



# **Interim Management Report of the Itway Group as of September 30, 2021**

### **Board of Directors**

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

<i><b>Name and last name</b></i>	<i><b>Position</b></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><b>Name and last name</b></i>	<i><b>Position</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 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, 2021**

In order to give continuity with the past, Itway drafted and published the consolidated interim management report as of September 30, 2021 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 12, 2021 approved the publication of the current interim management report, which has not been audited.

In the current interim management Report as of September 30, 2021, the analysis of the economic performance was carried out with reference to the nine months between January 1-September 30, 2021 and in the quarter from July to September 2021 compared with the equivalent periods of 2020. The net financial position is provided with reference to September 30, 2021, June 30, 2021 and compared with the one in consolidated financial statements as of December 31, 2020.

The accounting statements to September 30, 2021 were drafted before taxes and before 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, 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.

Following is the consolidated condensed income statement at September 30, 2021 compared with that of the same period a year earlier:

(thousands of Euro)	Nine months to 30/09/2021	Nine months to 30/09/2020
	Itway Group	Itway Group
<b>Turnover</b>		
Sales revenue	24,479	21,546
Other operating revenue	1,257	777
<b>Total revenue</b>	<b>25,736</b>	<b>22,323</b>
<b>Operating costs</b>		
Cost of products	(20,825)	(18,441)
Cost of personnel	(2,001)	(1,734)
Other costs and operating charges	(1,397)	(1,374)
<b>Total operating costs</b>	<b>(24,223)</b>	<b>(21,549)</b>
<b>EBITDA</b>	<b>1,513</b>	<b>774</b>
Amortization	(498)	(402)
<b>EBIT</b>	<b>1,015</b>	<b>372</b>
Net financial proceeds/charges	(389)	462
<b>Recurring result before tax</b>	<b>626</b>	<b>834</b>
Non-recurring charges	(166)	(268)
<b>Result before taxes</b>	<b>460</b>	<b>566</b>

(Thousands of Euro)	Quarter to 30/09/2021	Quarter to 30/09/2020
	Itway Group	Itway Group
<b>Turnover</b>		
Sales revenue	6,706	6,698
Other operating revenue	94	157
<b>Total revenue</b>	<b>6,800</b>	<b>6,855</b>
<b>Operating costs</b>		
Cost of products	(5,493)	(5,769)
Cost of personnel	(675)	(542)
Other costs and operating charges	(443)	(335)
<b>Total operating costs</b>	<b>(6,611)</b>	<b>(6,646)</b>
<b>EBITDA</b>	<b>189</b>	<b>209</b>
Amortization	(220)	(134)
<b>EBIT</b>	<b>(31)</b>	<b>75</b>
Net financial proceeds/charges	(162)	256
<b>Recurring result before tax</b>	<b>(193)</b>	<b>331</b>
Non-recurring charges	(66)	(55)
<b>Result before taxes</b>	<b>(259)</b>	<b>276</b>

In the nine months to September 30, 2021, total revenue of the Itway Group totalled Euro 25,736 thousand, with an increase of approximately 15% 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 was a positive Euro 1,513 thousand compared with Euro 774 thousand in the same period of 2020 (+95%). EBIT and the Result before taxes were respectively Euro 1,015 thousand and Euro 460 thousand compared with the same period of 2020 when EBIT was Euro 372 thousand and the Result before taxes Euro 566 thousand.

Financial charges in the first nine months of 2021 mainly relate to the interests due for the settlement agreement reached on financial debt and payments in Greece and Turkey towards suppliers in currencies other than the local one that had an adverse effect compared with a year ago. They also relate to the prudential booking of Euro 243 thousand after applying the net equity method to value the stake held in Be-Innova S.r.l. that in the period recorded a loss. The end-year simulated projection showed that Be-Innova would absorb the loss.

Non-recurring charges continued to improve from Euro 268 thousand in the 2020 fiscal year to Euro 166 thousand in the 2021 fiscal year, with the financial debt remodulation program now complete.

In the third quarter, the Group continued its positioning towards the Digital product-oriented model, focusing on business segments with a higher value-added, through three business units.

- Cybersecurity;
- Data Science;
- Safety.

The Itway Group during the first nine months of 2021 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.

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.
- **4Science S.r.l.** offers services and solutions for Data Science, Data Management, and Repository Data for the scientific research, cultural heritage.
- **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 in the pre-commissioning phase with some Veneto region healthcare boards, the Fire Department and the Trento Public Safety Answering Point a product called Smartys. Smartys is the industrial evolution of the ADAPT project co-financed with the Ministry of Education (MIUR). The focus of Smartys is to gather and manage biometric and environmental data to include in electronic health records of people with both public and private health insurance, in a fully secure mode and with the aid of wearable sensors and other IoT devices. In addition there is the Covid-19 App, recently developed with the Bruno Kessler Foundation in Trento. The project was designed with a Security by Design logic, fully respecting privacy regulations and GDPR. SMARTYS are part of the emerging Health Data Security (HSD) segment of Cybersecurity.

General context and performance of the ICT Market: To the date of the writing of the current report, projections regarding the ICT market in 2021 that include the changed economic scenario following Covid-19 are available, and Assinform published them in May 2021. GDP rebounded in the first two quarters of 2021, by 4.8%, significantly higher than expected. For this reason, 5.9% growth is expected at the end of 2021 (source: Istat September 2021). The projections for the ICT sector show a solid rebound with 3.5% growth (Assinform 05/2021).

Following 19.5% growth in 2019 and 21% in 2020, Digital Enablers, the more innovative components of digital innovation, starting from Cloud, from Cyber security, IoT, AI, and collaborative and remote work platforms (including smart working), should record double-digit growth also in 2021.

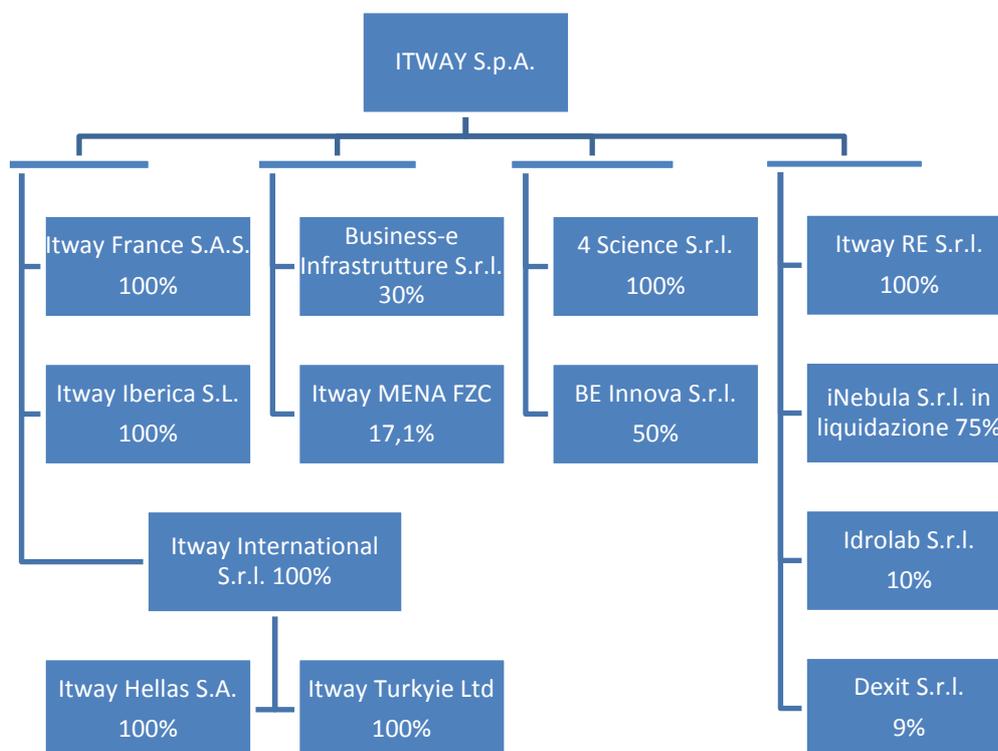
Istat forecasts that GDP rose 2.6% in the third quarter compared with the second and was 3.8% higher in annual terms. The annual carry-over GDP growth or 2021 is +6.1%, even though, in case of no increase in the fourth quarter, it would be the growth level for 2021. GDP benefited mainly from the strong rebound of the services sector, the most penalized during the crisis, growth in the industrial sector, which in June jumped +28.4%, and a steady agriculture sector (Source: Istat Sept/Oct 2021).

Market positioning: During the fiscal year, the Itway Group continued to invest in Cyber security, IoT, Artificial Intelligence (AI), and Big Data, all of which are connected. Furthermore, the repositioning in new product lines continued, aiming to replace lower-margin lines with higher value-added ones that also allow less 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, 2021 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 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 services 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 to 30/09/2021	Nine months to 30/09/2020
Thousands of Euro		
Total revenue	23,110	20,415
EBITDA	1,454	1,235
EBIT	1,377	1,156

	Quarter to 30/09/2021	Quarter to 30/09/2020
Thousands of Euro		
Total revenue	6,182	6,346
EBITDA	404	513
EBIT	378	486

Following is the analysis by country:

In the first nine months of 2021, the Covid-19 pandemic hit hard continental Europe, but much less so Greece and Turkey. These countries, therefore, are expected to record a better recovery compared with the European average.

Both countries performed significantly better than the reference market thanks to multi-year strategic choices that continue to yield good results. In both countries, the company focused on “premium” cybersecurity lines, like Checkpoint, and introduced new product lines supporting the outperformance. Also, profitability reflects the ability to realize greater economic efficiency in operations. A spike in demand, generated by the increase in smart working and the need for public and private bodies to protect data and information supported results.

Worthy of mention is the growth in Turkey that in the first nine months of 2021 saw revenue increase over 40% in local currency compared with the same period of 2020. Even considering the devaluation of the exchange rate (Euro to Turkish Lira), revenue growth in the period exceeded 10%. The results for the period confirm that Itway Turkey and Itway Hellas are among the leading Cyber Security operators in Turkey and Greece.

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

Itway SpA is the Parent Company listed on the Milan Stock Exchange that provides various services to operating subsidiaries and includes the new sectors described below that 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 S.p.A.** is an operating holding company active in consulting, design, and system integration in the cybersecurity field, in particular, GDPR, Internet of Things (IoT), and workplace safety in the so-called EH&S (Environment, Health & Safety) segment;
- **4Science S.r.l.** 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:

	Nine months to 30/09/2021	Nine month to 30/09/2020	Quarter to 30/09/2021	Quarter to 30/09/2020
<i>(Thousands of €)</i>				
Revenue	2,606	1,908	618	509
EBITDA	59	(461)	(115)	(304)
EBIT	(361)	(784)	(308)	(411)

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. In the Cybersecurity business unit, a new line of products was created for the new Cyber Risk Management market. Managed security services were also broadened to h24/365 days a year through Be Innova.

Bugnion SpA assisted Itway in completing the process to file for a patent for ICOY in Italy and the EU, and the product is now Patent Pending. The ICOY MOVER Bridge Crane line completed commissioning and is ready to be launched on the market. The FORKLIFT line completed commissioning in February 2021 with positive results despite the 13-month delay. Itway had to adapt the speed of commissioning to its Client/Partner that executed a Proof of Concept. The Covid-19 pandemic had a significant impact on this partner in the metallurgical sector, leading to a delay in the conclusion of the POC in March 2021.

Development is continuing on the product line, from an industrial prototype, with new characteristics and improvements despite delays due to the crisis that Covid-19 triggered on the main areas that the product targets: manufacturing, metallurgical, oil & gas, and transport & logistics. There was a delay in the sales budget expected for 2020 in part in 2021 and 2022.

On the bright side, clients, who are now more aware of the need for safety for the workers, have shown a constant and growing interest in this innovative product. Despite an expected accumulated 19-month delay, the outlook for this innovative product line is still very positive even though this delay impacted the contraction in the forecast operating results.

4Science S.r.l. is a known reference point in the emerging Data Science, Data Management, and Big Data (Data Curation) market and Digital Repository and Preservation of the digital heritage for scientific research and cultural and artistic heritage, the so-called Digital Libraries.

During the **16th edition of the “OPEN REPOSITORIES, 2021”** world conference held in June in the United Kingdom – <https://or2021.openrepositories.org/> -- 4Science announced the launch of the new DSpace-CRIS7 platform that will allow a significant up-selling on existing clients and reaching out to new clients with much more sophisticated needs. DSpace-CRIS 7 is based on the widespread DSpace software platform, for which 4Science is the certified Service Provider and the principal developer. It allows universities and research institutes and labs to manage research data collection, connection, and dissemination. DSpace-CRIS is an open-source system to manage research information (CRIS/RIMS) used by Institutions worldwide. DSpace CRIS 7 represents a new generation of solutions to manage research, with unprecedented integration levels, in addition to data conformity and security and advanced workflow functions and controls for the end-user.

In the first nine months of 2021, 4Science continued its growth trend with an Ebitda (Euro 439 thousand) that was slightly higher than that for all of 2020 (Euro 416 thousand), and the subsidiary is expected to reach its 2021 budget.

## Net financial position

Following is the detail of the Net Financial Position of the Group and the Parent Company:

	30/09/2021	30/06/2021	31/12/2020
<b>Thousands of Euro</b>			
Cash on hand	817	864	982
Financial receivables	2,306	2,251	2,275
Current financial assets	1,132	1,117	1,080
Current financial liabilities	(2,528)	(2,727)	(2,947)
Convertible bonds	-	-	(473)
<b>Current net financial position</b>	<b>1,727</b>	<b>1,505</b>	<b>917</b>
Non-current financial assets	2,098	2,098	2,098
Non-current financial liabilities	(3,346)	(3,698)	(4,389)
<b>Non-current net financial position</b>	<b>(1,248)</b>	<b>(1,600)</b>	<b>(2,291)</b>
<b>Total net financial position</b>	<b>479</b>	<b>(95)</b>	<b>(1,374)</b>

	30/09/2021	30/06/2021	31/12/2020
<b>Thousands of Euro</b>			
Cash on hand	18	64	271
Financial receivables	2,306	2,251	2,275
Current financial liabilities	(2,123)	(2,327)	(2,625)
Convertible bonds	-	-	(473)
<b>Current net financial position</b>	<b>201</b>	<b>(12)</b>	<b>(552)</b>
Non-current financial assets	2,098	2,098	2,098
Non-current financial liabilities	(2,568)	(2,906)	(3,574)
<b>Non-current net financial position</b>	<b>(470)</b>	<b>(808)</b>	<b>(1,476)</b>
<b>Total net financial position</b>	<b>(269)</b>	<b>(820)</b>	<b>(2,028)</b>

As of September 30, 2021, the improving trend of the net financial position continued, as shown in the tables above, both for the Group and the Parent Company, thanks to the measures undertaken with the industrial and financial plan certified pursuant to article 67, paragraph 3 letter d) of the Bankruptcy Law 267/1942 approved in December 2020.

## Subsequent events

There were no significant events after the closing of the period.

### Foreseeable evolution of operations and going concern

In the coming months, the Group will continue to focus on the sectors of Cyber security, Data Science, and Safety, as highlighted in the 2020-2023 Industrial Plan that the Board of Directors approved. An independent third-party certified the plan, issuing, on July 27, 2021, a monitoring report on its execution, confirming its feasibility and suitability to pursue the rebalancing and recovery of the financial and capital situation of Itway. To pursue these objectives, the Group will focus more on the associate Be Innova S.r.l. for the Cyber Security sector and the subsidiary 4Science S.r.l. for the Data Science market. It is still not possible to determine if the countries where we operate have overcome the Covid-19 emergency. It is just as difficult to assess if the pandemic will have a significant impact. For the details on the plan and the going concern, see the Management Report for the Half-Year to June 30, 2021, published on September 15, 2021.

### Relationship with related parties

During the first nine months of 2021, 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 Euro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	305	-	149	1
Itway S.p.A. vs Be Innova S.r.l.	4,748	170	43	131
Itway S.p.A. vs Fartech S.r.l.	34	110	-	10
<b>TOTAL</b>	<b>5,087</b>	<b>280</b>	<b>192</b>	<b>142</b>

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, 2021 had No, 203,043 own shares (equal to 2.21% of share capital), for a nominal value of Euro 101,522 and an overall purchase cost of the shares held in the portfolio of Euro 320 thousand (equal to the amount booked in the Own Share Reserve deducted from net equity of the fiscal period and at a consolidated level). Of these, in

2020 No.136,400 own shares (equal to 1.48% of share capital) were loaned to N&G to service the convertible bond financial transaction underway.

Ravenna, November 12, 2021

FOR THE BOARD OF DIRECTORS  
Chairman and 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 12, 2021

The Mandated Manager  
Sonia Passatempi