



# **Interim Management Report of the Itway Group as of March 31, 2021**

### **Board of Directors**

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

<i><b>Name and last name</b></i>	<i><b>Role</b></i>
Giovanni Andrea Farina	President and Chief Executive
Cesare Valenti	Managing director
Valentino Bravi	Independent director
Piera Magnatti	Independent director
Annunziata Magnotti	Independent director

### **Board of Statutory Auditors**

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

<i><b>Name and last name</b></i>	<i><b>Role</b></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 gave the mandate for the auditing firm 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.

## **Interim management report as of March 31, 2021**

For the sake of continuity with the past, Itway decided to draft and publish the interim management report to March 31, 2021 on a voluntary basis despite not being required by the Issuers Regulation of the MTA market of Borsa Italiana

The Board of Directors on May 14, 2021 authorized the publication of the current interim management report, not subject to audit.

In the current interim management Report as of March 31, 2021, the analysis of the economic performance was carried out with reference to the situation in the period January 1-March 31, 2021 compared with the same period of 2020. The net financial position and the balance sheet information refer to March 31, 2021 compared with the consolidated Financial Statements as of December 31, 2020.

The accounting statements to March 31, 2021 were drafted before taxes and of the fiscal effects on the results of 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 Financial Report as of March 31, 2021 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.

The Group continued also in the first quarter of 2021 its positioning towards a digital product-oriented model focusing on higher value added business segments through three business units:

- Cybersecurity;
- Data Science;
- Safety.

The Itway Group during the first quarter of 2021 continued also through its subsidiaries to invest in the markets of Cybersecurity, IoT and Artificial Intelligence (AI) and Big Data, which are all connected and correlated.

For a broader assessment of the performance of the Group and the reference market please see the Management Report on Operations of the Financial Statements to December 31, 2020 published on April 9.

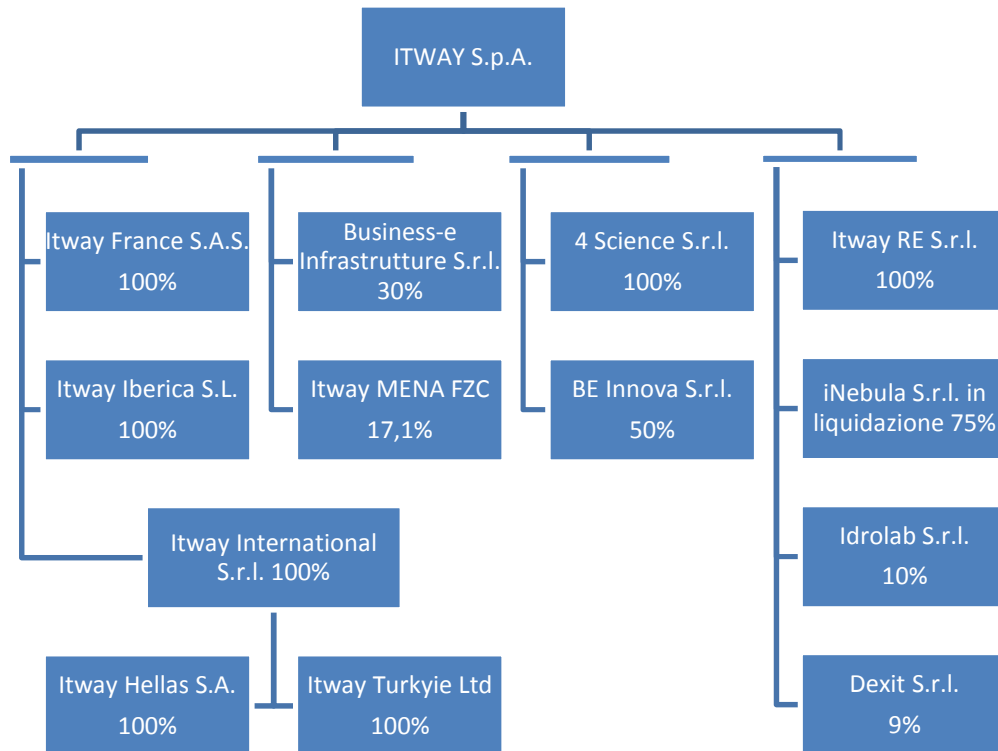
Following is the consolidated condensed income statement at March 31, 2021 compared with that of the same period a year earlier

	Quarter ended on March 31	
	2021	2020
<i>(Thousands of Euro)</i>		
	Itway Group	Itway Group
<b>Turnover</b>		
Sales revenue	9,727	8,396
Other operating revenue	611	514
<b>Total revenue</b>	<b>10,338</b>	<b>8,910</b>
<b>Operating costs</b>		
Cost of products	8,367	7,353
Personnel costs	636	549
Other costs and operating charges	517	548
<b>Total operating costs</b>	<b>9,520</b>	<b>8,450</b>
<b>EBITDA</b>	<b>818</b>	<b>460</b>
Amortization	121	151
<b>EBIT</b>	<b>697</b>	<b>309</b>
Net financial proceeds (charges)	168	92
<b>Result before taxes</b>	<b>865</b>	<b>401</b>

In the quarter ended on March 31, 2021, sales revenue of the Itway Group rose by 16% in volume terms while EBITDA was Euro 818 thousand compared with Euro 460 thousand in the same period of 2020, with an increase of 78%. EBIT and the Result before Taxes, respectively of Euro 697 thousand and Euro 865 thousand, rose by 126% and 116% compared with the same period of 2020 when EBIT was Euro 309 thousand the Result before taxes Euro 401 thousand.

## Structure and Activities of the Group

The Interim Management report includes the accounting situations of the companies of the Itway Group that as of March 31, 2021 had the following structure.



Following is the list of the 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 in liquidation S.r.l.	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)

Following are the affiliate companies, valued with the net equity method, which essentially 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 minority interests, 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 the Dirham of the United Arab Emirates (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:

(Thousands of €uro)	Quarter ended on	
	31/03/2021	31/03/2020
Revenue	9,267	8,120
Ebitda	642	280
Ebit	625	249
Result before taxes	846	379

The subsidiaries operating in Greece and Turkey in the quarter posted an increase (+14%) in volumes compared with the same period of the previous fiscal period, recording solid results both in terms of volumes (+11% for Turkey and +18% for Greece) and profitability.

### Sector performance: Activities of the Parent Company and other business units in the scale-up phase

Itway SpA is the Parent Company listed on the Italian Stock Exchange that provides various services to operating subsidiaries and includes the new sectors described below, which are

investing in the output of products and are in the operational and commercial scale-up phase. It also has production and system integration activities.

- **Itway SpA** is an operating holding that deals with consulting, design, and system integration in the cybersecurity field, in particular on GDPR, Internet of Things (IoT), and workplace safety in the so-called EH&S (Environment, Health & Safety) segment.
- **4Science Srl** offers Data Science and Data Management services and solutions for the Big Data market of scientific research and cultural heritage.

Following is the condensed income statement, compared with the same period a year ago including data from the Parent Company and other Business Units in the scale-up phase:

(Thousands of €uro)	Quarter ended	
	31/03/2021	31/03/2020
Revenue	1,071	790
Ebitda	176	180
Ebit	72	60
Result before taxes	19	22

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

Itway S.p.A. continued to position itself in the Cybersecurity and Safety Business Units with the ICOY® product. The Company hired new commercial and technical personnel and the sales pipeline is growing.

4Science Srl, after a few years of activity, is now a reference player in the emerging markets of Data Science, Data Management, Big Data (Data Curation) as well as the Digital Repository and Preservation of digital heritage relating to scientific research and cultural and artistic heritage, the so-called Digital Libraries.

The skills acquired over the years, combined with the strategic choice to operate in Open Source software, have allowed 4Science to position itself internationally as a reference player in CRIS solutions and to have among its customers the most prestigious universities (among which the Institute for Advanced Study of Princeton in New Jersey, where Albert Einstein taught).

The Cultural Heritage segment recorded strong growth of 270%, with the GLAM product that covers a very interesting and current market of Long Term Preservation and Data Curation of digital information of cultural heritage, including collections, persons, events, concepts, places, and projects. In Italy, national points of excellence including the Naples National Library and the Giuseppe Verdi Conservatory in Milan chose 4Science to digitalize their cultural assets.

Also 4Science in the first quarter hired new technical and commercial personnel and the sales pipeline is growing.

For a broader assessment of the Activities of the Parent Company and other sectors in the scale-up phase, please see the Directors' Report on Operations of the Financial Statements as of December 31, 2020, published on April 9.

### Net financial position of the Itway Group

Following is the detailed net financial position of the Itway Group:

	31/03/2021	31/12/2020
<b>Thousands of Euro</b>		
Cash on hand	1,102	982
Financial receivables	2,286	2,275
Current financial assets	1,129	1,080
Current financial liabilities	(2,929)	(2,947)
Convertible bonds	(290)	(473)
<b>Current net financial position</b>	<b>1,298</b>	<b>917</b>
Non-current financial assets	2,098	2,098
Non-current financial liabilities	(4,008)	(4,389)
<b>Non-current net financial position</b>	<b>(1,910)</b>	<b>(2,291)</b>
<b>Total net financial position</b>	<b>(612)</b>	<b>(1,374)</b>

### Net financial position of the Parent Company

Following is the detailed net financial position of the parent company

	31/03/2021	31/12/2020
<b>Thousands of Euro</b>		
Cash on hand	61	271
Financial receivables	2,286	2,275
Current financial liabilities	(2,606)	(2,625)
Convertible bonds	(290)	(473)
<b>Current net financial position</b>	<b>(549)</b>	<b>(552)</b>
Non-current financial assets	2,098	2,098
Non-current financial liabilities	(3,208)	(3,574)
<b>Non-current net financial position</b>	<b>(1,110)</b>	<b>(1,476)</b>
<b>Total net financial position</b>	<b>(1,659)</b>	<b>(2,028)</b>

The net financial position of the Itway Group as of March 31, 2021 improved by Euro 762 thousand compared with December 31, 2020, while the Net financial position of the Parent Company improved by approx. Euro 370 thousand compared with December 31, 2020.



**Expired debt positions of Itway S.p.A. and of the Itway Group, divided by type (financial, account, tax, social security and towards employees) and the eventual related reaction initiatives of creditors (solicitation, interruption of supply, injunctions, etc.)**

The Parent Company had an expired financial position of Euro 1 million as of March 31, 2021. At the same date, the Itway Group had an expired financial position of Euro 1.2 million. After the interruption of collegiate negotiations, talks continued on a bilateral basis with each financial institution. The company progressively negotiated and remodulated debt with most lenders. As of March 31, 2021 talks are still underway for minor amounts both with one financial institution and with a securitization vehicle company that, in the past, purchased banking debt.

The Parent Company as of March 31, 2021, had has expired trade indebtedness towards suppliers of approx. Euro 1.5 million (of which approx. Euro 0.5 million for amounts being contested by one debtor, also through legal procedures) and an indebtedness towards tax authorities for expired debt as of March 31, 2020 of Euro 16 thousand, which is expected to be paid by the terms foreseen by regulations in force.

The Itway Group as of March 31, 2021 had an expired trade indebtedness towards suppliers of the Companies of the Group of approx. Euro 3.7 million (of which approx. Euro 0.8 million for amounts being contested by the debtors, also through legal proceedings) and an expired indebtedness towards tax authorities as of March 31, 2019 of approx. Euro 387 thousand related to debt not paid at the natural expiry during previous fiscal periods and that is expected to be paid within the terms foreseen by regulations in force.

With reference to the expired trade and financial positions of Itway S.p.A. and the Itway Group, as indicated above, please note that to date reminders have been received by some creditors and there are legal disputes or initiatives for a total of Euro 439 thousand underway while to date there has been no suspension of services.

Indebtedness of Itway towards social security institutes that expired as of March 31, 2021 for a total of Euro 11 thousand refers to debt not paid at the natural expiry and that is expected to be paid within the terms foreseen by regulations in force. At the same date, the indebtedness of the Itway Group towards social security institutes that expired as of March 31, 2021 for a total of Euro 32 thousand refers to debt not paid at its natural expiry and that is expected to be paid within the terms foreseen by the regulations in force.

### **Subsequent events**

Following the issue of No 286,286 new shares in February upon request to convert into shares Euro 200 thousand of the first tranche of convertible bonds, increasing the Share Capital to Euro 4,085,802, in April No. 420,109 new shares were issued following the request to convert into shares the remaining Euro 300 thousand of the first tranche of convertible bonds, bringing the total Share Capital to Euro 4,305,856.50.

### **Foreseeable evolution of operations**

As stated in the recent Directors' Report on Operations of the Financial Statements for the fiscal year ended on December 31, 2020, published on April 9, the Group is expected to focus on the sectors of Cybersecurity, Data Science, and Safety. Furthermore, there will be a growing focus on the Be Innova S.r.l. and the 4Science S.r.l. subsidiaries.

It is difficult to assess today if there will be a significant effect on business performance deriving from the **Covid-19 pandemic**. As recently stated in the Directors' Report on Operations in the Financial Statements for the fiscal year ended on December 31, 2020, it is important to remember that the activities of the Itway Group, mostly related to cybersecurity, have proven essential also, and above all, in these moments of global emergency, proving that Cybersecurity, dealing with the security of the core activities of companies, can be considered anti-cyclical compared to other market sectors.

The measures adopted by almost all organizations in terms of smart working multiplies exponentially security-related risks, leading to greater demand for Cybersecurity solutions to mitigate these risks.

Our activities, being mainly made up of services, continued also with the new modality of remote working that the COVID emergency imposed. There was no significant impact on the Greek and Turkish subsidiaries, given the limited spread of the pandemic in these countries.

The 4Science Business Unit in the quarter hired new specialized personnel. Its growth trend will continue also in the quarters to come.

As described above, the Safety ICOY Business Unit in 2020 and partially also in 2021 suffered from a lack of growth due to the Covid-19 impact on the segments it targets -- manufacturing, metallurgical, oil & gas, transport & logistic. The 2020 sales budget has been delayed in part to 2021 and in part in 2022. On the other hand, also in the quarter that just ended, there has been a constant and growing interest towards this innovative product that is proprietary to Itway from potential clients who are more aware of the safety of their workers. Despite an expected 14-month delay, the outlook for this innovative product line is still very positive.

Please see the recent Directors' Report on Operations in the Financial Statements for the fiscal year ended December 31, 2020, published on April 9, 2021, for the foreseeable evolution of operations divided by company.

### Relationships with related parties

During the period the Group had commercial and financial relationships with related companies. 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.	305	-	50	-
Itway S.p.A. vs Be Innova S.r.l.	4.642	138	17	44
Itway S.p.A. vs Fartech S.r.l.	34	110	-	-
<b>TOTAL</b>	<b>4.981</b>	<b>248</b>	<b>67</b>	<b>44</b>

Itway S.p.A. directs and coordinates its subsidiaries in Italy. This activity consists of 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

### Treasury shares

The Parent Company as of March 31, 2021, owned No. 203,043 treasury shares (equal to 2.36% of share capital) for a nominal value of Euro 101,522. Of these, No 136,400 treasury shares (equal to 1.58% of share capital) were on loan to Nice & Green SA to service the financial transaction described in the Directors' Report on Operations in the Financial Statements for the fiscal year ended on December 31, 2020.

During the period and after the close of the quarter to the date of writing of the current report, no treasury shares were purchased or sold.

Ravenna, May 14, 2021

FOR THE BOARD OF DIRECTORS

President and Chief Executive

G.Andrea Farina

***Declaration of the manager mandated to draft the accounting documents pursuant to article 154-bis, paragraph 2 of Legislative Decree No. 58/1998 (Testo Unico della Finanza)***

I, Sonia Passatempi, the manager mandated to draft the corporate Accounting documents of Itway Group pursuant to paragraph 2, art. 154-bis of the T.U.F., declares that the corporate accounting information in this press release corresponds to the documental evidence, financial books and accounting records

Ravenna, May 14, 2021

The mandated manager  
Sonia Passatempi