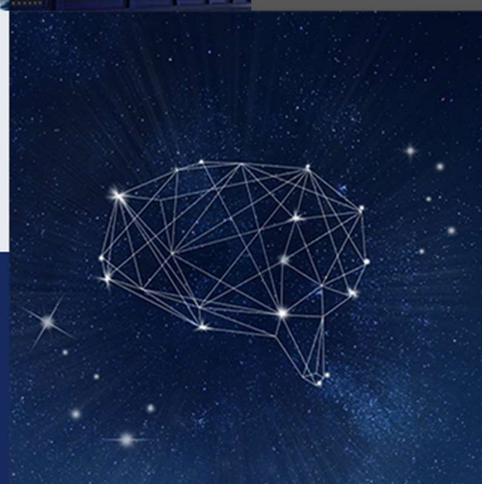

Consolidated and Separate Financial Statements for the year ended December 31, 2023

do IT your way

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Attachments:

Directors' report on operations for the Fiscal year ended December 31, 2023

Social Bodies

Board of Directors

(Until approval of the December 31, 2025 Financial Statements)

Name and last name	***Position***
Giovanni Andrea Farina	President and Chief Executive
Cesare Valenti	Managing Director
Valentino Bravi	Independent Director
Piera Magnatti	Independent Director
Viola Ferretti	Independent Director

Board of Statutory Auditors

(Until approval of the December 31, 2025 Financial Statements)

Name and last name	***Position***
Andrea Magnani	President
Alessandro Mengozzi	Member
Rita Santolini	Member

Manager mandated to prepare corporate accounting documents

The board of directors named Sonia Passatempi (Administrative Manager of the Group) as the Manager in charge of preparing corporate accounting documents for the Itway Group.

Auditing company

HLB Analisi S.p.A.

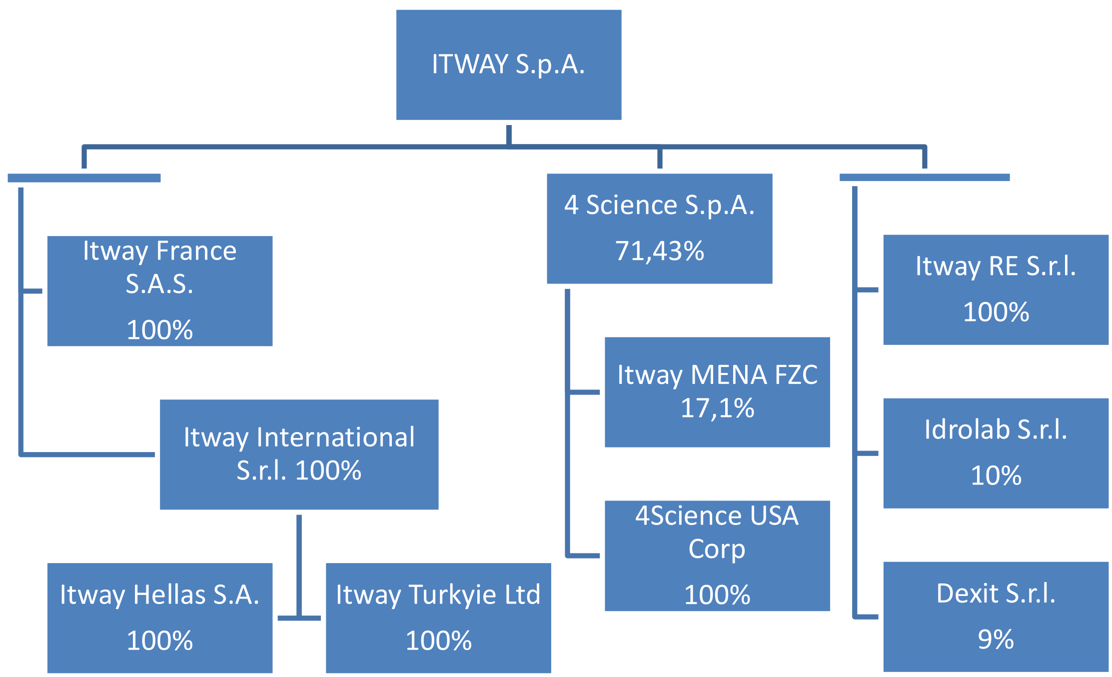
The General Meeting gave the auditing mandate on July 2, 2018 for a period of nine years until the approval of the financial statements for the year ending December 31, 2026, and, pursuant to the regulations in force, it cannot be renewed.

Report on the ownership and on corporate governance

In accordance to current laws, please note the Report on Ownership and Corporate Governance, approved by the Board of Directors of Itway S.p.A (hereinafter the "Company" or "Parent Company") is available for the public at the administrative headquarters in Ravenna, via Braille 15, and can be consulted on the Internet site www.itway.com in the Investor Relation section.

Activities and structure of the Group

Following is the structure of the Itway Group at December 31, 2023:



The Company has its legal headquarters in Milan in Viale Achille Papa, 30 and the administrative headquarters in Ravenna in Via L. Braille, 15.

Structure of the Management Report

The current Directors' Report is drafted along with the financial statements and the consolidated financial statements of Itway S.p.A.

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Financial Statements for the fiscal year ended December 31, 2023 are, as in the previous fiscal year, the international accounting principles defined as IFRS. In particular, these principles require forward-looking statements, as indicated in the continuation of the current report, in particular in the section "Foreseeable Evolution of operations" and in detail in the Explanatory Notes. In the context of the economic uncertainty illustrated below, please note that these forecasts have a component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from that forecast, therefore possibly requiring revisions that today cannot be either estimated or forecasted.

<u>Market positioning</u>:

The Group is positioned on the **Digital Product Engineering and Digital Transformation** model.
Although both digital product engineering and digital transformation focus on using digital technologies, they refer to different aspects of an organization's digital strategy. Digital product engineering involves the process of planning, developing, testing, implementing, and doing the maintenance of digital products or software that offer value to end-users. Digital transformation integrates digital technology in all aspects of a company or organization, radically changing how it operates and offers value to its clients. This transfer take place focusing on the higher value-added segments, through four Business Units:

- Cybersecurity – Cyber Resilience & Infrastructure
- Cybersecurity products (VAD &PS)
- Data Science;
- Cyber Safety.

The Itway Group in the fiscal year continued to invest in Cybersecurity, IoT, Artificial Intelligence (AI), and Big Data, all of which are connected and correlated.

Business Unit areas:

- **Itway S.p.A.** is specialized in IT services (consultancy, planning, and system integration) in the field of IT and OT cybersecurity, SOC-NOC and Managed Security Services (MSS), and the so-called EH&S (Environment, Health & Safety) sector
- **4Science S.p.A.** offers Data Science, Data Management services and solutions for the scientific, and cultural heritage markets as well as Big Data.

General context and performance of the ICT Market:

The economic performance considers the continuation of the very complex international scenario related to and determined by the ongoing war in Ukraine, the shortage of raw materials, still extremely high energy costs, and elevated inflation.

In 2023, Italy saw an annual increase in GDP of 0.9%, slowing from 2022 but higher than the average in the euro area (+0.4%). The European Commission trimmed Italy's 2024 GDP growth forecast, now seen up 0.7%, instead of the 0.9% envisaged in the November forecasts. It confirmed the forecast for 2025 for GDP to rise by 1.2%.

The slowing inflation trend, favoured by the drop in energy prices and the tightening policies of central banks (ECB and Fed), will lead to lower inflation in the current year (+5.7%) and a greater degree in 2024 (+2.6%).

Based on consolidated and forecast data, the ECB in July 2022, when rates were negative, carried out a series of 10 interest rate hikes, reaching the current 4.5%; this rigorous monetary policy managed to compress inflation to bring it back to the 2% target. Markets are betting that the ECB will cut the reference rate in the summer of 2024 (Source: Istat, March 2024 and the Bank of Italy).

In the first six months of 2023, the digital market was worth Euro 38,106 million, up 2.5% compared with the first six months of 2022. The highest growth was seen in ICT Services (+8.8%), mainly driven by the Cloud market (+19.8%), digital content and advertising (+6%), and ICT software and solutions (+5.7%).

Forecasts saw the digital market end 2023 at a value of Euro 79.209 million, up 2.8%, with the following segments posting the best performance: ICT services +(%), digital content and advertising (+5.9%), and ICT software and solutions (+5.8%).

For the subsequent years, growth should be more sustained: +3.8% in 2024, +4.9% in 2025, and +5% in 2026, with a market that at that time could exceed Euro 90 billion. All segments are seen growing in 2024-2026.

Digital Enablers continue to be extraordinary growth drivers for the development of the Italian digital market, with artificial intelligence that will allow to post an average growth of 28.2% between 2023 and 2026.

Several factors will affect the performance of the digital market in 2023-2024:
• The actual use of NRRP resources destined for the Country's digitalization and their feasibility in complex territorial and operational contexts
• as described above, the continuation of an uncertain growth situation at a national and international level;
• Higher internal and external ICT sector costs that make the digital transition more expensive.

Following is the brief consolidated income statement as of December 31, 2023, compared with the previous fiscal year.

(Thousands of Euro)	December 31, 2023 Itway Group	December 31, 2022 Gruppo Itway
Turnover		
Sales revenue	47,388	43,735
Other operating revenue	1,698	2,960
Total revenue	**49,086**	**46,695**
Operating costs		
Costs of products	39,046	36,496
Personnel costs	4,766	3,392
Other costs and operating charges	3,583	4,612
Total operating costs	**47,395**	**44,500**
EBITDA*	**1,691**	**2,195**
Amortization	2,253	649
EBIT*	**(562)**	**1,546**
Net financial charges	81	(77)
Net charges for sale of equity investments and related receivables	-	(1,831)
Result before taxes	**(481)**	**(362)**
Income taxes	151	14
Net result	**(330)**	**(348)**

**The definition of Ebitda and Ebit is given in the Notes of the consolidated Financial Statements attached to the current Report.*

In the 2023 fiscal year, Group revenue increased by over 5% (Y/Y), with revenue from products and services rising by 10%. EBITDA totalled Euro 1,691 thousand (Euro 2,195 thousand in 2022), and EBIT went from Euro 1,546 thousand to Euro -562 thousand. The net result for the period was broadly unchanged at Euro -348 thousand compared with Euro -330 thousand.

Weighing on EBIT and the result before taxes was an adverse one-off Euro 1,500 thousand write-down for works in progress carried out in the past decade for the Italian Interior Ministry, recognized as trade receivables in the previous fiscal period. This prudential write-down became necessary following the second-degree ruling of the Rome Court of Appeals on January 8, 2024, that rejected the appeals filed by Itway; the company is assessing with its consultants filing an appeal with the Supreme Court of Cassation.

EBITDA was adversely affected by the increase in costs mainly related to **significant investments underway** and, in particular, linked to a 40% rise in personnel costs (Euro +1,374 thousand) and for collaborators. The number of workers rose from 67 units (December 31, 2022) to 89 units (December 31, 2023), with the hiring of qualified generating an increase of 22 units in the number of executives (4), senior account managers, junior account managers, project managers, developers, service desk staff, cybersecurity consultant, systems engineers, and back-office workers, as envisaged by the investment plan of the company.

The sector in which the Group operates is famous for a permanent skill shortage; for over 20 years, the market growth has faced a lack of technical specialized skills. Thanks to its solid reputation, Itway has proven and continues to prove that it can attract skilled professional figures already known on the market and attract budding young talents to train, educate, and coach through the Itway training programs.

The hiring and training of new resources so conspicuously inevitably led to lower internal efficiency in delivering revenue, though growing, as senior personnel were busy training and transferring know-how to the new entrants. This period of reduced efficiency and capacity is expected to begin improving in the 2024 fiscal year.

Even though we have no clients or suppliers in Ukraine, the general climate of uncertainty caused by the ongoing war is not helping. The recent conflict between Israel and Hamas and the recent attacks between Israel and Iran, having an Israeli supplier and headquarters in the US, makes us more cautious; however, to date, we have not seen a contraction in volumes.

The impact of the Public Administration's management of the NRRP is worth mentioning: On the one hand, the NRRP made significant investments available for digital innovation in the public administration and digital transformation sectors. On the other, the rigid timing required to write and submit projects to access NRRP funds blocked the administrative staff of the public administration for months, slowing and delaying any other decision on current or planned investments.

Despite these objective difficulties, the value of orders received in 2023 rose in all Business Units compared with the previous year.

Sector Performance: Cyber Security Products (*VAD + PS)*

Through the Cyber Security Products VAD + PS sector, the Group operates in Greece and Turkey as a Value-Added Distributor with associated Project Services in the sale of products specialized in Cyber Security (software and hardware), certification services on the software technologies distributed, and pre- and post-sales technical assistance services.

Following are the main economic indicators of the sector, compared with those of the previous fiscal year:

Thousands of Euro	31/12/2023	31/12/2022
Revenue	42,044	40,792
Ebitda	2,840	2,797
Ebit	2,696	2,700
Result before taxes	3,368	2,732
Result for the period	2,772	2,291

** * The definition of Ebitda and Ebit is given in the Notes of the consolidated Financial Statements attached to the current Report*

Following is a breakdown by country:

Itway Turkey is witnessing a very complex phase due to the continued devaluation and the economic and monetary policies put in place by the government that are not always effective, the catastrophic effects of the earthquake at the beginning of the year, and the political uncertainty related to political elections in May that brought to the re-election of Erdogan. Despite these objective difficulties, which heavily weighed on the purchasing power of private and public companies, growth indicators like GDP were significant in 2023, rising 4.5% (source: World Bank, April 2024).
Itway Turkey has a leading position in the Turkish Cybersecurity market. Results for the year indicate solid growth prospects with an increase in revenue of 52.6% in local currency compared with the previous fiscal period. Considering the devaluation of the currency (Euro against Turkish Lira), this significant growth led to 3.2% revenue growth and an increase in the gross margin, both as a percentage and in absolute terms. EBITDA grew 13% year on year. The net result was impacted positively by foreign currency gains booked in the period by the subsidiary that sells and purchases using the US dollar as the accounting currency

Itway Hellas: The Greek subsidiary posted revenue growth of 2.9%, increasing its market share. The Company, which specializes in Cyber Security, year after year, continues to grow in a market, the Greek one, that is progressively coming out of a tense and delicate economic situation and is showing signs of vitality, especially in the public administration, the banking sector, and large infrastructure companies, where significant investments in digitalization processes were made, with a positive impact on cybersecurity demand. We invested in technical personnel to sustain revenue growth and introduce new Vendors, leading to an 8% increase in personnel costs. General and service costs increased by 26%, mainly because of the energy crisis caused by the conflict in Ukraine, impacting EBITDA and EBIT, which fell approximately 24%.

Sector performance: ***Activities of the Parent Company and other sectors in the scale-up phase***

The parent company **Itway S.p.A.** is a holding company comprising two sectors of activities: **Corporate and Operational** .

Corporate Sector:

- It carries out **management activities for the group**; it handles the administrative and financial management, organization, strategic planning and operational control, budget process, human resource management, general affairs, management of marketing communication, corporate information systems, legal, and extraordinary finance operations of Group companies. In summary, the corporate sector deals with the strategic governance and Group's financial and human resources management.

Operational Sector:

- The holding has two business units: **Cyber Security** and **Cyber Safety**
    - **Cyber Security – Cyber Resilience** manages consultancy, planning, system integration, or **in general IT Services** in IT and OT Cyber Security, in particular in Cyber Risk Management, GDPR, and Cyber Resiliency;
    - **Cyber Safety**: With the patented and proprietary ICOY ™ ®, it operates in the work safety sector or the so-called EH&S (Environment, Health, & Safety). This business unit, which has an exceptionally innovative product in which the Group heavily invested, is in an advanced start-up phase.

Other sectors in the scale-up phase::

- **4Science S.p.A** is the **Data Science** business unit specialized in Data Science and Data Management services and solutions for the markets of digital repository of scientific research, cultural heritage and Big Data. It is in the scale-up phase.

Following is a brief income statement of the Parent Company Activity and other sectors in the scale-up phase compared with the same period of the previous year:

(Thousands of €uro)	**31/12/23**	**31/12/22**
Revenue	7,042	5,903
Ebitda	(1,149)	(602)
Ebit	(3,258)	(1,154)
Result before taxes	(3,849)	(3,094)
Result for the period	(3,102)	(2,639)

Following is a brief comment on the performance of 4Science and Itway:

This is the sector that saw the most investments of the three Business Units that comprise it (Cyber Security, Cyber Safety, and Data Science), with the hiring of 20 highly specialized and professional resources.

Itway S.p.A. continued the activities of the two business units, **Cyber Security** and **Cyber Safety.**
As previously described, new technical and sales staff was hired and the pipeline of opportunities is growing strongly.

In the **Cyber Security Business Unit**, we created a new product line called Itway Cyber Security & Cyber Resiliency 360 ™ that responds to the problems of the Cyber Risk Management market broadened to Cyber Resiliency, which is now better defined thanks to the passing of the EU Cyber Resilience Act

The parent company carried out these activities thanks to the skills of the newly-hired staff and exploiting the partnership with Be Innova. Managed Security Provider (MSP) services were further extended 24/365 through a greater segmentation, flanking the services offered to medium- and large-sized corporations with a suite of services tailored and specialized for SMEs, priced competitively and simple to sell and install. We signed important resale agreements for advanced products and solutions.

Regarding Be Innova, the Company in February 2023 signed an agreement to sell its stake of 50% of Be Innova to SEAC, which already owns the other 50%, giving it full control while maintaining a technical partnership agreement with Itway for the resale of NOC/SOC services in the white label **Itway SOC**. The transactions generated an aggregate proceed of approximately Euro 2.3 million in the first half of 2023, contributing to improve the net financial position of Itway Spa and of the Group. We added the offer of products and services for IT infrastructure data centres, integrated data protection, and cyber resilience in complete assonance with the cyber security offering, and we continued with direct marketing activities that are increasing the pipeline of prospects interested in our products.

In the **Cyber Safety Business Unit**, ICOY obtained the patent in Italy (Number 102020000016051), assisted by Bugnion S.p.A., and has now filed for a European patent, awaiting approval (Patent Pending). New functions were added to the ICOY MOVER Bridge Crane product, paving the way to begin new purchase plans with the principal client. The first POCs launched in 2021 were also commissioned, based on the ICOY MOVER Forklift product, with an important company specializing in logistics and cargo handling services in the territory.

Investments and updates in the ICOY AI ™ software, the engine and heart of the ICOY product, continued with powerful artificial intelligence within the product. Following version 1.0, we are releasing 2.0, with ICOY ever faster (+60%) and more precise.

There has also been a major direct marketing push towards companies in the metalworker and steel sector. The feedback we received from the market denotes a growing and concrete interest that we think will soon translate into growing demand to adopt ICOY for those companies operating in the manufacturing metalworks, oil&gas, transport&logistics sectors that have significantly increased the sensibility towards the safety of their workers.

To better understand the performance of the Itway S.p.A. Parent Company, following is the brief income sector of this company, excluding the intercompany components:

(Thousands of €uro)	**31/12/2023**	**31/12/2022**
Revenue	4,900	4,126
EBITDA*	72	(215)
EBIT*	(1,800)	(540)
Result before taxes	(571)	(1.004)
Result for the period	38	(409)

** The definition of EBITDA and EBIT is given in the Notes of the consolidated Financial Statements attached to the current Report*

As previously described, the development of the Business Units that are part of Itway gave a significant impulse to revenues, which rose 19%, and EBITDA, which showed a marked improvement. EBIT and the Result before taxes were affected by a Euro 1,500 thousand one-off write-down for work in progress carried out a decade ago for the Italian Interior Ministry, recognized as trade receivables in previous fiscal periods. This prudential write-down became necessary after the second-degree ruling of the Rome Appeal Court on January 8, 2024, that rejected the appeal filed by Itway; the company is assessing with its consultants if to appeal to the Supreme Court of Cassation.

However, the composition of revenues saw very significant improvement. **Revenues from products and services jumped by over 300%.**

The **Data Science** Business Unit, **4Science S.p.A**., in the year ended December 31, 2023, posted a 15.9% increase in revenue, with revenue from products and services 18.4% higher compared with 2022, while general costs jumped 29.7%. EBITDA was Euro 164 thousand, down 76% from 2022, while EBIT was a negative Euro 129 thousand, and the result for the period was Euro -203 thousand. Despite the revenue growth that was not marginal, the increase in operating costs led to a worsening of EBITDA compared with the previous year, both in value and as a percentage of revenue.

The year that just ended posted an increase in costs mainly related to investments underway to adapt the company to the growth plans expected for the coming years.

Considering that the company bases its value on the ability to deliver services, the most significant investment is in personnel, the cost of which increased by Euro 448 thousand as the number of staff increased from 27 units (December 31, 2022) to 38 units (December 31, 2023). The higher costs come from hiring qualified staff with an increase of 11 units in sales, project managers, analysts, developers, service desk analysts, systems engineers, and back-office staff, as envisaged by the company's investment plans. The hiring and training of new resources so conspicuously inevitably led to lower internal efficiency in generating revenue (with an impact on the revenue generated) and delivering services (affecting the margins of the generated revenue) as senior personnel were busy training and transferring know-how to the new entrants, and the juniority of the personnel.

During 2023, orders were steady compared with the previous fiscal period at Euro 2,304 thousand, reflecting the development of the CRIS and GLAM markets after the investments in earlier years and still underway. Part of this significant number of orders are the first ones the company secured through its US division following the opening of 4Science Corporation on July 5, 2022.

On December 4, 2023 4Science S.p.A signed a binding agreement to buy 60% of Seacom S.r.l., an ICT player based in Navacchio (PI) with over 20 years of experience in open-source innovation and significant architectural skills (Leading Open-Source Architects). Seacom has been a partner of 4Science in some important projects, and there are many synergies between the two companies. In 2023, Seacom expects revenue of Euro 5.3 million and has a highly qualified staff of 34 persons.

Personnel

The average number of employees of the Group during the 2023 fiscal year was 79 units while the punctual number at the end of the fiscal period was of 89 units. The 22-unit increase (+33%) compared with the previous year was due to the hiring of new technical and sales staff in Itway and 4Science.
Following is a breakdown by category, compared with the previous fiscal period.

	31/12/2023 *Avg*	**31/12/2022** *Avg*	**31/12/2023** *Punctual*	**31/12/2022** *Punctual*
Executives	7	4	7	6
Mid-executives	6	4	7	4
Employees	66	56	75	57
Total	**79**	**64**	**89**	**67**

Net financial position

Following is the net financial position of the Group:

Thousands of Euro	31/12/2023	31/12/2022
Cash	2,109	2,345
Financial receivables	-	2,110
Current financial assets	1,163	1,152
Current financial liabilities	(727)	(697)
Convertible bonds	-	(284)
Current net financial position	**2,545**	**4,626**
Non-current financial assets	-	-
Non-current financial liabilities	(3,259)	(3,309)
Non-current net financial position	**(3,259)**	**(3,309)**
Total net financial position	**(714)**	**1,317**

Following is the net financial position of the Parent Company:

Thousands of Euro	31/12/2023	31/12/2022
Cash	769	119
Financial receivables	-	2,110
Current financial liabilities	(327)	(316)
Current financial liabilities towards subsidiaries	(1,417)	(1,807)
Convertible bonds	-	(284)
Current net financial position	**(975)**	**(178)**
Non-current financial assets		-
Non-current financial liabilities	(1,810)	(1,981)
Non-current net financial position	**(1,810)**	**(1,981)**
Total net financial position	**(2,785)**	**(2,159)**

Please see the cash flow statement for a more detailed analysis of the movements that generated the change in the Net Financial Position.

The net financial position of the Group as of December 31, 2023, was broadly steady from a year ago and was influenced by investments that the Group carried out during the period.

At the close of the period, the residual funding received from 4Science in 2022, included in the net financial position of the Parent Company, totalled Euro 1.4 million.

Reconciliation between Parent Company and Consolidated data

Following is the reconciliation sheet of the consolidated net equity and consolidated results with Those of the parent company:

	2023			2022		
	Recurrent assets	Non-Recurrent assets	Total	Recurrent assets	Non-Recurrent assets	Total
Net result of the Parent Company	**38**	**-**	**38**	**(409)**	**-**	**(409)**
Results of subsidiaries	1,422	-	1,422	1491	-	1491
Adjustment to values already included in the consolidated financial statements	(1,790)	-	(1,790)	(1430)	-	(1,430)
Consolidated net result	**(330)**	**-**	**(330)**	**(348)**	**-**	**(348)**

	2023			2022		
	Recurrent assets	Non-Recurrent assets	Total	Recurrent assets	Non-Recurrent assets	Total
Net equity of the Parent Company	**10,172**	**-**	**10,172**	**10,546**	**-**	**10,546**
Results of subsidiaries	-	-	-	-	-	-
Other consolidated entries	2,540	-	2,540	2,853	-	2,853
Consolidated net equity	**12,712**	**-**	**12,712**	**13,399**	**-**	**13,399**

Risk management

The Group's financial risks derive from the economic situation at a global level. The company has no exposure to the Russian, Belarus, or Ukrainian market and does not handle technologies and services coming from these markets. The Group uses, as a reference currency and for its purchasing and sales activities the Euro and, in a minor way, the US Dollar and the Turkish lira. For the analysis and management of financial risk, please refer to the consolidated Financial Statements Explanatory Notes.

Going concern

The consolidated financial statements of the Itway Group as of December 31, 2023, show a result of Euro -330 thousand, while the Parent Company ended with a bottom line of Euro 38 thousand.

From a financial point of view, the Group had a positive current net financial position of over Euro 2.5 million and a negative total net financial position of Euro 0.7 million. Based on the 2024-2027 industrial plant that the Board of Directors approved, directors assessed the economic and financial outlook of the Group, not finding significant uncertainties in the ability of Itway and the Group to continue operations in the regular course of business.

The essential elements of the 2024-2027 industrial plan that the Board of Directors approved are:
1) Growth and consolidation of the Cyber Security Products VAD +PS Business Unit in Greece and Turkey
2) Value, grow, and develop the Cyber Security & Infrastructure, Cyber Safety, and Data Science Business units.
Point number 2) sees the Cyber Security & Cyber Resiliency BU at the end of the start-up phase and about to enter the scale-up phase; the Cyber Safety BU is still in the start-up phase, and the Data Science BU is in the scale-up phase.
The Cyber Security & Cyber Resiliency and Cyber Safety BU, as already described, have had significant investments for product development (Itway Cyber security – Cyber resiliency 360 and Icoy) that, while still needing financial support, generated a more than significant increase in products and services sales revenue. In 2024, triple-digit percentage rate growth is expected, as seen by the first quarter of 2024 trend (funnelling, pipeline, and turnover).

The most important part of the Data Science BU is 4Science, an innovative SME that is growing and now financially autonomous, sealed its first acquisition and a positive trend in the first quarter (funnelling, pipeline, and turnover).

In 2023, the collaboration with institutional investor Nice & Green came to an after supporting Itway S.p.A. financially by issuing convertible bonds, and with which we signed an investment contract for a Warrant and Convertible Notes Funding Program worth a total Euro 5.5 million, Euro 2.85 million, of which was subscribed.

Based on the above and the foreseeable evolution of operations, the Directors drafted the financial statements on a going concern basis.

Subsequent events

On March 5, 2024, 4Science S.p.A, finalized the acquisition of 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. 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, a collaborative software (groupware) to facilitate and make more effective cooperation between groups of people, which is a leader in the EMEA region.

Foreseeable evolution of operations

Itway S.p.A.

In the coming months the Group will continue its development activities in its reference market, Cyber security, Data Science, and Cyber safety. The hiring of new members of the top management with proven value, as previously described, will lead to an acceleration of growth.

BU Cyber security & Resiliency:

To achieve the objectives of the industrial plan, we will focus on growth of the Cyber Security & Resiliency Business Unit, in particular pushing the new Itway Security & Resiliency 360 ™ product lines and proposing to the market NOC/SOC services further expanded with managed security services (MSP) 24/365 that today represent a real point of excellence.

Important resale agreements for products and services were also defined. In particular, the exclusive deals with MasterCard, which developed innovative Cyber Risk Assessment (RiskRecon), and Zscaler (leader in cybersecurity and zero-trust digital transformation). Also, the strategic partnership with Cloudian, a Silicon Valley-based firm specializing in enterprise-class object storage software. Our offering falls into the new wave of Cyber Resilience with vertical and horizontal integration of specific state-of-the-art products and services. In Cyber Resiliency, we also signed a new agreement with Quest Software that supplies cloud management services, software-as-a-service, security, mobility, backup/reset of active directories, and ONE Identity in a unified Identity security mode.

Cyber security and infrastructure remain the cornerstone of the services that the Itway Group offers, aiming to strengthen our market share by expanding the client base and creating new partnerships with state-of-the-art technological Vendors in Cyber Security & Resiliency and infrastructure.

The increasing exposure to cyber threats and attacks in the industrial world, caused by the digitalization of industry, the spread of Industrial IoTs, and convergence between IT systems and production systems, makes companies need to protect their OT (operational technology) environments. To address these risks and manage OT Security from within, we signed a partnership deal with Radiflow, a leader in cybersecurity solutions for industrial automation critical networks (ICS/SCADA), like power stations, water ducts, chemical plants, etc.

BU Cyber safety:

The Cyber Safety business unit, based on the ICOY MOVER, is another story. During the first quarter of 2024, we received the first orders and saw the first significant signs of interest from clients, giving us confidence that these will lead to further orders.

The sales team specialized in ICOY, which includes a senior manager as Key Account Manager (KAM), a conspicuous pipeline of opportunities developed, and we secured some significant orders from large industrial groups (Feralpi, Padana Tubi, Arvedi, and Marcegaglia). We will continue with the direct marketing push towards companies in the metal-mechanical and steel sectors to further increase the negotiations portfolio and secure new orders before the end of the fiscal period. We developed the marketing communication of the Business Unit, activating all communication tools like the logo and the trademark, the specific website www.icoy.it, and signed the first alliances with associations in the work safety sector like RSPP Italia, AIAS, INAIL, and Parallelo45, with which we started to plan communication and evangelization activities. There are also contacts underway with other sector associations.

There is great interest in ICOY MOVER, and the terrible series of accidents on the job (also in recent days) shows how many lives could have been saved by adopting ICOY MOVER. To the date of the current report, over 280 companies in different sectors have shown concrete interest, and 80 of these requested and received an ICOY MOVER offer.

4 Science S.p.A.

BU Data Science:

The 2024 fiscal period began with a fair backlog and good prospects for new orders, with the growth outlook mainly related to international markets, namely the US.

The significant investments in personnel carried out during 2023, in addition to the reorganization that took place last year, will have to bring positive results to the new operating structure in terms of revenue growth and a rebound in profitability. The company today represents one of the major service providers of the DSpace platform at a global level with a leading role in the US steering committee that defines its developments and future evolution; this leading role, along with the greater production capacity of our software factory, will allow us to grow both in the international and domestic markets. Also, the presence in the US market, which already bore its fruits in 2023, will have to be a growth factor generating a significant negotiations to transform into sales in a market that offers great opportunities.

In addition, following the closing on March 5, 2024, of the acquisition of a 60% stake in Seacom S.r.l., 2024 will also see the consolidation of the Data Management activities of Seacom, with expected revenue of Euro 3.4 million.

Itway International S.r.l., Itway Turkiye Ltd. and Itway Hellas S.A.

BU Cyber security Products VAD + PS:

We do not see significant factors that in any way could slow our growth also in 2024.

Following the acquisition of Seacom, the Zimbra (Secure Collaboration Suite) commercial and technical activities were spun off. The sales of this product in Italy, South Europe, and Africa were added to this Business Unit, increasing by approximately Euro 2.7 million the revenue expected for 2024.

We will closely monitor the exchange rate situation in Turkey and carefully manage operating costs, especially in Greece.

We expect the value-added distribution activities with planning services to continue their significant growth, focusing on defending margins, which are rising, and managing working capital.

The reference market in Greece and Turkey, where we operate, is in a phase of significant development, and we expect to grow organically thanks to the growth rates forecast of the vendors that we represent, the increase in our market share, and the introduction of new product lines, like for example, Mastercard and the product lines in the storage and cloud backup market, such as Commvault and Treelix.

We aim to maintain solid growth rates for revenues and profitability in line with the Business Plan and to confirm our strategic leadership in the Cyber Security sector in Greece and Turkey.

In preparing the financial statements, Management evaluated the risks the war between Russia and Ukraine and its possible effects on the global economy could have on the performance of the business. The Group does not have direct relations with Russia and Ukraine and the related markets; there are no cash flows that directly involve the operations of the Group that are expressed or settled in the Russian and Ukrainian currency; the Group evaluated the impact related to a potential increase in energy prices.

Management will continue to monitor all scenarios and eventual impacts related to these events.

Significant, non-recurring, atypical and/or unusual transactions

In the 2023 fiscal year, there were no atypical and/or unusual transactions with third parties or between Companies of the Group as defined by Consob Communication dated July 28, 2006, while there non- recurring transactions related to the write-off of some debt positions.

Relationships with third parties

During the 2023 fiscal year, the Group 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:

Thousands of €uro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	-	-	198	-
Itway S.p.A. vs Fartech S.r.l.	67	94	-	68
TOTAL	**67**	**94**	**198**	**68**

Itway directs and coordinates its subsidiaries in Italy. 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.
No company directs or controls Itway S.p.A

Research & Development

During the period, a total of Euro 1.2 million (compared with Euro 1.3 million in the previous fiscal year) was invested, in particular in the business unit described above, and capitalized in intangible assets.

Owns shares

The Parent Company as of December 31, 2023, owned No. 203,043 own shares (equal to 1.91% of share capital) for a nominal value of Euro 101,522 and an overall cost of the shares held in the portfolio of Euro 320 thousand (equal to the amount reflected in the Own Share reserve deducted from net equity of the fiscal period and at a consolidated level). Of these, No 136,400 own shares (equal to 1.29% of share capital) were allocated on loan to Nice & Green SA to service the convertible bond issue.

Stakes held by the directors

The following table is a summary of the stakes in the parent company held by Directors, Auditors, Managing Directors and their spouses and minors, both directly or through controlling companies, trusts, or delegated third parties. Please note that the data are normally updated with communication carried out between the Shareholders and the Company.

Name and last name	Number of shares Ownership at 31/12/2022	Purchased	Sold	Ownership at 31/12/2023
Giovanni Andrea Farina (*)	3.184.259	-	-	3.184.259
Gavioli Anna Rita (**)	179.412	-	-	179.412
Valenti Cesare	1.012.284	-	-	1.012.284
Total	**4.375.955**	**-**	**-**	**4.375.955**

(*) Stake partly held through Giovanni Andrea Farina & Co. S.r.l

(**) Spouse of G. Andrea Farina

The only shareholders that exceed 10% of share capital in the company are Giovanni Andrea Farina & Co. S.r.l. and Cesare Valenti (Director of the Parent Company).

Proposed allocation of the result of the fiscal period

In terms of the allocation of the result reported in the financial statements of the company, it has been proposed to allocate:

- Euro 1,904 to the legal reserve;
- Euro 36,184 to the voluntary reserve.

Ravenna, April 24, 2024

FOR THE BOARD OF DIRECTORS
Il President and Chief Executive
G. Andrea Farina

ITWAY GROUP
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

CONSOLIDATED INCOME STATEMENT

Euro thousands	Exercise at the	
	December 31, 2023 Itway Group Net	**December 31, 2022 Itway Group Net**
Sales Revenue	47.388	43.735
Other operating income	1.698	2.960
Costs per product	(39.046)	(36.496)
Costs for services	(3.315)	(2.740)
Personnel costs	(4.766)	(3.392)
Other operating expenses	(268)	(1.872)
EBITDA	**1.691**	**2.195**
Depreciation, amortization and impairment	(2.253)	(649)
Operating profit (EBIT)	**(562)**	**1.546**
Financial income	32	22
Financial charges	(672)	(470)
Other financial income and expense	721	371
Income and expenses for the closure and sale of equity investments	-	(1.831)
Profit before taxes	**(481)**	**(362)**
Taxes for the year	151	14
Profit for the year	**(330)**	**(348)**
Attributable:		
Shareholders of the parent company	(275)	(403)
Interests of third parties	(55)	55
Earnings per share		
From Operations Activities:		
Base	(0,03)	(0,04)
Diluted	(0,03)	(0,04)

*Regarding relationships with related parties, please refer to Note 32.
** The definition of EBITDA and EBIT is provided in the following paragraph "Presentation of the financial statements".

STATEMENT OF COMPREHENSIVE INCOME

Euro thousands	Fiscal year closed at December 31, 2023 Itway Group Net	December 31, 2022 Itway Group Net
Profit for the year	(330)	(348)
Items that can be reclassified to the Income Statement:		
Profit/Loss from the translation of the financial statements of the foreign subsidiary	(685)	(493)
Items that cannot be reclassified to the Income Statement:		
Actuarial gains/(losses) of employees benefit plans	(68)	81
Aggregate	**(1.083)**	**(760)**
Attributable:		
Shareholders of the parent company	(1.031)	(828)
Interests of third parties	(52)	68

STATEMENT OF FINANCIAL POSITION

Euro thousands		Fiscal year closed at 31/12/23	31/12/22
ACTIVITY			
Non-current assets			
Property, plant and equipment		897	879
Starting		1.845	1.846
Other intangible assets		4.913	3.644
Rights of use		2.700	2.590
Investments		603	603
Deferred tax assets		2.504	1.742
Non-current financial assets		-	-
Other non-current assets		17	16
	Total	**13.479**	**11.320**
Current Assets			
Inventories		836	468
Trade receivables		20.774	21.469
Other current assets		750	847
Cash and cash equivalents		2.109	2.345
Other financial receivables		-	2.110
Current financial assets		1.163	1.152
	Total	**25.632**	**28.391**
Total Assets		**39.111**	**39.711**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital and reserves		11.893	12.670
Profit for the year		(275)	(403)
Total Group Shareholders' Equity		**11.618**	**12.267**
Share capital and minority reserves		1.149	1.077
Minority net operating result		(55)	55
Total Shareholders' Equity		**12.712**	**13.399**
Non-current liabilities			
Employee Benefits		621	579
Non-current trade payables		130	-
Provisions for risks and charges		13	187
Deferred tax liabilities		175	194
Non-current financial liabilities		3.259	3.309
	Total	**4.198**	**4.269**
Current liabilities			
Current financial liabilities		727	981
Current trade payables		15.094	14.536
Tax payables		3.516	4.668
Other current liabilities		2.864	1.858
	Total	**22.201**	**22.043**
Total liabilities		**26.399**	**26.312**
Total shareholders' equity and liabilities		**39.111**	**39.711**

*Regarding relationships with related parties, please refer to Note 32.

Statement of changes in the consolidated equity accounts

Euro thousands	Share capital	Treasury shares reserve	Overage reserve Actions and other operations	Legal Reserve	Voluntary reserve	Cumulative gains (losses) Other reserves	Reservation of Translation	Profit for the year	Group PN	Third-party PN	Group and third-party NPs
Balance as of 01/01/2022	**4.604**	**(320)**	**17.378**	**485**	**4.792**	**(12.987)**	**(4.836)**	**1.301**	**10.417**	**(352)**	**10.064**
Capital increases from P.O. conversion	596	-	863	-	-	11	-	-	1.470	-	1.470
4Science share capital increase and transaction charges	-	-	1.931	-	-	-	-	-	1.931	772	2.703
Change in minority interests in 4Science	-	-	-	-	-	(292)	-	-	(292)	292	-
Total transactions with members	**596**	-	**2.794**	**-**	**-**	**(281)**	**-**	**-**	**3.109**	**1.064**	**4.173**
Allocation of the result for the year	-	-	-	-	-	1.301	-	(1.301)	-	-	-
Other Movements/Cessation Inebula	-	-	-	-	-	(431)	-	-	(431)	352	(79)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(403)**	**(403)**	**55**	**(348)**
Other components of the Comprehensive Income as at 31 December 2022:											
Actuarial gains/(losses) on employee benefits	-	-	-	-	-	68	-	-	68	13	81
Exchange rate differences from the translation of the balance sheet into foreign currency	-	-	-	-	-	-	(493)	-	(493)	-	(493)
Aggregate	**-**	**-**	**-**	**-**	**-**	**68**	**(493)**	**(403)**	**(828)**	**68**	**(760)**
Balance as of 12/31/2022	**5.200**	**(320)**	**20.172**	**485**	**4.792**	**(12.330)**	**(5.329)**	**(403)**	**12.267**	**1.132**	**13.399**

Euro thousands	Share capital	Treasury shares reserve	Overage reserve Actions and other operations	Legal Reserve	Voluntary reserve	Cumulative gains (losses) Other reserves	Reservation of Translation	Profit for the year	Group PN	Third-party PN	Group and third-party NPs
Balance as of 01/01/2023	**5.200**	**(320)**	**20.172**	**485**	**4.792**	**(12.330)**	**(5.329)**	**(403)**	**12.267**	**1.132**	**13.399**
Capital increases from P.O. conversion	108	-	177	-	-	-	-	-	285	-	285
Total transactions with members	**108**	-	**177**	**-**	**-**	**-**	**-**	**-**	**285**	**-**	**285**
Allocation of the result for the year	-	-	-	-	-	(403)	-	403	-	-	-
Other Movements/IAS 8 Application	-	-	-	-	-	49	-	-	49	16	65
Other Movements/IAS 32 Application	- -	-	-	-	-	32	-	-	32	14	46
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(275)**	**(275)**	**(55)**	**(330)**
Other components of the Comprehensive Income as at 31 December 2023:											
Actuarial gains/(losses) on employee benefits	-	-	-	-	-	(55)	-	-	(55)	(13)	(68)
Exchange rate differences from the translation of the balance sheet into foreign currency	-	-	-	-	-	-	(685)	-	(685)	-	(685)
Aggregate	**-**	**-**	**-**	**-**	**-**	**(55)**	**(685)**	**(275)**	**(1.015)**	**(68)**	**(1.083)**
Balance as of 12/31/2023	**5.308**	**(320)**	**20.349**	**485**	**4.792**	**(12.707)**	**(6.014)**	**(275)**	**11.618**	**1.094**	**12.712**

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands	Fiscal year closed at 31/12/23	31/12/22
Result "Itway Group Net"	(330)	(348)
Adjustments for items that have no effect on liquidity:		
Non-monetary economic components	168	(114)
Depreciation and amortisation of property, plant and equipment	81	73
Depreciation and amortization of intangible assets	500	437
Depreciation of rights of use	172	139
Provision for doubtful accounts	1.500	1.600
Provision for risks	-	239
Accrual of employee benefits net of vso ist payments previd.	148	162
Taxes	(151)	(14)
Cash flow from operating activities before changes in working capital	**2.088**	**2.174**
Employee Benefit Payments	(106)	(85)
Change in trade receivables and other current assets	1.392	(3.774)
Change in inventories	(368)	(257)
Change in trade payables and other current liabilities	427	2.931
Effects of deconsolidation Itway Iberica	-	(212)
Taxes Paid	(16)	(562)
Cash flow from operating activities generated (absorbed) by changes in CCN	**1.329**	**(1.959)**
Cash flow from operating activities (A)	**3.417**	**215**
Investments in property, plant and equipment and intangible assets	(2.689)	(952)
(Investments)/Divestments in other equity investments and financial assets	(741)	(4)
Change in trade payables and other non-current liabilities	130	-
Change in cash and cash equivalents deconsolidation of Itway Iberica	-	(1)
Cash flow from investing activities (B)	**(3.300)**	**(1.466)**
Origination/(Redemptions) of current financial liabilities	31	(1.055)
Borrowing/(Redemptions) of non-current financial liabilities	(50)	238
Convertible P.O issue	-	1.254
4Science capital increase net of transaction costs	-	2.701
Other Differences	351	-
Cash flow from financing activities (C)	**332**	**3.138**
Net change in the translation reserve for non-Euro currencies	(685)	(493)
Cash flow from divested operations (D)	-	-
Increase/(decrease) in cash and cash equivalents (A+B+C+D)	**(236)**	**1.394**
Cash and cash equivalents at the beginning of the period	2.345	951
Cash and cash equivalents at the end of the period	2.109	2.345

The financial charges paid during the year amounted to Euro 568 thousand (Euro 426 thousand in the previous year).

EXPLANATORY NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Itway S.p.A. (the “Company” or the “Parent Company”) is a public limited company constituted in Italy.
The Company moved its legal headquarter to Milan, in Viale Achille Papa, and its administrative headquarters in Ravenna in Via L. Braille 15.

Itway S.p.A. is the parent of a group that operates in the IT sector by planning, producing and distributing technologies and solutions in the cybersecurity, cloud computing, big data and Artificial Intelligence segments. For over 25 years the Group has represented a reference point in the solutions and services for digital transformation.

Going concern

The consolidated financial statements of the Itway Group as of December 31, 2023, show a result of Euro -330 thousand, while the Parent Company ended with a bottom line of Euro 38 thousand.

From a financial point of view, the Group had a positive current net financial position of over Euro 2.5 million and a negative total net financial position of Euro 0.7 million. Based on the 2024-2027 industrial plant that the Board of Directors approved, directors assessed the economic and financial outlook of the Group, not finding significant uncertainties in the ability of Itway and the Group to continue operations in the regular course of business.

The essential elements of the 2024-2027 industrial plan that the Board of Directors approved are:
1) Growth and consolidation of the Cyber Security Products VAD +PS Business Unit in
Greece and Turkey.
2) Value, grow, and develop the Cyber Security & Infrastructure, Cyber Safety, and Data Science Business units.
Point number 2) sees the Cyber Security & Cyber Resiliency BU at the end of the start-up phase and about to enter the scale-up phase; the Cyber Safety BU is still in the start-up phase, and the Data Science BU is in the scale-up phase.
As already described, the Cyber Security & Infrastructure and Cyber Safety BU have had significant investments for product development (Itway Cyber security – Cyber resiliency 360 and Icoy) that, while still needing financial support, generated a more than significant increase in products and services sales revenue. In 2024, triple-digit percentage rate growth is expected, as seen by the first quarter of 2024 trend (funnelling, pipeline, and turnover).

The most important part of the Data Science BU is 4Science, an innovative SME that is growing and now financially autonomous, sealed its first acquisition and a positive trend in the first quarter of 2024 (funnelling, pipeline, and turnover).

In 2023, the collaboration with institutional investor Nice & Green came to an end after it supported Itway S.p.A. financially by issuing convertible bonds, with which we signed an investment contract for a Warrant

and Convertible Notes Funding Program worth a total of Euro 5.5 million, Euro 2.85 million, of which was subscribed.
Based on the above and the foreseeable evolution of operations, the Directors drafted the financial statements on a going concern basis.

ACCOUNTING PRINCIPLES

General Principles

In the consolidated Financial Statements and in the comparative data the Group adopted the International Reporting Standards (IFRS) issued by IASB, the updates of pre-existing ones (IAS) as well as the International Financial Reporting Interpretations Committee (IFRIC) and those issued by the Standing Interpretation Committee (SIC), that were deemed as applicable to the transactions carried out by the Group.

The Financial Statements items were assessed based on the general accrual basis.

For the purpose of book entries, prevalence was given to the economic substance of transactions rather than their legal form.

The accounting principles adopted are consistent with those adopted in the drafting of the consolidated Financial Statements as of December 31, 2023, except for the new principles that came into effect in the current fiscal period as better subsequently described. These principles require estimates that, in the context of the current economic uncertainty, have their own component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecast

Presentation of the financial statements

For a better reading, the presentation of the consolidated financial statements, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in financial position, the consolidated statement of changes in net equity and the data inserted in the notes are all expressed in thousands of Euro, unless otherwise indicated. In some cases the tables could be rounded down due to the fact they are expressed in thousands of Euro.

The Financial Statements are drafted in the following way:

- In the financial statement, current and non-current assets are reported separately. The consolidated financial statement as at December 31, 2023 was compared with the balances of the previous fiscal year, which ended on December 31, 2022;
- In the income statement, the representation of the costs is carried out on the basis of their own nature. The income statement on December 31, 2023 was compared with that of the previous fiscal year;

- The consolidated statement of comprehensive income acknowledges those changes to net equity which, not being pertinent to the transactions with shareholders, do not have an impact on the result of the period;
- The indirect method was used for the consolidated statement of changes in financial position;

- EBITDA (gross operating result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results. Ebitda is used by the management of the Company to monitor and assess the operational performance of the Company and of the Group. Management considers Ebitda an important parameter to measure the performance of the Group, as it is not impacted by the volatility generated by the different criteria used to determine taxable income, by the amount and the characteristics of employed capital as well as the related amortization and depreciation policies. Ebitda is defined as Profit/Loss before amortizations of material and immaterial assets, financial charges and income and income taxes. Since the composition of Ebitda is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable;

- EBIT (operating Result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results. It is defined as the Profit/Loss net of depreciation of material and immaterial assets and before financial charges and proceeds and income taxes. Since the composition of Ebit is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with those adopted by other entities and therefore not be comparable.

Consolidation criteria

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of December 31, 2023, approved by the respective Board of Directors with the opportune adjustments, where necessary, to make them consistent with the accounting principles of the parent company.

The full consolidation method can be summarized as indicated later.

The accounting data of the subsidiaries purchased by the Group are booked with the acquisition method on the basis of which, according to what was established by IFRS 3 “Business Combinations”:

- Assets and liabilities of the acquired company are measured at the acquisition-date fair value at the date of purchase;
- The excess of cost of the acquisition in respect to the fair value of the stake attributable to the Group in net assets of the company purchased is booked as goodwill.

Such goodwill, as detailed subsequently, is reviewed periodically, at least once every fiscal year, to check if it Can be recovered through future cash flows generated from the underlying investment.

The higher values of the acquired assets and liabilities, since booked at the fair value on the date of their purchase, compared with values recognized for fiscal purposes, are considered for the purpose of allocating deferred taxes.

Profits and losses deriving from transactions between subsidiaries that have not yet been carried out on behalf of third parties, and credits and debit entries, costs, revenues among consolidated companies were eliminated.

Consolidation of foreign companies with exchange rates other than the Euro

The balances of the foreign subsidiaries are converted into Euro, applying the end-period exchange rate for assets and liabilities. The average exchange rate of the period is used to convert income statement items. The differences in exchange rate emerging from the conversion are booked to the translation reserve of the consolidated income statement.
The balances of Itway Turkiye are expressed in the Turkish lira and those of 4Science USA in US dollars.

Following are the exchange rates used for the conversion in Euro of the values of the company of the Group outside the Euro area:

	December 31, 2023		**December 31, 2022**	
	Avg	Punctual	Avg	Punctual
New Turkish Lira	25.7597	32.6531	17.4088	19.9649
US dollar	1.0813	1.1050	1.053	1.0666

The Itway Turkiye subsidiary, which uses the New Turkish Lira as the reporting currency to draft its financial statements, met the prerequisites to apply IAS 29 in preparing financial statements of hyperinflationary economies. The adjustments envisaged by IAS 29 were applied to this subsidiary for the financial statements of the year that ended December 31, 2023, leading to a positive adjustment to the Group's net equity of Euro 327 thousand.

Consolidation areas

The consolidated Financial Statements of the Itway Group include the results of the parent company Itway S.p.A and the companies it controls.

Following is a list of companies consolidated with the full consolidation method:

NAME	HEADQUARTERS	SHARE CAPITAL Euro	% direct ownership	% indirect ownership	% total ownership
Itway France S.A.S.	4,Avenue Cely – Asniere Sur Seine, Cedex	100,000	100%	-	100%
Itway International S.r.l.	Via A. Papa, 30, Milan	10,000	100%	-	100%
Itway Hellas S.A.	Agiou Ioannou Str , 10 Halandri, Athens	846,368	-	100%	100%
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18, Istanbul	1,500,000*	-	100%	100%
Itway RE S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	100%
4Science S.p.A.	Via A. Papa, 30, Milan	61,000	71,43%	-	71,43%
4Science USA Corp.	251 Little Falls Drive, 19808 Wilmington, DE, USA	150,000 **	-	100%	100%

** The value is expressed in the New Turkish Lira (YTL)*
*** The value is expressed in the US dollar (US dollar)*

The following associates are valued with the net equity method:

NAME	HEADQUARTERS	SHARE CAPITAL Euro	% direct ownership
BE Infrastrutture S.r.l.	Via Trieste, 76, Ravenna	100,000	30%

Following are the minority interests valued at a cost basis since there is no quoted market price on an active market available and the fair value cannot be determined in a reliable way:

NAME	HEADQUARTERS	SHARE CAPITAL Euro	% direct ownership
Dexit S.r.l.	Via G. Gilli 2 – Trento	700,000	9%
Idrolab S.r.l.	Via dell'Arrigoni, 220 – Cesena (FC)	52,500	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35,000*	17,1%

** The value is expressed in the Dirham of the United Arab Emirates (AED)*

Use of estimates

The drafting of the consolidated financial statements, applying IFRS principles, requires making estimates and assumptions that have an effect on the value of assets and liabilities and on information regarding potential assets and liabilities to the reference date. The estimates and assumptions are based on the historical experience and on other factors that are considered to be relevant; the estimates and assumptions are periodically reviewed and the effects of each variation are reflected in the overall income statement.

Following are the balance sheet items that require greater subjectivity from directors in elaborating forecasts and for which a change in the conditions of the underlying assumptions used can have a significant impact on the financial statements:

- assessment on investments and goodwill

- assessment of inventories;
- assessment on the allowance for doubtful accounts; o assessment on deferred tax assets;
- assessment on employee benefits;
- assessment on the provision for risks and charges.

Estimates and hypothesis are reviewed periodically and the impact of each variation is immediately reflected in the income statement of the fiscal year.

Goodwill is mainly referred to the Itway Hellas Cash Generating Unit (CGU)

The Group adopted the methodology described in the Note on Impairment to verify whether there was a loss of value of the goodwill booked in the balance sheet. The recoverable value was determined based on the calculation of the value in use. The cash flows of the cash-generating units to which goodwill is attributed were inferred from the Business Plan approved by the Board of Directors. In particular, the administrative body of Itway Hellas approved the business plan of the SBU. A weighted average cost of capital (WACC) of 16.79% was punctually calculated as the discount rate, in line with previous fiscal years and with a strong focus on risk factors and uncertainties related to the current market situation. A sensitivity analysis on the result of the impairment was carried out considering changes in interest rates and other financial parameters (WACC, g rate, Ebitda of the terminal value). The assessment on eventual loss of value (Goodwill), the conclusions of which are included Note 12 “Goodwill”, was calculated with reference to December 31, 2023.

Following is the summary of the valuation processes and the estimates/assumptions deemed susceptible, should the forecasted events not take place, in full or in part, to producing significant effects on the economic and financial situation of the Itway Group.

Property, plant and equipment

Tangible assets are recognized at acquisition or production cost including accessory charges net of the relative accumulated depreciation.

Ordinary maintenance expenses are fully charged to the income statement. Costs for improvements, modernization and transformations of an enhancing nature are accounted as assets.

The accounting value of tangible assets is subject to review in order to detect possible losses in value either annually or when events or changes in the situation indicate that the carrying value can no longer be recovered (for details, please see the following paragraph “loss of value – impairment”).

Depreciation begins when assets are ready to be used. Property, plants and equipment are systematically depreciated on a straight basis on economic-technical rates that are deemed as representative of the residual possibility of using the assets. Goods made up of components, of significant amounts, with different useful lives are considered separately when determining depreciation

Depreciation is calculated on a straight-line basis, as a function of the expected useful lives and of the relative assets, periodically reviewed, if necessary, applying the following percentage rates:

Property	2%
Office furniture	12%
Computers and electronic office equipment	20%
Vehicles	25%
Electronic telephone systems	20%

Profits and losses deriving from the sale or dismissal of assets are determined as a difference between revenue and the net book value of the asset and are booked in the income statement, respectively in other operating revenues and the other operating expenses.

Leasing

Starting from January 1, 2019, following the first application of IFRS 16 – 'Leases", the Group recognizes a right of use to all leasing contracts, except short term ones, therefore within 12 months, and low-value leasing ones, that corresponds to the date in which the underlying asset is available for use. Short-term leases and low-value ones are booked as a cost in the income statement throughout the lease term. The right of use is booked at cost, net of accrued depreciation and loss of value (impairment loss) and adjusted following each remeasurement of the lease liability. The value assigned to the right of use corresponds to the amount of the lease liability and it is amortized on a straight-line basis over the lower of the estimated useful life or the term of the contract. The financial lease liability is booked at the start of the contract at a value equal to the present value of the lease fee to be paid during the term of the contract, discounted using the incremental borrowing rate when the interest rate that is implicit in the leasing contract cannot be readily determined. Variable leasing costs are still booked to the income statement as a cost pertaining to the period. After the commencement date, the amount of liabilities for lease contracts increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between repayment of the principal portion of the liability and the financial cost. The financial cost is booked to the income statement for the term of the contract to reflect a constant interest rate on the residual debt of the liability for each period.

The lease term is calculated considering the non-cancellable period of the lease, along with the periods covered by an option to extend the agreement if it deemed reasonably certain that it would be exercised, or any period covered by options to resolve the leasing contract, if it is deemed reasonably certain that it will not be exercised. The contracts are included or excluded from the application of the principle based on a detailed analysis conducted on each agreement and in line with the regulations foresees by the IFRS principles.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities, and potential liabilities of the acquired subsidiary at the date of its acquisition. Goodwill is booked as an asset and is not amortized, but it is reviewed at least once a year to check that it did not incur a loss of value (impairment test), as indicated in the subsequent paragraph "Impairment". Eventual impairment losses are booked to the income statement and cannot be reversed successively.

Negative goodwill, should it emerge, would be immediately recognized in the income statement.

Goodwill is allocated, when the acquisition takes place, to the cash-generating units represented by the single legal entities to which they belong.

Intangible assets

An intangible asset is booked only if it can be identified, if subjected to the control of the group, if it is probable that it will generate future economic benefits and if its cost can be determined in a reliable way. Intangible assets are registered at the cost determined according to criteria indicated for tangible assets. Should it be estimated that the assets have a defined useful life then they are amortized systematically during the estimated useful life and the amortization starts from the moment in which the assets are ready for use or in any case form when they start producing economic benefits for the company.

The costs incurred to develop products are capitalized when the technical feasibility and the technical capability of the Group to complete the intangible asset are proven, when there is the intention to complete it for future use or sale and when there is the capability of using or selling the intangible asset.

Eventual costs incurred for intangible assets are booked to the income statement in the fiscal period when they are incurred, should they not satisfy the above-mentioned criteria.

Following is the useful life generally attributed to the different asset categories

- Software licenses and similar rights: on the basis of the estimate of the period in which they will be
- used by the company;
- Brands: 10 years;
- Development costs: 3-5 years;
- Other intangible assets: 3 years.

Impairment

At least once every balance sheet date, the Group reviews the book value of its tangible and intangible assets to determine if there are indications that these assets incurred in impairment. Should such indications emerge, the amount that can be recovered is estimated in order to determine the amount of impairment loss. Should it not be possible to determine the recoverable value of a single asset, the Group carries out an estimate of the recoverable value of the cash-generating unit to which the asset belongs.

The recoverable value is the higher amongst the net selling price and the value in use. The value in use is defined based on the actualization of future cash flows expected from the use of the good or from cash generating unit to which the asset belongs, discounted using an interest rate, net of taxes, that reflects the current money market value and the specific risks of the assets. The cash generating units have been identified consistently with the organizational and business structure of the subsidiaries, as homogeneous groupings that autonomously generate independent cash flows deriving from the constant use of assets.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the carrying value, the carrying value of the asset is reduced to the lower recoverable value. The loss of value is charged to the income statement.

When a devaluation no longer has reason to be maintained, the carrying value of the asset (or of the cash generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the book value that the asset would have had if there had been no impairment, net of depreciation that would have had to be calculated before the previous impairment. The reversal of the value is booked to the income statement.

Investments

Group's investments in minority interests or Joint Ventures are accounted using the net equity method.

The Group's investments in other companies are initially booked on a cost basis and then adjusted to the fair value at the balance sheet date, crediting/debiting net equity. Should the share price in an active market not be available and the fair value not able to be determined in a reliable manner, then they are valued on a cost of purchase basis, since it represents the best approximation of the fair value.

Financial assets

Financial assets are booked when the entity becomes part of contractual clauses of the instrument. They are initially classified according to the following measuring method: amortized cost, fair value booked through other comprehensive income OCI (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets, when initially booked, depends on the characteristics of the contractual cash flows of the financial assets and the business model that the company applies to their management. A cash-generating unit can only be valued with the amortized cost or the FVOCI if it generates cash flows that depend solely on the principal and on the interest on principal amount outstanding (so-called Solely Payments of Principal and Interest or SPPI test).

The initial valuation of financial assets takes place at the fair value, plus, in case of financial assets not valued at the fair value recorded in the profit or loss for the period, the costs of the transaction directly attributed to the acquisition or the issuance program or the financial liability, except for trade receivables that do not have a significant financing component and are booked at the price of the transaction, as defined by IFRS 15.

The subsequent assessment of financial assets takes place according to the following criteria:

Amortized cost

A financial asset is valued at the amortized cost if both of the following two conditions apply:
- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are valued using the effective interest rate criterion and are subject to an impairment test. The profit and losses are booked to the income statement of the fiscal period when the asset is eliminated, modified, or revalued.

Fair value through other comprehensive income ((FVOCI)
A financial asset is valued at fair value through other comprehensive income when both of the following conditions apply:
- The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Interest income, impairment losses and gains are recognized in the income statement of the fiscal year while changes to fair value are booked in other comprehensive income. When derecognized, the cumulative change of fair value booked in other comprehensive income is reclassified in the income statement of the fiscal period.

Fair Value through Profit or loss (FVTPL)
This criterion includes assets held for negotiation (acquired for the short-term sale), financial assets designated when initially booked as financial assets at fair value with changes recognized in the income statement, or financial assets that must be booked at fair value. Financial assets with cash flows that do not meet the SPPI test are classified and valued at fair value in profit and loss, regardless of the business model. Financial assets at FVTPL are recognized in the financial position at fair value and net changes to fair value are recognized in the income statement.

At initial recognition, an entity may irrevocably elect to present in other comprehensive income (OCI) subsequent changes in its fair value of an equity investment that is not held for trading and that is not a potential payment from a business combination transaction that would apply to IFRS 3.

Inventories

Inventories are recognized as the lower of the purchase cost and presumable market value. Cost is determined, when possible, at the specific purchasing cost or otherwise, using the average weighted cost method. The purchase cost includes the additional charges incurred to bring the stock in the current place or in the current conditions. The net realized value is determined based on current selling value of the inventory at the end of the fiscal year minus the estimated necessary costs to sell the asset.
The value of obsolete and slow-moving stock is devalued in relation to the possibility of using or selling, through accrual of an ad hoc provision.

Account receivables

Trade receivables

At initial recognition, receivables are booked at fair value.

The initial recognition value is subsequently adjusted to consider principal payments, eventual writedowns, and the amortization of the difference between repayment value and initial recognition value. The amortization was carried out using an effective internal interest rate represented by the rate that, at the initial recognition, aligns the current value of expected cash flows and the initial recognition value (so-called amortized cost method with the effective interest rate criterion).

The credit impairment is determined based on the expected credit losses foreseen by IFRS 9, using supportable information that is available without undue cost or effort that include historical, current and, forward-looking data.

This valuation method was applied using a simplified approach that allows entities to recognize expected losses on trade receivables without the need to monitor increases in credit risk, as foreseen by the general impairment model described in IFRS 9 (general deterioration method). The simplified approach allows booking losses on a lifetime basis, classifying credit risk by class. Different loss rates were established grouping together receivables based on past-due payment days and other risk indicators.

The loss rate of receivables is recognized in the Income Statement at the Other Operating Expenses line.

The allowance for doubtful accounts is classified as a reduction of the corresponding item recognized among assets.

Sales of receivables on a non-recourse basis, in which all risks and benefits are transferred to the buyer, determine the removal of the receivables from total assets.

- **Contract work in progress**

When the result of a multi-year order can be estimated with reason, the contract work in progress is assessed based on the earned revenue, according to the stage of completion measured through the so- called cost-to-cost criteria, to book revenues and the results on an accrual basis in the different fiscal periods based on the stage of completion. The positive or negative difference between the value of the contracts and the advanced payments is booked respectively to the assets or liabilities in the balance sheet.

When the result of an order cannot be reasonably estimated, it is valued at recoverable costs (“zero profit method”). The costs of the order are charged to income statement when incurred.

When it is probable that the total costs of the order are higher than the contractual revenues, the expected loss is immediately charged to the income statement, through a specific provision.

Cash on hand

Cash on hand includes petty cash, checks and current accounts and deposits that can be refunded upon request, which can easily be converted in cash and are subject to an insignificant risk of changes in value. It is recognized at its nominal value.

Own shares

Own shares owned by the Parent Company are stated at cost and reported debiting net equity, including ancillary expenses in buying and selling. The financial effects deriving from possible subsequent sales are recognized as a difference in net equity.

Financial liabilities

Financial liabilities are initially recognized at a cost basis, which corresponds to the fair value of the received amount, net of transaction costs that are directly attributed to the borrowing. Afterwards, borrowings are assessed with the amortized cost criterion using the effective interest rate method. Each profit or loss is recognized in the income statement when the liability is removed and through the amortization process.

Employee benefits

Liabilities related to defined benefit plans (including severance pay for the quota matured before January 1, 2007) are calculated net of eventual assets serving the plan on the basis of actuarial hypothesis and on an accrual basis, coherently with the employment necessary to obtain the benefit; the liability is assessed by independent actuaries. The value of the actuarial profits and losses is booked in the other components of comprehensive income. Following Financial Law No. 296 of December 27, 2006, for Italian companies with over 50 employees the severance indemnity accrued from January 1, 2007 are considered a defined benefit plan.

Provisions for risks and charges

Provisions are booked when the Group has a real obligation as a result of a past event and it is probable that it will be asked to uphold this obligation. Provisions are allocated on the basis of the best estimate of costs requested to fulfil the obligation at the end of the fiscal year and are actualized, when there is a significant impact. In this case, provisions are determined actualizing future expected cash flows at an interest rate before taxes that reflects the current money market over time; the increase of the accrual with the passing of time is booked to the income statement in “Financial income and expenses”.

Accounts payable – Trade

Payables are recognized at the amortized cost, when they mature within the subsequent fiscal period; the value is equal to the nominal value as the effects generated at the amortized cost are not deemed significant. When, owing to the agreed payment terms there is a financial transaction, then debts are booked at their current value, attributing the discount as financial cost on an accrual basis.

Other current liabilities

These refer to relationships of different nature and are recognized at the amortized cost when they mature within the subsequent fiscal period; the value is equal to the nominal value, as the effects generated from the amortized cost are not deemed to be significant.

Derivatives

Derivatives and the related assets/liabilities are booked at their fair value. Derivatives are classified, as hedging instruments when formally documented and their effectiveness, periodically verified, is high.

The variations in fair value of hedging derivatives, formally not satisfying the accounting conditions for hedge accounting, are booked to the income statement.

Derecognition of financial assets and liabilities

A financial asset shall be derecognized when:

- The entity's contractual rights to cash flows deriving from the financial asset have expired;
- The asset transfers the financial asset, namely:
  - Transfers the contractual rights to receive the cash flow of the financial assets (essentially all risks and rewards of ownership of the financial asset are transferred or the control of the asset was not kept);
  - Or maintains the contractual rights to receive the cash flows from the financial asset but assumes the contractual obligation to pay the cash flows to one or more beneficiaries in an agreement whereby (i) the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset; (ii) the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; (iii) the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

A financial liability is derecognized from the balance sheet when the underlying liability is extinguished – i.e., when the obligation is discharged, cancelled, or has expired.
When an existing financial liability is replaced by a new one by the same lender with contractual terms that are substantially different, there is a derecognition of the original liability and the recognition of a new liability. In the same way a substantial modification of the terms of an existing financial liability or a part of it (whether or not it is attributable to the financial difficulties of the debtor) must be treated as a derecognition of the original liability and the recognition of a new one.

Revenue recognition

Revenues are recognized in the following way:

Sale of goods and services: they are booked pursuant to IFRS 15. This principle came into force for the fiscal years beginning from January 1, 2018 or subsequently and replaces the principles of IAS 18 – Revenue and IAS 11 – Work in Progress as well as the interpretations of IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfer of Assets from Customers) and SIC 31 (Revenue – barter transactions involving advertising services). IFRS 15 establishes a new model of revenue recognition that is applied to all contracts with customers except those regulated by the application of the IAS/IFRS principles including leasing, insurance contracts and financial instruments. The new model to recognize revenue foresees the following five steps:
1. Identify the contract with the customer.

2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price;
4. Allocate the price to the performance obligations within the contract;
5. Recognize revenue as the performance obligations are fulfilled.

The principle was applied retroactively but no adjustments on the opening balances emerged considering that the contracts signed with clients are independent from one another and do not include multiple performance obligation nor do they include variable considerations. In terms of costs to obtain the contract, the analysis carried out highlighted that costs do not fall within the scope of "incremental cost" and therefore are not recognized as assets. The "practical expedient" in paragraph 63 of IFRS 15 was used. It allows to not adjust the promised consideration for the effects of a significant financing component since, considering sector practices for consolidated relationships with clients, the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
Interest is recorded on an accrual basis.
Dividends **-** Dividend distribution to shareholders is booked as a liability in the fiscal period when it is approved by the Shareholders' meeting.
Dividends received are recognized as asset and as income in the income statement only when:
a) The right to receive the dividend is established
b) It is probable that the economic benefits from the dividend will flow to the entity;
c) The amount of the dividend can be reliably estimated.

Costs

Costs and other operating charges are booked in the income statement when they are incurred, on an accrual basis, and in correlation to revenues, when they do not produce future economic benefits or they do not have the prerequisites to be booked as assets in the financial statement. Financial charges are booked on an accrual basis as a function of time using the effective interest rate.

Income taxes

The parent company Itway S.p.A. and its Italian subsidiaries exercised the option for the so-called domestic tax consolidation scheme as per articles 117 and following of the DPR 917/86 (TUIR) that allows determining the income tax on the basis of taxable income that is the algebraic sum of the single companies.

The economic relationship, the responsibility and the reciprocal obligations between the consolidating companies and the subsidiaries are defined in the "regulation of the consolidation for the companies of the Itway Group".
Current income taxes are calculated based on the best estimate of the taxable income, in relation to current fiscal legislation in the Countries where the Group operates.

Deferred taxes

Deferred and prepaid taxes are calculated using the liability method, based on the time differences resulting, at the Financial Statements closing date, from the value of assets and liabilities posted in the balance sheet and the corresponding values recognized for tax purposes.

Deferred tax assets are posted against all timing deductible differences, and for possible tax losses carried forward, in the amount they are recoverable by future taxable income. The value of deferred tax assets is reviewed at the closing of each fiscal year and reduced if not recoverable. In particular, results of Budget and Plan consistent with those used for impairment testing were taken into account in determining future taxable income.

Deferred tax assets and liabilities are calculated based on the tax rates that are forecast to be used in the fiscal year in which such assets will be realized or liabilities extinguished, taking into account existing tax rates at the date of the Financial Statements.

Foreign currency transactions

Itway Group uses the Euro for presentation purposes. Foreign exchange transactions are initially booked at the exchange rate at the date of the transaction. Assets and liabilities in foreign exchange are booked at the reference exchange rate at the fiscal year closing date and the relative profits and losses are booked in the Income Statement.
The assets booked at the historical cost in foreign currency are converted using the exchange rate in force on the first date of the transaction.

Earnings per share

The basic earnings per share are represented by the net result of the fiscal period that can be attributed to owners of ordinary shares considering the weighted average of ordinary shares outstanding in the fiscal year. The diluted earnings per share are calculated on the weighted average of the shares outstanding, considering all potential ordinary shares with a dilution effect (ex. Issuance of option rights, warrants, etc.).

Recently endorsed accounting principles

The criteria used to draft the consolidated Financial Statements for the 2023 fiscal year are not different from those used for the Financial Statements at December 31, 2022, except for the recently endorsed accounting principles, amendments and interpretations.

Accounting principles, amendments, and interpretations effective from January 1, 2023

- Amendment to IAS 1 “Presentation of Financial Statements” regarding the choice of the accounting principles to disclose in the financial statements
- Amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding a change to the principle to introduce a new definition of accounting estimate, clarifying the distinction between changes in the accounting estimates, changes in the accounting principles, and errors.
- Amendment to IAS 12 “Income taxes” regarding the recognition of deferred tax assets and liabilities on certain transactions that, at first recognition, gave rise to equivalent (taxable and deductible) temporary differences.

The new dispositions of IFRS 17 on insurance contracts also entered into force on January 1, 2023, but these are not relevant to the group.

New accounting principles and amendments not applicable yet and not adopted in advance by the Group

- Amendment to IAS 1 clarifies how to present liabilities in the financial statements of entities. The classification of liabilities as current or non-current should be based on the existing rights at the end of the reporting period and, in particular, the right to defer payment by at least 12 months. The classification is not affected by expectations on the decision of the entity to exercise its right to defer payment of a liability and that the payment refers to the transfer of money or instruments that represent capital, other assets, or services to the counterparty. The new amendment will apply starting from January 1, 2024, or subsequently and will be retroactive.
- Amendment to 16. IASB published an amendment to IFRS 16, clarifying how to book a sale and leaseback transaction at a subsequent date after the transaction. The new amendment will apply from January 1, 2024. Early adoption is permitted.
- Amendment to IAS 7 on improving the transparency on financial debt and its impact on financial liabilities, cash flows, and exposure to liquidity risks to address the needs of investors. The new amendment will come into force on January 1, 2024 or subsequently.
- Amendment to IAS 21, including the guidelines to clarify when a currency is convertible into another one and how to determine the exchange rate when, instead, it is not convertible. The new amendment will come into force on January 1, 2025 or subsequently. Early application is permitted.
- IFRS S1: ISSB published principles that state the fundamental prerequisites for financial disclosure regarding sustainability. The amendment is applicable from the January 1, 2024 financial statements. Early application is permitted.
- IFRS S2: ISSB published a principle that requires disclosure of additional information regarding risk exposure and specific climate opportunities. The amendment is applicable from the fiscal periods beginning January 1, 2024. Early application is permitted.

To the date of the writing of the current Annual Financial Report the accounting principles, interpretations and amendments listed above are not expected to have a significant impact on the economic and financial situation of the Group but an in-depth assessment in underway by the management.

Other information

Regarding the Consob information request regarding significant transactions and balances with related parties, please note that these related parties, in addition to being highlighted in an ad hoc Note, if significant are indicated separately in the schemes of the financial statements.

Other information required pursuant to article 114 of Legislative Decree 58/98 (TUF)

In the notes to the annual financial statements as at December 31, 2023 that follow in each paragraph the following further information is reported:

Note 34: the net financial position of the Parent Company and the Group that controls it, highlighting the short-term components from the medium- and long-term ones;

Notes 27-30 and 34: the expired debt positions of the Parent Company and the Group that controls it, divided by nature (financial, trade, tax, social security and towards employees) and the eventual related reaction initiatives by creditors (reminders, injunctions, interruption of supply, etc.);

Note 32: the main changes that took place in relations with related parties of this Company compared with the previous annual or annual financial statements pursuant to article 154-ter of the TUF;

Note 27: eventual breaches of covenants, negative pledges and any other clause related to debt of the Company that limits the use of financial resources, with an updated indication of the level of compliance of these clauses;

Note 36: the state of implementation of eventual industrial and financial plans highlighting differences from the actual data from the budgeted ones.

1. Sales revenue

Sales revenue for the fiscal period ended December 31, 2023 totalled Euro 47,388 thousand and following is the breakdown:

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Revenue from sale of products	27,730	25,636
Revenue from services rendered	19,658	18,149
Total	**47,388**	**43,735**

The results show an increase in revenue of the Group of approx. Euro 3.6 million.

2. Other operating revenue

Other operating revenue for the period ended December 31, 2023, totalled Euro 1,698 thousand and following is the breakdown

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Advertising and Marketing Contributions	94	58
Operating grants	225	69
Non-operating income	18	1,548
Other revenues and various proceeds	1,361	1,235
Total	**1,698**	**2,910**

The Other Revenue and various proceeds line includes the increase in intangible fixed assets to develop products and other revenue generated by subsidiaries.

3. Cost for Products (net of charges in inventories of raw materials and goods)

Following is a breakdown:

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Purchase of products	38,048	36,106
Costs of resold services	931	332
Additional purchasing charges (transportation)	39	37
Other purchases	28	21
Total	**39,046**	**36,496**

The increase in costs is strictly related to the higher sales revenue.

4. Costs of services

Following is a breakdown:

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Directors' remunerations of subsidiaries and social charges	582	789
Directors' remunerations of subsidiaries and social charges	79	39
Compensation for Statutory Auditors	105	86
Auditing company fees	137	96
Consultancy and collaboration	1,153	755
Commissions and agents' charges	13	17
Advertising and trade fairs	156	160
Services, courses and client assistance	242	136
Telecom expenses	39	36
Insurance	95	78
Electricity, water and gas	27	64
Travel and representation	177	102
Specialist costs, IR and securities services	123	87
Other expenses and services	387	295
Total	**3,315**	**2,740**

Please note that the table highlights the compensation due to the corporate bodies deliberated by the Shareholders' meetings of the companies of the Group, including social security and relate accessory charges.

5. Personnel costs

Following is the breakdown, compared with the previous period:

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Salaries	3,430	2,393
Social charges	948	624
Severance pay	129	155
Other personnel costs	259	220
Total	**4,766**	**3,392**

The following table details the average number of employees of the Group per category and the punctual figure at the end of the fiscal period compared with the previous year:

	31/12/2023 Avg	31/12/2022 Avg	Variation	31/12/2023 Punctual	31/12/2022 Punctual	Variation
Executives	7	4	3	7	6	1
Mid-executives	6	4	2	7	4	3
Employees	66	56	10	75	57	18
Total	**79**	**64**	**15**	**89**	**67**	**22**

The average number of employees of the Group during the fiscal period was of 79 units, compared with 64 units in the previous fiscal period. The punctual data at the end of the period is of 89 units compared with 67 units in 2022. The increase of 22 units is due to the hiring of resources, mostly technical and sales, at Itway and 4Science.

6. Other operating charges

Following is the breakdown compared with the previous fiscal year:

Thousands of Euro	**Year ended** 31/12/2023	31/12/2022
Property lease, offices and vehicles	99	166
Writedowns of doubtful account	-	1,600
Extraordinary and contingent charges	20	20
Other charges	149	86
Total	**268**	**1,872**

The rental cost booked in the 2022 fiscal year refers to short term leasing (excluded from IFRS16 application) and variable payments (indexing and similar).

7. Depreciation and Amortization

Following is the breakdown compared with the previous fiscal year:

Thousands of Euro	**Year ended** 31/12/2023	31/12/2022
Depreciation of tangible assets	81	73
Amortization of intangible assets	500	437
Amortization for right of use	172	139
Write-down of non-recurring receivables	1,500	-
Total	**2,253**	**649**

The item "Write-down of non-recurring receivables" reflects the total write-down of loans to Itway MENA and contract work in progress related to Libya as described in Note 16.

8. Financial income and expenses

Following is a breakdown:

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Financial income from financial institutions	8	5
Income from investment	24	15
Other income	-	2
Total financial income	**32**	**22**
Financial charges towards financial institutions	(281)	(186)
Bank commissions	(134)	(89)
Other expenses	(257)	(195)
Total financial expenses	**(672)**	**(470)**
Profit/(Loss) on exchange rates	887	213
Other financial charges	(166)	-
Result of subsidiaries with Net Equity method	-	158
Other financial income and expenses	**721**	**371**
Charges and income for closing and selling Subsidiaries	**-**	**(1,831)**
Total	**81**	**(1,908)**

The most significant variation regards exchange rate differences realized during the period, mainly related to the Turkish subsidiary and linked to the performance of the local currency against the dollar, used as the accounting currency for the balances of a significant part of the commercial transactions.

9. Income taxes

Following is a breakdown:

Thousands of Euro	Year ended 31/12/2023	31/12/2022
Income taxes	(552)	(632)
Deferred (prepaid) taxes	690	817
Other taxes and fines	13	(171)
Total	**151**	**14**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the IRES tax on income:

Thousands of Euro	Year ended 31/12/2023 Taxable income	Tax	31/12/2022 Taxable income	Tax
Result before taxes	(481)		(361)	
Theoretical tax rate (24%)		(115)		(87)
Temporary differences to be made in future fiscal periods	1,515		4.057	
Differences that will not be carried over to future years	1,588		(715)	
Carry forwards of temporary differences from previous fiscal periods	-		(731)	
Taxable at 24%	2.620		2.248	
Current taxes for the period		**629**		**540**
Deferred tax net of the use of taxes allocated in previous years		(11)		
Anticipated tax net of use of anticipated taxes allocated in previous years		(7,966)		(817)
Net tax for the period		**(178)**		**(276)**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the IRAP tax

Thousands of Euro	Year ended 31/12/2023 Taxable income	Tax	31/12/2022 Taxable income	Tax
Result before taxes	**(481)**		**(361)**	
Results of foreign subsidiaries included in the consolidation perimeter not subject to IRAP	(2.184)		(1.677)	
Result subject to IRAP	(2.665)		(2.038)	
Non-deductible costs/revenue for IRAP purposes	3.237		4.358	
Total	570		2.319	
Theoretical tax charge (3.9%)		23		90
Temporary differences to be realized in future years				
Differences that will not be carried forward to future years	15			
Carry forwards of temporary differences from previous fiscal periods				
Taxable income	585		2.319	
Taxable at 4.82%	-		157	

Taxable at 3.90%	585		2.161	
Current IRAP of the fiscal period		**23**		**92**
Deferred tax net of use of taxes allocated in previous fiscal period Anticipated taxes net of use of taxes allocated in previous fiscal periods				
Net IRAP for the fiscal period		**23**		**92**

10. Net result and earnings per share

The basic earnings per share in the fiscal year ended December 31, 2023, is a negative Euro -0.03. It is calculated by dividing the result of the period of the Group by the outstanding weighted average number of Itway shares during the period, excluding own shares.
To calculate the average number of potential shares outstanding, we also consider the issued financial instruments convertible into share capital (related to the convertible bond issue) with a potentially dilutive impact. This value as of December 31, 2023 was equal to zero as there are no such financial instruments in place.

The weighted average number of shares outstanding is 10,404,930.

	Year ended **31/12/2023**	**31/12/2022**
Net result of the Group in thousands of Euros	(275)	(348)
Weighted average of outstanding shares	10,404,930	9,675,992
Weighted average of potential outstanding shares	-	215,135
Net result per share in Euro		
- Basic	(0.03)	(0.04)
- Diluted	(0.03)	(0.04)

11. Property, plant and equipment

Property, plants and equipment are expressed net of accumulated depreciation and have the following composition and variation in the last two fiscal periods:

Thousands of Euro	Property and offices	Plant and equipment	Industrial and commercial tools	Other	Total
Acquisition cost	1.644	242	158	4.293	6.337
Balance at 31.12.2021	**1.644**	**242**	**158**	**4.293**	**6.337**
Increases	-	-	17	49	66
Decreases	-	-	-	-	-
Balance at 31.12.2022	**1.644**	**242**	**175**	**4.342**	**6.403**
Accumulated depreciation	864	242	111	4.211	5.451
Balance at 31.12.2021	**887**	**242**	**111**	**4.211**	**5.451**
Amortization for the period	23	-	15	35	73
Amortization balance at 31.12.2022	**910**	**242**	**126**	**4.246**	**5.524**
Net value:					
December 31, 2021	757	-	60	82	899
December 31, 2022	**734**	**-**	**49**	**96**	**879**

Thousands of Euro	Property and offices	Plant and equipment	Industrial and commercial tools	Other	Total
Acquisition cost	1.644	242	175	4.342	6.403
Balance at 31.12.2022	**1.644**	**242**	**175**	**4.342**	**6.403**
Increases	-	-	2	96	98
Decreases	-	-	-	-	-
Balance at 31.12.2023	**1.644**	**242**	**177**	**4.438**	**6.501**
Accumulated amortization	910	242	126	4.246	5.524
Balance at 31.12.2022	**910**	**242**	**126**	**4.246**	**5.524**
Amortization for the period	23	-	20	51	94
Itway Turkey currency effect and application of IAS 39	-	-	(14)	-	(14)
Amortization balance at 31.12.2023	**933**	**242**	**132**	**4.297**	**5.604**
Net value:					
December 31, 2022	734	-	49	96	879
December 31, 2023	**711**	**-**	**45**	**141**	**897**

The investments in the ‘Other goods’ item recorded in the 2023 fiscal period essentially refer to the purchase of computers and network servers.

12. Goodwill

The overall goodwill as of December 31, 2023 totalled Euro 1,845 thousand broadly steady from the previous fiscal year. This goodwill is allocated to the units generating cash flows (Cash Generating Units), represented by the subsidiary Itway Hellas to which goodwill was allocated.

	Year ended	
Thousands of Euro	**31/12/2023**	**31/12/2022**
Itway Hellas	1,843	1,843
Other minor	2	3
Total	**1,845**	**1,846**

The Group updated the review of the recoverability of goodwill. The recoverable value of the CGU to which goodwill is attributed is determined by identifying the value in use.

In order to verify the possible impairment of goodwill, the “Discounted Cash Flow” (“DCF”) method was used. This method requires discounting cash flows on the basis of an interest rate that represents the specific risk of any Cash Generating Units (CGU).
The expected cash flows are taken from the Budgets of the identified CGU until December 31, 2028, approved by their respective Board of Directors, based on the performance expected of the market trends where the single CGU operate and acknowledged on the basis of the historical individual performances and the expected specificity. Perpetuity, which represents the Terminal Value, has to be added to the expected flows for the 2023-2028 period. The medium/long term growth rate (g rate) prudentially set at 0%.

The discounted interest rate used (WACC – Weighted Average Cost of Capital) is of 16.79%, gross of taxes and considers the country risk for Itway Hellas, the only CGU that to date has booked goodwill.

In this context, the situation caused by the current economic and financial crisis entailed the need to make assumptions regarding a future performance characterized by significant uncertainty. Therefore, near-term results could be different from that forecast, therefore requiring revisions that today cannot be either estimated or forecasted.

The review of the values as of December 31, 2023, also through the sensitivity analysis carried out, did not prompt the need to write down the goodwill reported in the consolidated financial statements. This recoverability is furthermore confirmed by the sale values generated by Itway Hellas described in the management report.

13. Other intangible assets

Following is the breakdown and variation of other intangible assets in the past two fiscal periods:

Thousands of Euro	**Development costs**	**Patents rights**	**Other**	**Work in progress**	**Total**
Acquisition costs	3,152	1,630	3,400	1,315	9.497
Balance at 31.12.2021	**3,152**	**1,630**	**3,400**	**1,315**	**9,497**
Increases	89	17	86	1,236	1,428
Decreases	-	-	-	-	-
Balance at 31.12.2022	**3,241**	**1,647**	**3,486**	**2,551**	**10,925**
Accumulated amortization	1,973	1,585	3,286	-	6,844
Balance at 31.12.2021	**1,973**	**1,585**	**3,286**	**-**	**6,844**
Amortization for the period	385	7	47	-	439
Itway Turkey exchange rate effect	-	-	(2)	-	(2)
Amortization balance at 31.12.2022	**2,358**	**1,592**	**3,331**	**-**	**7,281**
Net value:					
December 31, 2021	1,204	45	114	1,315	2,679
December 31, 2022	**883**	**55**	**155**	**2,551**	**3,644**

Thousands of Euro	**Development costs**	**Patents rights**	**Other**	**Work in progress**	**Total**
Acquisition costs	3,241	1,647	3,486	2,551	10,925
Balance at 31.12.2022	**3,241**	**1,647**	**3,486**	**2,551**	**10,925**
Increases	5	279	28	1,201	1,513
Decreases	-	-	-	-	-
Balance at 31.12.2023	**3,246**	**1,926**	**3,514**	**3,752**	**12,438**
Accumulated amortization	2,358	1,592	3,331	-	7,281
Balance at 31.12.2022	**2,358**	**1,592**	**3,331**	**-**	**7,281**
Amortization for the period	420	26	150	-	596
Itway Turkey exchange rate effect and application of IAS 29	(352)	-	-	-	(352)
Amortization balance at 31.12.2023	**2,426**	**1,618**	**3,481**	**-**	**7,525**
Net value:					
December 31, 2022	883	55	155	2,551	3,644
December 31, 2023	**820**	**308**	**33**	**3,752**	**4,913**

The increase in "Work in Progress" refers to investments, the cost of which has been identified reliably, in the development and improvement of new products that required further investments for the Parent Company and the 4Science subsidiary. In particular, the Parent Company continued investments in ICOY® (I Care Of You), which is patent-pending, and that will position Itway as a leader in the Environment Health Safety (EHS) sector. The Group, which has the economic and technical skills to complete these activities in the near term, expects significant returns from these investments in future fiscal years. The amortization process will begin when the necessary investments to realize the project and make it available to generate proceeds have been completed.

14. Right of use

Right of use totalled Euro 2,700 thousand compared with Euro 2,590 thousand as of December 31, 2022. The assets in question mainly comprise property and vehicles.
In particular, this amount includes the book value of the Milan headquarters, purchased in 2008 through an 18-year financial leasing contract (until the 2018 fiscal period recorded in the “Property, plants and machinery” according to the regulation previously in force IAS 17), booked at a value that includes directly booked accessory charges. It also includes the book value of a property in Ravenna (administrative headquarters of the Parent Company and the Italian companies of the Group), which was purchased in 2015.
The related residual debt for the purchase of the two properties are booked in the “Non-current and current financial liabilities” item (Note 26 and Note 27).

15. Investments

Following are the subsidiaries not consolidated with the full method as of December 31, 2023:

- **Business-e Infrastrutture S.r.l.**, controlled by Cooperativa Muratori Cementisti CMC, aims at supplying Information Technology services in the construction sector. In the 2019 fiscal year, this stake was written down since the results of the company are not positive and given the difficulties of the CMC Group it is being liquidated;

- **Dexit S.r.l.**, operates in the IT services sector for the public administration. The 9% investment is valued at its purchase cost;

- **Serendipity Energia S.p.A:** Itway S.p.A. purchased a 10.5% with the aim of ensuring the development part of remote control over alternative energy plants that the subsidiary will build. Since the development is incurring delays compared with the initial plans of the company, the Group prudently wrote down the value of the investment in the 2017 fiscal year;

- **Itway Mena FZC**: The 4Science subsidiary owns a 17.1% stake. Together with Ahmad Shaker, founder of the reference shareholder of Itway S.p.A., SKY-NETICS SA, which owns 6.23% of the shares and has consolidated activities in the Middle East with Libanica SA since the last fiscal period, we have started to explore the purchase of the goodwill developed by Itway Mena, especially in the sub-Saharan and central African area (Nigeria, Kenya, and Ghana), where there are many opportunities with qualified prospects. The territories involved are witnessing a war-time economic development, according to our Western standards, and in 2024, we resumed some in-depth studies suspended due to the attention created by some of the reference markets in the Middle East of Libanica, which are areas of great tensions (Syria, Qatar, Lebanon, Kuwait, etc.) and opportunities.
- **Idrolab S.r.l.**: Itway owns a 10% stake. It operates in designing Electronic Data Interchange (EDI) management software of data in the plumbing and sanitary sector, a precursor to the emerging

European Technical Information Model (ETIM) standard, which is essential in BIM (Building Information Model) projects

Following is the book value posted in the financial statements of subsidiaries

Thousands of	Year ended 31/12/2023	31/12/2022
Be Infrastrutture S.r.l.	-	-
Related investments consolidated at net equity	**-**	**-**
Dexit S.r.l.	374	374
Itway MENA FZC	29	29
Idrolab S.r.l.	195	195
Tiche Foundation	5	5
Other investments	-	-
Investments in other companies valued at cost	**603**	**603**
Total investments	**603**	**603**

The detail of total assets and liabilities, of revenues and of the result for the period of the investments is highlighted in the following table (data in thousands of Euro):

Associate company	**Country**	**Assets**	**Liabilities**	**Revenue**	**Result of the period**
BE Innova S.r.l.*	Italy	6,725	5,353	2,073	16
Be Infrastrutture S.r.l.*	Italy	176	460	322	(95)

** Refers to December31, 2022, the last available Financial Statements*

Other companies	**Country**	**Assets**	**Liabilities**	**Revenue**	**Result of the period**
Dexit S.r.l.*	Italy	3.772	1.049	2.883	221
Idrolab S.r.l.*	Italy	1.301	1.169	1.842	9
Itway MENA FZC**	United Arab Emirates	1.292	5.182	-	(54)

**Refers to December31, 2022, the last available Financial Statements*
*** refers to September 30, 2017, amounts in thousands of AED*

16. Prepaid taxes and deferred tax liabilities

Prepaid taxes mainly represent deferred assets calculated on taxed accruals for Euro 1,514 thousand (Euro 1,154 thousand as of December 31, 2022), and fiscal losses not deducted in the period Euro 528 thousand (Euro 36 thousand as of December 31, 2022), and other temporary differences for Euro 462 thousand (Euro 588 thousand as of December 31, 2022) that the Group expects to recover in future fiscal years, based on the expected taxable income. Itway will book Euro 720 thousand of these prepaid taxes in the next fiscal year and Euro 1,424 thousand in subsequent years.

Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and, as of December 31, 2023, total Euro 175 thousand (Euro 194 thousand as of December 31, 2022). They mainly refer to the actualization of severance pay and other temporary differences. These deferred taxes are booked in the next fiscal year.

17. Other non-current assets

Other non-current assets as of December 31, 2023 total Euro 17 thousand (Euro 16 thousand as of December 31, 2022) and mainly refer to security deposits paid to clients/suppliers as collateral for services rendered

18. Inventories

Inventories as of December 31, 2023 total Euro 836 thousand (Euro 468 thousand as of December 31, 2022) net of an allowance for obsolete inventory of Euro 145 thousand (unchanged compared with December 31, 2022).

19. Trade receivables

Trade receivables as at December 31, 2023, all short-term, totalled Euro 20,774 thousand (Euro 21,469 thousand as of December 31, 2022). The value is expressed net of the allowance for doubtful accounts that as at December 31, 2023 stood at Euro 6,583 thousand (Euro 5,083 thousand as of December 31, 2022). The allowances are deemed to be congruous compared with the insolvency risks including the work in progress and the receivables from the subsidiary Iway Mena.

Account receivables also include work in progress on contracts for Euro 3,879 thousand (Euro 3,717 thousand as of December 31, 2022).

These include approximately Euro 2,750 thousand relating to a contract in progress to order allocated in past fiscal years. The client notified it was rejecting the amount claimed by Itway based on the work in progress. In 2016, with the support of its legal advisers, the company started a legal procedure against this client to obtain payment of this credit, filing a writ of summons with the Rome Court. The verdict in the first degree was not favourable to the Group. Itway, therefore, filed an appeal with the Rome Appeals Court as there was ample evidence to support the claims of Itway S.p.A. that the judge did not consider in the first degree. The Rome Court of Appeals decided the outstanding issue in a paper-based hearing on February 2, 2023, with a ruling on January 8, 2024, rejected the appeal. Therefore, we booked a prudential Euro 1,500 thousand writedown to cover the entire value of the work in progress. The company, with its consultants, is assessing an appeal to the Supreme Court of Cassation.

Trade receivables include Euro 1,584 thousand from associate company Itway MENA FZC, for which, considering the uncertainties regarding their recoverability, we allocated a write-down allowance for full coverage.

Following are the movements in the allowance for doubtful accounts:

	Year ended	
Thousands of Euro	**31/12/2023**	**31/12/2022**
Initial allowance	**5,083**	**3,522**
Write-down for the period	1,500	1,600
Use	-	(39)
Final allowance	**6,583**	**5,083**

Following is the breakdown of trade receivables as at December 31, 2023 classified by maturity:

Thousands of Euro	**31/12/2023**	**31/12/2022**
Maturing	19,004	18,798
Expired up to 30 days	892	832
Expired from 30-60 days	316	194
Expired > 60 days	7,145	6.728
Total gross receivables	**27,357**	**26,552**
Allowance for doubtful accounts	(6,583)	(5,083)
Total net receivables	**20,774**	**21,469**

20. Other current assets

Following is the breakdown:

	Year ended		
Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**
Tax receivables	566	575	(9)
Other receivables	68	203	(135)
Accrued income and prepaid expenses	116	69	47
Total	**750**	**847**	**(97)**

21. Cash on hand

Following is the breakdown

	Year ended		
Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**
Bank and postal deposits in Euro	1,461	1,720	(259)
Bank deposits in US Dollars	647	624	23
Money and petty cash	1	1	-
Total	**2,109**	**2,345**	**(236)**

Bank deposits in foreign exchange are valued at the exchange rate at the end of the period and generally are to make payments to suppliers in foreign currency (US Dollars) in the first days of the subsequent fiscal year.

22. Net equity

Share capital

The share capital of the parent company on December 31, 2023, fully paid, is represented by No. 10,613,867 ordinary shares for a nominal value of Euro 0.5 each, equal to Euro 5,306,933.50.

Own share reserve

This reserve, totalling Euro 320 thousand, recognizes the purchase/sale of own shares, including accessory charges of the Parent Company's treasury shares at the date of the current financial statements and recognized by reducing net equity, according to IAS 32.

As of December 31, 2023, the Group had No. 203,043 own shares, representing 1.91% of share capital, booked at an average cost of Euro 1.58 each

Share premium and other transactions

At December 31, 2023, it totalled Euro 20,349 thousand (Euro 20,172 thousand as of December 31, 2022). The variation is due to the issue of No. 215,135 new shares in the first half of 2023 following the conversion of the bond issued;

Pursuant to article 2431 of the Civil Code, please note that the share premium reserve can be eventually distributed only if the legal reserve reaches a fifth of share capital

Legal reserve

As of December 31, 2023, it stands at Euro 485 thousand, unchanged from the previous fiscal period.

Voluntary reserve

As of December 31, 2023, it stands at Euro 4,792 thousand, unchanged from the previous fiscal period.

Other reserves

This allowance, negative by Euro 18,721 thousand, comprises the reserve for results carried forward, the reserve generated from the first-time adoption of IFRS and, highlighted separately, the translation reserve generated from the conversion into Euro of the balance sheet of the Turkish and 4Science USA subsidiaries expressed in different currencies from the one used by the Group.

23. Employee benefits

This item is comprised of severance indemnity of the Italian companies of the Group.

Following are the variations:

Thousands of Euro	31/12/2022	Opening delta / IAS8	Proceeds/ (financial charges)	Increases	Actuarial (Profits) and Losses	Use	Payments pursuant to Law 296/2006	31/12/2023
Employee benefits	579	(65)	51	148	(24)	(68)	-	621
Total	**579**	**(65)**	**51**	**148**	**(24)**	**(68)**	**-**	**621**

Following are the main assumptions used in the actuarial estimates of employee benefits:

Calculation date	**31/12/2023**
Mortality rate	IPS55 Tables
Invalidity rate	INPS tables by age and gender
Personnel rotation rate	3.00%
Discount rate	3.17%
Salary increase rate	3.00%
Rate of advances	2.00%
Inflation rate	2.00%

In particular, please note that:

- The **annual discount rate** used to determine the current value of the obligation was derived, pursuant to paragraph 83 of IAS 19, from the Iboxx Corporate AA index with 10+ duration at the date of measurement. Toward this end the yield was chosen with a duration that is comparable to the one of the collective of workers subject to the measurement

- The **annual rate of increase in the severance pay** pursuant to article 2120 of the Civil Code is equal to 75% of inflation plus 1.5 percentage points.

Following are the demographic technical basis used:

Death	IPS55 mortality tables
Inability	INPS Tables classified by age, gender
Retirement	100% upon reaching compulsory general insurance (AGO) requirements

ANNUAL FREQUENCY OF TURNOVER AND ADVANCES ON THE SEVERENCE PAY (TFR)..

Advances frequency	2.00%
Turnover frequency	3.00%

The annual frequency of advances and turnover is inferred from the historical experience of the Company and the frequencies deriving from the experience of actuarial services provider M&P based on a significant number of similar companies.

Assuming a 25-basis point increase in the technical actuarial rate compared with the one effectively applied for assessments to December 31, 2023, and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 14 thousand. At the same time, assuming a 25-basis point drop in the same interest rate, there would be a potential increase in the current value of the liability of some Euro 15 thousand.

The changes to the remaining actuarial hypothesis would generate a significantly lower impact on the current value of the liabilities for defined benefit plans booked in the financial statements.

24. Non-current trade payables

This item totals Euro 130 thousand (zero as of December 31, 2022) and refers to trade payables with a supplier with which we stipulated a repayment plan expiring in January 2026. In 2022, the payable was included in Accruals for risks and charges (Note 25), as until then, the payable comprised an allowance for potential fiscal risks on litigation still in force, then settled in 2023.

25. Accruals for risks and charges

Accruals for risks and charges total Euro 13 thousand (Euro 187 thousand as of December 31, 2022) and the significant drop is due to the reclassification previously described in Note 24.

26. Non-current financial liabilities

Following is the breakdown:

	Year ended			
Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**	**Maturity**
Non-current residual leasing debt	1,517	1,653	(136)	November 2026
Non-current residual debt for mortgages	1,411	1,389	22	May 2022/June 2029
				June 2022/January 2029
Non-current residual debt towards other investors	67	133	(66)	May 2023/December 2025
Debt for medium/long term right of use	264	134	130	
Total	**3,259**	**3,309**	**(50)**	

This item represents:

- For Euro 1,517 thousand, the non-current quota of the residual debt towards a leasing Institute for the offices in Milan, as previously commented (Note 14), maturing in 2026. The contract was already classified as financial leasing according to IAS 17. With the entry into force of IFRS 16, starting from January 1, 2019, this contract was recorded with the financial accounting method foreseen by the new standard that is essentially in line with the valuation criterion previously adopted for this contract. These are the main terms of the leasing contract: cost of the property Euro 2,995 thousand, variable interest rate (3-month Euribor + 160 bps) convertible into a fixed rate at any moment chosen by the lessee;

- For Euro 346 thousand, the non-current quota of two Iccrea financings maturing in June 2029;
- For Euro 1,065 thousand, the non-current quota of a 60-month financing that Banca Progetto granted in May 2022 to the 4Science subsidiary (1-month Euribor +4%)
- For Euro 67 thousand, the non- current quota of financing secured by Itway Hellas from the Greek state for support of companies in lockdown during the Covid-19 pandemic;
- For Euro 264 thousand, the non-current quota of the right-of-use financial debt deriving from the application of IFRS 16

Following is the detail of the residual non-current leasing debt broken down by maturity

	Year ended	
Thousands of Euro	**31/12/2023**	**31/12/2022**
Residual non-current debt, net of interests		
1 to 5 years	577	564
Over 5 years	940	1,089
Residual leasing debt, net of interests	**1,517**	**1,653**

27. Current financial liabilities

As of December 31, 2022, they total Euro 727 thousand (Euro 981 thousand as of December 31, 2022) and are mainly represented by debt towards banks, to other lenders, and unsecured loans not backed by guarantees. In addition, this item includes Euro 111 thousand of the short-term portion of the right of use debt, pursuant to IFRS 16, as per Note 26.

As of December 31, 2023, the Parent Company had expired positions totalling Euro 0.1 million, and the Itway Group of Euro 0.1 million

In terms of expired positions of Itway S.p.A. and the Itway Group, please note that to date there are no legal disputes or judicial initiatives.

28. Current trade payables

Current trade payables, including invoices not yet received, amount to Euro 15,094 thousand as of December 31, 2023, of which Euro 2.2 million are invoices not yet received compared with Euro 14,536 thousand as of December 31, 2022. The balance as of December 31, 2023 includes expired debt towards suppliers of approximately Euro 1 million.

The Parent Company as of December 31, 2023, had expired debt towards suppliers totalling Euro 0.7 million.

With reference to the expired sales positions of Itway S.p.A. and of the Itway Group, as described above, it should be noted that to date, some reminders have been received from creditors but there has not been any suspension of the supplies that could compromise the ordinary running of the company.

29. Tax payables

Tax payables as of December 31, 2023 total Euro 3,516 thousand (Euro 4,668 thousand as of December 31, 2022) and following is the breakdown

	Year ended		
Thousands of Euro	**31/12/2022**	**31/12/2021**	**Variation**
Debt for income taxes	1,072	986	86
VAT	2,029	2,913	(884)
Withholding on personnel compensation	176	601	(425)
Other	239	168	71
Total	**3,516**	**4,668**	**(1,152)**

The payables in the table refer to current tax debt that has not expired and that will be paid at their natural expiry except for:

- VAT payables for Euro 200 thousand (Euro 209 thousand as of December 31, 2022) refer to debt not paid at the natural maturity and that Management expects to pay back within the terms foreseen by regulations in force;
- debt towards tax authorities of Euro 356 thousand (Euro 1,136 thousand as of December 31, 2022) related to debt not paid at the natural expiry and that is expected to be paid back within the terms foreseen by regulations in force; of these, Euro 317 thousand (Euro 566 thousand as of December 31, 2022) refer to the parent company.

30. Other current liabilities

Other current liabilities as of December 31, 2023 total approximately Euro 2,864 thousand (Euro 1,858 thousand as of December 31, 2022) with the following breakdown:

Thousands of Euro	Year ended 31/12/2023	31/12/2022	Variation
Debt towards personnel for remuneration	258	270	(12)
Other debt towards personnel	659	357	302
Debt towards directors and collaborators	638	545	93
Debt towards social security institutions	314	341	(27)
Accrued expenses and deferred income	867	278	589
Advanced payments received and other liabilities	128	67	61
Total	**2,864**	**1,858**	**1,006**

Other debt towards personnel includes provisions for deferred remuneration (vacation and additional monthly payments).

Other current liabilities do not include debt towards personnel not paid at the natural expiry. However, as of December 31, 2023, the Itway Group had approximately expired debt towards social security bodies totalling Euro 3 million, which will be paid within the regulations in force, while the Parent Company had no debt towards social security bodies.

Debts towards social security bodies include Euro 96 thousand of expired debt that will be paid back in instalments over another five years.

31. Obligations and guarantees

As of December 31, 2023, there are no obligation or guarantees to third parties.

32. Information on related parties

During the 2023 fiscal period, the Group had commercial and financial relationships with related companies. These are normal business activities, regulated with contractual conditions established by the parities at fair value, consistent with the ordinary market procedures. This is a summary:

Thousands of €uro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	-	-	198	-
Itway S.p.A. vs Fartech S.r.l.	67	94	-	68
TOTAL	**67**	**94**	**198**	**68**

Itway directs and coordinates its subsidiaries in Italy. 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.

No company directs or controls Itway S.p.A

33. Remuneration to Directors, Auditors, managing directors and managers with strategic Responsibility

Following the introduction of Article 123 ter of the TUF, the data on these remunerations are reported analytically on the report on remuneration that will be made available to the public within the terms foreseen by law at the administrative headquarters. It will also be possible to consult them on the Internet site www.itway.com in the Investor Relation section.

34. Net financial position

Pursuant to Consob Communication No. 6064293 of July 28 2006, following is the breakdown of the Group's net financial position (NFP)

Thousands of Euro	31/12/2023	31/12/2022
Cash	2,109	2,345
Financial receivables	-	2,110
Current financial assets	1,163	1,152
Current financial liabilities	(727)	(697)
Convertible bonds	-	(284)
Net current financial position	**2,545**	**4.626**
Non-current financial liabilities	(3,259)	(3,309)
Non-current net financial position	**(3,259)**	**(3,309)**
Total net financial position	**(714)**	**1,317**

Please see the cash flow statement for a more detailed analysis of the movements that generated the change in the net financial position.

The net financial position of the Group as of December 31, 2023, was broadly steady from a year ago and was influenced by investments that the Group carried out during the period.

Current financial assets represent deposits of Itway Turkey and Itway Greece to guarantee bonds issued maturing by 31/12/2024, renewed every fiscal period depending on the needs of the subsidiaries.

The non-current net financial position reflects the loans detailed in Note 26.

Net financial position of the Parent Company

Thousands of Euro	31/12/2023	31/12/2022
Cash	769	119
Financial receivables	-	2.110
Current financial liabilities	(1,744)	(2,123)
Convertible bonds	-	(284)
Current net financial position	**(975)**	**(178)**
Non-current financial assets	-	-
Non-current financial liabilities	(1,810)	(1,981)
Non-current net financial position	**(1,810)**	**(1,981)**
Total net financial position	**(2,785)**	**(2,159)**

The net financial position of the parent company as of December 31, 2023, down Euro 626 thousand compared with December 31, 2022, includes a Euro 1,417 thousand financing from 4Science at the close of the period.

35. Information on the sector

The Group is positioned on the Digital Product Oriented model, focusing on business segments with higher value added, through four Business Units:
- Cybersecurity products (VAD &PS)
- Cybersecurity & Infrastructure
- Data Science;
- Cyber Safety.

These market segments in which the companies of the Group operate can be classified into two sectors that reflect the organizational structure of the Group and its internal reporting.
Through the **Cyber Security Products VAD + PS** sector, the Group operates as a Value-Added Distributor with associated Project Services in the sale of products specialized in Cyber Security (software and hardware), certification services on the software technologies distributed, and pre- and post-sales technical assistance services. Clients are System Integrators and Value-Added Resellers that sell products to the final user market.
Through the sector that encompasses, in addition to corporate activities, services offered by the parent company and other scale-up sectors, the Group operates in the following market segments:

- **Cyber Security:** it manages consultancy, planning, system integration, or in general **IT Services** in Cyber Security, in particular in Cyber Risk Management and GDPR;
- **Cyber Safety**: With the patented and proprietary **ICOY ™ ®,** it operates in the work safety sector or the so-called EH&S (Environment, Health, & Safety). This business unit, which has

an exceptionally innovative product in which the Group heavily invested, is in an advanced start-up phase.

- Through **4Science S.p.A,** it offers Data Science and Data Management services and solutions for the markets of digital repository of scientific research, cultural heritage and Big Data.

Following is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2023:

Thousands of Euro	**Cyber Security Products (VAD+PS)**	**Activities of the Parent Company and other sectors**	**Total consolidated**
Turnover			
Revenue	41,935	5,453	47,388
Other operating revenue	109	1,589	1,698
Total revenue	**42,044**	**7,042**	**49,086**
Operating costs			
Costs for products	(36,913)	(2,133)	(39,046)
Personnel costs	(1,325)	(3,441)	(4,766)
Other costs and operating charges	(966)	(2,617)	(3,583)
Total operating costs	**(39,204)**	**(8,191)**	**(47,395)**
EBITDA	**2,840**	**(1,149)**	**1,691**
Amortization	(144)	(2,109)	(2,253)
EBIT	**2,696**	**(3,258)**	**(562)**
Financial income/(charges)	673	(592)	81
Result before taxes	**3,369**	**(3,850)**	**(481)**
Income taxes	(595)	746	151
Net result	**2,774**	**(3,104)**	**(330)**

Following is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2022:

Thousands of Euro	Cyber Security Products (VAD+PS)	Activities of the Parent Company and other sectors	Total consolidated
Turnover			
Revenue	40,682	3,053	43,735
Other operating revenue	110	2,850	2,960
Total revenue	**40,792**	**5,903**	**46,695**
Operating costs			
Costs for products	(35,993)	(503)	(36,496)
Personnel costs	(1,192)	(2,200)	(3,392)
Other costs and operating charges	(810)	(3,802)	(4,612)
Total operating costs	**(37,995)**	**(6,505)**	**(44,500)**
EBITDA	**2,797**	**(602)**	**2,195**
Amortization	(97)	(552)	(649)
EBIT	**2,700**	**(1,154)**	**1,546**
Financial income/(charges)	32	(1,940)	(1,908)
Result before taxes	**2,732**	**(3,094)**	**(362)**
Income taxes	(441)	455	14
Net result	**2,291**	**(2,639)**	**(348)**

Following is the balance sheet data regarding the identified segments for the fiscal year ended December 31, 2023:

Thousands of Euro		Greece and Turkey VAD transaction	Activities of the Parent Company and other sectors	Total Consolidated
Non-current assets				
Property, plants and equipment		106	791	897
Goodwill		2	1,843	1,845
Other intangible assets		543	4,370	4,913
Right of use		231	2,469	2,700
Prepaid taxes assets		-	2,504	2,504
Investments		-	603	603
Non-current financial assets		-	-	-
Other non-current assets		10	7	17
	Total	**892**	**12,587**	**13,479**
Current assets				
Inventories		808	28	836
Account receivables – Trade		17,080	3,694	20,774
Other current assets		309	441	750
Cash on hand		952	1,157	2,109
Financial receivables		-	-	-
Current financial assets		1,163	-	1,163
	Total	**20,312**	**5,320**	**26,632**
Total assets		**21,204**	**17,907**	**39,111**
Net equity		4,223	8,489	12,712
Non-current liabilities				
Employee benefits		-	621	621
Medium/long term trade payables		-	130	130
Allowance for risks and charges		-	13	13
Liabilities for deferred taxes		-	175	175
Non-current financial liabilities		218	3,041	3,259
	Total	**218**	**3,980**	**4,198**
Current liabilities				
Current financial liabilities		132	595	727
Intra-sector payables/receivables		134	(134)	-
Account payables - Trade		12,864	2,230	15,094
Tax payables		2,833	683	3,516
Other current liabilities		800	2,064	2,864
	Total	**16,763**	**5,438**	**22,201**
Total liabilities		**21,204**	**17,907**	**39,111**

Following is the balance sheet data regarding the identified segments for the fiscal year ended December 31, 2022:

Thousands of Euro	Greece and Turkey VAD transaction	Activities of the Parent Company and other sectors	Total Consolidated
Non-current assets			
Property, plants and equipment	99	780	879
Goodwill	3	1,843	1,846
Other intangible assets	75	3,569	3,644
Right of use	73	2,517	2,590
Prepaid taxes assets	-	1,742	1,742
Investments	-	603	603
Non-current financial assets	12	4	16
Other non-current assets	**262**	**11,058**	**11,320**
Total			
Current assets	468	-	468
Inventories	17,769	3,700	21,469
Account receivables - Trade	260	(260)	-
Other current assets	251	596	847
Cash on hand	649	1,696	2,345
Financial receivables	-	2,110	2,110
Current financial assets	1,152	-	1,152
Total	**20,549**	**7,842**	**28,391**
Total assets	**20,811**	**18,900**	**39,711**
Net Equity	3,481	9,918	13,399
Non-current liabilities			
Employee benefits	-	579	579
Medium/long term trade payables	-	187	187
Allowance for risks and charges	-	194	194
Liabilities for deferred taxes	165	3,144	3,309
Total	**165**	**4,104**	**4,269**
Current liabilities			
Current financial liabilities	91	890	981
Intra-sector payables/receivables	420	(420)	-
Account payables - Trade	12,852	1,684	14,536
Tax payables	3,372	1,296	4,668
Other current liabilities	430	1,428	1,858
Total	**17,165**	**4,878**	**22,043**
Total liabilities	**20,811**	**18,900**	**39,711**

36. Subsequent events and foreseeable evolution of operations from the Management Report

On March 5, 2024, 4Science S.p.A, finalized the acquisition of 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. 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, a collaborative software (groupware) to facilitate and make more effective cooperation between groups of people, which is a leader in the EMEA region.

Following is the foreseeable evolution of operations divided by each company:

Itway S.p.A.

In the coming months the Group will continue its development activities in its reference market, Cyber security, Data Science, and Cyber safety. The hiring of new members of the top management with proven value, as previously described, will lead to an acceleration of growth.

Cyber security & Resiliency BU:
To achieve the objectives of the industrial plan, we will focus on growth of the Cyber Security & Resiliency Business Unit, in particular pushing the new Itway Security & Resiliency 360 ™ product lines and proposing to the market NOC/SOC services further expanded with managed security services (MSP) 24/365 that today represent a real point of excellence.
Important resale agreements for products and services were also defined. In particular, the exclusive deals with MasterCard, which developed innovative Cyber Risk Assessment (RiskRecon), and Zscaler (leader in cybersecurity and zero-trust digital transformation). Also, the strategic partnership with Cloudian, a Silicon Valley-based firm specializing in enterprise-class object storage software. Our offering falls into the new wave of Cyber Resilience with vertical and horizontal integration of specific state-of-the-art products and services. In Cyber Resiliency, we also signed a new agreement with Quest Software that supplies cloud management services, software-as-a-service, security, mobility, backup/reset of active directories, and ONE Identity in a unified Identity security mode.

Cyber security and infrastructure remain the cornerstone of the services that the Itway Group offers, aiming to strengthen our market share by expanding the client base and creating new partnerships with state-of-the-art technological Vendors in Cyber Security & Resiliency and infrastructure.

The increasing exposure to cyber threats and attacks in the industrial world, caused by the digitalization of industry, the spread of Industrial IoTs, and convergence between IT systems and production systems, makes companies need to protect their OT (operational technology) environments. To address these risks and manage OT Security from within, we signed a partnership deal with Radiflow, a leader in cybersecurity solutions for industrial automation critical networks (ICS/SCADA), like power stations, water ducts, chemical plants, etc.

BU Cyber safety:
The Cyber Safety business unit, based on the ICOY MOVER, is another story. During the first quarter of 2024, we received the first orders and saw the first significant signs of interest from clients, giving us confidence that these will lead to further orders.
The sales team specialized in ICOY, which includes a senior manager as Key Account Manager (KAM), a conspicuous pipeline of opportunities developed, and we secured some significant orders from large industrial groups (Feralpi, Padana Tubi, Arvedi, and Marcegaglia). We will continue with the direct marketing push towards companies in the metal-mechanical and steel sectors to further increase the negotiations portfolio and secure new orders before the end of the fiscal period. We developed the marketing communication of the Business Unit, activating all communication tools like the logo and the trademark, the specific website www.icoy.it, and signed the first alliances with associations in the work safety sector like RSPP Italia, AIAS, INAIL, and Parallelo45, with which we started to plan communication and evangelization activities. There are also contacts underway with other sector associations.

There is great interest in ICOY MOVER, and the terrible series of accidents on the job (also in recent days) shows how many lives could have been saved by adopting ICOY MOVER. To the date of the current report, over 280 companies in different sectors have shown concrete interest, and 80 of these requested and received an ICOY MOVER offer.

4 Science S.p.A.

Data Science BU:
The 2024 fiscal period began with a fair backlog and good prospects for new orders, with the growth outlook mainly related to international markets, namely the US.

The significant investments in personnel carried out during 2023, in addition to the reorganization that took place last year, will have to bring positive results to the new operating structure in terms of revenue growth and a rebound in profitability.

The company today represents one of the major service providers of the DSpace platform at a global level with a leading role in the US steering committee that defines its developments and future evolution; this leading role, along with the greater production capacity of our software factory, will allow us to grow both in the international and domestic markets. Also, the presence in the US market, which already bore its fruits in 2023, will have to be a growth factor generating significant negotiations to transform into sales in a market that offers great opportunities.

In addition, following the closing on March 5, 2024, of the acquisition of a 60% stake in Seacom S.r.l., 2024 will also see the consolidation of the Data Management activities of Seacom, with expected revenue of Euro 3.4 million.

Itway International S.r.l., Itway Turkiye Ltd. and Itway Hellas S.A.
Cyber security Products VAD + PS BU:
We do not see significant factors that in any way could slow our growth in the rest of 2024.
Following the acquisition of Seacom, the Zimbra (Secure Collaboration Suite) commercial and technical activities were spun off. The sales of this product in Italy, South Europe, and Africa were added to this Business Unit, increasing by approximately Euro 2.7 million the revenue expected for 2024.

We will closely monitor the exchange rate situation in Turkey and carefully manage operating costs, especially in Greece.

We expect the value-added distribution activities with planning services to continue their significant growth, focusing on defending margins, which are rising, and managing working capital.

The reference market in Greece and Turkey, where we operate, is in a phase of significant development, and we expect to grow organically thanks to the growth rates forecast of the vendors that we represent, the increase in our market share, and the introduction of new product lines, like for example, Mastercard and the product lines in the storage and cloud backup market, such as Commvault and Treelix.

We aim to maintain solid growth rates for revenues and profitability in line with the Business Plan and to confirm our strategic leadership in the Cyber Security sector in Greece and Turkey.

In preparing the financial statements, Management evaluated the risks the war between Russia and Ukraine and its possible effects on the global economy could have on the performance of the business. The Group does not have direct relations with Russia and Ukraine and the related markets; there are no cash flows that directly involve the operations of the Group that are expressed or settled in the Russian and Ukrainian currency; the Group evaluated the impact related to a potential increase in energy prices.

Management will continue to monitor all scenarios and eventual impacts related to these events.

37. Contingent liabilities

The Directors deem that there are no significant potential liabilities that have not been considered for the purpose of allocating eventual risks provisions in the consolidated balance sheet, as described in the previous Note 25.

38. Non-recurrent, atypical and/or unusual transactions

During the fiscal year that ended on December 31, 2022, no significant and/or non-recurrent and/or atypical and/or unusual transactions were carried out with third parties, as defined by Consob Communication of July 28, 2006.

39. Financial risk management: objectives and criteria

The international accounting principle IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate:

- The significance of financial instruments with reference to the balance sheet and the net result;
- The nature and entity of risks arising from financial instruments to which the Group is exposed during the fiscal year and as at the reporting date, and how the entity managed those risks.

The accounting principles regarding financial instruments applied in drafting the consolidated balance sheet are described in the section Accounting Principles and Main Assessment Criteria, while the definition of financial risks and the analysis of the degree of significance of the exposure of the Itway Group to the different categories of risks identified are reported hereinafter.

The financial assets of the Group are represented by trade receivables, cash, and cash on hand that derive from the operating activities of the Group. Financial liabilities comprise short-term debt toward major credit institutes and medium- and long-term debt towards leasing companies, ICCREA, and Banca Progettto.

The following table reconciles the balance sheet items that represent financial instruments and the financial assets and liabilities categories in accordance with accounting principle IFRS 9:

ASSETS	**December 31, 2023**			
Thousands of Euro	***Carrying value***	***Financial instruments at amortized cost***	***Financial instruments at FVTPL (*)***	***Financial instruments at FVTOCI (**)***
Other non-current assets	17	17	-	-
Non-current financial assets	-	-		
Non-current assets	**17**	**17**	**-**	**-**
Trade receivables	20,774	20,774	-	-
Other current assets	750	750	-	-
Other financial receivables	-	-		
Cash on hand	2,109	2,109	-	-
Current financial assets	1,163	1,163		
Current assets	**24,796**	**24,796**	**-**	**-**

ASSETS	December 31, 2022			
Thousands of Euro	***Carrying value***	***Financial instruments at amortized cost***	***Financial instruments at FVTPL (*)***	***Financial instruments at FVTOCI (**)***
Other non-current assets	16	16	-	-
Non-current financial assets	-			
	-	-		
Non-current assets	**16**	**16**	**-**	**-**
Trade receivables	21,469	21,469	-	-
Other current assets	847	847	-	-
Other financial receivables	2,110	2,110		
Cash on hand	2,345	2,345	-	-
Current financial assets	1,152	1,152		
Current assets	**27,923**	**27,923**	**-**	**-**

LIABILITIES	December 31, 2023			
Thousands of Euro	***Carrying value***	***Liabilities for derivatives at FVTPL (*)***	***Other financial liabilities***	***Hedging derivatives***
Non-current trade payables	-	,	-	
Non-current financial liabilities	3,259	-	3,259	-
Non-current liabilities	**3,259**	**-**	**3,259**	**-**
Current financial liabilities	727	-	727	-
Current trade payables	15,094	-	15,094	-
Tax payables	3,516	-	3,516	-
Other current liabilities	2,864	-	2,864	-
Current liabilities	**22,201**	**-**	**22,201**	**-**

LIABILITIES	December 31, 2022			
Thousands of Euro	***Carrying value***	***Liabilities for derivatives at FVTPL (*)***	***Other financial liabilities***	***Hedging derivatives***
Non-current trade payables	-	,	-	
Non-current financial liabilities	3,309	-	3,309	-
Non-current liabilities	**3,309**	**-**	**3,309**	**-**
Current financial liabilities	981	-	981	-
Current trade payables	14,536	-	14,536	-
Tax payables	4,668	-	4,668	-
Other current liabilities	1,858	-	1,858	-
Current liabilities	**22,043**	**-**	**22,043**	**-**

** *Fair Value Trough Profit and Loss*

** *Fair Value Trough Other Comprehensive Income*

Financial assets and liabilities are booked at a value that is not different from the fair value.

Interest rate risk

The financial instruments of the Group include anticipated credits by banking institutes and sight deposits. Such instruments finance the Group's activities.

Total loans obtained by the group foresee variable interest rates (generally 1-3 month Euribor + spread). Therefore, the interest rate risk is represented by the exposure of cash flows to interest rate fluctuations. The current policy of the Group is not to hedge interest rate fluctuations. On the basis of the short-term average exposure in the period, a fluctuation of 1 percentage point of interest rates would entail a variation of +/- in interest payments of some Euro 7 thousand per fiscal period. On non-current financial liabilities, a 1-percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 33 thousand per fiscal year

Foreign exchange risk

The Group uses as its main currency for its purchases and sales mainly the Euro and on an exceptional basis the US Dollar or the Turkish Lira. Please note that the worsening of the Turkish Lira-Euro exchange rate over the past few years has triggered a reduction in the carrying value of the net assets of the Itway Turkiye subsidiary. To date, considering also the peculiarity and the macroeconomic reasons that impacted the performance of the Turkish Lira, the Group decided not to activate hedging instruments on the currency risk.
In the 2022 fiscal period, 4Science USA Corp was established with headquarters in Delaware (USA). During the year, the company was still in a start-up phase and, therefore, the management of USD-denominated transactions was irrelevant to the foreign exchange risk.

Credit risk

The credit risk represents the Group's potential exposure to losses deriving from counterparties not fulfilling their obligations. The Group does not have significant concentrations of credit risk therefore it isn't deemed opportune to highlight quantitative and detailed information, except for the details regarding account receivables per expiration breakdown in Note 19. In order to check such risk, the Group implemented procedures and measures to assess the clientele and the possible recovery measures. Regarding other financial assets, including cash available and cash equivalents, financial counter-parties are exclusively highly solvable financial institutions and pertinent policies were adopted to limit credit risk exposure to a single credit institutions.

Liquidity risk

The liquidity risk represents the risk that the financial resources available to the company are not enough to face the financial obligations in the pre-set terms and maturities. Considering the Group's net financial position and the projections of the industrial plan approved on April 8, we do not see liquidity risks.

A prudent management of the liquidity risk is pursued by maintaining sufficient resources in cash or readily convertible into cash and an adequate availability of credit lines. In addition to what has been already reported, in the other statements of the Financial Statements and the notes regarding current financial liabilities, expiring within the end of the next fiscal year, the following table analyses the Group's non-current liabilities, grouped based on the contract expiration compared with the balance sheet date:

Thousands of Euro	***31/12/2023***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non-current financial liabilities	3,259	3,259	454	1,794	1,011
Non-current liabilities	**3,259**	**3,259**	**454**	**1,794**	**1,011**

Thousands of Euro	***31/12/2022***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non-current financial liabilities	3,309	3,309	719	1,379	1,211
Non-current liabilities	**3,309**	**3,309**	**719**	**1,379**	**1,211**

Capital management

The main objective of capital management of the Group is to maintain adequate levels of capital indicators so as to support activities and to maximize value for shareholders. We feel the best assessment of capital indicators can be seen in the financial prospectus above.

40. Financial instruments

The financial instruments of the Group booked in the consolidated financial statements do not diverge significantly from their fair value.

41. Compensation for the auditing firm - Art. 149 duodecies of Issuers Regulations

Description	Thousands of Euro
Compensation for HLB Analisi for the auditing of the financial statements of the fiscal year at a consolidated and Itway SpA level (including Consob contribution)	94
Compensation to HLB Analisi S.p.A. for auditing activities of the financial statements of subsidiaries	7
Compensation to HLB Analisi for other auditing services	7
Compensation to Network HLB for auditing activities of the financial statements of subsidiaries	29
Total	**137**

In addition to the compensation mentioned above, no other mandates were given to the auditing firm or other companies of its network.

42. Publication of the Financial Statements

The financial statements were approved by the Board of Directors of Itway S.p.A. at the April 24, 2024 meeting in which the mandate was given to the President to carry out formal fine-tuning amendments or integrations should they be necessary or opportune for a better drafting and a more complete text, in all its elements.

43. Companies of Itway Group

Following is the list of companies and relevant investments of the Group, pursuant to Consob Deliberation No. 11971 of May 14 1999 and successive modification and Consob communication No. DEM/6064293 of July 28 2006.

In the list that follows the companies are divided by type of control and consolidation method. For each company the following is highlighted: name, headquarters, country affiliation, share capital in the original currency. Furthermore, also listed are the shareholdings, voting rights in ordinary shareholders meeting, if different from the stake of the capital and the controlling companies.

PARENT COMPANY	HEADQUARTERS	SHARE CAPITAL Euro
Itway S.p.A.	Milan	5,306,933.50

SUBSIDIARY CONSOLIDATED WITH FULL METHOD	HEADQUARTERS	SHARE CAPITAL Euro	% OWNERSHIP	CONTROLLING COMPANY
Itway France S.A.S.	Paris	100,000	100%	Itway S.p.A
Itway International S.r.l.	Milan	10,000	100%	Itway S.p.A.
Itway Hellas S.A.	Athens	846,368	100%	Itway International S.r.l.
Itway Turkiye Ltd.	Istanbul	1,500,000 *	100%	Itway International S.r.l.
4Science S.p.A.	Milan	61,000	71.43%	Itway S.p.A
4Science USA Corp.	Delaware (USA)	150,000**	100%	4Science S.p.A.
Itway RE S.r.l.	Ravenna	10,000	100%	Itway S.p.A.

** The value is expressed in the New Turkish Lira (YTL)*
*** the value is expressed in US Dollars*

ASSOCIATE COMPANY VALUED WITH EQUITY METHOD	HEADQUARTERS	SHARE CAPITAL Euro	% OWNERSHIP	CONTROLLING COMPANY
BE Infrastrutture S.r.l.	Ravenna	100,000	30%	Itway S.p.A.

OTHER COMPANIES	HEADQUARTERS	SHARE CAPITAL Euro	% OWNERSHIP	CONTROLLING COMPANY
Dexit S.r.l.	Trento	700,000	9%	Itway S.p.A
Itway MENA FZC	United Arab Emirates	35,000*	17.1%	4Science S.p.A.
Idrolab S.r.l.	Cesena	52,500	10%	Itway S.p.A.

** the value is expressed in Dirham of the United Arab Emirates (AED)*

Ravenna, April 24, 2024

FOR THE BOARD OF DIRECTORS
President and Chief Executive Officer
G. Andrea Farina

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR CLOSED ON DECEMBER 31, 2023

IN ITWAY S.p.A.

INCOME STATEMENT

Euro units		Fiscal year closed at	
		December 31, 2023	**December 31, 2022**
Sales Revenue *		4.135.203	2.025.034
	of which to Group companies	*1.107.808*	*1.214.665*
Other operating income		765.239	2.101.187
	of which to Group companies	*13.300*	-
Costs per product		(1.383.316)	(146.802)
Costs for services *		(1.922.716)	(1.804.687)
	of which to Group companies	*(108.000)*	*(108.000)*
Personnel costs		(1.389.579)	(640.924)
Other operating expenses		(133.310)	(1.749.339)
	of which to Group companies	*(70.000)*	*(70.000)*
EBITDA **		**71.521**	**(215.531)**
Depreciation, amortization and impairment losses		(1.871.672)	(323.970)
Operating profit (EBIT) **		**(1.800.151)**	**(539.501)**
Financial income		23.966	859
Financial charges		(209.429)	(134.071)
	of which to Group companies	*(63.118)*	-
Other financial income and expenses		(7.407)	9.079
Result of subsidiaries/associates accounted for using the equity method		1.421.701	1.490.977
Income and expenses for the closure or sale of equity investments		-	(1.831.033)
Profit before taxes		**(571.320)**	**(1.003.690)**
Taxes for the year		609.408	594.945
Profit for the year from continuing operations		**38.088**	**(408.745)**

** for a description of relationships with related parties, please refer to Note 31.*
***the definition of EBITDA and EBIT is provided in the paragraph "Presentation of the financial statements" of the Notes.*

STATEMENT OF COMPREHENSIVE INCOME

Euro units	**December 31, 2023**	**December 31, 2022**
Profit for the year	38.088	(408.745)
Items that cannot be reclassified to the Income Statement:		
Actuarial gains/(losses) of employees benefit plans	(15.662)	35.825
Items that can be reclassified to the Income Statement:		
Comprehensive income/(loss) from the application of IAS27	(681.235)	(483.431)
Profit for the year	**(658.809)**	**(856.351)**

STATEMENT OF FINANCIAL POSITION

Euro units	31/12/23	31/12/22
ACTIVITY		
Non-current assets		
Property, plant and equipment	52.243	15.784
Other intangible assets	2.671.036	2.022.639
Rights of use	2.685.977	2.781.515
Investments	7.857.420	6.950.274
Deferred tax assets	2.435.005	1.719.465
Total	**15.701.681**	**13.489.677**
Current Assets		
Inventories	28.587	-
Trade receivables *	2.430.629	2.204.394
Receivables from financial subsidiaries *	8.095.102	8.031.259
Receivables from commercial subsidiaries *	261.747	924.104
Other current assets	155.333	476.590
Other financial receivables *	-	2.110.000
Cash and cash equivalents	768.589	118.734
Total	**11.739.987**	**13.865.081**
Total Assets	**27.441.668**	**27.354.758**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	5.306.935	5.199.367
Treasury shares reserve	(321.103)	(321.103)
Share premium reserve	18.430.546	18.253.316
Legal Reserve	484.904	484.904
Retained earnings/(losses) reserve	(13.767.539)	(12.661.897)
Profit for the year	38.088	(408.745)
Total	**10.171.831**	**10.545.842**
Non-current liabilities		
Employee Benefits	339.071	307.544
Non-current trade payables	130.000	-
Provisions for risks and charges	8.150.556	8.333.875
Deferred tax liabilities	8.425	24.683
Non-current financial liabilities	1.810.238	1.981.145
Total	**10.438.290**	**10.647.247**
Current liabilities		
Current financial liabilities	327.364	600.018
Current trade payables *	1.835.981	1.307.350
Payables to subsidiaries *	2.801.465	2.795.606
Tax payables	370.222	606.491
Other current liabilities	1.496.515	852.204
Total	**6.831.547**	**6.161.669**
Total liabilities	**17.269.837**	**16.808.916**
Total shareholders' equity and liabilities	**27.441.668**	**27.354.758**

** for a description of relationships with related parties, please refer to Note 31 and 32.*

Statement of changes in equity accounts

The following table summarizes the changes in the Company's shareholders' equity:

Euro units	Share capital	Treasury shares reserve	Overage reserve Actions and other operations	Profit Reserves Legal Reserve	Profit Reserves Retained earnings/losses reserve [1]	Result for the year	Equity
Balance as at 1 January 2022	**4.603.521**	**(321.103)**	**17.379.013**	**484.904**	**(13.520.833)**	**1.306.542**	**9.932.044**
Capital increases from P.O. conversio	595.846	-	874.303	-	-	-	1.470.149
Total transactions with members	**595.846**	**-**	**874.303**	**-**	**-**	**-**	**1.470.149**
Allocation of profit for the year	-	-	-	-	1.306.542	(1.306.542)	-
Profit for the year	**-**	**-**	**-**	**-**	**-**	**(408.745)**	**(408.745)**
Other components of the comprehensive income as at 31 December 2022:							
Comprehensive income/(loss) from th application of IAS 27 R	-	-	-	-	(483.431)	-	(483.431)
Actuarial gains/(losses) on employee benefit plans	-	-	-	-	35.825	-	35.825
Aggregate	**-**	**-**	**-**	**-**	**(447.606)**	**(408.745)**	**(856.351)**
Balance as at 31 December 2022	**5.199.367**	**(321.103)**	**18.253.316**	**484.904**	**(12.661.897)**	**(408.745)**	**10.545.842**

[1] The retained earnings/(losses) reserve reflects the effects of the transition to IAS/IFRS.

Euro units	Share capital	Treasury shares reserve	Overage reserve Actions and other operations	Profit Reserves Legal Reserve	Profit Reserves Retained earnings/losses reserve [1]	Result for the year	Equity
Balance as of January 1, 2023	**5.199.367**	**(321.103)**	**18.253.316**	**484.904**	**(12.661.897)**	**(408.745)**	**10.545.842**
Capital increases from P.O. conversio	107.568	-	177.230	-	-	-	284.798
Total transactions with members	**107.568**	**-**	**177.230**	**-**	**-**	**-**	**284.798**
Allocation of profit for the year	-	-	-	-	(408.745)	408.745	-
Profit for the year	**-**	**-**	**-**	**-**	**-**	**38.088**	**38.088**
Other components of the comprehensive income as at 31 December 2023:							
Comprehensive income/(loss) from th application of IAS 27 R	-	-	-	-	(681.235)	-	(681.235)
Actuarial gains/(losses) on employee benefit plans	-	-	-	-	(15.662)	-	(15.662)
Aggregate	**-**	**-**	**-**	**-**	**(696.897)**	**38.088**	**(658.809)**
Balance as at 31 December 2023	**5.306.935**	**(321.103)**	**18.430.546**	**484.904**	**(13.767.539)**	**38.088**	**10.171.831**

[1] The retained earnings/(losses) reserve reflects the effects of the transition to IAS/IFRS.

CASH FLOW STATEMENT

The following table summarizes the Company's cash flow trends:

Thousands of Euro	**Financial year ended 31/12/2023**	**Financial year ended 31/12/2022**
Profit for the year	38	(409)
Adjustments for items that have no effect on liquidity:		
Non-monetary economic components	(3)	(105)
Depreciation of property, plant and equipment	26	10
Depreciation of intangible assets	182	162
Depreciation of rights of use	102	152
Provision for doubtful accounts	1.500	1.600
Provision for severance and retirement indemnities	51	58
Controlled results assessed by the PN method	(1.422)	(1.491)
Taxes	(609)	(595)
Cash flow from operating activities before changes in working capital	**(135)**	**(618)**
Severance payments	(19)	(80)
Change in trade receivables from third parties	(1.726)	630
Change in financial and trade receivables from subsidiaries	599	(31)
Change in inventories	(29)	-
Change in other current assets and liabilities	729	824
Change in current trade payables	668	526
Cash flow from operating activities generated (absorbed) by changes in CCN	**222**	**1.869**
Cash flow from operating activities (A)	**87**	**1.251**
Change in non-current financial and non-financial assets	(717)	-
Investments in property, plant and equipment (net of divestments)	(62)	(12)
Investment in other intangible assets (net of divestments)	(1.030)	(649)
Rights of use	(6)	-
Change in financial receivables	2.110	140
Cash flow from investing activities (B)	**295**	**(521)**
Origination/(Redemptions) of current financial liabilities	12	(1.663)
Borrowing/(Redemptions) of non-current financial liabilities	(171)	(323)
IAS 27	427	-
Convertible P.O. Issue	-	1.254
Cash flow from financing activities (C)	**268**	**(732)**
Cash flow from divested operations (D)		**-**
Increase/(decrease) in cash and cash equivalents (A+B+C+D)	**650**	**(2)**
Cash and cash equivalents at the beginning of the period	119	121
Cash and cash equivalents at the end of the period	769	119

The financial charges paid during the year amounted to 129 thousand Euros (85 thousand Euros in the previous year).

EXPLANATORY NOTES OF THE SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

GENERAL INFORMATION

Itway S.p.A. (the "Company" or the "Parent Company") is a public limited company constituted in Italy. The Company moved its legal headquarter to Milan, in Viale Achille Papa, 30, keeping its administrative headquarters in Ravenna and it is active with commercial office in Rome at the following address:
- Roma - Via Edoardo D'Onofrio 304

Going concern

The financial statements of the Company as of December 31, 2023, show a result of Euro 38 thousand, which net of net of the write-down on receivables and net of results and transactions on subsidiaries would be Euro -1,383 thousand.

From a financial point of view, the Group had a positive current net financial position of over Euro 2.5 million and a negative total net financial position of Euro 0.7 million. Based on the 2024-2027 industrial plant that the Board of Directors approved, directors assessed the economic and financial outlook of the Group, not finding significant uncertainties in the ability of Itway and the Group to continue operations in the regular course of business.

The essential elements of the 2024-2027 industrial plan that the Board of Directors approved are:
1) Growth and consolidation of the Cyber Security Products VAD +PS Business Unit in Greece and Turkey
2) Value, grow, and develop the Cyber Security & Infrastructure, Cyber Safety, and Data Science Business units.
Point number 2) sees the Cyber Security & Cyber Resiliency BU at the end of the start-up phase and about to enter the scale-up phase; the Cyber Safety BU is still in the start-up phase, and the Data Science BU is in the scale-up phase. As already described, the Cyber Security & Infrastructure and Cyber Safety BU have had significant investments for product development (Itway Cyber security – Cyber resiliency 360 and Icoy) that, while still needing financial support, generated a more than significant increase in products and services sales revenue. In 2024, triple-digit percentage rate growth is expected, as seen by the first quarter of 2024 trend (funnelling, pipeline, and turnover).
The most important part of the Data Science BU is 4Science, an innovative SME that is growing and now financially autonomous, sealed its first acquisition and a positive trend in the first quarter of 2024 (funnelling, pipeline, and turnover).

In 2023, the collaboration with institutional investor Nice & Green came to an end after it supported Itway S.p.A. financially by issuing convertible bonds, with which we signed an investment contract for a Warrant and Convertible Notes Funding Program worth a total of Euro 5.5 million, Euro 2.85 million, of which was subscribed.

Based on the above and the foreseeable evolution of operations, the Directors drafted the financial statements on a going concern basis.

General principles

For a better reading, the presentation of the financial statement, the income statement, the statement of comprehensive income, and the statement of changes in net equity are drafted in units of Euro and the data inserted in the notes are all expressed in thousands of Euro, unless otherwise indicated.

The Financial Statements are drafted in the following way:

- In the financial statement, current and non-current assets are reported separately. The financial statement as at December 31, 2023 was compared with the balances of the previous fiscal year, which ended on December 31, 2022;
- In the income statement, the representation of the costs is carried out on the basis of their own nature. The income statement on December 31, 2023 was compared with that of the previous fiscal year ended December 31, 2022;
- The indirect method was used for the consolidated statement of changes in financial position;

- EBITDA (gross operating result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results. The management of the Company to monitor and assess the operational performance of the Company uses Ebitda. Management considers Ebitda an important parameter to measure the performance of the Company, as it is not impacted by the volatility generated by the different criteria used to determine taxable income, by the amount and the characteristics of employed capital as well as the related amortization and depreciation policies. Ebitda is defined as Profit/Loss before amortizations of material and immaterial assets, financial charges and income and income taxes. Since the composition of Ebitda is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and, therefore, not comparable;
- EBIT (operating Result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results. It is defined as the Profit/Loss net of depreciation of material and immaterial assets and before financial charges and proceeds and income taxes. Since the composition of Ebit is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.

In the Financial Statements and in the comparative data the Company adopted the International Reporting Standards (IFRS) issued by IASB, the updates of pre-existing ones (IAS) as well as the International Financial Reporting Interpretation Committee (IFRIC) and those issued by the Standing Interpretation Committee (SIC), that were deemed as applicable to the transactions carried out by the Company

The Financial Statements items were assessed based on the general accrual basis.

For the purpose of book entries, prevalence was given to the economic substance of transactions rather than their legal form.

The accounting principles adopted are consistent with those adopted in the drafting of the Financial Statements as of December 31, 2022. These principles require estimates that, in the context of the current economic uncertainty, have their own component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from that forecast, therefore requiring revisions that today cannot be either estimated or forecast

Use of estimates

The drafting of the financial statements, applying IFRS principles, requires making estimates and assumptions that have an effect on the value of assets and liabilities and on information regarding potential assets and liabilities to the reference date. The estimates and assumptions are based on the historical experience and on other factors that are considered to be relevant; the estimates and assumptions are periodically reviewed and the effects of each variation are reflected in the overall income statement.

Following are the balance sheet items that require greater subjectivity from directors in elaborating forecasts and for which a change in the conditions of the underlying assumptions used can have a significant impact on the financial statements:

o assessment on investments;
o assessment of inventories;
o assessment on the allowance for doubtful accounts;
o assessment on deferred tax assets;
o assessment on employee benefits;
o assessment on the provision for risks and charges.

Estimates and hypothesis are reviewed periodically and the impact of each variation is immediately reflected in the income statement of the fiscal year.

Regarding investments in subsidiaries, the Company, when it identifies impairment indicators, carries out an impairment test on the book value of the investments pursuant to what is described in the next Note “Impairments”. As of December 31, 2022, the Company did not reveal impairment indicators on the values of the investments held.

Property, plant and equipment

Tangible assets are recognized at acquisition or production cost including accessory charges net of the relative accumulated depreciation.

Ordinary maintenance expenses are fully charged to the income statement. Costs for improvements, modernization and transformations of an enhancing nature are accounted as assets.

The accounting value of tangible assets is subject to review in order to detect possible losses in value either annually or when events or changes in the situation indicate that the carrying value can no longer be recovered (for details please see the paragraph "loss of value – impairment").

Depreciation begins when assets are ready to be used. Property, plants and equipment are systematically depreciated on a straight basis on economic-technical rates that are deemed as representative of the residual possibility of using the assets. Goods made up of components, of significant amounts, with different useful lives are considered separately when determining depreciation

Depreciation is calculated on a straight-line basis, as a function of the expected useful lives and of the relative assets, periodically reviewed, if necessary, applying the following percentage rates:

Property	2%
Office furniture	12%
Computers and electronic office equipment	20%
Vehicles	25%
Electronic telephone systems	20%

Profits and losses deriving from the sale or dismissal of assets are determined as a difference between revenue and the net book value of the asset and are booked in the income statement, respectively in other operating revenues and the other operating expenses

Leasing

Starting from January 1, 2019, following the first application of IFRS 16 – 'Leases", the Group recognizes a right of use to all leasing contracts, except short term ones, therefore within 12 months, and low-value leasing ones, that corresponds to the date in which the underlying asset is available for use. Short-term leases and low-value ones are booked as a cost in the income statement throughout the lease term. The right of use is booked at cost, net of accrued depreciation and loss of value (impairment loss) and adjusted following each re-measurement of the lease liability. The value assigned to the right of use corresponds to the amount of the lease liability and it is amortized on a straight-line basis over the lower of the estimated useful life or the term of the contract. The financial lease liability is booked at the start of the contract at a value equal to the present value of the lease fee to be paid during the term of the contract, discounted using the incremental borrowing rate when the interest rate that is implicit in the leasing contract cannot be readily determined. Variable leasing costs are still booked to the income statement as a cost pertaining to the period. After the commencement date, the amount of liabilities for lease contracts increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between repayment of the principal portion of the liability and the financial cost. The financial cost is booked to the income statement for the term of the contract to reflect a constant interest rate on the residual debt of the liability for each period.

The lease term is calculated considering the non-cancellable period of the lease, along with the periods covered by an option to extend the agreement if it deemed reasonably certain that it would be exercised, or any period covered by options to resolve the leasing contract, if it is deemed reasonably certain that it will not be exercised. The contracts are included or excluded from the application of the principle based on a detailed analysis conducted on each agreement and in line with the regulations foresees by the IFRS principles.

Goodwill

Goodwill deriving from the purchase of a company represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities of the acquired company at the date of acquisition. Goodwill is booked as an asset and is not amortized, but it is reviewed at least once a year to check that it did not incur loss of value (impairment test), as indicated in the subsequent paragraph “Impairment”. Eventual impairment losses are booked to the income statement and cannot be reversed successively.

Should a negative goodwill emerge, it would immediately be recognized in the income statement.

Intangible assets

An intangible asset is booked only if it can be identified, if subjected to the control of the Company, it is probable that it will generate future economic benefits and its cost can be determined in a reliable way. Intangible assets are registered at the cost determined according to criteria indicated for tangible assets. Should it be estimated that the assets have a defined useful life then they are amortized systematically during the estimated useful life and the amortization starts from the moment in which the assets are ready for use or in any case form when they start producing economic benefits for the company.
Following is the useful life usually attributed to the different categories:

- Software licenses and similar rights: on the basis of the duration of the license and/or right;
- Other intangible assets: 3 fiscal years.

Investments in subsidiaries, associates or joint ventures

The Company adopted the Amendment to IAS 27 that allows measuring, in the separate financial statements, investments in subsidiaries, associates and joint ventures, respectively at cost, pursuant to IFRS 9 or with the net equity method pursuant to IAS 28. The Company, in particular, chose to use the fair value criteria to measure minority investments and the net equity method to measure investments in subsidiaries and associates.

Therefore, investments in subsidiaries and affiliates are initially booked at cost and, after the acquisition, are adjusted based on the share that the controlling company has in the net equity of the controlled company. The investor’s profit or loss reflects its attributable interest in the profit (loss) in the fiscal period of the subsidiary and the investor’s other comprehensive income reflects its share of the subsidiary’s other comprehensive income.

Impairment

At least once per year, but at the end of each fiscal year, the Company reviews the book value of its tangible and intangible assets to determine if there are indications that these assets incurred in impairment. Should such indications emerge, the amount that can be recovered is estimated in order to determine the amount of impairment loss. Should it not be possible to determine the recoverable value of a single asset, the Company carries out an estimate of the recoverable value of the cash- generating unit to which the asset belongs.

The recoverable value is the higher amongst the net selling price and the value in use. The value in use is defined based on the actualization of future cash flows expected from the use of the good or from cash generating unit to which the asset belongs, discounted using an interest rate, net of taxes, that reflects the current money market value and the specific risks of the assets. The cash generating units have been identified consistently with the organizational and business structure of the subsidiaries, as homogeneous groupings that autonomously generate independent cash flows deriving from the constant use of assets.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the carrying value, the carrying value of the asset is reduced to the lower recoverable value. The loss of value is charged to the income statement.

When a devaluation no longer has reason to be maintained, the carrying value of the asset (or of the cash generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the book value that the asset would have had if there had been no impairment, net of depreciation that would have had to be calculated before the previous impairment. The reversal of the value is booked to the income statement.

Financial Assets

Financial assets are booked when the entity becomes part of contractual clauses of the instrument. They are initially classified according to the following measuring method: amortized cost, fair value booked through other comprehensive income OCI (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets when initially booked depends on the characteristics of the contractual cash flows of the financial assets and the business model that the company applies to their management. A cash-generating unit can only be valued with the amortized cost or the FVOCI if it generates cash flows that depend solely on the principal and on the interest on principal amount outstanding (so-called Solely Payments of Principal and Interest or SPPI test)

The initial valuation of financial assets takes place at the fair value, plus, in case of financial assets not valued at the fair value recorded in the profit or loss for the period, the costs of the transaction directly attributed to the acquisition or the issuance program or the financial liability, except for trade receivables that do not have a significant financing component and are booked at the price of the transaction, as defined by IFRS 15.

The subsequent assessment of financial assets takes place according to the following criteria:

Amortized cost

A financial asset is valued at the amortized cost if both of the following two conditions apply:
- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are valued using the effective interest rate criterion and are subject to an impairment test. The profit and losses are booked to the income statement of the fiscal period when the asset is eliminated, modified, or revalued.

Fair value through other comprehensive income ((FVOCI)

A financial asset is valued at fair value through other comprehensive income when both of the following conditions apply:
- The financial asset is held within a business model whose objective is both to collect contractual cash flows and selling financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, impairment losses and gains are recognized in the income statement of the fiscal year while changes to fair value are booked in other comprehensive income. When derecognized, the cumulative change of fair value booked in other comprehensive income is reclassified in the income statement of the fiscal period.

Fair Value through Profit or loss (FVTPL)

This criterion includes assets held for negotiation (acquired for the short-term sale), financial assets designated when initially booked as financial assets at fair value with changes recognized in the income statement, or financial assets that must be booked at fair value. Financial assets with cash flows that do not meet the SPPI test are classified and valued at fair value in profit and loss, regardless of the business model. Financial assets at FVTPL are recognized in the financial position at fair value and net changes to fair value are recognized in the income statement.

At initial recognition, an entity may irrevocably elect to present in other comprehensive income (OCI) subsequent changes in its fair value of an equity investment that is not held for trading and that is not a potential payment from a business combination transaction that would apply to IFRS 3.

Deferred tax assets

Deferred tax assets are booked at their nominal value. They are booked when their recovery is deemed probable. See also the subsequent comment on “Income Taxes”.

Inventories

Inventories are recognized as the lower of the purchase cost and presumable market value. Cost is determined, when possible, at the specific purchasing cost or otherwise, using the average weighted cost method. The purchase cost includes

the additional charges incurred to bring the stock in the current place or in the current conditions. The net realized value is determined based on current selling value of the inventory at the end of the fiscal year minus the estimated necessary costs to sell the asset.
The value of obsolete and slow-moving stock is devalued in relation to the possibility of using or selling, through accrual of a stock loss provision.

Account receivables

- **Trade receivables**

At initial recognition, receivables are booked at fair value.
The initial recognition value is subsequently adjusted to consider principal payments, eventual write- downs, and the amortization of the difference between repayment value and initial recognition value.
The amortization was carried out using an effective internal interest rate represented by the rate that, at the initial recognition, aligns the current value of expected cash flows and the initial recognition value (so-called amortized cost method with the effective interest rate criterion).
The credit impairment is determined based on the expected credit losses foreseen by IFRS 9, using supportable information that is available without undue cost or effort that include historical, current and, forward-looking data.
This valuation method was applied using a simplified approach that allows entities to recognize expected losses on trade receivables without the need to monitor increases in credit risk, as foreseen by the general impairment model described in IFRS 9 (general deterioration method). The simplified approach allows booking losses on a lifetime basis, classifying credit risk by class. Different loss rates were established grouping together receivables based on past-due payment days and other risk indicators.
The loss rates of receivables are recognized in the Income Statement at the Other Management charges/Other Operating Expenses line.
The allowance for doubtful accounts is classified as a reduction of the corresponding item recognized among assets.
Sales of receivables on a non-recourse basis, in which all risks and benefits are transferred to the buyer, determine the removal of the receivables from total assets.

- **Contract works in progress**

When the result of a multi-year order can be estimated with reason, the contract work in progress is assessed based on the earned revenue, according to the stage of completion measured through the so- called cost-to-cost criteria, to book revenues and the results on an accrual basis in the different fiscal periods based on the stage of completion.
The positive or negative difference between the value of the contracts and the advanced payments is booked respectively to the assets or liabilities in the balance sheet.
When the result of an order cannot be reasonably estimated, it is valued at recoverable costs ("zero profit method").
The costs of the order are charged to income statement when incurred.
When it is probable that the total costs of the order are higher than the contractual revenues, the expected loss is immediately charged to the income statement, through a specific provision

Cash on hand

Cash on hand includes petty cash, checks and current accounts and deposits that can be refunded upon request, which can easily be converted in cash and are subject to an insignificant risk of changes in value. It is recognized at its nominal value.

Own shares

Own shares are stated at cost and reported debiting net equity, including ancillary expenses in buying and selling.
The financial effects deriving from possible subsequent sales are recognized as an increase in net equity.

Financial liabilities

Financial liabilities are initially recognized at a cost basis, which corresponds to the fair value of the received amount, net of transaction costs that are directly attributed to the borrowing. Afterwards, borrowings are assessed with the amortized cost criterion using the effective interest rate method.

Employee benefits

Liabilities related to defined benefit plans (including severance pay for the quota matured before January 1, 2007) are calculated net of eventual assets serving the plan on the basis of actuarial hypothesis and on an accrual basis, coherently with the employment necessary to obtain the benefit; the liability is assessed by independent actuaries. The value of the actuarial profits and losses is booked in the other components of comprehensive income. Following Financial Law No. 296 of December 27, 2006, for companies with over 50 employees the severance indemnity accrued from January 1, 2007 are considered a defined benefit plan.

Allowance for risks and charges

Provisions are booked when the Company has a real obligation as a result of a past event and it is probable that it will be asked to uphold this obligation. Provisions are allocated on the basis of the best estimate of costs requested to fulfil the obligation at the end of the fiscal year and are actualized, when there is a significant impact. In this case, provisions are determined actualizing future expected cash flows at an interest rate before taxes that reflects the current money market over time; the increase of the accrual with the passing of time is booked to the income statement in "Financial income and expenses".

Trade payables

Payables are recognized at the nominal value. When, owing to the agreed payment terms there is a financial transaction, then debts are booked at their current value, attributing the discount as financial cost on an accrual basis.

Other current liabilities

These refer to relationships of different nature and are booked at the nominal value.

Derivatives

Derivatives are solely used to cover forward exchange rate risks. Related assets/liabilities are booked at fair value.
Derivatives are classified as hedging instruments when formally documented and their effectiveness, periodically verified, is high.
The variations in fair value of hedging derivatives, formally not satisfying the accounting conditions for hedge accounting, are booked to the income statement.

Derecognition of financial assets and liabilities

A financial asset shall be derecognized when:

- The entity's contractual rights to the asset's cash flows have expired;
- The asset has been transferred to a third party, namely:
  - Transfers the contractual rights to receive the cash flow of the financial assets (essentially all risks and rewards of ownership of the financial asset are transferred or the control of the asset was not kept);
  - Or maintains the contractual rights to receive the cash flows from the financial asset but assumes the contractual obligation to pay the cash flows to one or more beneficiaries in an agreement whereby (i) the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset; (ii) the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; (iii) the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

A financial liability is derecognized from the balance sheet when the underlying liability is extinguished – i.e., when the obligation is discharged, cancelled or has expired.
When an existing financial liability is replaced by a new one by the same lender with contractual terms that are substantially different, there is a derecognition of the original liability and the recognition of a new liability. In the same way a substantial modification of the terms of an existing financial liability or a part of it (whether or not it is attributable

to the financial difficulties of the debtor) must be treated as a derecognition of the original liability and the recognition of a new one.

Revenue recognition

Revenues are recognized in the following way:

Sale of goods and services: they are booked pursuant to IFRS 15. This principle came into force for the fiscal years beginning from January 1, 2018 or subsequently and replaces the principles of IAS 18 – Revenue and IAS 11 – Work in Progress as well as the interpretations of IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfer of Assets from Customers) and SIC 31 (Revenue – barter transactions involving advertising services). IFRS 15 establishes a new model of revenue recognition that is applied to all contracts with customers except those regulated by the application of the IAS/IFRS principles including leasing, insurance contracts and financial instruments. The new model to recognize revenue foresees the following five steps:
1. Identify the contract with the customer.
2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price;
4. Allocate the price to the performance obligations within the contract;
5. Recognize revenue as the performance obligations are fulfilled.

The principle was applied retroactively, but no adjustments on the opening balances emerged as the contracts signed with clients are independent of one another and do not include multiple performance obligations and do they include variable considerations. In terms of costs to obtain the contract, the analysis highlighted that costs do not fall within the scope of "incremental cost" and, therefore, are not recognized as assets. The "practical expedient" in paragraph 63 of IFRS 15 was used. It allows to not adjust the promised consideration for the effects of a significant financing component since, considering sector practices for consolidated relationships with clients, the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Interest - is recorded on an accrual basis.

Dividends - Dividend distribution to shareholders of the Company is booked as a liability in the fiscal period when it is approved by the Shareholders' meeting.
Dividends received are recognized as asset and as income in the income statement only when:
a) the right to receive the dividend is established
b) it is probable that the economic benefits from the dividend will flow to the entity;
c) the amount of the dividend can be reliably estimated.

Costs

Costs and other operating charges are booked in the income statement when they are incurred, on an accrual basis, and in correlation to revenues, when they do not produce future economic benefits or they do not have the prerequisites to be booked as assets in the financial statement. Financial charges are booked on an accrual basis as a function of time using the effective interest rate.

Income taxes

Itway S.p.A. (the consolidating company) and its Italian subsidiaries exercised the option for the so-called domestic tax consolidation scheme as per articles 117 and following of the DPR 917/86 (TUIR) that allows determining the income tax on the basis of taxable income that is the algebraic sum of the single companies.
The economic relationship, the responsibility and the reciprocal obligations between the consolidating companies and the subsidiaries are defined in the "regulation of the consolidation for the companies of the Itway Group".
Current income taxes are calculated based on the best estimate of the taxable income, in relation to fiscal legislation in force.

Deferred taxes

Deferred and prepaid taxes are calculated using the liability method based on the time differences resulting at the Financial Statements closing date, the timing differences from the value of assets and liabilities posted in the balance sheet, and the corresponding values recognized for tax purposes.

Deferred tax assets are booked against all timing deductible differences, and possible tax losses carried forward in the amount they are recoverable by future taxable income.
The value of deferred tax assets is reviewed at the closing of each fiscal year and reduced if not recoverable. Deferred tax assets that are not recognized are assessed annually at the closing of the financial statements and booked in the amount in which it has become probable that the fiscal income is sufficient to allow recovery of the deferred tax assets.
Deferred tax assets and liabilities are calculated based on the tax rates forecast for the fiscal year when they will be realized or liabilities extinguished, taking into account existing tax rates in force at the date of the Financial Statements.

Conversion criteria for foreign exchange transactions

The functional currency of Itway S.p.A. is the Euro, which is also used for presentation purposes. Foreign exchange transactions, initially, are booked at the exchange rate at the date of the transaction. Assets and liabilities in foreign exchange are booked at the reference exchange rate at the fiscal year closing date and the relative profits and losses are booked in the Income Statement.

Recently issued accounting principles

The criteria used to draft the consolidated Financial Statements for the 2022 fiscal year are not different from those used for the Financial Statements at December 31, 2022, except for the recently issued accounting principles, amendments and interpretations, including:

Accounting principles, amendments, and interpretations effective from January 1, 2023

- Amendment to IAS 1 “Presentation of Financial Statements” regarding the choice of the accounting principles to disclose in the financial statements
- Amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding a change to the principle to introduce a new definition of accounting estimate, clarifying the distinction between changes in the accounting estimates, changes in the accounting principles, and errors.
- Amendment to IAS 12 “Income taxes” regarding the recognition of deferred tax assets and liabilities on certain transactions that, at first recognition, gave rise to equivalent (taxable and deductible) temporary differences.

The new dispositions of IFRS 17 on insurance contracts also entered into force on January 1, 2023, but these are not relevant to the group.

New accounting principles and amendments not applicable yet and not adopted in advance by the Group

- Amendment to IAS 1 clarifies how to present liabilities in the financial statements of entities. Th classification of liabilities as current or non-current should be based on the existing rights at the end of the reporting period and, in particular, the right to defer payment by at least 12 months. The classification is not affected by expectations on the decision of the entity to exercise its right to defer payment of a liability and that the payment refers to the transfer of money or instruments that represent capital, other assets, or services to the counterparty. The new amendment will apply starting from January 1, 2024, or subsequently and will be retroactive.

- Amendment to 16. IASB published an amendment to IFRS 16, clarifying how to book a sale and leaseback transaction at a subsequent date after the transaction. The new amendment will apply from January 1, 2024. Early adoption is permitted.

- Amendment to IAS 7 on improving the transparency on financial debt and its impact on financial liabilities, cash flows, and exposure to liquidity risks to address the needs of investors. The new amendment will come into force on January 1, 2024 or subsequently.

- Amendment to IAS 21, including the guidelines to clarify when a currency is convertible into another one and how to determine the exchange rate when, instead, it is not convertible. The new amendment will come into force on January 1, 2025 or subsequently. Early application is permitted.

- IFRS S1: ISSB published principles that state the fundamental prerequisites for financial disclosure regarding sustainability. The amendment is applicable from the financial statements starting from January 1, 2024. Early application is permitted.

- IFRS S2: ISSB published a principle that requires disclosure of additional information regarding risk exposure and specific climate opportunities. The amendment is applicable from the fiscal periods beginning on January 1, 2024. Early application is permitted.

To the date of the writing of the current Annual Financial Report, the accounting principles, interpretations, and amendments listed above are not expected to have a significant impact on the Company's economic and financial situation. However, management is carrying out an in-depth assessment.

Other information

Regarding the Consob information request regarding significant transactions and balances with related parties, please note that these related parties, in addition to being highlighted in an ad hoc Note, if significant are indicated separately in the schemes of the financial statements.

Other information required pursuant to article 114 of Legislative Decree 58/98 (TUF)

In the following notes to the separate annual financial statements as at December 31, 2023, in each paragraph the following further information is reported:

Note 34: The net financial position of the Parent Company, highlighting the short-term components from the medium- and long-term ones
Notes 26-29: The expired debt positions of the Parent divided by nature (financial, trade, tax, social security and towards employees) and the possible resulting reaction initiatives by creditors (reminders, injunctions, interruption of supply, etc.)
Note 31: The main changes that took place in relations with related parties of this Company compared with the previous annual or annual financial statements, according to article 154-ter of the TUF
Note 25: Eventual breaches of covenants, negative pledges, and any other clause related to the Company’s debt that limits the use of financial resources, with an updated indication of the level of compliance of these clauses
Note 35: The state of implementation of eventual industrial and financial plans, highlighting differences between the actual data and the budgeted ones.

1. Sales revenue

Sales revenue for the fiscal period ended December 31, 2023 totalled Euro 4,135 thousand and following is the breakdown:

	Year ended	
Thousands of Euro	**31/12/23**	**31/12/22**
Revenue from sale of products	1,582	212
Revenue from services rendered	1,740	711
Revenue from services rendered to subsidiaries	813	1,102
Total	**4,135**	**2.025**

The significant increase in sales revenue for products and services rendered reflects the development of the Company's industrial plan that, after the early termination of the agreement signed to execute the reorganization plan according to Article 67 of the Bankruptcy Law, returned to focus on its commercial operations.

2. Other operating revenue

Other operating revenue for the period ended December 31, 2023, totalled Euro 765 thousand and following is the breakdown:

	Year ended	
Thousands of Euro	**31/12/23**	**31/12/22**
Advertising and Marketing Contributions	28	-
Operating grants	7	5
Non-operating income	15	1,538
Other revenues and various proceeds	715	558
Total	**765**	**2,101**

The Other Revenue and various proceeds line includes the increase in intangible fixed assets to develop products.

3. Cost for Products (net of charges in inventories of raw materials and goods)

Following is the breakdown:

	Year ended	
Thousands of Euro	**31/12/23**	**31/12/22**
Purchase of products	1,036	93
Costs of resold services	324	39
Other purchases	23	15
Total	**1,383**	**147**

The increase in costs is strictly related to the rise in sales revenue.

4. Cost of services

Following is the breakdown

Thousands of Euro	Year ended 31/12/23	31/12/22
Directors' remunerations of the parent company and social charges	582	757
Compensation for Statutory Auditors	69	69
Auditing company fees	98	58
Consultancy and collaboration	529	421
Advertising and trade fairs	78	7
Telecom expenses	26	23
Insurance	73	63
Electricity, water and gas	21	55
Travel and representation	70	25
Specialist costs, IR and securities services	90	87
Other expenses and services	287	240
Total	**1,923**	**1,805**

Please note that the table highlights the compensation due to the corporate bodies deliberated by the Shareholders' meeting, including social security and accessory charges.

5. Personnel costs

Following is the breakdown, compared with the previous period:

Thousands of Euro	Year ended 31/12/23	31/12/22
Salaries	1,005	455
Social charges	342	150
Severance pay	43	36
Total	**1,390**	**641**

Following are the details the average and punctual number of employees:

	31/12/2023 *Avg*	31/12/2022 *Avg*	Variation	31/12/2023 *Punctual*	31/12/2022 *Punctual*	Variation
Executives	4	1	3	4	3	1
Mid-executives	1	-	1	2	-	2
Employees	11	9	2	15	9	6
Total	**16**	**10**	**6**	**21**	**12**	**9**

The average number of employees of the Group during the fiscal period was of 16 units, compared with 10 units in the previous fiscal period. The punctual data at the end of the period is of 21 units compared with 12 units in 2022. The 9-units increase is due to the hiring of resources, mostly technical and sales.

6. Other operating charges

Following is a breakdown compared with the previous fiscal period:

Thousands of Euro	Year ended 31/12/23	31/12/22
Property lease, offices and vehicles	70	101
Writedowns of doubtful account	-	1,600
Extraordinary and contingent charges	63	48
Total	**133**	**1,749**

The rental cost booked in the 2023 fiscal year refers to short term leasing (excluded from IFRS16 application) and variable payments (indexing and similar).

7. Depreciation and Amortization

Following is a breakdown compared with the previous fiscal period:

Thousands of Euro	Year ended 31/12/23	31/12/22
Depreciation of tangible assets	26	10
Amortization of intangible assets	182	162
Amortization for right of use	164	152
Write-down of non-recurring receivables	1,500	-
Total	**1,872**	**324**

The item "Write-down of non-recurring receivables" reflects the total write-down of loans to Itway MENA and contract work in progress related to Libya as described in Note 16.

8. Financial income and expenses

Following is a breakdown:

Thousands of Euro	Year ended 31/12/23	31/12/22
Income from investment	24	-
Other income	-	1
Total financial income	**24**	**1**
Financial charges towards financial institutions	(93)	(77)
Bank commissions	(6)	(4)
Other financial charges	(110)	(53)
Total financial charges	**(209)**	**(134)**
Other financial income and charges	**(7)**	**9**
Result of subsidiaries with Net Equity method	**1,422**	**1,491**
Charges and income for closing and selling subsidiaries	**-**	**(1,831)**
Total	**1,230**	**(464)**

Please see Note 13 “Investments” for eventual details of the result of subsidiaries valued with the net equity method.

9. Income taxes

Following is the breakdown:

Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**
Current income tax (Ires)	-	-	-
Irap	(21)	(72)	51
Deferred (prepaid) taxes	617	790	(173)
Other taxes	13	(123)	136
Total	**609**	**595**	**14**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the IRES tax on income:

	Year ended			
Thousands of Euro	**31/12/2023**		**31/12/2022**	
	Taxable (571)	**Tax**	**Taxable (1,004)**	**Tax**
Result before taxes				
Theoretical tax rate (24%)		137		(241)
Temporary differences to be made in future fiscal periods	3,528		4,044	
Differences that will not be carried over to future years	(2,988)		(2,309)	
Carry forwards of temporary differences from previous fiscal periods	(1,714)		(731)	
Theoretical tax rate (24%)	(1,745)		-	
Current taxes (IRES) of the period		**-**		**-**
Deferred tax net of the use of taxes		(11)		(72)
allocated in previous years		(606)		(718)
Net IRES for the period		**(617)**		**(790)**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the IRAP tax

Thousands of Euro	Year ended 31/12/2023		31/12/2022	
	Taxable income	**Tax**	**Taxable income**	**Tax**
Result before taxes	**(571)**		**(1,004)**	
Costs (revenue) not relevant for IRAP purposes	1,111		2,858	
Total	540		1.854	
Theoretical tax rate (3.9%)		21		72
Temporary differences to be realized in future years	-		-	
Differences that will not be carried forward to future years	-		-	
Carry forward of temporary differences from previous years	-		-	
Taxable income	540		1.854	
Taxable at (4.90%)	-	-	-	
Taxable at (3.90%)	540	21	72	
Current IRAP for the period		**21**		**72**
Deferred tax net of use of taxes allocated in previous fiscal period		-		-
Anticipated taxes net of use of taxes allocated in previous fiscal periods		-		-
Net IRAP for the period		**21**		**72**

10. Property, plant and equipment

Property, plants and equipment are expressed net of accumulated depreciation and have the following composition and variation in the last two fiscal periods:

Thousands of Euro	Property and offices	Other	Total
Acquisition cost	744	1,696	2,440
Balance at 31.12.2021	**744**	**1,706**	**2,450**
Increases	-	13	13
Decreases	-	-	-
Balance at 31.12.2022	**744**	**1,719**	**2,463**
Accumulated depreciation	744	1,665	2,409
Balance at 31.12.2021	**744**	**1,694**	**2,438**
Amortization for the period	-	10	10
Amortization balance at 31.12.2022	**744**	**1,704**	**2,448**
Net value:			
December 31, 2021	-	12	12
December 31, 2022	**-**	**15**	**15**

Thousands of Euro	Property and offices	Other	Total
Acquisition cost	744	1,719	2,463
Balance at 31.12.2022	**744**	**1,719**	**2,463**
Increases	-	63	63
Decreases	-	-	-
Balance at 31.12.2023	**744**	**1,782**	**2,526**
Accumulated amortization	744	1,704	2,448
Balance at 31.12.2022	**744**	**1,704**	**2,448**
Amortization for the period	-	26	26
Balance at 31.12.2023	**744**	**1,730**	**2,474**
Net value:			
December 31, 2022	-	15	15
December 31, 2023	**-**	**52**	**52**

The investments in the ‘Other goods’ item recorded in the 2023 fiscal period essentially refer to the purchase of computers and network servers.

Other intangible assets

Following is the breakdown and variation of other intangible assets in the past two fiscal periods:

Thousands of Euro	Development costs	Software licenses and Patents rights	Other	Work in progress	Total
Acquisition costs	1,198	1,459	1,701	250	4,608
Balance at 31.12.2021	**1,198**	**1,483**	**1,707**	**852**	**5,240**
Increases	-	11	26	519	556
Decreases	-	-	-	-	-
Balance at 31.12.2022	**1,198**	**1,494**	**1,733**	**1,371**	**5,796**
Accumulated amortization	300	1,458	1,686	-	3,444
Balance at 31.12.2021	**450**	**1,461**	**1,700**	**-**	**3,611**
Amortization for the period	150	4	9	-	163
Amortization balance at 31.12.2022	**600**	**1,465**	**1,709**	**-**	**3,774**
Net value:					
December 31, 2021	748	22	7	852	1,629
December 31, 2022	**598**	**29**	**24**	**1,371**	**2,022**

Thousands of Euro	Development costs	Software licenses and Patents rights	Other	Work in progress	Total
Acquisition costs	1,198	1,494	1,733	1,371	5,796
Balance at 31.12.2022	**1,198**	**1,494**	**1,733**	**1,371**	**5,796**
Increases	-	156	18	657	831
Decreases	-	-	-	-	-
Balance at 31.12.2023	**1,198**	**1,650**	**1,751**	**2,028**	**6,627**
Accumulated amortization	600	1,465	1,709	-	3,774
Balance at 31.12.2022	**600**	**1,465**	**1,709**	**-**	**3,774**
Amortization for the period	150	19	13	-	182
Amortization balance at 31.12.2023	**750**	**1,484**	**1,722**	**-**	**3,956**
Net value:					
December 31, 2022	598	29	24	1,371	2,022
December 31, 2023	**448**	**166**	**29**	**2,028**	**2,671**

The increase in "Work in Progress" refers to investments, the cost of which has been identified reliably, in the development and improvement of new products that required further investments for the Parent Company. In particular, the Parent Company continued investments in ICOY® (I Care Of You), which is patent-pending, and that will position Itway as a leader in the Environment Health Safety (EHS) sector. The Company, which has the economic and technical skills to complete these activities in the near term, expects significant returns from these investments in future fiscal years. The amortization process will begin when the necessary investments to realize the project and make it available to generate proceeds have been completed.

11. Right of Use

Right of use totalled Euro 2,686 thousand (Euro 2,782 thousand as of December 31, 2022). The assets in question mainly comprise property and vehicles.
The related residual debt for the purchase of the two properties are booked in the Non-current and current liabilities item (Note 25 and Note 26).

12. Investments

Following is some information regarding the investments of the Company:

NAME	HEADQUARTERS	Share capital in Euro	% direct ownership	% indirect ownership	Value at 31/12/23	Value at 31/12/22
Subsidiaries						
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18 – Istanbul	1,500,000 *	-	100%	2,325	1,582
Itway Hellas S.A.	Ag. Ioannu Str. 10, Athens	846,368	-	100%	3,887	3,591
Itway International S.r.l.	Viale A. Papa, 30 Milan	10,000	100%	-	-	-
4Science S.p.A.	Viale A. Papa, 30 Milan	61,000	71.43%		1,070	1,208
Itway RE S.r.l.	Via L. Braille, 15 – Ravenna	10,000	100%		6	-
Other companies:						
Dexit S.r.l.	Via G. Gilli 2, Trento	700,000	9%		374	374
Be Infrastrutture S.r.l.	Via Trieste, 76 Ravenna	100,000	30%			
Idrolab S.r.l.	Via Dell'Arrigoni, 120 Cesena	52,500	10%		195	195
Total					**7,857**	**6,950**

** The value is expressed in the New Turkish Lira (YTL)*

Itway S.p.A. owns 100% of Itway International S.r.l. (with a share capital of Euro 10 thousand), which, in turn, has full ownership of Itway Hellas and Itway Turkyie. Itway International S.r.l. was established as a vehicle for the sale of these foreign subsidiaries upon conferral of their respective stakes, based on agreements with a potential buyer that subsequently lapsed. Hence, this reorganization qualifies as business combinations under common control pursuant to paragraph B1 of IFRS 3, and, therefore, the acquisition method according to IFRS 3 to recognize business combinations is not applicable. For this reason, from a substantive point of view and considering the reclassification of capital balances of Itway International based on the group's accounting principles, the book value of the investment by Itway in 100% of Itway International is considered the sum of the book values of Itway Hellas and Itway Turkiye, as indicated in the table. On the other hand, since Itway International is a pure holding company that does not have any operating activity and does not carry out any management transactions, if not the ownership of the two foreign companies, net equity and the net result of Itway International are insignificant, excluding the value of the shareholdings included in its assets. It was therefore considered appropriate to give a substantive disclosure of the reference value of the investment held by Itway by detailing in the table the theoretical book value of the two subsidiaries with their respective net equity, neutralizing the impact of the corporate reorganization that took place only formally, as previously indicated.

The data on Net Equity and Net Result of the subsidiaries, detailed in the following table, are taken from the financial statements for the fiscal year ending December 31, 2023 approved by the respective Board of Directors and rectified, where necessary, to adjust them to the accounting principles adopted by the Company.

December 31, 2023					
Name (Euro)	**%**	**Net Equity**	**Result for the period**	**Attributable share of net equity**	**Book value**
Itway France S.A.S.	100%	(7,888,922)	(441)	(7,888,922)	-
Itway Hellas S.A.	100%	1,730,302	296,822	1,730,302	3,887,818
Itway Turkiye Ltd.	100%	2,490,414	1,424,048	2,490,414	2,324,984
Itway International S.r.l.	100%	(89,340)	(24,787)	(89,340)	-
4Science S.p.A.	71.43%	3,827,416	(194,006)	2,733,923	1,069,967
Itway RE S.r.l.	100%	7,071	(3,910)	7,071	6,090
Dexit S.r.l. (*)	9.00%	2,723,126	220,762	245,081	373,544
Be Infrastrutture S.r.l. in liquidation (*)	30.00%	(283,737)	(95,122)	(85,121)	-
Idrolab S.r.l. (*)	10.00%	132,497	8,554	13,250	195,000
Other investments					17
Total investments					**7,857,420**

(*)Financial statements as of December 31, 2022

For a better understanding of the activities carried out by the subsidiaries, please see the consolidated financial statements, drafted by the Board of Directors along with the current separate financial statements.

The ownership of the Greek and Turkish subsidiaries is through Itway International S.r.l.

Itway Turkey is witnessing a very complex phase due to the continued devaluation and the economic and monetary policies put in place by the government that are not always effective, the catastrophic effects of the earthquake at the beginning of the year, and the political uncertainty related to political elections in May that brought to the re-election of Erdogan. Despite these objective difficulties, which heavily weighed on the purchasing power of private and public companies, growth indicators like GDP were significant in 2023, rising 4.5% (source: World Bank, April 2024).
Itway Turkey has a leading position in the Turkish Cybersecurity market. Results for the year indicate solid growth prospects with an increase in revenue of 52.6% in local currency compared with the previous fiscal period. Considering the devaluation of the currency (Euro against Turkish Lira), this significant growth led to 3.2% revenue growth and an increase in the gross margin, both as a percentage and in absolute terms. EBITDA grew 13% year on year. The net result was impacted positively by foreign currency gains booked in the period by the subsidiary that sells and purchases using the US dollar as the accounting currency

The Greek subsidiary posted revenue growth of 2.9%, increasing its market share. The Company, which specializes in Cyber Security, year after year, continues to grow in a market, the Greek one, that is progressively coming out of a tense and delicate economic situation and is showing signs of vitality, especially in the public administration, the banking sector, and large infrastructure companies, where significant investments in digitalization processes were made, with a positive impact on cybersecurity demand. We invested in technical personnel to sustain revenue growth and introduce new Vendors, leading to an 8% increase in personnel costs. General and service costs increased by 26%, mainly because of the energy crisis caused by the conflict in Ukraine, impacting EBITDA and EBIT, which fell approximately 24%.

4Science S.p.A. in the year ended December 31, 2023, posted a 15.9% increase in revenue, with revenue from products and services 18.4% higher compared with 2022, while general costs jumped 29.7%. EBITDA was Euro

164 thousand, down 76% from 2022, while EBIT was a negative Euro 129 thousand, and the result for the period was Euro -203 thousand. Despite the revenue growth that was not marginal, the increase in operating costs led to a worsening of EBITDA compared with the previous year, both in value and as a percentage of revenue.
The year that just ended posted an increase in costs mainly related to investments underway to adapt the company to the growth plans expected for the coming years.
Considering that the company bases its value on the ability to deliver services, the most significant investment is in personnel, the cost of which increased by Euro 448 thousand as the number of staff increased from 27 units (December 31, 2022) to 38 units (December 31, 2023). The higher costs come from hiring qualified staff with an increase of 11 units in sales, project managers, analysts, developers, service desk analysts, systems engineers, and back-office staff, as envisaged by the company's investment plans. The hiring and training of new resources so conspicuously inevitably led to lower internal efficiency in generating revenue (with an impact on the revenue generated) and delivering services (affecting the margins of the generated revenue) as senior personnel were busy training and transferring know-how to the new entrants, and the juniority of the personnel.
During 2023, orders were steady compared with the previous fiscal period at Euro 2,304 thousand, reflecting the development of the CRIS and GLAM markets after the investments in earlier years and still underway. Part of this significant number of orders are the first ones the company secured through its US division following the opening of 4Science Corporation on July 5, 2022.
On December 4, 2023 4Science S.p.A signed a binding agreement to buy 60% of Seacom S.r.l., an ICT player based in Navacchio (PI) with over 20 years of experience in open-source innovation and significant architectural skills (Leading Open-Source Architects). Seacom has been a partner of 4Science in some important projects, and there are many synergies between the two companies.
In 2023, Seacom expects revenue of Euro 5.3 million and has a highly qualified staff of 34 persons.

Following is a brief comment on the other investments:

- The Itway RE S.r.l. subsidiary charged the Parent Company the rent for the Ravenna headquarters;
- The associate company Dexit S.r.l continued its activities mainly in the Autonomous Province of Trento with a profit in the period ended December 31, 2022 of Euro 221 thousand. The results as of December 31, 2023 are still not available and will be approved within the terms foreseen by regulations;
- Business-e Infrastrutture S.r.l. (30% ownership), controlled by Cooperativa Muratori Cementisti CMC, aims to supply Information Technology services in the construction sector. In the 2019 fiscal year, the investment was written down since the results of the company were not positive, and given the difficulties of the CMC Group, it was liquidated.
- Idrolab S.r.l (10% ownership) operates in data management in the software sector of Electronic Data Interchange (EDI) management for the plumbing and sanitary sector. It is a precursor to the emerging ETIM (European Technical Information Model) standard that is key in Building Information Model (BIM) projects.

Following the adoption of the Amendment to IAS 27, as described above, the book value of investments were not subject to impairment tests as of December 31, 2023, as no impairment indicators were detected.

Following is a summary of the economic and financial data of associate companies:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(Loss) for the period	Comprehensive income
Dexit S.r,l,*	3,694	77,160	693,775	355	2,883	221	221
Be Infrastrutture S.r.l. in liquidation *	162	14	451	8	322	(95)	(95)
Idrolab S.r.l.*	1,116	186	597	572	1,842	9	9

** refers to the fiscal year that ended December 31, 2022, the last financial statements available*

14. Prepaid taxes assets and deferred tax liabilities

Prepaid tax assets, net of deferred tax liabilities, as of December 31, 2023 totalled Euro 2,427 thousand (Euro 1,695 thousand as of December 31, 2022). The Company expects to recover in future fiscal years based on the expected taxable income and the use of above-mentioned taxed funds.

Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and, as of December 31, 2023, total Euro 8 thousand (Euro 25 thousand as of December 31, 2022). They mainly refer to the actualization of severance pay.

Following are the changes in the period:

	31/12/2023		31/12/2022		
Thousands of Euro	**Amount**	**Prepaid taxes**	**Amount**	**Prepaid taxes**	**Variation**
Taxed provision for bad debt	6,306	1,514	4,806	1,154	360
Losses from unused tax consolidation convention	2,201	528	153	37	491
Other	1,639	393	2,204	529	(136)
Total prepaid tax receivables	**8,646**	**2,435**	**7,163**	**1,720**	**715**

	31/12/2023		31/12/2022		
Thousands of Euro	**Amount**	**Deferred taxes**	**Amount**	**Deferred taxes**	**Variation**
Severance pay discounting	35	8	103	25	(16)
Total deferred Tax payables	**35**	**8**	**103**	**25**	**(16)**

15. Inventories

Inventories as of December 31, 2023 totalled Euro 29 thousand (zero as of December 31, 2022).

16. Trade receivables

As of December 31, 2023, trade receivables, all short-term, totalled Euro 2,431 thousand (Euro 2,204 thousand as of December 31, 2022). The value net of the allowance for doubtful accounts as of December 31, 2023, stood at Euro 6,354 thousand (unchanged from December 31, 2022). The value net of the allowance for doubtful accounts as of December 31, 2023, stood at Euro 6,354 thousand (Euro 4,854 thousand as of December 31, 2022). The allowances are deemed congruous compared with the insolvency risks, including the work in progress and the receivables from the subsidiary Iway Mena.

These include approximately Euro 2,750 thousand relating to a contract in progress to order allocated in past fiscal years. The client notified it was rejecting the amount claimed by Itway based on the work in progress. In 2016, with the support of its legal advisers, the company started a legal procedure against this client to obtain payment of this credit, filing a writ of summons with the Rome Court. The verdict in the first degree was not favourable to the Group. Itway, therefore, filed an appeal with the Rome Appeals Court as there was ample evidence to support the claims of Itway S.p.A. that the judge did not consider in the first degree. The Rome Court of Appeals decided the outstanding issue in a paper-based hearing on February 2, 2023, with a ruling on January 8, 2024, rejected the appeal. Therefore, we booked a prudential Euro 1,500 thousand writedown to cover the entire value of the work in progress. The company, with its consultants, is assessing an appeal to the Supreme Court of Cassation.

Trade receivables include Euro 1,584 thousand from associate company Itway MENA FZC, for which, considering the uncertainties regarding their recoverability, we allocated a write-down allowance for full coverage.

Following are the movements in the allowance for doubtful accounts:

	Year ended	
Thousands of Euro	**31/12/2023**	**31/12/2022**
Initial allowance	4,854	3,260
Write-down for the period	1,500	1,600
Use	-	(6)
Final allowance	**6,354**	**4,854**

Following is the breakdown of trade receivables classified by maturity:

	Year ended	
Thousands of Euro	**31/12/2023**	**31/12/2022**
Maturing	2,482	986
Expired up to 30 days	180	24
Expired up to 30 to 60 days	45	34
Expired up to > 60 days	6,078	6,014
Total gross receivables	**8,785**	**7,058**
Allowance for doubtful accounts	(6,354)	(4,854)
Total	**2,431**	**2,204**

17. Financing towards subsidiaries

To centralize and optimize its treasury operations, the Company has current financial relationships, regulated at market rates, with its subsidiaries for an overall Euro 8,095 thousand (Euro 8,031 thousand as of December 21, 2022).

18. Other current assets

Following is a breakdown:

	Year ended		
Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**
Tax receivables	57	304	(247)
Other receivables	38	149	(111)
Accrued income and prepaid expenses	60	24	36
Total	**155**	**477**	**(322)**

19. Other financial receivables

The item “Other financial receivables” totals zero while it was Euro 2,110 as of December 31, 2022. The item represents the Euro 250 thousand receivable for the sale of the 50% stake in Be Innova and the financial receivable in the amount of Euro 1,860 thousand, which were already collected in 2023.

20. Cash on hand

Following is a breakdown:

	Year ended		
Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**
Bank and postal deposits in Euro	767	117	650
Bank deposits in US Dollars	1	1	-
Money and petty cash	1	1	-
Total	**769**	**119**	**650**

21. Net equity

Share capital

The share capital on December 31, 2023, fully paid, is represented by No. 10,613,867 ordinary shares for a nominal value of Euro 0.5 each, equal to Euro 5,306,935.

Own share reserve

This reserve recognizes the purchase/sale of own shares, including accessory charges of the Parent Company‘s treasury shares at the date of the current financial statements. On December 31, 2023, the Company had No. 203,043 own shares, representing 1.91% of share capital, booked at an average cost of Euro 1.58 each.

Share premium reserve and other transactions
At December 31, 2023, it totalled Euro 18,431 thousand (Euro 18,253 thousand as of December 31, 2022). The variation is due to the recognition of a share premium related to the issue of No. 215,135 new shares in the 2023 fiscal year following the conversion of the bond issued;
Pursuant to article 2431 of the Civil Code, please note that the share premium reserve can be eventually distributed only if the legal reserve reaches a fifth of share capital.

Legal reserve

As of December 31, 2023, it stands at Euro 485 thousand, unchanged from the previous fiscal period.

Allowance for profit/(losses) carried forward

As of December 31, 2023, it was negative for losses carried forward totalling Euro 13,768 thousand (Euro 12,662 thousand at December 31, 2022); the variation compared with 2022 is due to the recognition/valuation of results of subsidiaries with the net equity method and the discounting of the severance pay.

The reserve includes the impact on net equity deriving from the transition to international accounting standards carried as of September 30, 2004, as well as the exchange rate movements with regards to the stake owned in Itway Turkiye; the amount referred to the 2023 fiscal year included in the OIC (Italian Accounting Standard Setter) is Euro 681 thousand.

22. Employee benefits

This item highlights the provisions in favour of personnel for the severance indemnity due pursuant to the law, net of the advances given to employees.
Following are the changes in the 2023 fiscal year:

Thousands of Euro	31/12/22	Financial charges	Increases	Actuarial (Profit) loss	Use	31/12/23
Severance pay	307	32	51	(13)	(38)	339
Total	**307**	**32**	**51**	**(13)**	**(38)**	**339**

Following are the main assumptions used in the actuarial estimates of employee benefits:

Calculation date	*31/12/2023*
Mortality rate	*IPS55 Tables*
Invalidity rate	*INPS tables by age and gender*
Personnel rotation rate	*3.00%*
Discount rate	*3.17%*
Salary increase rate	*3.00%*
Rate of advances	*2.00%*
Inflation rate	*2.00%*

In particular, please note that:

- The **annual discount rate** used to determine the current value of the obligation was derived, pursuant to paragraph 83 of IAS 19, from the Iboxx Corporate AA index with 10+ duration at the date of measurement. Toward this end the yield was chosen with a duration that is comparable to the one of the collective of workers subject to the measurement
- The **annual rate of increase in the severance pay** pursuant to article 2120 of the Civil Code is equal to 75% of inflation plus 1.5 percentage points.

Following are the demographic technical basis used:

Death	IPS55 mortality tables
Inability	INPS Tables classified by age, gender
Retirement	100% upon reaching requirements

ANNUAL FREQUENCY OF TURNOVER AND ADVANCES ON THE SEVERENCE PAY (TFR).

Advances frequency	2.00%
Turnover frequency	3.00%

The annual frequency of advances and turnover is inferred from the historical experience of the Company and the frequencies deriving from the experience of actuarial services provider M&P based on a significant number of similar companies.

Assuming a 25-basis point increase in the technical actuarial rate compared with the one effectively applied for assessments to December 31, 2023, and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 6 thousand. At the same time, assuming a 25-basis point drop in the same interest rate, there would be a potential increase in the current value of the liability of some Euro 6 thousand.

The changes to the remaining actuarial hypothesis would generate a significantly lower impact on the current value of the liabilities for defined benefit plans booked in the financial statements.

23. Non-current trade payables

This item totals Euro 130 thousand (zero as of December 31, 2022) and refers to an outstanding trade with a supplier with which we stipulated a repayment plan expiring in January 2026. In 2022, this payable was under Accruals for risks and charges (Note 24), as, at that date, it comprised an allowance for potential tax risks on outstanding litigation settled during 2023.

24. Accruals for risks and charges

Following is the change in the fiscal period:

Thousands of Euro	31/12/2022	Amortization	Use/Reclassification	31/12/2023
Investment loss provision	7,994	157	-	8,151
Fiscal risk provision	340	-	(340)	-
Total	**8,334**	**157**	**(340)**	**8,151**

The investment loss provision reflects adjustments in accruals of subsidiaries and mainly refers to the adjustment of the French subsidiary for which, to date, there are no legal recapitalization obligations.
The Fiscal risk provision reflects Euro 340 thousand of accruals for potential tax risks on outstanding litigation reclassified as non-current trade payables in 2023, as described in Note 23.

25. Non-current financial liabilities

Following is the breakdown:

	Year ended			
Thousands of Euro	31/12/2023	31/12/2022	Variation	Maturity
Non-current residual leasing debt	1,517	1,653	(136)	November 2026
Debt for medium/long term right of use	293	328	(35)	
Total	**1,810**	**1,981**	**(171)**	

This item represents:
- In the amount of Euro 1,517 thousand, the non-current quota of the residual debt towards a leasing Institute for the offices in Milan, as previously commented, maturing in 2026. The contract was already classified as financial leasing according to IAS 17. With the entry into force of IFRS 16, starting from January 1, 2019, this contract was recorded with the financial accounting method foreseen by the new standard that is essentially in line with the valuation criterion previously adopted for this contract. These are the main terms

of the leasing contract: cost of the property Euro 2,995 thousand, variable interest rate (3-month Euribor + 160 bps) convertible into a fixed rate at any moment chosen by the lessee
- In the amount of Euro 293 thousand, the non-current quota of right-of-use financial debt deriving from the application of IFRS 16.

Following is the detail of the residual non-current leasing debt broken down by maturity:

	Year ended	
Thousands of Euro	**31/12/2023**	**31/12/2022**
Residual non-current debt, net of interests:		
1-5 years	577	564
Over 5 years	940	1,089
Residual leasing debt, net of interests	**1,517**	**1,653**

26. Current financial liabilities

As of December 31, 2023, they total Euro 327 thousand (Euro 600 thousand as of December 31, 2022) and are mainly represented by debt towards banks, to other lenders, and unsecured loans not backed by guarantees. In addition, this item includes Euro 97 thousand of the short-term portion of the right of use debt, pursuant to IFRS 16, as per Note 25.

As of December 31, 2023, the Company had expired positions totalling Euro 0.1 million, and the Itway Group of Euro 0.1 million.

In terms of expired positions the Company, please note that to date there are no legal disputes or judicial initiatives.

27. Current trade payables

Current trade payables, including invoices not yet received, amount to Euro 1,836 thousand as of December 31, 2023, compared with Eur 1,307 thousand as of December 31, 2022. These trade payables are all short term an include expired debt towards suppliers of totalling Euro 730 thousand.
With reference to the expired sales positions of the Company, it should be noted that to date, some reminders have been received from creditors but there has not been any suspension of the supplies that could compromise the ordinary running of the company

28. Tax payables

Tax payables as of December 31, 2023 total Euro 379 thousand (Euro 606 thousand at December 31, 2022) and following is the breakdown:

Thousands of Euro	**31/12/2023**	**Year ended 31/12/2022**	**Variation**
Debt for income tax	301	433	(132)
VAT	15	-	15
Withholding on personnel compensation and on self-employed	54	173	(119)
Total	**370**	**606**	**(236)**

The Parent Company has an overdue debt towards tax authorities of approximately Euro 120 thousand as of December 31, 2023. It relates to a debt not paid at the natural expiry and that is expected to be paid back within the terms foreseen by regulations in force.

29. Other current liabilities

Other current liabilities as of December 31, 2023 total approximately Euro 1,497 thousand (Euro 852 thousand at December 31, 2022) with the following breakdown:

	Year ended		
Thousands of Euro	**31/12/2023**	**31/12/2022**	**Variation**
Debt towards personnel for remuneration	43	25	18
Other debt towards personnel	395	145	250
Debt towards directors and collaborators	614	533	81
Debt towards social security institutions	160	144	16
Accrued expenses and deferred income	173	-	173
Advanced payments received and other liabilities	112	5	107
Total	**1,497**	**852**	**645**

Other debt towards personnel includes provisions for deferred remuneration (vacation and additional monthly payments). The increase in this item in 2023 is strictly related to the rise in the number of employees as described in Note No. 5.

The item 'Accruals and deferrals' includes the reversal of the portion of revenues invoiced in 2023 but accruing in 2024.

The increase in Advanced Payments received and other liabilities reflects the collection of insurance payments and invoices to suppliers related to the flooding in Emilia Romagna in May 2023.

Other non-current payables do not include debt towards personnel not paid at the natural expiry.

The company's debt towards Social Security institutes s of December 31, 2023 is equal to zero.

Debt towards social security institutes incudes expired debt totalling Euro 50 thousand for which an instalment plan is in place for another five years.

30. Obligations and guarantees

Following are the obligations and guarantees as of December 31, 2023:

• Company guarantees for Euro 540 thousand in favour of the Iway Re S.r.l. subsidiary as a collateral for a mortgage

31. Information on related parties

During the 2023 fiscal period, the Company had commercial and financial relationships with related companies. These are normal business activities, regulated with contractual conditions established by the parties at fair value, consistent with the ordinary market procedures. This is a summary:

Thousands of €uro	**Receivables**	**Payables**	**Costs**	**Revenue**
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	-	-	198	-
Itway S.p.A. vs Fartech S.r.l.	67	94	-	68
TOTAL	**67**	**94**	**198**	**68**

The Group's relationship with its managers is summed up in the Remuneration Report of the Board of Directors.

32. Intragroup relationships

The following table sums up the relationship of the Company with the subsidiaries of the Itway Group:

Thousands of Euro	Trade receivables	Financial receivables	Financial payables (*)	Trade payables (*)	Operating and financial costs	Revenue, other revenue and financial proceeds
Itway France S.A.S.	-	7,893	-	-	-	-
Itway RE S.r.l.	-	202	-	70	70	-
4Science S.p.A.	115		1,417	545	171	115
Itway International S.r.l.	-	-	-	-	-	-
Itway Hellas S.A.	(40)	-	-	-	-	113
Itway Turkiye Ltd.	187	-	734	-	-	893
Total	**262**	**8,095**	**2,157**	**615**	**241**	**1,121**

(*) These amounts are classified at the "Payables towards subsidiaries" item of the balance sheet.

Commercial relationships

The company is not in a situation of being dependent or controlled by other companies. Itway S.p.A carries out commercial sales and purchase transactions of products and services with subsidiaries, within the normal management of the Company.

Financial relationships

The Company, in order to centralize and optimize treasury services, has current account financial relationships with subsidiaries, regulated at market rates, highlighted in the previous table, for an overall Euro 8,095 thousand as of December 31, 2023.

33. Remuneration to Directors, Auditors, managing directors and managers with strategic Responsibility

Following the introduction of article 123 ter of the TUF, the data on these remunerations are reported analytically on the report on remuneration that will be made available to the public within the terms foreseen by law at the administrative headquarters. It will also be possible to consult them on the Internet site www.itway.com in the Investor Relation section.

34. Net financial position

Pursuant to Consob Communication No. 6064293 of July 28 2006, following is the breakdown of the Company's net financial position (NFP):

Thousands of Euro	31/12/2023	31/12/2022
Cash	769	119
Financial receivables	-	2,110
Current financial liabilities	(1,744)	(2,123)
Convertible bonds	-	(284)
Current net financial position	**(975)**	**(178)**
Non-current financial assets	-	-
Non-current financial liabilities	(1,810)	(1,981)
Non-current net financial position	**(1,810)**	**(1,981)**
Total net financial position	**(2,785)**	**(2,159)**

Please see the Cash Flow Statement for the details of the movements that generated the variation in the Net Financial Position.

The net financial position of the parent company as of December 31, 2023, down Euro 626 thousand compared with December 31, 2022, includes a Euro 1,417 thousand financing from 4Science at the close of the period.

The non-current net financial position reflects financings detailed in Note 25.

35. Subsequent events

There were no events following the closing of the fiscal period that regard Itway S.p.A.

36. Non-recurrent, atypical and/or unusual transactions

During the fiscal year that ended on December 31, 2023, no significant and/or non-recurrent and/or atypical and/or unusual transactions were carried out with third parties, as defined by Consob Communication of July 28, 2006.

37. Financial risk management: objectives and criteria

The international accounting principle IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate:

- The significance of financial instruments for the financial position and performances;
- The nature and entity of risks arising from financial instruments to which the Group is exposed during the fiscal year and as at the reporting date, and how the entity managed those risks.

The accounting principles regarding financial instruments applied in drafting the consolidated balance sheet are described in the section Accounting Principles and Main Assessment Criteria, while the definition of financial risks and the analysis of the degree of significance of the exposure of the Company to the different categories of risks identified are reported hereinafter.

The financial assets of the Group are represented by trade receivables, cash, and cash on hand that derive from the operating activities of the Group. Financial liabilities comprise short-term debt toward major credit institutes and medium- and long-term debt towards leasing companies

ASSETS			December 31, 2023			
Thousands of Euro	***Carrying value***	***Assets for derivatives at FVTPL (*)***	***Financial instruments at amortized cost***	***Derivatives used for hedging***	***Financial instruments at FVTPL (*)***	***Financial instruments at FVTOCI (**)***
Non-current financial assets	-		-			
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**
Trade receivables	3,931	-	3,931	-	-	-
Financial receivables from Subsidiaries	8,095	-	8,095	-	-	-
Trade receivables from Subsidiaries	262	-	262	-	-	-
Other current assets	155	-	155	-	-	-
Cash on hand	769	-	769	-	-	-
Current assets	**13,212**	**-**	**13,212**	**-**	**-**	**-**

ASSETS			December 31, 2022			
Thousands of Euro	***Carrying value***	***Assets for derivatives at FVTPL (*)***	***Financial instruments at amortized cost***	***Derivatives used for hedging***	***Financial instruments at FVTPL (*)***	***Financial instruments at FVTOCI (**)***
Non-current financial assets	-		-			
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**
Trade receivables	2,204	-	2,204	-	-	-
Financial receivables from Subsidiaries	8,031	-	8,031	-	-	-
Trade receivables from Subsidiaries	924	-	924	-	-	-
Other current assets	477	-	477	-	-	-
Cash on hand	119	-	119	-	-	-
Current assets	**11,755**	**-**	**11,755**	**-**	**-**	**-**

LIABILITIES	December 31, 2023			
Thousands of Euro	***Carrying value***	***Liabilities for derivatives at FVTPL (*)***	***Other financial liabilities***	***Derivatives used for hedging***
Non-current trade payables	-	-	-	-
Non-current financial liabilities	1,810	-	1,810	-
Non-current liabilities	**1,810**	**-**	**1,810**	**-**
Current financial liabilities	327	-	327	-
Current trade payables	1,836	-	1,836	-
Payables to subsidiaries	2,801	-	2,801	-
Other current liabilities	1,497	-	1,497	-
Tax payables	253		253	
Current liabilities	**6,714**	**-**	**6,714**	**-**

LIABILITIES	December 31, 2022			
Thousands of Euro	***Carrying value***	***Liabilities for derivatives at FVTPL (*)***	***Other financial liabilities***	***Derivatives used for hedging***
Non-current trade payables	-	-	-	-
Non-current financial liabilities	1,981	-	1,981	-
Non-current liabilities	**1,981**	**-**	**1,981**	**-**
Current financial liabilities	600	-	600	-
Current trade payables	1,307	-	1,307	-
Payables to subsidiaries	2,796	-	2,796	-
Other current liabilities	852	-	852	-
Tax payables	606		606	
Current liabilities	**6,162**	**-**	**6,162**	**-**

**Fair Value Trough Profit and Loss*

***Fair Value Trough Other Comprehensive Income*

Financial assets and liabilities are booked at a value that is not different from the fair value.

Following are the main risks for the activities of the company:

Interest rate risk

The financial instruments of the Company include anticipated credits by banking institutes and sight deposits. Such instruments finance the Company's activities.

Total loans obtained by the group foresee variable interest rates (generally 1-3 month Euribor + spread). Therefore, the interest rate risk is represented by the exposure of cash flows to interest rate fluctuations. The current policy of the Group is not to hedge interest rate fluctuations. On the basis of the short-term average exposure in the period, a fluctuation of 1 percentage point of interest rates would entail a variation of +/- in interest payments of some Euro 3 thousand per fiscal period. On non-current financial liabilities, a 1-percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 18 thousand per fiscal year.

Foreign exchange risk

The Company uses as its main currency for its purchases and sales mainly the Euro and on an exceptional basis the US Dollar. Please note that the worsening of the Turkish Lira-Euro exchange rate over the past few years has triggered a reduction in the carrying value of the net assets of the Itway Turkiye subsidiary. To date, considering also the peculiarity and the macroeconomic reasons that impacted the performance of the Turkish Lira, the Group decided not to activate hedging instruments on the currency risk.
In the 2022 fiscal period, 4Science USA Corp was established with headquarters in Delaware (USA). During the year, the company was still in a start-up phase and, therefore, the management of USD-denominated transactions was irrelevant to the foreign exchange risk.

Credit risk

The credit risk represents the Company's potential exposure to losses deriving from counterparties not fulfilling their obligations. The Company does not have significant concentrations of credit risk therefore it isn't deemed opportune to highlight quantitative and detailed information, except for the details regarding account receivables per expiration breakdown in Note 16. In order to check such risk, the Company implemented procedures and measures to assess the clientele and the possible recovery measures. Regarding other financial assets, including cash available and cash equivalents, financial counter-parties are exclusively highly solvable financial institutions and pertinent policies were adopted to limit credit risk exposure to single credit institutions.

Liquidity risk

The liquidity risk represents the risk that the financial resources available to the company are not enough to face the financial obligations in the pre-set terms and maturities.

A prudent management of the liquidity risk is pursued by maintaining sufficient resources in cash or readily convertible into cash and an adequate availability of credit lines. In addition to what has been already reported, in the other statements of the Financial Statements and the notes regarding current financial liabilities, expiring within the end of the next fiscal year, the following table analyses the Company's non-current liabilities, grouped based on the contract expiration compared with the balance sheet date:

Thousands of Euro	***31/12/2023***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non-current financial liabilities	1,810	1,810	240	630	940
Non-current liabilities	**1,810**	**1,810**	**240**	**630**	**940**

Thousands of Euro	***31/12/2023***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non-current financial liabilities	1,981	1,981	223	669	1,089
Non-current liabilities	**1,981**	**1,981**	**223**	**669**	**1,089**

Capital management

The main objective of capital management of the Company is to maintain adequate levels of capital indicators so as to support activities and to maximize value for shareholders. We feel the best assessment of capital indicators can be seen in the financial prospectus above.

38. Other information

Regarding the information Consob requested regarding transactions and significant balances with related parties and intragroup, it should be underlined that these, in addition to being commented in an ad hoc Note, were separately indicated in the financial statements.

39. Issuers' regulation Art. 149 duodecies – Prospectus

Description	Thousands of Euro
Compensation for Analisi for the auditing of the financial statements of the fiscal year of Itway SpA level (including Consob contribution)	93
Compensation to Analisi for other auditing services	5
Total	**98**

In addition to the compensation mentioned above, Itway S.p.A. gave no other mandates to the auditing firm or other companies of its network.

40. Publication of the Financial Statements

The financial statements were approved by the Board of Directors of Itway S.p.A. at the April 24, 2024 meeting in which the mandate was given to the President to carry out formal fine tuning amendments or integrations should they be necessary or opportune for a better drafting and a more complete text, in all its elements.

41. The companies of the Itway S.p.A. Group

Following is the list of companies and relevant investments of the Group, pursuant to Consob Deliberation No. 11971 of May 14, 1999 and successive modification and Consob communication No. DEM/6064293 of July 28, 2006.
In the list that follows the companies are divided by type of control and consolidation method as well as sector activity. For each company the following is highlighted: name, headquarters, country affiliation, share capital in the original currency. Furthermore, also listed are the shareholdings, voting rights in ordinary shareholders meeting, if different from the stake of the capital and the controlling companies.

PARENT COMPANY	HEADQUARTERS	SHARE CAPITAL Euro
Itway S.p.A.	Milan	5,306,935

SUBSIDIARY CONSOLIDATED WITH FULL METHOD	HEADQUARTERS	SHARE CAPITAL Euro	% OWNERSHIP	CONTROLLING COMPANY
Itway France S.A.S.	Paris	100,000	100%	Itway S.p.A
Itway International S.r.l.	Milan	10,000	100%	Itway S.p.A.
Itway Hellas S.A.	Athens	846,368	100%	Itway International S.r.l.
Itway Turkiye Ltd.	Istanbul	1,500,000 *	100%	Itway International S.r.l.
4Science S.p.A.	Milan	61,000	71.43%	Itway S.p.A
4Science USA Corp.	Delaware (USA)	150,000**	100%	4Science S.p.A.
Itway RE S.r.l.	Ravenna	10,000	100%	Itway S.p.A.

** The value is expressed in the New Turkish Lira (YTL)*
*** the value is expressed in US Dollars*

ASSOCIATE COMPANY VALUED WITH EQUITY METHOD	HEADQUARTERS	SHARE CAPITAL Euro	% OWNERSHIP	CONTROLLING COMPANY
BE Infrastrutture S.r.l.	Ravenna	100,000	30%	Itway S.p.A.

OTHER COMPANIES	HEADQUARTERS	SHARE CAPITAL Euro	% OWNERSHIP	CONTROLLING COMPANY
Dexit S.r.l.	Trento	700,000	9%	Itway S.p.A
Itway MENA FZC	Saudi Arabia	35,000*	17.1%	4Science S.p.A.
Idrolab S.r.l.	Cesena	52,500	10%	Itway S.p.A

** the value is expressed in Dirham of the United Arab Emirates (AED)*

Ravenna, April 24, 2024

FOR THE BOARD OF DIRECTORS
The President and Chief Executive Officer
G. Andrea Farina

Certification of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned G. Andrea Farina – Chief Executive Officer and Sonia Passatempi Manager in charge of preparing the corporate accounting documents of Itway S.p.A. certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

   • appropriateness in relation to the characteristics of the

   undertaking, and

   • the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 31 December 2023 during the financial year from 1 January 2023 to 31 December 2023.

2. No major aspects have emerged in this regard.

3. It is also certified that

3.1 The consolidated financial statements:

a) it is prepared in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) corresponds to the results of the books and accounting records;

c) it is suitable to provide a true and fair representation of the balance sheet, economic and financial situation of the issuer and of all the companies included in the consolidation;

3.2 The Directors' Report shall include a reliable analysis of the performance and results of operations, as well as the situation of the issuer and of all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Ravenna, 24 April 2024

G.Andrea Farina
Chairman & Chief Executive Officer

Sonia Passatempi
Manager in charge of drafting company accounting documents

do IT your way

Certification of the financial statements pursuant to art. 81-ter
of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned G. Andrea Farina – Chief Executive Officer and Sonia Passatempi Manager in charge of preparing the corporate accounting documents of Itway S.pA. certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

• appropriateness in relation to the characteristics of the

undertaking, and

• the effective application of the administrative and accounting procedures for the preparation of the financial statements for the year ended 31 December 2023 during the financial year from 1 January 2023 to 31 December 2023.

2. No major aspects have emerged in this regard.

3. It is also certified that

3.1 Financial statements:

a) it is prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) corresponds to the results of the books and accounting records;

c) it is suitable to provide a true and fair representation of the balance sheet, economic and financial situation of the issuer and of all the companies included in the consolidation;

3.2 The Directors' Report shall include a reliable analysis of the performance and results of operations, as well as the situation of the issuer and of all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Ravenna, 24 April 20243

G.Andrea Farina
Chairman & Chief Executive Officer

Sonia Passatempi
Manager in charge of preparing the company's financial reports

ITWAY S.p.A.
Registered office in Milan, Viale Achille Papa n. 30
Approved share capital € 9,452,659.00, subscribed and paid up for € 5,306,933.50
Registered at no. 01346970393 of the Companies' Register of Milan Monza Brianza Lodi Website: www.itway.com

* * *

Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 of Legislative Decree no. No 58/1998

Dear Shareholders,

Article 153 of Legislative Decree no. 58 of 24 February 1998 ("TUF") provides for the obligation for the Board of Statutory Auditors to report to the Shareholders' Meeting, called to approve the financial statements for the year ended 31 December 2023, on the supervisory activities carried out, on the omissions and on any reprehensible facts detected, as well as the right to make proposals regarding the financial statements, their approval and the matters within its competence.
We are complying with this legislative provision with this report, which we have adopted with unanimous consent.

We have monitored compliance with the law and the Articles of Association and, in this regard, we have no remarks to report to you.

We have participated in the meetings of the Board of Directors and have obtained from the Directors, at least quarterly, information on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries. In this regard, we can reasonably assure that the above-mentioned transactions comply with the law and the Articles of Association and do not appear manifestly imprudent, risky, in potential conflict of interest, in contrast with the resolutions adopted by the Shareholders' Meeting or such as to compromise the integrity of the company's assets.

We have monitored, for the aspects within our competence, the adequacy of the Company's organisational structure, compliance with the principles of proper administration, the adequacy of the instructions given by the Company to the subsidiaries pursuant to Article 114, paragraph 2 of the TUF, and the methods of concrete implementation of the corporate governance rules provided for by the Corporate Governance Code prepared by the *Corporate Governance Committee* of Borsa Italiana, to which the Company adheres, also through the collection of information from the heads of the specific functions and meetings with the Independent Auditors for the purpose of mutual exchange of information. We have no particular comments to make in this regard.

We assessed and supervised the adequacy of the internal control system, the adequacy of the administrative-accounting system as well as the reliability of the latter to correctly represent the management facts, through obtaining information from the persons in charge and the heads of the respective departments, the examination of relevant documents and the exchange of information with the Independent Auditors. We have no particular comments to make in this regard.

We have been informed about the activities carried out by the Supervisory Body established pursuant to Legislative Decree no. No 231/2001.

We have taken note of the preparation of the Report on Corporate Governance and Ownership Structure pursuant to Article 123-bis of the TUF, the Report on the Remuneration Policy and the Remuneration Paid pursuant to Art. 123-ter of the TUF and 84-quarter of the Issuers' Regulation, as well as the approval by the Board of Directors on 8 April 2024 of the qualitative and quantitative criteria to be used to assess the independence of Directors and Statutory Auditors and the new Regulations of the Board of Directors.
We have no particular comments to make on this point.

We also took note of the Board of Directors' approval on 8 April 2024 of the 2024-2026 Business Plan and the 2024 budget.
Again, we have no particular comments to make on this point.

During the year, the Board of Statutory Auditors did not issue opinions in accordance with the law, with the exception of the opinion pursuant to Article 2389 of the Italian Civil Code on the remuneration of Directors holding special offices, proposed by the Remuneration Committee.

We held meetings and exchanged information with the members of the Independent Auditors, pursuant to Article 150, paragraph 3, of the TUF, during which no relevant elements emerged that should be highlighted in this report, except as specified below.

Contacts between the Board of Statutory Auditors of Itway S.p.A. and that of 4Science S.p.A. were maintained through the member common to both, Dr. Andrea Magnani. These contacts did not reveal any relevant aspects for which it was necessary or appropriate to proceed with specific in-depth studies through a formal exchange of information pursuant to art. 151, paragraph 2, of the TUF.

During the 2023 financial year, as of the date of approval of the financial statements for the year 2022, no transactions of particular importance have been carried out from an economic, equity and financial point of view.

In any case, with regard to the activities carried out, reference should be made to what is exhaustively illustrated in the Report on Operations and in the notes to the separate and consolidated financial statements.

We have not detected the existence of atypical and/or unusual transactions, as defined by the Consob Communication of 28 July 2006, carried out with Group companies or related parties or with third parties, as attested by the Directors in the Report on Operations and in the notes to the separate and consolidated financial statements.

With regard to intra-group transactions or transactions with related parties, they are adequately described in the Report on Operations and in the notes to the separate and consolidated financial statements, to which reference should be made as regards their characteristics and economic significance. The above-mentioned transactions are carried out in compliance with the specific procedures adopted by the Company and in the interest of the same, and are also in compliance with the provisions of law and regulations.

With regard to the draft financial statements for the year ended 31 December 2023, which the Board of Directors submits to you for approval, and the Group's consolidated financial statements, the Board of Statutory Auditors has supervised the processes of their formation. In particular, also through the acquisition of information from the Manager responsible for preparing the company's financial reports and from the Independent Auditors, the Board of Statutory Auditors checked:

- that the financial statements and consolidated financial statements are prepared in accordance with the specifically applicable accounting standards;
- that the notes to the financial statements have indicated the valuation criteria followed and that these comply with the international accounting standards adopted;
- that the notes to the financial statements and the Directors' Report have the content required by international accounting standards and national legislation, including with regard to the description of the main risks and uncertainties to which the company is exposed; information relating to the environment and personnel that is necessary for an understanding of the company's situation and the performance and result of operations, as well as the execution of transactions with related parties;
- the compliance of the financial statements with the facts and information of which the Board of Statutory Auditors is aware following participation in the meetings of the corporate bodies, the exercise of its supervisory duties and its powers of inspection and control.

The Directors' Report accompanying the separate and consolidated financial statements provides an exhaustive overview of the results for the financial year, the performance of operations as a whole and in the various sectors in which the Company and its Group have operated, and provides information on the outlook for the current year.

It should also be noted that the documents submitted for your examination contain, among other things:

- information on the composition of the Board of Directors;
- the indication of the Manager in charge of preparing the accounting documents;
- information on the remuneration of the members of the corporate bodies, the Independent Auditors and companies belonging to its network, as well as the shareholdings in the Company held by the Directors, Statutory Auditors, General Managers and their spouses and minor children;
- information on treasury shares held by the Company and their movements during the year;
- Attached to the financial statements and consolidated financial statements, the certification pursuant to art. 154-bis, paragraph 5, of the TUF, signed by the Chairman of the Board of Directors and the Manager responsible for preparing the company's financial reports.

With particular regard to the consolidated financial statements, we confirm that:

- the scope of consolidation is correctly identified;
- the processes for collecting information relating to subsidiaries are adequate and suitable to ensure the correct preparation of the consolidated financial statements;
- the financial statements of the subsidiaries were audited in order to express an opinion on the consolidated financial statements by HLB Analisi S.p.A.

For the purposes of supervising the independence of the Independent Auditors, pursuant to Article 19, paragraph 1, letter d) of Legislative Decree no. No. 39/2010, we got from HLB Analysis

S.p.A. the annual confirmation of independence pursuant to art. 6, paragraph 2), letter a) of European Regulation 537/2014 and pursuant to paragraph 17 of International Auditing Standard (ISA Italia) 260, and we discussed with it the situation regarding the risks of possible lack of independence.

In 2023, there were no appointments conferred on the Independent Auditors and companies in its network, other than those for the auditing of the separate and consolidated financial statements of Itway S.p.A. and for the statutory auditing of the subsidiary 4Science S.p.A., with the exception of the following:

- assignment for the certification of the formal regularity of the accounting documentation and the effectiveness of the costs incurred for research, development, technological innovation, design and aesthetic conception activities carried out by the company Itway S.p.A. in the financial year 2022, for the purposes of the recognition of the tax credit;
- assignment for the "transfer pricing" audits for services rendered by Itway S.p.A. to the subsidiary Itway Hellas SA in the 2022 financial year.

The fees attributed to the Independent Auditors and to companies in its network for the auditing of the separate and consolidated financial statements of Itway S.p.A., as well as for other services, are indicated in the notes to the separate financial statements and the consolidated financial statements.

On the basis of the assessments carried out and to the best of our knowledge, we believe that there are no critical aspects related to the independence of the Independent

Auditors.

We have obtained from the Independent Auditors the additional report pursuant to art. 11 of Regulation (EU) 537/2014 and, in this regard, we have no particular comments.

The Company adheres to the Corporate Governance Code prepared by the Corporate Governance Committee of Borsa Italiana, as illustrated in a special report that we consider adequate and correct. For our part, we have verified the independence of the members of the Board of Statutory Auditors (Article 2, Recommendation 9 of the Code) and checked the similar verification carried out by the Board of Directors with regard to non-executive Directors (Article 2, Recommendation 6 of the Code).

No complaints were received pursuant to Article 2408 of the Civil Code, nor complaints from third parties.

We have not reported to the Board of Directors pursuant to and for the purposes of art. 15 of Legislative Decree no. 118/2021 or pursuant to and for the purposes of art. 25-octies of Legislative Decree no. 14 of 12 January 2019. We have not received any reports from public creditors pursuant to and for the purposes of Article 25-novies of Legislative Decree no. 14 of 12 January 2019, or pursuant to and for the purposes of art. 30-sexies of Legislative Decree No. 152 of 6 November 2021, converted by Law No. 233 of 29 December 2021, as amended.

During the year, as of its appointment, the Board of Statutory Auditors met
n. 6 times and participated in the meetings of the Board of Directors and the Shareholders' Meeting.
During the year there were no meetings of the Related Parties Committee and the Remuneration Committee met once.

In the course of the supervisory activity carried out and on the basis of the information obtained, no omissions, reprehensible facts, irregularities or in any case significant facts were detected that would require them to be reported to the Supervisory Authorities or mentioned in this report.

In the Directors' Report, the Company has included a specific paragraph describing the reasons why the Directors considered it appropriate to prepare the financial statements as at 31 December 2023 on the assumption of going concern.

We have also taken note of the preparation and examination by the Board of Directors on 8 April 2024 of the periodic report on the internal control and risk management system prepared by the *internal audit department*, previously submitted in draft form for our examination, of the Supervisory Body's Report, as well as of the adoption of the anti-corruption policy and the adaptation of Model 231 and of the Code of Ethics, also following the preparation of the *whistleblowing procedure*. We have no particular comments to make on this point.

We acknowledge that on 30 April 2024, the Independent Auditors HLB Analisi S.p.A.

released the reports on the separate financial statements and the consolidated financial statements as at 31 December 2023, pursuant to art. 14 of Legislative Decree no. 39/2010 and art. 10 of Regulation (EU) no. 537/2014, the reports for which it is responsible on the separate financial statements and the consolidated financial statements as at 31 December 2023.

These reports express opinions without modification and do not highlight any references to information.
We have no comments or proposals to make on this.

The Board of Statutory Auditors, in consideration of the above, proposes to the Shareholders' Meeting to approve the financial statements for the year ended 31 December 2023 as prepared by the Directors.

The Board of Statutory Auditors agrees with the proposal made by the Directors on the allocation of the net income for the year ended December 31, 2023, equal to euro 38 thousand.

Ravenna, 30 April 2024

p. THE BOARD OF STATUTORY AUDITORS
The President
(Dot. Andrea Magnani)

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF REGULATION (EU) NO. 537/2014

To the Shareholders of
ITWAY S.p.A.

Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Itway Group (the Group), which comprise the consolidated balance sheet as of December 31, 2023, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statements of changes in equity, the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union and the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

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 Consolidated Financial Statements* section of this report. We are independent of Itway S.p.A. (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HLB ANALISI

Key Audit Matters	Auditing procedures performed in response to key audit matters
Going concern assessment *Notes: "Going concern"; Report on Operations: "Going concern"* In the financial statements as of December 31, 2023, Directors described: the financial position of the Group, the main assumptions of the Business Plan and the acquisition or a new company during the first quarter 2024, the end of the agreement with the investor Nice&Green SA regarding the issue of the convertible bond loan. The directors specified that they have assessed those circumstances and the economic and financial perspective of the Group presented in the Business Plan and that they have not recognized significant uncertainties on the going concern of Itway and the Group during the regular management of the business. Therefore, the financial statements have been prepared on a going concern basis. Then we considered this assessment as a key audit matter.	With reference to this key audit matter, our procedures included: ▪ discussion with Management and exchange of information with the Board of Statutory Auditors ("Collegio Sindacale") on the going concern assessment; ▪ analysis of payments due to creditors to be paid in installments; ▪ analysis on overdue payables; ▪ analysis of the financial impact due to the sale of equity investment in Be Innova S.r.l.; ▪ discussion with Management on the results of the year and to expected cash; ▪ the discussion with the Management about the development of the start-up business units, also with reference to the maintaining of carrying amount of the intangible assets; ▪ discussion with Management about the end of the investment agreement with Nice&Green SA; ▪ discussion with Management about the Business Plan 2024-2027; ▪ the subsequent events; ▪ we have verified the information provided in the notes to the financial statements in respect of the going concern basis.

Key Audit Matters	Auditing procedures performed in response to key audit matters

Uncertainty on the recovering of trade receivables	
Notes: "Trade receivables" The assertion Trade receivables in the consolidated financial statements as of December 31, 2023, includes a receivable concerning the gross amount of Euro 2.750 million, accounted in the previous years, related to a contract in progress, for which the customer notified to reject the amount requested by Itway. Itway started in 2016 a legal procedure with that customer to recognize the credit. The judgment of the Court of First Instance in Rome was not favorable to the company. Directors set out in the Notes that there are elements supporting the request of Itway SpA, not taken into consideration by the judge of first instance, and they have decided to present an appeal to the Court of Appeal of Rome. Nevertheless, the Court of Appeal has rejected the claim filed by Itway on January 8, 2024. Due to that circumstance, Directors have increased the doubtful debt provision of Euro 1,5 million, in order to cover the entire amount of that work in progress receivable. Directors have also specified that they are just deciding, with the company consultant, to present an appeal in front of the "Cassazione" (Italian Supreme Court). Then we considered this assessment as a key audit matter.	With reference to this key audit matter, our procedures included: • discussion with Management and with the Board of Statutory Auditors ("Collegio Sindacale") on the recoverability assessment by Directors and related uncertainties; • the request for an update on the status of the dispute to the lawyer appointed by the Company; • the examination of the sentence of the Court of Appeal of Rome; • the examination on the adequacy of doubtful debt provision; • the subsequent events; • we have verified the information provided in the notes to the financial statements.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued to implement the art. 9 of Legislative Decree no. 38/05 and, in the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Itway S.p.A. 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 consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italian law, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On July 2, 2018, the shareholders of Itway S.p.A. in general meeting engaged us to perform the statutory audit of the Company’s and the consolidated financial statements for the years ending December 31, 2018 to December 31, 2026.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on the compliance with delegated Regulation (EU) 2019/815

The Directors of Itway S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the “Delegated

Regulation") to the consolidated financial statements as of December 31, 2023, to be included in the annual financial report.

We have performed the procedure under the auditing standards SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements with the provision of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in the XHTML format and have been marked-up, in all material respects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Itway S.p.A. are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Itway Group as of December 31, 2023, including their consistency with the relevant consolidated financial statements and their 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 and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the Itway Group as of December 31, 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Itway Group as of December 31, 2023 and are 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 30, 2024
This report has been translated into the English language solely for the convenience of International readers. The Italian original remains the definitive version.

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF REGULATION (EU) NO. 537/2014

To the Shareholders of
ITWAY S.p.A.

Report on the Audit of the statutory Financial Statements

Opinion

We have audited the statutory financial statements of Itway S.p.A. (the Company), which comprise the balance sheet as of December 31, 2023, the profit and loss account, the statement of comprehensive income, the statements of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

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 International Financial Reporting Standards adopted by the European Union and the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditing procedures performed in response to key audit matters
Going concern assessment *Notes: "Going concern"; Report on Operations: "Going concern"* In the financial statements as of December 31, 2023, Directors described: the financial position of the Group, the main assumptions of the Business Plan and the acquisition or a new company during the first quarter 2024, the end of the agreement with the investor Nice&Green SA regarding the issue of the convertible bond loan. The directors specified that they have assessed those circumstances and the economic and financial perspective of the Group presented in the Business Plan and that they have not recognized significant uncertainties on the going concern of Itway and the Group during the regular management of the business. Therefore, the financial statements have been prepared on a going concern basis. Then we considered this assessment as a key audit matter.	With reference to this key audit matter, our procedures included: ▪ discussion with Management and exchange of information with the Board of Statutory Auditors ("Collegio Sindacale") on the going concern assessment; ▪ analysis of payments due to creditors to be paid in installments; ▪ analysis on overdue payables; ▪ analysis of the financial impact due to the sale of equity investment in Be Innova S.r.l.; ▪ discussion with Management on the results of the year and to expected cash; ▪ the discussion with the Management about the development of the start-up business units, also with reference to the maintaining of carrying amount of the intangible assets; ▪ discussion with Management about the end of the investment agreement with Nice&Green SA; ▪ discussion with Management about the Business Plan 2024-2027; ▪ the subsequent events; ▪ we have verified the information provided in the notes to the financial statements in respect of the going concern basis.

Key Audit Matters	Auditing procedures performed in response to key audit matters
Uncertainty on the recovering of trade receivables *Notes: "Trade receivables"* The assertion Trade receivables in the financial statements as of December 31, 2023, includes a receivable concerning the gross amount of Euro 2.750 million, accounted in the previous years, related to a contract in progress, for which the customer notified to reject the amount requested by Itway. Itway started in 2016 a legal procedure with that customer to recognize the credit. The judgment of the Court of First Instance in Rome was not favorable to the company. Directors set out in the Notes that there are elements supporting the request of Itway SpA, not taken into consideration by the judge of first instance, and they have decided to present an appeal to the Court of Appeal of Rome. Nevertheless, the Court of Appeal has rejected the claim filed by Itway on January 8, 2024. Due to that circumstance, Directors have increased the doubtful debt provision of Euro 1,5 million, in order to cover the entire amount of that work in progress receivable. Directors have also specified that they are just deciding, with the company consultant, to present an appeal in front of the "Cassazione" (Italian Supreme Court). Then we considered this assessment as a key audit matter.	With reference to this key audit matter, our procedures included: • discussion with Management and with the Board of Statutory Auditors ("Collegio Sindacale") on the recoverability assessment by Directors and related uncertainties; • the request for an update on the status of the dispute to the lawyer appointed by the Company; • the examination of the sentence of the Court of Appeal of Rome; • the examination on the adequacy of doubtful debt provision; • the subsequent events; • we have verified the information provided in the notes to the financial statements.

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 International Financial Reporting Standards adopted by the European Union as well as the provisions issued to implement the art. 9 of Legislative Decree no. 38/05 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italian law, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On July 2, 2018, the shareholders of Itway S.p.A. in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending December 31, 2018 to December 31, 2026.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on the compliance with delegated Regulation (EU) 2019/815

The Directors of Itway S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements as of December 31, 2023, to be included in the annual financial report.

We have performed the procedure under the auditing standards SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements with the provision of the Delegated Regulation.

In our opinion, the financial statements have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The Directors of Itway S.p.A. are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Itway S.p.A. as of December 31, 2023, including their consistency with the relevant financial statements and their 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 and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of the Itway as of December 31, 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Itway S.p.A. as of December 31, 2023 and are 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 30, 2024

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