



Interim Management Report as of September 30, 2020

Board of Directors

(Until the approval of the December 31, 2022 Financial Statements)

<i>Name and Last name</i>	<i>Position</i>
Giovanni Andrea Farina	President and Chief Executive Officer
Cesare Valenti	Managing Director
Valentino Bravi	Independent Director
Piera Magnatti	Independent Director
Annunziata Magnotti	Independent Director

Board of Statutory Auditors

(Until the approval of the December 31, 2022 Financial Statements)

<i>Name and Last name</i>	<i>Position</i>
Daniele Chiari	President
Silvia Caporali	Member
Rita Santolini	Member

Manager mandated to draft corporate accounting documents

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

Auditing company

Analisi S.p.A.

The General Meeting on July 2, 2018 gave the mandate for the auditing 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.

Interim management report as of September 30, 2020

In order to give continuity with the past, Itway drafted and published the consolidated interim management report as of September 30, 2020 on a voluntary basis despite it not being required by the Issuers' Regulation of the MTA market of Borsa Italiana.

The Board of Directors on November 13, 2020 approved the publication of the current interim management report, which has not been audited.

In the current interim management Report as of September 30, 2020, the analysis of the economic performance was carried out with reference to the nine months between January 1-September 30, 2020 and in the quarter from July to September 2020 compared with the equivalent periods of 2019. The net financial position is provided with reference to September 30, 2019, June 30, 2020 and compared with the one in consolidated financial statements as of December 31, 2019.

The accounting statements to September 30, 2020 were drafted before taxes and of the fiscal impact on the result for the period.

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the interim management report as of September 30, 2020 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". 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 those forecast, therefore requiring revisions that today cannot be either estimated or forecasted.

Following is the consolidated condensed income statement at September 30, 2020 compared with that of the same period a year earlier:

(Thousands of Euro)	Nine months ended	Nine months ended
	30/09/2020	30/09/2019
	Itway Group	Itway Group
Turnover		
Sales revenue	21,546	18,833
Other operating revenue	777	1,072
Total revenue	22,323	19,905
Operating costs		
Costs for products	(18,441)	(16,114)
Personnel costs	(1,734)	(1,641)
Other costs and operating charges	(1,374)	(1,724)
Total operating costs	(21,549)	(19,479)
EBITDA	774	426
Amortization	(402)	(471)
EBIT	372	(45)
Net financial proceeds/charges	462	(192)
Recurring result before taxes	834	(237)
Non-recurring charges	(268)	(336)
Result before taxes	566	(573)

(Thousands of Euro)	Quarter ended	Quarter ended
	30/09/2020	30/09/2019
	Itway Group	Itway Group
Turnover		
Sales revenue	6,698	5,448
Other operating revenue	157	237
Total revenue	6,855	5,685
Operating costs		
Costs for products	(5,769)	(4,581)
Personnel costs	(542)	(494)
Other costs and operating charges	(335)	(551)
Total operating costs	(6,646)	(5,626)
EBITDA	209	59
Amortization	(134)	(155)
EBIT	75	(96)
Net financial proceeds/charges	256	(183)
Recurring result before taxes	331	(279)
Non-recurring charges	(55)	(41)
Result before taxes	276	(320)

In the nine month period ended September 30, 2020 total revenue of the Itway Group totalled Euro 22,323 thousand, up 12% compared with the same period a year ago thanks to the positive performance of the Greek and Turkish subsidiaries and, in Italy, of 4Science. EBITDA in the same period was a positive Euro 774 thousand compared with Euro 426 thousand in the same period of 2019 while EBIT and the Result before taxes stood at Euro 372 thousand and Euro 566, respectively compared with the same period of 2019 when EBIT came in at Euro -45 thousand and the Result before taxes at Euro -573 thousand.

Financial proceeds in the first nine months of 2020 were impacted by a positive currency effect in Turkey compared with the same period a year ago and the fall in financial charges of the Parent Company.

In the nine-month period, non-recurring costs related to the restructuring underway as part of the financial debt remodulation program and extraordinary transactions, totalled approx. Euro 268 thousand, improving from Euro 336 thousand in the same period of 2019.

As previously described considering the interesting double digit growth trend foreseen for emerging sectors of IoT, AI and Big Data, and the deep knowledge and reputation in Cyber security developed over almost 25 years, the focus was on the development of an industrial plan that envisioned important growth for the Itway Group in the coming years, also considering and valuing the investments already made in past years in the above mentioned sectors. Furthermore, there were continued investments in the ICOY® (I Care Of You) product, which is Patent Pending, that will position Itway as a leading company in the EHS sector.

Also in the third quarter of 2020, the company continued to reposition towards the Digital product-oriented model, focusing on business segments with higher value added through three business units:

- Cybersecurity;
- Data Science;
- Safety.

The Itway Group during the first nine months of 2020 continued to invest through its subsidiaries in the markets of Cyber security, IoT and Artificial Intelligence (AI) and Big Data, which are all connected and correlated.

During this period, as already announced to the market, the Group took back full control of its Itway Hellas and Itway Turkiye subsidiaries, which are active in the historical Value Added Distributor (VAD) segment.

Business unit areas:

- **Itway S.p.A.** specializes in consultancy, planning and system integration in the field of cyber security, in particular on the GDPR, Internet of Things (IoT and work safety in the EH&S (Environment, Health & Safety) sector. The IoT and Safety sectors are covered and approached with the iNebula brand of which Itway purchased part of the products under development and the brand name during the liquidation process underway.
- **4Science S.r.l.** offers services and solutions for Big Science and Data Management for the scientific research, cultural heritage and Big Data markets.
- **Be Innova S.r.l.** carries out Managed Security Services (MSS) with cyber security and network monitoring services through its NOC-SOC located in Trento. To date there are approximately 50,000 protected digital devices. The main client of Be Innova is the Province of Trento for which it handles 24/365 days/year Cyber security. Also worthy of mention is the strong partnership established with IBM, for which it is a Service Center for Information Security
- **Be Innova** also has a product called Smartys, or the commercial name of the so-called ADAPT project co-financed with the Ministry of Education (MIUR) in the commissioning phase with some Veneto region healthcare boards. The product regards the management of sensitive health information of citizens using the service in a fully secure mode with the help of wearable IoT sensors and the integration of the **Covid-19 App** with recently developed with the **Bruno Kessler Foundation** of Trento. The project was developed with a Security by design logic fully respecting privacy regulations and GDPR. SMARTYS is part of the emerging Health Data Security (HSD) segment of Cyber security.

General context and performance of the ICT Market:

To the date of writing, the provisional forecasts for the performance of the ICT market in 2020 consider the changed economic context following Covid-19. GDP this year is seen falling between 8% to 10% and the general projections for the ICT sector see a general contraction of -3.1% and then a significant rebound in 2021 (source: Assinform 2020).

In 2020, the trends of the digital market will turn negative (ICT services -3.7%, Software and ICT Solutions -1.1%, Devices and Systems -3.5%, Network Services -3.9%, Digital Content and Digital Advertising -1.5%) but they will be more resilient than almost all other market sectors, while there will continue to be double digit growth in the more cutting-edge components of digital innovation, or the so-called Digital Enablers, starting from the Cloud, Cybersecurity, IoT, AI and collaborative and remote work platforms (including smart-working)

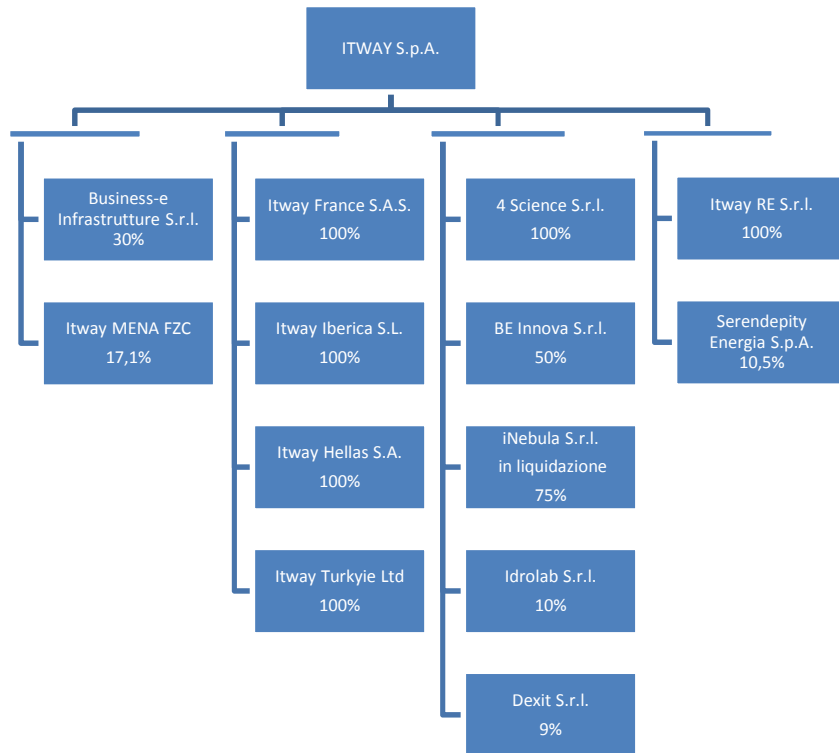
Market positioning: The Itway Group during the period continued to invest in Cybersecurity, IoT, Artificial Intelligence (AI) and Big Data, all of which are connected and correlated.

Furthermore, the repositioning on new product lines continued, with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital.

Group's industrial policy: The industrial policy of the Group continued to focus on higher value added business lines represented by the new Business Unit described above.

Activities and Structure of the Group

The Interim Management report includes the accounting situation of the companies of the Itway Group, which at September 30, 2020 had the following structure:



Following is the list of fully consolidated companies on which Itway S.p.A. exercises, directly or indirectly, control through the majority of voting rights:

NAME	HEADQUARTERS	SHARE CAPITAL €	% Direct ownership	% Indirect ownership	% Overall ownership
Itway Iberica S.L.	Argenters 2, Cerdanyola del Vallès - Barcelona	560,040	100%	-	100%
Itway France S.A.S.	4, Avenue Cely – Asniere sur Seine, Cedex	100,000	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%
iNebula S.r.l. in liquidation	Via A. Papa, 30 - Milan	10,000	75%	-	75%
Itway RE S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	100%
4Science S.r.l.	Via A. Papa, 30 - Milan	10,000	100%	-	100%

* the value is expressed in the new Turkish Lira (YTL)

The following associates are valued with the net equity method, which broadly coincides with the cost:

NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownership	% indirect ownership	% overall ownership
BE Innova S.r.l.	Via Cesare Battisti 26 - Trento (TN)	20,000	50%	-	50%
Be Infrastrutture S.r.l.	Via Trieste, 76 - Ravenna	100,000	30%	-	30%

Following are the minority investments, valued at cost:

NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownership	% indirect ownership	% overall ownership
Serendipity Energia S.p.A.	Piazza Bernini 2 – Ravenna	1,117,758	10.5%	-	10.5%
Dexit S.r.l.	Via G. Gilli 2 - Trento	700,000	9%	-	9%
Idrolab S.r.l.	Via dell'Arrigoni, 220 - Cesena FC	52,500	10%	-	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35,000*	-	17.1%	17.1%

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

Sector performance: Value Added Distribution

Through the Value Added Distribution sector, the Group operates in Greece and Turkey in the distribution of specialized software and hardware products, certification products on the software technologies distributed, and pre- and post-sales technical assistance services.

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

	Nine months ended 30/09/2020	Nine months ended 30/09/2019
Thousands of Euro		
Total revenue	20,415	18,186
EBITDA	1,235	898
EBIT	1,156	810

	Quarter ended 30/09/2020	Quarter ended 30/09/2019
Thousands of Euro		
Total revenue	6,346	5,194
EBITDA	513	241
EBIT	486	212

Following is the analysis by country:

The results achieved confirm the growth trend of the value added distributions companies specialized in Cybersecurity that operate in Greece and Turkey with the pandemic that hit hard Europe but much less Greece (22,358 confirmed cases, 449 deaths) and, in proportion to the population of over 80 million people, also Turkey (335,538 confirmed cases, 8,837 deaths), (source: WHO 12-10-2020).

The Turkish subsidiary saw 5% revenue growth compared with a year ago and it improved significantly its profitability. There was a 1% increase in margins for products and a greater efficiency in operating costs related both to a greater focus and also to a positive impact from the 19.9% devaluation of the Turkish lira; in relative terms, Itway Turkiye increased its market share in Turkey by 25%. New product lines were added to the offer portfolio and these are starting to produce their first results.

The Greek subsidiary in the first nine months posted a 30% increase in revenue and of its market share. Our specialization is Cybersecurity and demand is forecast to grow even more also thanks to smart working and the need to protect data of private and public organizations. In addition, new product lines were also added and these are producing the hoped-for results. Itway Hellas resorted to State aid to face the pandemic and it has been deemed eligible to receive in the fall Euro 250 thousand at a favourable interest rate.

Sector performance: Activity of the Parent Company and other start-up phase sectors

Itway is the parent company listed on Borsa Italiana S.p.A. that supplies services of different nature to the operational subsidiaries and includes the new sectors described below that are investing in the realization of products and that are in an operational and commercial start-up phase. In addition Itway S.p.A. has production and system integration activities.

- **Itway S.p.A.** is an operational holding, dealing with consultancy, planning and system integration in the field of cyber security, in particular on the GDPR, Internet of Things (IoT) and work safety in the EH&S (Environment, Health & Safety) sector. The IoT and Safety sectors are covered and approached with the iNebula brand, of which Itway purchased, during the liquidation process, part of the products developed and the brand name
- **4Science S.r.l.** offers Data Science and Data Management services and solutions for the scientific research and cultural heritage markets as well as Big Data.

Following is the condensed income statement, compared with the previous period including data from the ASA activities of the Parent Company and other sectors in the start-up phase:

	Nine months ended 30/09/2020	Nine months ended 30/09/2019	Quarter ended 30/09/2020	Quarter ended 30/09/2019
(Thousands of €uro)				
Revenue	1,908	1,719	509	491
EBITDA	(461)	(472)	(304)	(182)
EBIT	(784)	(855)	(411)	(308)

There was an 11% increase in revenue in 2020 compared with 2019.

Itway S.p.A. continues the repositioning of the two business units, Cybersecurity and ICOY[®]. New technical and commercial staff was hired and the sales pipeline is growing. For ICOY, the complex process to submit the patent in Italy and the EU, with the assistance of Bugnion S.p.A., has been completed and it is now Patent Pending. The ICOY Mover Bridge Crane line has completed testing and is now ready to be launched on the market with the first commercial development activities underway, while the FORKLIFT line is being tested with positive results. ICOY suffered a delay due to Covid-19 since the companies that it targets were hit by the lockdown that resulted from the pandemic. We estimate that a nine-month delay has been accumulated but prospects of this innovative product line is very positive given the strong interest shown by the prospects who were contacted,

4Science S.r.l. aims at becoming the reference company in the emerging Data Science, Data Management Big Data (Data Curation) markets as well as the Digital Repository and Preservation of the digital heritage regarding cultural and artistic assets, or the so-called Digital Library.

4Science S.r.l. in 2019 ended its third fiscal year; it is now known as a reference player in the emerging market of Data Science, Data Management and Big Data (Data Curation) as well as Digital Repository and Preservation of the digital assets related to scientific research and Cultural and artistic assets, or the so-called Digital Libraries. 4Science developed two Open Source platforms, DSpace-CRIS and DSpace-GLAM in addition to five Add-On products, which as in all software products are in constant evolution and update.

In the first nine months of 2020 the 4Science subsidiary posted a profit with an Ebitda of Euro 80 thousand and an increase in revenue of over 52% compared with the first nine months of 2019.

4Science posted a solid increase in orders compared with the same nine-month period of 2019 thanks to the acquisition of important and prestigious clients in the scientific and university field. At the beginning of 2020 the Company won an important tender worth Euro 860 thousand from Peruvian client Concytec, the national consortium for research and science. In the first nine months of 2020 there was also a solid level of orders from Italian cultural and scientific institutions where 4Science has historically found more difficulties due to the tight budget of the sector.

iNebula S.r.l., continues the process of liquidation that started in 2018. It has reached settlement agreements with its main creditors.

Net financial position

Following is a detail of the Net Financial Position of the Group:

	30/09/2020	30/06/2020	31/12/2019
Thousands of Euro			
Cash at hand	1,133	1,105	608
Financial receivables	2,338	2,363	2,498
Current financial assets	1,180	1,212	1,210
Current financial liabilities	(8,097)	(7,755)	(7,985)
Current net financial position	(3,446)	(3,075)	(3,669)
Non-current financial assets	2,098	2,098	2,098
Non-current financial receivables	(1,782)	(1,815)	(1,785)
Non-current financial position	316	283	313
Total net financial position	(3,130)	(2,792)	(3,356)

The net financial position of the Parent Company

Thousands of Euro	30/09/2020	30/06/2020	31/12/2019
Cash at hand	522	52	21
Financial receivables	2,338	2,363	2,498
Current financial liabilities	(7,224)	(6,878)	(7,161)
Current net financial position	(4,364)	(4,463)	(4,642)
Non-current financial assets	2,098	2,098	2,098
Non-current financial receivables	(1,777)	(1,808)	(1,830)
Non-current financial position	321	290	268
Total net financial position	(4,043)	(4,173)	(4,374)

The Group Net Financial Position as of September 30, 2020 changed compared with June 30, 2020 mainly due to debt taken on for the issue of warrants as described below.

In the month of August 2020 Itway S.p.A signed an investment contract with Nice & Green SA, a Swiss institutional investor, for the issue of a Warrant and Convertible Notes Funding Program for an overall Euro 6.000.000. The transaction aims to support the working capital of the Company, to strengthen its financial structure and broaden its shareholding structure. The capital raise deriving from the transaction with N&G will give Itway further capital and financial resources that will be used to accelerate the development of growth and investment strategies of the Company in the market segments where Itway operates without any additional charge for the Company.

The Program foresees an overall issue period of 36 months from the date of signing of the contract that consists of:

- (i) a tranche in warrants for the purchase of up to Euro 500,000 of Itway own shares already in portfolio (“Warrant”)
- (ii) Eleven tranches in bonds, each with a nominal value of Euro 500,000 convertible into newly issued Itway shares (“Bonds”) and contemplates the commitment of N&G to underwrite the various tranches following a specific request by Itway.

The Issuer, pursuant to the Agreement, has undertaken to grant N&G no. 650,000 treasury shares of the Company (shares already in its portfolio) in order to ensure that N&G has available the securities to service the exercise of the Warrant and has activated the first tranche that consists of No. 1 warrant corresponding to a nominal amount of Euro 500,000. The Warrant will have a duration of 12 months from the issue date that took place in August 2020 and its exercise will be mandatory within 90 days from the end of the Program.

The exercise price of the Warrant will be equal to a percentage of the minimum price (defined as the VWAP – Volume Weighted Average Price) of the eight days before the request to exercise the Warrant. The Exercise Ratio (the number of Itway treasury shares in case of exercise of the Warrant) will be determined on the basis of the value received by Itway divided

by the Exercise Price. The Warrant will not be listed on any regulated market. To the date of the current report, N&G exercised the Warrant for an amount totalling Euro 500 thousand.

The contract provides that the loan is non-interest bearing, that each Bond has a duration of 12 months from the issue date and that, in the event of failure to request a repayment by the due date, the Company is obliged to automatically convert the Bonds in circulation into newly issued shares. The Investor may request the conversion of bonds into shares at any time following the sending of the conversion requests. The Notes may be converted at a conversion price equal to a percentage of the price (defined as the VWAP – Volume Weighted Average Price) of the eight days preceding the request for conversion of the Notes

The conversion ratio – indicative of the number of Itway shares to be assigned to the Investor in case of conversion of the Bonds – will be determined on the basis of the value received by Itway for each tranche of Bonds divided by the Conversion Price.

Upon request for conversion, the Issuer may, in lieu of the issue of new shares, repay the Bonds in cash. The value of the redemption will be calculated by dividing the value of each tranche of Bonds by 0.97. The Bonds will be non-interest bearing and will not be listed on any regulated market.

The execution of the operation will have a certain, but variable and not conceivable diluting effect on the investments held by the current shareholders of the Company, which will depend in particular on the share of the capital of the Company to which N&G actually subscribes following the conversion of the bonds issued and therefore also by the number of the same and by the related subscription price.

The issue of the Convertible Bond Loan does not require the publication of any offer or listing prospectus by the Company

Current liabilities at the moment include two medium-term loans from Iccrea, for a total of Euro 477 thousand (Euro 60 thousand of which attributable to the Parent Company), the covenants of which have been breached and are therefore currently classified as short-term even though their parameters are currently being redefined in order to maintain the original status of medium-term.

Pursuant to article 114, paragraph 5 of Legislative Decree No. 58/98, the company each month publishes a press release with the expired debt positions of Itway S.p.A. and the Itway Group, divided by nature, to which we refer for further information.

Subsequent events

In order to implement the previously described bond issuance, on October 30 shareholders of Itway in an extraordinary meeting deliberated on:

- The issue of a bond for up to a maximum of Euro 5,500,000, convertible into Itway shares to be issued in one or more tranches, reserved for Nice & Green SA;
- The increase in share capital pursuant to article 2420-bis, paragraph 2, of the Civil Code, in instalments, without option right pursuant to article 2441, paragraph 5 of the Civil Code for up to a maximum of Euro 5,500,000, including share premium to service the conversion.

Foreseeable evolution of operations and going concern

The Group is committed to implementing the industrial plan for the period 2020-2023 aimed at pursuing, in the medium term, the historical positioning in the information security sector and overcoming the current situation of financial stress. In particular, the Group is continuing to define agreements with Mercatoria that foresee a full and final settlement of the positions acquired. For the details of the industrial plan and the going concern, please see the Half-year Financial Statements as of June 30, 2020, published on September 30, 2020.

Relationship with related parties

During the first nine months of 2020, 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.	333	-	149	1
Itway S.p.A. vs Be Innova S.r.l.	4,577	-	-	131
Itway S.p.A. vs Fartech S.r.l.	34	530	-	-
TOTAL	4,944	530	149	132

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 reorganizational Model and elaborating the general policies to manage human and financial resources.

No company directs or controls Itway S.p.A.

Own shares

The Parent Company as of September 30, 2020 had No, 853.043 own shares (equal to 10.79% of share capital), for a nominal value of Euro 426,522 and an overall purchase cost of the shares held in the portfolio of Euro 1,346 thousand (equal to the amount booked in the Own Share Reserve deducted from net equity of the fiscal period and at a consolidated level).

On August 12, 2020, No. 650 thousand shares were loaned to Nice & Green SA. These shares were already in the portfolio and aimed at ensuring Nice & Green had the shares available to exercise the previously described warrant, as described in the paragraph on the “Net Financial Position”.

Ravenna, November 13, 2020

FOR THE BOARD OF DIRECTORS

Chairman ad Chief Executive

G. Andrea Farina

Statement of the manager mandated to draft the accounting documents pursuant to art. 154-bis, paragraph 2 of Legislative Decree No. 58/1998 (Testo Unico della Finanza – Consolidated Law on Financial Intermediation)

Pursuant to paragraph 2, article 154-bis of the T.U.F., the undersigned, Sonia Passatempi, the manager mandated to draft the accounting documents of the Itway Group, declare that the accounting information included in the current press release corresponds to the documental evidence, financial books and accounting records.

Ravenna, November 13, 2020

The mandated manager
Sonia Passatempi