	928,680	847,380
II	Receivables	2,837,496	2,978,762
	1) accounts receivables	337,072	640,984
	2) subsidiary receivables	35,964	16,336
	3) affiliate receivables	262,450	-
	4) parent company receivables	1,961,811	2,243,600
	5 bis) tax receivables	234,439	74,962
	5 ter) deferred tax	5,760	2,880
III	Financial assets other than fixed assets	6,768	5,568
	6) other	6,768	5,568
IV	Cash	336,875	1,435,461
	1) bank and postal deposits	336,865	1,435,451
	3) money and cash	10	10
	Total current assets	4,109,819	5,267,171
D	Accruals and deferrals	56,703	45,155
	TOTAL ASSETS	6,800,797	7,602,762

Balance sheet liabilities		31/12/2023	31/12/2022
A	Net equity:		
I	Share capital	61,000	61,000
II	Share premium reserve	2,790,000	2,790,000
III	Revaluation reserve	-	-
IV	Legal reserve	13,777	2,153
V	Statutory reserve	-	-
VI	Other reserves, specifically:	-	-
	Voluntary reserve	220,452	-
	Merger surplus reserve	200,163	200,163
	Advance payment for capital increase	150,000	150,000
VIII	Retained earnings (losses)	686,631	686,631
IX	Profit (loss) for the period	(203,096)	232,075
	Total net equity	3,918,927	4,122,022
B	Provision for risks and charges	-	-
C	Severance pay	317,185	250,641
D	Payables	2,399,964	3,038,585
	4) bank payables	1,303,496	1,236,656
		<i>within 12 months</i>	<i>238,232</i>
		<i>over 12 months</i>	<i>1,065,264</i>
	7) account payables	352,071	308,887
	11) parent company payables	115,300	503,000
	12) tax payables	244,194	622,667
		<i>within 12 months</i>	<i>127,917</i>
		<i>over 12 months</i>	<i>116,277</i>
	13) social security payables	153,558	197,013
		<i>within 12 months</i>	<i>147,337</i>
		<i>over 12 months</i>	<i>6,221</i>
	14) other payables	231,345	170,362
E	Prepaid expenses and deferred charges	164,721	191,514
	TOTAL LIABILITIES	6,800,797	7,602,762

Income statement

Income statement		31/12/2023	31/12/2022
A	Value of production		
1	revenue from sales and services	2,573,559	2,062,187
3	variation of work in progress to order	81,300	179,900
4	increase in fixed assets for internal work	544,055	672,800
5	other revenue and proceeds	380,763	174,069
	Total value of production	3,579,677	3,088,956
B	Costs of production		
6	of goods	163,085	62,007
7	of services	1,224,451	744,167
8	third-party use	28,844	30,261
9	for personnel	1,981,646	1,533,705
a)	salaries and wages	1,449,877	1,115,911
b)	social charges	426,297	318,036
c)	severance pay	98,472	94,057
d)	pensions and similar	-	-
e)	Other costs	7,000	5,700
10	amortization and depreciation	292,562	263,654
a)	amortization of fixed intangible assets	283,679	255,024
b)	amortization of fixed tangible assets	8,883	8,630
c)	other write-downs of fixed assets	-	-
12	provision for risk	-	-
13	other provisions	-	-
14	other management charges	18,140	9,223
	Total cost of production	3,708,728	2,643,016
	Difference between value and cost of production (A-B)	(129,051)	445,940
C	Financial proceeds and charges		
16	other financial proceeds and charges: Proceeds other than the above with separate disclosure of those from subsidiaries and affiliates and to the		
d)	parent company	63,118	-
	Interest and other financial charges with separate disclosure for those of subsidiaries and affiliates and to the		
17	parent companies	241,591	130,531
	Total financial proceeds and charges	(178,473)	(130,531)
D	Value adjustments of financial assets	-	-
	Total value adjustments of financial assets	-	-
	Result before taxes (A-B+- C +-D)	(307,524)	315,409
20	Income taxes, current and deferred		
a)	Current taxes	(101,548)	86,214
c)	Deferred and prepaid taxes	(2,880)	(2,880)
	Total taxes	(104,428)	83,334
21	Profit (Loss) for the period	(203,096)	232,075

Cashflow statement (indirect method)

<i>Euro</i>	31/12/23	31/12/22
Net Result	(203,096)	232,075
<i>Adjustment for items that had no effect on liquidity:</i>		
Amortization of tangible fixed assets	8,883	8,630
Amortization of intangible fixed assets	283,679	255,024
Provision for bad debt	-	-
Provision for severance pay	98,471	94,057
<i>Operating cash flow before changes in working capital</i>	187,937	589,786
Employee benefits payments and fund payments	(31,927)	(56,691)
Changes in trade receivables and other current assets	109,177	(283,568)
Changes in parent company receivables (payables)	(758,150)	80,000
Changes in inventories	(81,300)	(179,900)
Changes in trade payables and other current liabilities	(344,552)	684,127
<i>Operating cash flow generated (absorbed) by changes in net working capital</i>	(1,106,752)	243,968
<i>Operating cash flow (A)</i>	(918,815)	833,754
Investments in tangible and intangible fixed assets	(636,401)	(1,000,950)
(Investments)/Disinvestments in financial assets and participations	-	(151,210)
<i>Cash flow from investment activities (B)</i>	(636,401)	(1,152,160)
Issuance/(Repayment) of current financial liabilities	(24,262)	262,494
Issuance/(Repayment) of non-current financial liabilities	91,102	974,162
Changes in financial parent company receivables (payables)	389,789	(2,465,519)
Increase in share capital	-	2,801,000
<i>Cash flow from financing activity (C)</i>	456,629	1,572,137
<i>Increase/(Decrease) of cash on hand and equivalents (A+B+C+D)</i>	(1,098,587)	1,253,731
Cash and equivalents before short term bank payables at the beginning of the period	1,435,462	181,731
Cash and equivalents before bank payables at the end of the period	336,875	1,435,462

Explanatory notes, introduction

The explanatory notes are an integral part of the financial statements to 31/12/2023.

The financial statements comply with the provisions of Article 2423 bis and subsequent of the Italian Civil Code and the national accounting principles, as published by the Italian Accounting Board. Therefore, they clearly and fairly represent the company's financial position and results of operations for the year. The balance sheet and the income statement comply with Articles 2424 and 2425 of the Civil Code. The cash flow statement complies with Article 2425-ter.

The explanatory notes, drafted in compliance with Article 2427 of the Civil Code, provide all relevant information to interpret the financial statements.

Significant events during the fiscal period

On December 4, 2023, 4Science S.p.A, signed a binding agreement to buy a 60% stake in Seacom S.r.l., an ICT player based in Navacchio (PI) with over 20 years of open-source experience and significant architectural skills (Leading Open Source Architects). Seacom is a partner of 4Science in some leading projects, and there are many synergies between the two companies. Seacom has a staff of 34 highly specialized people, and, in particular, the Seacom business model combines two distinctive units: i) data management, log and data analysis and security services (Business Intelligence), and ii) the value-added distribution of Zimbra, which is a leader in the EMEA region.

The consideration agreed with the Shareholder of Seacom is mixed, with a part in cash paid upon closing and an earn-out based on the achievement of predetermined EBITDA levels in 2023 and 2024. At the same time of the execution of the transaction, in the context of the re-investment by the founding shareholder of Seacom and, therefore, in complete alignment with the interests in the 4Science business plan, Stefano Pampaloni, the Seller, will underwrite a capital increase, indivisible, with the exclusion of pre-emptive rights under article 2441, paragraph 5, of the Civil Code for an overall Euro 450,000 (including share premium) through the issue of No. 150,000 new ordinary 4Science shares without par value at the subscription price of Euro 3.00 (including share premium) per share in cash, also by offsetting.

Seacom is a Benefit Corporation, and in 2023, it drafted its first Gender Report and is implementing the international Bcorp certification.

Criteria

Drafting of the financial statements

The information in the current document is presented in the order in which it appears in the balance sheet and the income statement.

It is hereby certified that, referring to the introduction of these explanatory notes, under art. 2423, paragraph 3 of the Civil Code, if the information required by specific legal provisions is insufficient to give a truthful and correct representation of the business situation, additional information deemed necessary for this purpose is provided.

The euro is the currency of the financial statements and the explanatory notes.

Principles used in drafting the financial statements

The valuation of the balance sheet items took place in compliance with the principles of prudence, relevance, and going concern. According to Article 2423-bis, paragraph 1, point 1-bis of the Civil Code, the recognition and presentation of items took place considering the substance of the transaction or the contract.

In drafting the financial statements, income and costs were booked on an accrual basis, regardless of the actual of payment date. Only profits realized at the date of the closing of the fiscal year were indicated. Risks and losses were considered even if they became known after its close.

In assessing the going concern, directors evaluated the foreseeable evolution of operations, the industrial plan, and the industrial and financial synergies with the reference group.

The assessment of the elements comprising the individual items of assets and liabilities took place separately so that the capital gains of some elements could not offset the capital losses of others.

Structure and contents of the financial statements

The balance sheet, the income statement, the cash flow statement, and the accounting information included in the explanatory notes comply with the accounting entries from which they derive.

In the balance sheet and income statement, no groupings of items preceded by Arabic numerals were applied, as provided by Article 2423-ter of the Italian Civil Code on an optional basis.

Pursuant to Article 2424 of the Italian Civil Code, no reported asset or liability has been recorded under more than one item of the Financial Statements data sets.

Exceptional cases pursuant to art. 2423, paragraph 5, of the Civil Code

There were no exceptional cases that required resorting to exceptions under Article 2423-bis, paragraph 2, of the Civil Code.

Changes in accounting principles

There were no exceptional cases that required resorting to exceptions under Article 2423-bis, paragraph 2, of the Civil Code.

Comparability and Adaptation

In compliance with Article 2423 ter of the Civil Code, please note that all balance sheet items were comparable with the previous fiscal period. There was, therefore, no need to adapt any item of the previous fiscal period.

Valuation criteria

The criteria applied in assessing the financial statements items and the changes in value comply with the regulations of the Civil Code and the indications provided in the accounting principles established by the Italian Accounting Board. These have not changed compared with the previous fiscal period.

In compliance with Article 2427, paragraph 1, no. 1, of the Civil Code, we illustrate the more significant valuation criteria adopted concerning provisions included in Article 2426 of the Civil Code, with particular reference to those financial statements items for which the legislator admits different valuation or adjusting criteria or for which there are no specific criteria.

The accounting items expressed in foreign currency were booked, after being converted into euros, according to the exchange rate in force at the moment of their recognition, being the exchange rate at the date of the close of the fiscal period according to accounting principle OIC 26.

Shareholder receivables for payments still due

Shareholder receivables are valued at the nominal value that corresponds to the presumed realizable value.

Intangible assets

Intangible fixed assets, having met the prerequisites provided by the accounting standards, are booked as balance sheet assets at the purchase and/or production cost.

The value of the asset is net of the amortization and depreciation funds

According to and as a result of Article 10 of Law No. 72 dated March 19, 1983, and also referred to in subsequent monetary revaluation laws, please note that for the intangible assets present in the balance sheet, there has never been a monetary revaluation.

Please note that on such fixed charges, it was not necessary to carry out write-downs according to Article 2426, paragraph 1, No. 3 of the Civil Code since, as prescribed by the OIC 9 accounting principle, there were no indicators of potential durable loss of value of the intangible assets.

Development costs

Development costs were booked as assets in the balance sheet in agreement with the Board of Statutory Auditors since, according to a prudent judgment, they satisfy the characteristics required by OIC 24: they are recoverable and relate to specific realizable development projects for which the company has the necessary resources. Furthermore, costs relate to a product or process that is clearly defined, identifiable, and measurable. They are amortized according to their useful life since it is possible to reliably forecast it.

Goodwill

Goodwill is not booked in the financial statements.

Other intangible assets

Intangible assets are booked as a purchase cost, including accessory costs, and amortized with the legal or contractual limits, if applicable, or within five years.

Fixed assets in progress and advances

Intangible assets in progress, booked in item B.I.6, are initially recognized on the date when the first costs are incurred to develop the project and include internal and external costs for its realization. These costs are included in assets in progress until the project is not completed and are not subject to amortization until then.

Tangible assets

Income from tangible assets is booked when the risks and benefits related to the purchased goods are transferred and is recorded in the balance sheet at the purchase and/or production cost, including accessory charges net of the relative accumulated charges incurred up until the goods were ready for use and within the recoverable value.

Costs that resulted in an increase in productivity, an extension of the useful life, or in the size of the asset were booked as an increase in the value of the assets to which they refer.

These assets are recognized in the balance sheet net of the amortization and depreciation fund.

Any disposal of assets (sale, scrapping, etc.) during the year led to the elimination of their residual value. Differences between the book and disposal values were recognized in the income statement.

Amortization starts when the asset becomes ready for use

Public subsidies received for tangible fixed assets were booked with the indirect method in item A5 of the income statement under "other revenue and income". They are postponed to subsequent years on an accrual basis through the recognition of deferred income.

Financial assets

Investments

All the investments in the financial statements were valued at cost, meaning the cost incurred for the purchase, regardless of the payment method, including any ancillary charges (commissions and bank charges, stamp duty, bank intermediation, etc.).

Receivables

Receivables recorded in financial fixed assets were recognized in the financial statements according to the amortized cost criterion, as defined by Article 2426 paragraph 2 of the Italian Civil Code, considering the time factor and the estimated realizable value, following the provisions of Article 2426, paragraph 1, n. 8 of the Civil Code.

In order to give a truthful and correct representation of the company's financial and economic position, the company used the presumed realizable value for receivables for which the application of the amortized cost and/or discounting method was verified. This was necessary, for example, in the case of receivables with a maturity of less than twelve months or for amortized costs, where transaction costs, commissions, and any other difference between initial value and maturity value were of minor importance. In the case of discounting, it was necessary when an interest rate deducible from the contractual conditions was not significantly different from the market interest rate.

Financial leasing

The Company does not have goods acquired with financial leasing contracts.

Inventories

Inventories are recognized at the lower of purchase and/or production cost and the net realizable value.

Contract work in progress

Inventory items associated with contract work in progress, which are related to orders acquired from customers, are valued according to the percentage of completion criterion, meaning that the inventory item is valued based on the revenue accrued at the end of each year, determined based on the progress of the works. The progress is determined using the hours-worked criterion. If the total estimated cost of a single contract is likely to exceed the estimated total revenue, the order is valued at cost; the probable loss for the completion of the order is recognized as a decrease in work in progress. If this loss is greater than the value, a special provision for risks and charges equal to the surplus is recognized.

Inventories of raw materials, ancillary materials, consumables, semi-finished or finished goods

Eventual stock is calculated with the weighted average cost method, compared with, as required by Article 2426, no. 9 of the Civil Code, with the net realizable value.

Receivables recognized in current assets

Receivables in current assets are booked on an amortized cost basis, as defined by Article 2426, paragraph 2 of the Civil Code, considering the time factor and the presumable realizable value, following the provisions of Article 2426, paragraph 1, No. 8 of the Civil Code.

The presumable realizable value is adjusted through the allocation to an allowance for doubtful accounts, which in 2023 was equal to zero (the fund totalled Euro 4,366 as of 31/12/2023, unchanged from 31/12/2022).

The presumable realizable value was used for those receivables for which it was verified that the application of the amortized cost and/or discounting method was irrelevant to giving a truthful and fair view of the company's financial and economic situation. This occurred, for example, with receivables maturing in less than twelve months or, for the amortized cost criterion, in cases where transaction costs, commissions, and any other difference between initial value and value at maturity are of little significance. In the case of discounting, it occurred when an interest rate inferable from the contractual conditions did not significantly differ from the market interest rate.

Financial assets that do not constitute fixed assets

There are no investments, active derivative financial instruments or other securities that do not constitute fixed assets.

Cash

Cash availability is valued with the following criteria:

- Cash, at the face value;

- Bank deposits and cash checks at the presumable realizable value. In this specific case it coincides with the face value.

Accruals and deferred assets

Accruals and deferrals were calculated on the accrual basis by allocating common revenues and/or costs to several fiscal periods.

In the recognition as well as in the review of multi-year deferred income, the existence or permanence of the time condition was verified.

Net equity

The items are recognized in the balance sheet at their book value according to the indications included in the OIC 28 accounting principle.

Provisions for risks and charges

Provisions for risks and charges were allocated to cover liabilities deemed certain or probable, but for which it was not possible to reliably determine the amount or date of occurrence at the end of the fiscal period.

The funds were established on a prudent and accrual basis as prescribed by accounting principle OIC 31. The related provisions are recognized in the income statement for the year when they accrue, based on the "by nature" of the cost classification criterion.

Severance pay

Severance pay is calculated as established by Article 2120 of the Civil Code, considering the laws and the specifics of the contracts and professional categories. It includes the quotas accrued and the revaluations carried out with ISTAT coefficients.

The amount of the fund is net of pre-payments and the quotas used to terminate work contracts during the fiscal period. It is a sure debt toward employees at the closing date of the financial statements.

Payables

Payables were recorded according to the amortized cost method, as defined by Article 2426, Paragraph 2 of the Civil Code, taking into account the time factor, following the provisions of Article 2426, Paragraph 1, No. 8 of the Civil Code. Debts for which the application of the amortized cost and/or discounting method was verified to be irrelevant were recognized at face value to give a truthful and fair view of the company's financial and economic situation. This event occurred, for example, in the presence of debts with a maturity of less than twelve months or, regarding the amortized cost criterion, when transaction costs, commissions, and any other difference between initial value and value at maturity were of little significance. In the case of discounting, this occurred when an interest rate inferable from the contractual conditions was not significantly different from the market interest rate.

Accrued expenses and deferred income

Accruals and deferrals were calculated on an accrual basis by allocating common revenues and/or costs to several fiscal periods.

The existence or permanence of the time condition was verified when recognizing and reviewing multi-year deferred liabilities.

Other information

Transactions with forward retrocession obligations.

In compliance with Article 2427, No 6-ter of the Civil Code, the company certifies that during the fiscal year it did not enter into any transaction subject to the obligation of forward retrocession.

Explanatory notes, assets

Following are the details of the movement of the individual balance sheet items, as provided by the regulation in force.

Fixed assets

Intangible fixed assets

Variations in intangible fixed assets

Intangible fixed assets are before amortization and total Euro 3,399,090; the amortization funds total Euro 974,276.

Following are the variations in the related fixed assets:

	Set-up and expansion cost	Development costs	Concessions, licences, trade marks and similar rights	Intangible assets in progress and down payments	Total intangible fixed assets
Value at the start of period					
Cost	126,072	1,300,007	97,896	1,245,895	2,769,470
Depreciation (Depreciation fund)	16,515	606,736	67,356	-	690,597
Balance sheet value	109,557	693,271	30,550	1,245,495	2,078,873
Variation in the period					
Increases for acquisitions	71,140	4,565	9,860	544,055	629,620
Reclassification (of the balance sheet value)	-	-	-	-	-
Depreciation	39,102	226,064	18,513	-	283,679
Total variation	32,038	(221,499)	(8,653)	544,055	345,551
Value at the end of the period					
Cost	197,212	1,304,572	107,756	1,789,550	3,399,090
Depreciation (Depreciation fund)	55,617	832,800	85,869	-	974,276
Balance sheet value	141,205	471,772	21,887	1,789,550	2,424,814

The most relevant increases in the fiscal period ended 31/12/2023 refer to the following items:

- The increase in the “Set-up and expansion costs” line totalling Euro 71 thousand is mostly related to the costs incurred for listing the Company on the MTF Direct Market section of the Vienna Stock Exchange and other costs incurred for the establishment of 4Science USA;

The increase of the “Intangible assets in progress” line, totalling Euro 544 thousand, refers to multi-year investments, the cost of which can be reliably estimated, to develop and complete new products that required further investments by the company. In particular, 4Science during 2023 continued investing to progress and improve its products based on the DSpace platform, especially the verticalization for the CRIS (Current Research Information Systems) and GLAM (Galleries Libraries Archives Museums) markets and on its Add-Ons, which are among the most significant assets for 4Science as they are the real intellectual property distros. The most important development investments, which started in 2021, were made on version 7 of DSpace, a major release issued in beta version in the fourth quarter of 2020 and announced as a first release in June 2021. The investments and the improvements regarded both the basic version, supported by the Community, the two 4Science verticalizations, CRIS and GLAM, and the 4Science add-ons (IIIF Image Viewer, Document Viewer, OCR, Video Audio) to make the latter compatible with the DSpace-7 release. Version 7 of DSpace represents a major release for its functionality and technological innovation. This requires some work to make the new version compatible with the verticals that 4Science developed in past years on the previous versions (versions 5 and 6). On the other hand, it will be possible to develop the platform to give it and the add-ons additional functional characteristics that could be very useful, or better, necessary, to sell services and customizations in the coming years.

Tangible assets

Variations in tangible assets

Tangible fixed assets are before the related depreciation and total Euro 56,158; the amortization funds total Euro 31,826.

Following are the variations in the related assets:

	Other tangible fixed assets	Total tangible fixed assets
Value at the start of the period		
Cost	49.377	49.377
Depreciation (Depreciation fund)	22.943	22.943
balance sheet value	26.434	26.434
Variation in the period		
Increases for acquisitions	6,781	6,781
Decreases for divestures and disposals (balance sheet value)	-	-
Depreciation	8,883	8,883
<i>Total variation</i>	<i>(2,102)</i>	<i>(2,102)</i>
Value at the end of the period		
Cost	56,158	56,158

	Other tangible fixed assets	Total tangible fixed assets
Depreciation (Depreciation fund)	31,826	31,826
Balance sheet value	24,332	24,332

Investments booked during 2023 mainly referred to the purchase of computers and mobile phones for the Company's staff.

Financial assets

Investments, other financial instruments, and financial derivatives

Following are the changes of the fixed assets in question:

	Investment in subsidiary	Investment in other companies	Total investments
Value at start of period			
Cost	151,210	33,919	185,129
Balance sheet value	151,210	33,919	185,129
Changes in period			
Increases for acquisitions	-	-	-
Total changes	-	-	-
Value at end of period			
Cost	151,210	33,919	185,129
Balance sheet value	151,210	33,919	185,129

4Science USA is booked in the investments in the subsidiary line for Euro 151,210. It was established in 2022, with headquarters in Delaware and 100% controlled by 4Science S.p.A. with a share capital of USD 150 thousand.

Investments in other companies, unchanged compared with 2022, include minority investments.

The company 4Science USA as of 31 December 2023 has a net worth of Euro 4,832 with an operating result of Euro -131,453. It was decided to maintain the value of the investment in the balance sheet as the difference between the investment and the net equity is a consequence of the losses formed in the first two years of the company's life, which is in the start-up phase for commercial development in the US market, and at present and based on the forecasts of the industrial plan and the first orders collected, there are no reasons to identify a lasting loss in the book value of the investment.

Current assets

Inventories

Following are the changes in inventories:

	Value at start of period	Variation	Value at end of period
Work in progress	847,380	81,300	928,680
Total	847,380	81,300	928,680

Work in progress comprises orders being executed for clients, valued at the percentage of completion. Progress is determined based on the work carried out by personnel, as a quantity, compared with the budgeted work forecast to complete the entire order.

Receivables included in current assets

Variation and maturity of receivables included in current assets

Following is the information regarding receivables in current assets and, if significant, information relating to their maturity.

	Value at start of period	Variation	Value at end of period	Amount maturing during fiscal period	Amount maturing after the end of the fiscal period
Account receivables	640,984	(303,912)	337,072	337,072	-
Subsidiary receivables	16,336	19,628	35,964	35,964	-
Affiliate receivables	-	262,450	262,450	262,450	-
Parent company receivables	2,243,600	(281,789)	1,961,811	1,961,811	-
Tax receivables	74,962	159,477	234,439	234,439	-
Prepaid taxes	2,880	2,880	5,760	-	5,760
Total	2,978,762	(141,266)	2,837,496	2,831,736	5,760

Account receivables total Euro 337,072 and refer to receivables in force at the end of the fiscal period. They correspond to the face value adjusted for a specific allowance for doubtful accounts totalling Euro 4,001.

Subsidiary receivables total Euro 35,964 and refer to trade and financial receivables towards 4Science USA in force as of December 31, 2023.

Affiliate receivables total Euro 262,450 and refer to trade receivables towards Itway Turkyie in force as of December 31, 2023.

Parent company receivables refer to trade receivables towards the parent company, Itway S.p.A., totalling Euro 545 thousand and a financial receivable totalling Euro 1,417 thousand represented by the correspondent current account, the repayment of which will take place in a way that is compatible with the industrial plan of 4Science.

Tax receivables total Euro 234,439 and mainly represent a tax credit on training costs totalling Euro 144 thousand, which will be offset in the next fiscal period, a VAT credit that matured in 2023 for Euro 36 thousand, and other minor tax receivables.

Receivables for prepaid taxes total Euro 5,760, and refer to receivables for prepaid taxes determined on the temporary fiscal variations in the year they will produce fiscal effects in future periods. These taxes refer to the IRES advanced on directors' fees not paid during the year.

Breakdown of receivables recorded in current assets

Following is a breakdown by geography of the receivables recorded in current assets:

Geographic area	Accounts receivables booked in current assets	Subsidiary receivables	Affiliate receivables	Parent company receivables included in current assets	Tax receivables included in current assets	Receivables for prepaid taxes booked in current assets	Total receivables booked in current assets
ITALY	292,952	-	-	1,961,811	234,439	5,760	2,494,962
EU	29,000	-	-	-	-	-	29,000
EXTRA-EU	15,120	35,964	262,450	-	-	-	313,534
Total	337,072	35,964	262,450	1,961,811	234,439	5,760	2,837,496

Financial assets that do not constitute fixed assets

Changes in financial assets that do not constitute fixed assets

The other non-current assets as of December 31, 2023 total Euro 6,768 (Euro 5,586 as of December 31, 2022), with an increase of Euro 1,200 and refer to down payments paid to clients/suppliers as collateral of services supplied.

Cash

Following are the changes in cash available

	Value at the start of the period	Variation	Value at end period
bank and postal deposits	1,435,451	(1,098,586)	336,865
cash and cash equivalents	10	-	10
Total	1,435,461	(1,098,586)	336,875

For an analysis of the decrease in cash please see the cash flow statement at the beginning of the current Note.

Accruals and deferred income

Following is a breakdown of accruals and deferred income:

	Value at start of period	Variation	Value at end period
Accrued income	-	-	-
Prepaid expenses	45,155	11,548	56,703
Total accruals and deferred income	45,155	11,548	56,703

Prepaid expenses total Euro 56,703 and Euro 19,608 relate to consultancy related to a 2021 R&D tax credit linked to the effective use of the contribution and for Euro 37,095 to costs for services incurred during the fiscal period but pertaining to 2024.

There is no accrued income or prepaid expenses with an over five-year maturity.

Capitalized borrowing costs

All interest and other financial charges were fully expensed during the fiscal year. The company, therefore, certifies, in compliance with Article 2427, paragraph 1, no. 8 of the Civil Code, that no borrowing costs were capitalized.

Explanatory notes, liabilities and net equity

Following are the changes in the individual balance sheet item, according to the regulations in force.

Net equity

Variation in net equity

The following tables show the variation in the single items of net equity and the details of other allowances, if present in the balance sheet:

	Value at start of period	Allocation of the result of previous period Other allocations	Increases	Decreases	Reclassification	Result for the period	Value at end period
Capital	61,000	-	-	-	-	-	61,000
Share premium reserve	2,790,000	-	-	-	-	-	2,790,000
Revaluation reserve	-	-	-	-	-	-	-
Legal reserve	2,153	11,624	-	-	-	-	13,777
Voluntary reserve	-	220,452	-	-	-	-	220,452
<i>Reserve for unrealized foreign exchange gains</i>	-	-	-	-	-	-	-
<i>Misc other reserves</i>	350,163	-	-	-	-	-	350,163
Total other reserves	350,163	-	-	-	-	-	350,163
Reserve for expected cash flow hedging transactions	-	-	-	-	-	-	-
Retained profit (losses)	686,631	-	-	-	-	-	686,631
Profit (loss) of the fiscal period	232,075	(232,075)	-	-	-	(203,096)	(203,096)
Total	4,122,022	-	-	-	-	(203,096)	3,918,927

Breakdown of the different reserves

Description	Amount
Merger surplus	200,163
Capital increase payment	150,000
Total	350,163

Availability and use of net equity

The following table analytically indicates the net equity items, specifying their origin, possible use, distribution, and use in the previous three fiscal periods.

Description	Amount	Origin/Nature	Use	Amount available
Capital	61,000			-
Share premium reserve	2,790,000	Capital	B	2,790,000
Legal reserve	13,777	Profit	B	13,777
Voluntary reserve	220,452	Profit	A;B;C	220,452
Reserve for payments of future capital increases	150,000	Capital	A;B;C	150,000
Merger surplus	200,163	Profit	A;B;C	200,163
Retained profit (losses)	686,631	Profit	A;B;C	686,631
Result for the fiscal period	(203,096)			(203,096)
Total	3,918,927			3,857,927
Non-distributable total				-
Residual distributable total				3,857,927

Legend: A: capital increase; B: loss hedging; C: for distribution to shareholders; D: for other statutory constraints; E: other

Severance pay

The following table shows the variation in severance pay.

	Value at start of period	Provisions	Use	Total variation	Value at end period
SEVERENCE PAY	250,641	96,444	(29,900)	66,544	317,185
Total	250,641	96,444	(29,900)	66,544	317,185

Payables

Payables: variation and maturity

The following table details the variation in payables and the eventual information on their maturity.

	Value at start of period	Variation	Value at end period	Quota maturing during the fiscal period	Quota maturing after the fiscal period
Bank debt	1,236,656	66,840	1,303,496	238,232	1,065,264
Account payables	308,887	43,184	352,071	352,071	-
Parent company payables	503,000	(387,700)	115,300	115,300	-
Tax payables	622,667	(378,473)	244,194	127,917	116,277
Social security payables	197,013	(43,455)	153,558	147,337	6,221
Other payables	170,362	60,983	231,345	231,345	-
Total	3,038,585	(638,621)	2,399,964	1,212,202	1,187,762

Bank debt totals Euro 1,303,496 and refers to the residual quota of financing that Banca Progetto S.p.A. granted in May 2022 for a nominal Euro 1.5 million. This financing will be paid back in 5 years and is backed by a guarantee given by Medio Credito Centrale in favour of innovative SMEs. Please note that the loan was booked according to the amortized cost basis, deducting the transaction charges related to the expenses incurred for the disbursement of the loan. The financing is in the pre-amortization phase, and capital repayment will begin in February 2024.

Account payables total Euro 353,071 and refer to debt towards supplies at the date of the close of the fiscal period.

Parent company payables total Euro 115,300 and refer to trade payables towards the parent company Itway S.p.A. for administrative and legal services rendered by Itway.

Tax payables total Euro 244,194 and refer to debt towards tax authorities for VAT debt that emerged in previous fiscal years, in instalments, with regular payments.

Social security payables total Euro 153,558, of which Euro 123.401 refer to debt towards INPS mostly paid at the natural expiry (January 2024).

Other payables

Following is the breakdown of the Other Payables item

Description	Detail	Amount in current fiscal period
<i>Other payables</i>		
	Directors compensation	24,000
	Other payables towards third parties	51
	Employees w/ compensation	79,026
	Employees w/ deferred compensation	128,268
	Total	231,345

Breakdown of payables by geographic region

Following is the breakdown of payables by geographic region:

Geographic area	Debt towards banks	Account payables	Parent company payables	Tax payables	Social security payables	Other payables	Payables
ITALY	1,303,496	242,774	115,300	244,194	153,558	231,345	2,290,667
EU	-	66,480	-	-	-	-	66,480
EXTRA-EU	-	42,817	-	-	-	-	42,817
Total	1,303,496	352,071	115,300	244,194	153,558	231,345	2,399,964

Accrued expenses and deferred income

The following table shows the variation in accrued expenses and deferred income

	Value at start of period	Variation	Value at end period
Accrued expenses	-	-	-
Deferred income	191,514	(26,793)	164,721
Total accrued expenses and deferred income	191,514	(26,793)	164,721

Deferred income totals Euro 164,721 and mainly refers to the share of the tax credit on development costs obtained in 2021 but spread over several years.

There are no accrued expenses and deferred income with maturities of over five years.

Explanatory notes, income statement

The income statement highlights the result of the fiscal period.

It details operations by summarizing the positive and negative income components contributing to the result. The positive and negative elements of income, recorded in the financial statements in accordance with the provisions of Article 2425-bis of the Civil Code, are divided based on whether they belong to core operations, additional, or financial activities.

Core operations identify ongoing income components in fields relevant to managing the company. They identify and qualify the peculiar and distinctive part of the economic activity that the company carries out and for which it is finalized.

Financial activities comprise transactions that generate financial income and charges.

On a residual basis, additional activities comprise transactions that generate income flows that are part of ordinary activities but that are not part of core or financial activities.

Value of production

Revenue recognition is on an accrual basis, net of sale returns, allowances, discounts, and awards.

Revenue from the sale of goods is recognized when the substantial, not formal, transfer has taken place using the effective transfer of risks and benefits as a reference point.

Revenues deriving from services are booked when the service has been rendered, i.e., when it has been completed; in the case of ongoing services, the accrued portion of the revenue is booked.

Increases for fixed assets for internal work are booked at the production cost, including direct costs (materials, labour, planning costs, third-party supplies, etc.) and general production costs, for the portion that is reasonable to allocate to the asset for the period of its production up to the moment when it is ready for use; in the same way, eventual charges related to the financing for production are added.

Operating grants are recognized on an accrual basis in the fiscal period when the right to receive it is certain. They are booked in item A5 as they supplement the revenue of core operations and/or reduce the costs and charges of core operations.

Breakdown of sales revenue and services by activity

Following is a breakdown of sales and service revenue by activity:

Business category	Value in period
Finished products	350
Raw materials	-
Services	2,573,209
Totale	2,573,559

Breakdown of sales and service revenue by geographic area

Following is a breakdown of sales and services revenue by geographic area.

Geographic area	Value in period
ITALY	1,070,195
ABROAD	1,500,364
Total	2,573,559

Production costs

Costs and expenses are booked on an accrual basis based on their nature, net of sales returns, allowances, discounts, and awards, following the principle of correlation with revenues, and recorded in the respective items as provided for in accounting standard OIC 12. In the case of purchases of goods, the related costs are recognized when the substantial, and not formal, transfer has occurred, assuming the transfer of risks and rewards as the reference point for the substantial transfer. In the case of purchase of services, the related costs are recorded when the service has been rendered, i.e., when it has been completed. In the case of ongoing services, the related costs are recorded for the accrued portion.

Financial income and charges

Financial income and charges are booked on an accrual basis in relation to the portion accrued during the fiscal period

Composition of proceeds from investments

There are no income from investment as referred to in Article 2425, No. 15 of the Civil Code

Breakdown of interest and other financial expenses by type of debt

Following is the breakdown of interest and other financial charges, as referred to in Article 2425, No. 17 of the Civil Code, with a specific breakdown between bonds, bank loans and other types

	Bank debt	Other	Total
Interest and other financial charges	178,208	63,383	241,591

Interest and other financial charges related to debt towards financial institutions total Euro 178,208 and reflect the costs incurred in 2022 for the financing from Banca Progetto.

The Others item mainly represents interests and fees related to the instalments of tax payables as described in the paragraph on payables

Profit/loss on exchange rates

In 2023, the Company booked Euro 6,476 of profit on exchange rates and Euro 7,237 of losses, all of which were fully realized.

Amount and nature of individual revenue/cost items of exceptional entity or magnitude

In the fiscal period there was no revenue or other positive components deriving from events of exceptional entity or magnitude.

Income, current, deferred, and prepaid taxes

The company allocated taxes for the year by applying the current tax regulations. Current taxes refer to taxes for the year as reported in tax returns. Deferred and prepaid taxes refer to positive or negative income components, respectively, subject to taxation or deduction in different fiscal years from those of statutory accounting.

Please note that the company is part of the tax consolidation scheme with Itway S.p.A. to which the tax result is "transferred" and on the basis of which consolidation charges/income are calculated

Deferred and prepaid taxes

This item includes the impact of deferred taxation on these financial statements. It is due to the temporal differences between the values attributed to an asset or liability according to the statutory criteria and the corresponding values recognized to these elements for tax purposes.

The company has determined deferred taxation with reference to IRES and IRAP.

Following are the tax rates applied to calculate deferred and prepaid taxes:

Tax rate	%
IRES	24%
IRAP	4.25%

There is a Euro 117,307 current IRES tax credit, prepaid taxes total Euro 2,880, while included in taxes are Euro 15,789 of contingent liabilities related to taxes of previous fiscal periods. There are no current IRAP taxes to pay as the value of production for IRAP purposes is negative.

Following is the reconciliation between the theoretical and effective tax burden related to IRES and IRAP in the fiscal year:

	Taxable income	Tax
Result before taxes	(307,524)	
Theoretical IRES tax charge (24%)		(73.806)
Temporary differences realizable in subsequent years	24.000	
Differences that will not be carried over to future years	(205.254)	
Carry forwards of temporary differences from previous fiscal periods		
Tax rate at 24%	(488.778)	
Current taxes for the period		(117.307)
Deferred tax net of the use of taxes allocated in previous years		
Prepaid tax net of use of prepaid taxes set aside in previous fiscal years		(2.880)
Net tax for the period		(120.187)

The company is part of the Itway S.p.A. domestic tax consolidation scheme, so the tax result is transferred to the consolidating company. The IRES tax effect at 24% and equal to Euro 68,567 was debited to the parent company with a corresponding entry in the Consolidation Charges line reclassified on line 3.20 Income Taxes for the period.

Explanatory notes, cash flow statement

The company drafted the cash flow statement, a summary document reconciling the changes that occurred during the year in the company's assets with those in its financial position; it highlights the values related to the financial resources the company needed during the year and their uses.

The company adopted the indirect method, as envisaged by OIC 10, based on which cash flows are reconstructed, adjusting the operating result for non-cash transactions.

Explanatory notes, other information

Following is other information as required by the Civil Code.

Employees

Following is a breakdown of the average number of employees, divided by category and calculated considering the daily average

	Managers	Mid-managers	Employees	Total
Avg number	3	2	29	34

The average number of employees grew by 8 units during the period.

Compensation, advances, loans granted to directors and auditors and commitments made on their behalf

Following is the information required by Article 2427, No. 116 of the Civil Code, specifying that there no advances and receivables and no commitments have been made on behalf of the Administrative Body as a result of guarantees of any kind

	Directors	Auditors
Compensation	70,920	36,192

Compensation to the statutory auditor or the auditing company

Following is the compensation, broken down by type of service rendered, to the auditing company.

	Audit of annual accounts	Other services	Total compensation to statutory auditor or auditing company
Value	7,200	2,500	9,700

Types of shares issued by the company

The company's share capital is divided in 7,000,000 shares without indication of a nominal value, including:

- 6,000,000 ordinary shares
- 1,000,000 ordinary shares with bonus shares issued during the fiscal year. For those investors who will retain their shares for at least 36 months from the date of purchase, there will be the allotment of one new share for every five underwritten and kept for the period

Securities and other financial instruments issued by the company

The company did not issue any security or similar as described in Article 2427 No. 18 of the Civil Code.

Information on assets and funding earmarked to a specific business

Assets earmarked for a specific business

It is hereby certified that at the date of the closing of the financial statements there are no assets earmarked for a specific business, as per Article 2427 of the Civil Code.

Financing earmarked to a specific business

It is hereby certified that at the date of the closing of the financial statements, there are no financings earmarked for a specific business, as per Article 2427 of the Civil Code.

Information on related parties

During the period, the company had commercial and financial relationships with related parties. These relationships were part of normal management activity, regulated at market conditions that are established by contract by the parties in line with the standard procedures. Following is a summary:

Euro	Receivables	Payables	Cost	Revenue
4Science S.p.A. vs Itway S.p.A.	1,961,811	115,300	115,300	171,117
4Science S.p.A. vs 4Science USA Corporation	35,964	-	-	91,546
4Science S.p.A. vs Itway Turkyie	262,450	-	-	261,550
TOTAL	2,260,225	115,300	115,300	524,213

Itway S.p.A. directs and coordinates 4Science S.p.A. This activity consists in indicating the general strategic and operational direction of the Group, defining and adjusting the organizational Model and elaborating the general policies to manage human and financial resources.

Information on agreements not shown in the balance sheet

During the year there was no agreement that is not included in the balance sheet.

Subsequent events

On March 5, 4Science closed the transaction to buy a 60% stake in Seacom S.r.l and, on the same day, the extraordinary shareholders' meeting of 4Science S.p.A. deliberated to launch a paid capital increase, indivisible, with the exclusion of pre-emptive rights according to article 2441, paragraph 5 of the Civil Code, for an overall Euro 450,000 (including share premium) through the issue of 150,000 new ordinary 4Science shares without nominal value at a subscription price of Euro 3.00 (including share premium) per share in cash reserved for Mr Stefano Pampaloni.

The cash component of the consideration for the purchase of 60% of Seacom S.r.l. was funded through a 60-month Euro 1.5 million financing from Banca Progetto, payable in monthly instalments.

Enterprises that draw up the financial statements of the largest/smallest of companies of which they are part as a subsidiary

Pursuant to Articles 2427, No. 22-quinquies, 22-sexies, of the Civil Code, following is the name and legal headquarters of the company drafting the consolidated financial statements, of the larger or smaller set of enterprises, to which the company belongs to as a subsidiary. It also indicates where a copy of the consolidated financial statements is available.

Larger enterprise	
Name	Itway S.p.A.
City (if in Italy) or foreign state	Milan
Tax code (for Italian companies)	01346970393
Place where consolidated financial statements are filed	Ravenna

Summary statement of the financial statements of the company exercising management and coordination activities

Please note that the Company is part of the Itway Group and is subject to its direction and coordination.

The following summary statements sum up the essential data of the last financial statements approved by the company exercising direction and control.

Summary statement of the balance sheet of the company exercising direction and coordination

	Latest fiscal period	Date	Previous fiscal period	Date
Date of last approved financial statements		31/12/2022		31/12/2021
B) Fixed assets	13,489,677		13,898,983	
C) Current assets	13,841,364		16,334,461	
D) Accrued income and prepaid expenses	23,717		45,738	
Total assets	27,354,758		30,279,182	
Share capital	5,199,367		4,603,521	
Reserves	5,755,220		4,021,981	
Profit (Loss) for the period	(408,745)		1,306,542	
Total net equity	10,545,842		9,932,044	
B) Provisions for risks and charges	8,333,875		8,367,033	
C) Severance pay	307,544		330,795	
D) Payables	8,167,497		11,649,310	
E) Accrued expenses and deferred income	-		-	
Total liabilities	27,354,758		30,279,182	

Summary table of the income statement of the company that exercises direction and coordination.

	Latest fiscal period	Date	Previous fiscal period	Date
Date of last approved financial statements		31/12/2022		31/12/2021
A) Value of production	4,126,221		3,287,423	
B) Cost of production	4,665,722		(3,145,474)	
C) Financial income and charges	(464,189)		1,207,854	
D) Value adjustments for financial assets	-		-	
Income taxes	594,945		(43,261)	
Profit (Loss) for the period	(408,745)		1,306,542	

Information required under Article 1, paragraph 125 of Law No. 124 dated August 4, 2017

Concerning the provision included in Article 1, Paragraph 125-bis of Law 124/2017 regarding the obligation to provide evidence in explanatory notes of any sums of money received during the fiscal year by way of grants, subsidies, benefits, contributions, or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation of any kind, from public administration and the entities referred to in Paragraph 125-bis of the same Article, the Company certifies that in 2022 no contributions of this nature were collected.

Please also note that the aid included in the National Register of State Aid referred to in Article 52 of Law No. 234, dated December 24, 2012, is published in the transparency section provided therein, operated by the entities that grant or manage such aid as per the relevant framework.

Proposed profit allocation or loss coverage

Dear shareholders, in view of what was stated above, the Administrative Body proposes to carry forward the loss for the 2023 fiscal year totalling Euro 203,096.

Explanatory notes, conclusion

Dear Shareholders, we confirm that the current financial statements, comprising the balance sheet, the income statement, the cash flow statement and the explanatory notes give a true and fair view of the company's financial position and results of operations for the year and correspond to the accounting records. We therefore invite you to approve the draft financial statements as of 12/31/2023 together with the proposed allocation of the profit of the year, as prepared by the Administrative Body.

The financial statements are true and real and they correspond to the accounting records

Milan, March 21, 2024

Chairman of the Board of Directors

G. Andrea Farina

**REPORT OF BOARD OF STATUTORY AUDITORS TO THE FINANCIAL STATEMENTS ENDED
DECEMBER 31, 2023 DRAFTED ACCORDING TO ARTICLE 2429 OF THE CIVIL CODE**

To the shareholders of 4Science S.p.A.:

Oversight activity

In the year ended December 31, 2023, the regulations in force and the rules of conduct of the Board of Auditors issued by the National Council of Certified Public Accountants guided our activity.

In the current report, we will inform you of such activity and of the results that we achieved. Submitted for your approval are the financial statements for the year ended December 31, 2023, prepared following Italian regulations that govern their drafting, which show a loss of Euro 203,096 in the fiscal period.

The financial statements were made available to us within the legal deadline.

The Board of Statutory Auditors, not having the mandate for the legal audit, conducted oversight activity consistent with a brief overall check to verify the correct drafting of the financial statements. Indeed, the person in charge of the statutory audit is responsible for verifying that the financial statements reflect the accounting data.

From what has been declared in the report by the person in charge of the statutory audit, the financial statements for the period ended December 31, 2023, truly and correctly represent the financial position, results of operations, and cash flows of your Company. It was also prepared by Italian regulations that govern its drafting.

Supervisory activity as per Article 2403, and following of the Civil Code

We supervised compliance with the law and the articles of incorporation and adherence to the principles of proper administration.

We took part in shareholders' meetings and the meetings of the Administrative Body, adhering to the regulatory, legislative, and statutory norms that govern their functioning and for which we can reasonably ensure that the measures deliberated conformed to the laws and bylaws and that they were not expressly imprudent, risky, in a potential conflict of interest, or such as to compromise the integrity of the Company's assets.

In periodic checks, we acquired from the Administrative Body information on the general performance of operations, the foreseeable evolution, and transactions of greater importance for their size and characteristics, which the Company executed. Based on the acquired information, we do not have particular observations.

We acquired knowledge on and supervised the adequacy of the organizational, administrative, and accounting structure and its proper functioning, and, in this sense, we have no particular observations.

We acquired knowledge of and supervised, to the extent of our responsibility, the adequacy and functioning of the administrative and accounting system and its reliability in correctly representing operations by securing information from the people in charge of the roles and examining corporate documents. In this sense, we have no particular observations.

During the fiscal period:

- The Board of Statutory Auditors received no complaint as per Article 2408 of the Civil Code;
- The Board of Statutory Auditors, on December 15, 2023, gave its opinion on the adequacy of the price for the issue of new shares without pre-emption rights.

During the supervisory activity described above, no further significant facts emerged that require highlighting in the current report.

Observations on the annual financial statements

We examined the financial statements for the period ended December 31, 2023, on which we report the following.

Since we are not entrusted with an analytical check on the content of the financial statements, we supervised its general preparation and overall compliance with the law for the part that regards its drafting and structure. In this regard, we do not have any particular observation.

We verified the compliance with the law in terms of the drafting of the report on operations, and in this regard, there are no observations to highlight in the current report.

To the best of our knowledge, the Administrative Body, in drafting the financial statements, did not deviate from the laws as per Article 2424, paragraph 5, of the Civil Code.

We verified that the facts in the financial statements correspond to the information that we gained knowledge of following the fulfilment of the typical duties of the Board of Statutory Auditors. In this regard, there are no further observations.

Observations and proposals on the approval of the financial statements

Considering also the findings of the activity carried out by the auditing company, we see no reason why shareholders should not approve the financial statements for the period ended December 31, 2023, as drafted by the Administrative Body.

Therefore, we propose to the shareholders' meeting to approve the financial statements for the period ending December 31, 2023, as drafted by the Administrative Body.

The Board of Statutory Auditors agrees with the proposal made by the Administrative Body on the allocation of the result of the period.

Ravenna, April 08, 2024

THE BOARD OF STATUTORY AUDITORS

Andrea Magnani (President)

Silvia Caporali

Stefano Sgarzani

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14
OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010**

To the Shareholders of

4SCIENCE S.p.A.
Via Louis Braille, n. 15
48124 Ravenna (RA)

Report on the Audit of the statutory Financial Statements

Opinion

We have audited the statutory financial statements of 4Science S.p.A. (the Company), which comprise the balance sheet as of December 31, 2023, the profit and loss account, the statement of cash flows for the year then ended and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2023, and of the result of its operations and cash flows for the year then ended in accordance with the Italian law governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing the criteria for their preparation and, in the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- We concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The Directors of 4Science S.p.A. are responsible for preparing a report on operations of the 4Science S.p.A. as of December 31, 2023, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the 4Science S.p.A. as of December 31, 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of 4Science S.p.A. as of December 31, 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

HLB Analisi S.p.A.

Signed by
Renzo Fantini
(Partner)

Reggio Emilia, April 8, 2024

This report has been translated into the English language solely for the convenience of International readers. The Italian original remains the definitive version.