



PRESS RELEASE

The Board of Directors of Itway Group approved the Interim Operations Report on 31 March 2023

ITWAY QUARTERLY REPORT

**REVENUES GROW TO OVER 10 MILLION EUROS
SLIGHTLY LOWER PROFITABILITY MARGINS**

**NET FINANCIAL POSITION OF THE GROUP SHOWS STRONG IMPROVEMENT
WHICH GOES FROM +1.3 MILLION EUROS TO +2.9 MILLION EUROS**

**NEW ENTRIES OF PEOPLE WITH KEY ROLES AT STRATEGIC AND OPERATIONAL LEVEL
FUNCTIONAL TO THE ACHIEVEMENT OF THE 2023/26 BUSINESS PLAN**

THE COMPANY HAS NO EXPOSURE TO RUSSIAN, BELARUSIAN OR UKRAINIAN MARKETS

Ravenna, 12 May 2023 – The Board of Directors of Itway S.p.A. , a company listed on the MT A of the Italian Stock Exchange, head of the Group that operates in the IT sector for the design, production and distribution of technologies and solutions in the cybersecurity, artificial intelligence, cloud computing and big data sector, chaired by G. Andrea Farina, today approved the Interim Report on Operations at 31 March 2023.

Below are the main consolidated economic results achieved by the Itway Group in the first three months of the financial year 2023, compared with the same period of 2022:

<i>in thousands of Euro</i>	31/03/2023	31/03/2022
Revenues	10.007	9.419
Gross operating profit (EBITDA)	250	610
Operating profit (EBIT)	89	458
Profit before tax	4	292

In the first quarter ended on March 31, 2023, the results were:

- **Operating revenues of the "Itway Group"**, amounting to Euro 10,007 thousand, increased compared to the same period of the previous year (Euro 9. 419 thousand, +6.2%), **due to the good performance of 4Science and Itway and the maintenance of revenues and increased profitability of the Greek and Turkish subsidiaries;**
- **EBITDA** was positive for Euro 250 thousand, compared with Euro 610 thousand in the same period of 2022, down by Euro 360 thousand;
- **Operating profit (EBIT)** amounted to Euro 89 thousand, compared with Euro 458 thousand in the first 3 months of 2022, down by Euro 369 thousand;
- **Result before taxes**, amounted to Euro 4 thousand, down by Euro 288 thousand.

In the quarter ended 31 March 2023, **revenues increased by 6.2%**, while the Group's operating results fell slightly and profitability ratios fell: EBITDA fell by Euro 360 thousand, EBIT fell by approximately Euro 369 thousand and the pre-tax result fell by Euro 288 thousand.

The result is attributable to the increase of costs, which is mainly linked to the **significant investments in progress, and in particular is linked to the growth in personnel costs of 39.5%** (+277 thousand euros) and employees. **The number of employees increased from 63 units (31 March 2022) to 79 units (31 March 2023)** and relates to the inclusion of **qualified personnel in the Group, with an increase of 16 units including managers, senior account managers, junior account managers, project managers, developers, service desks, cybersecurity consultants, systems engineers and back offices, as envisaged in the company's investment plans.**

This phase of **lower efficiency and production capacity** is expected to improve as early as the second half of 2023.

The Group is positioned towards the **Digital Product Oriented** model, focusing on business segments with higher added value, through the 4 Business Units:

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

PERFORMANCE OF SECTORS : BU CYBER SECURITY PRODUCTS (VAD+PS)

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

Below the break down analysis by country:

Itway Turkey is experiencing a particularly complex economic phase due to the strong devaluation, still in progress, of the economic and monetary policies not always effective put in place by the central government, the situation created after the seismic event of last year and the upcoming national political elections. Despite these objective difficulties, which affected the purchasing capacity of both private and public companies, the results for the quarter indicate a good ability to hold revenues, in a complex context, with an increase in turnover equal to +39% in local currency compared to the same quarter of 2022.

Itway Hellas, the Greek subsidiary, recorded revenues in line with those of last year, but recovered in terms of margins. The company, specialized in Cyber Security, continues to occupy significant shares in a market, the Greek one, which is progressively emerging from a tense and delicate economic situation and is showing important signs of vitality, especially in the PA and Public Education sector as well as in the banking sector, where we count our best customers.

The market is expanding and to support the growth in turnover and the introduction of new product lines, investments have been made in technical personnel, as early as last year, with a consequent increase in costs, which however has corresponded to an increase in profitability, given that the Company has recorded an increase of over 23% on Ebitda compared to last year.

SEGMENT PERFORMANCE: PARENT COMPANY ACTIVITIES AND OTHER SEGMENTS IN SCALE-UP

The parent company Itway S.p.A is an **operating holding company** and is divided into **two business segments: Corporate and Operating.**

Corporate Sector:

- carries out Group management activities; deals with administrative and financial management, organization, strategic planning and operational control, budget process, human resources management, general affairs, corporate information systems, legal and extraordinary finance operations of Group companies. In summary, the Corporate sector deals with the strategic governance and financial management and human capital of the Group.

Operating Sector:

- **Two Business Units are operating in the holding company: Cyber Security and Cyber Safety.**
 - **Cyber Security:** deals with consulting, design, system integration; in short, IT Services in the field of Cyber Security, in particular on Cyber Risk Management and GDPR;
 - **Cyber Safety:** with the patented and proprietary product ICOY™® operates in the occupational safety market in the so-called EH&S (Environment, Health & Safety) segment. This Business Unit, the subject of important investments in an extremely innovative product, is in an advanced start-up phase.

Other sectors in scale-up:

- **4Science S.p.A:** is the Data Science **Business Unit**, specialized in Data Science and Data Management services and solutions for the digital repository market of scientific research, cultural heritage and Big Data. 4 Science is in Scale-up.

The following is the summary income statement, compared with the values of the previous year, containing the data of the Parent Company's Activities and other segments in scale-up:

<i>in thousands of Euro</i>	31/03/2023	31/03/2022
Revenues	1.180	988
Gross operating profit (EBITDA)	(412)	(7)
Operating profit (EBIT)	(556)	(135)

Itway S.p.A. carries on the activities of the two Business Units, Cyber security and Cyber safety.

- There is the entry of new technical and commercial staff, especially in the last part of 2022, and the pipeline of opportunities is growing strongly.
- In the Cyber Security **Business Unit**, a new product line called "Itway Cyber Security 360™" has been created, which responds to the problems of the new defined market of Cyber Risk Management, whose activities are carried out by the parent company taking advantage of the partnership with the company Be Innova. With regard to the company Be Innova, an agreement was reached, in February 2023, with the shareholder SEAC for the sale of our 50% stake to the same; in this way the company Be Innova becomes a 100% subsidiary of SEAC, while maintaining with Itway a technical-commercial partnership agreement for the resale of NOC / SOC services in white label Itway SOC. The offer of products and services for data center IT infrastructures, integrated data protection and cyber resilience has been added, in complete harmony with the cyber security offer. A massive direct marketing activity has begun that is increasing the pipeline of prospects interested in our products.

- In the **Cyber Safety Business Unit**, in ICOY, obtained the patent in Italy (issued with no. 102020000016051), always assisted by Bugnion S.p.A., a European patent application has been filed and is now awaiting acceptance (Patent Pending). The ICOY MOVER Bridge Crane line has been enriched with new features and this has allowed us to start the first purchase plans with the main customer. The POCs launched during 2021, based on the ICOY MOVER Forklift product, were also tested with an important local company specialized in logistics services - goods handling.
- In the Data Science Business Unit, **4Science S.p.A. is on the market** as a reference point in the field of Research & Data Management Systems, a segment that is part of the vast Big Data market, offering its customers Digital Repositories solutions for the management and preservation of digital heritage, whether it is related to the world of Universities for the dissemination of scientific research, whether it is related to Cultural Heritage and Archives, the so-called Digital Libraries.

NET FINANCIAL POSITION

Below is a breakdown of the Group's net financial position.

	31/03/2023	31/12/2022
<i>Thousands of Euro</i>		
Cash equivalents	5.745	2.345
Financial receivables	-	2.110
Current financial assets	1.134	1.152
Current financial liabilities	(421)	(697)
Convertible bonds	-	(284)
Current Net Financial Position	6.458	4.626
Non-current financial assets	-	-
Non-current financial liabilities	(3.529)	(3.309)
Non-current net financial position	(3.529)	(3.309)
Total net financial position	2.929	1.317

and the net financial position of the Parent Company:

<i>Thousands of Euro</i>	31/03/2023	31/12/2022
Cash equivalents	2.012	119
Financial receivables	-	2.110
Current financial liabilities	(61)	(316)
Current financial liabilities to subsidiaries	(1.259)	(1.807)
Convertible bonds	-	(284)
Current Net Financial Position	692	(178)
Non-current financial assets	-	-
Non-current financial liabilities	(2.197)	(1.981)
Non-current net financial position	(2.197)	(1.981)
Total net financial position	(1.505)	(2.159)

The Group's net financial position at 31 March 2023 improved as a result of the capital increase of the subsidiary 4Science in the second half of 2022 and the income deriving from the issue of convertible bonds. The net financial position of the Parent Company includes a loan received from 4Science of Euro 1,259 thousand (Euro 1,807 thousand at 31 December 2022).

OUTLOOK FOR OPERATIONS

In the months that follow, the Group will continue its development activities in its reference markets, Cyber security, Data Science and Cyber safety. The entry of top management elements of proven value, as commented above, brings an acceleration in growth.

SHARES

As at 31 March 2023, the Parent Company owns 203,043 treasury shares (equal to 1.9 % of the share capital), for a nominal value of Euro 101,522 and a total purchase cost of the shares held in portfolio of Euro 320 thousand (equal to the amount reflected in the "Reserve for treasury shares" deducted from the shareholders' equity for the year and consolidated). Of these, 136,400 treasury shares (equal to 1.29% of share capital) were loaned to N&G to service the financial transaction for the issue of convertible bonds.

Declaration of the manager responsible for preparing the company's accounting documents in accordance with the provisions of art. 154-bis paragraph 2 of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

The undersigned Sonia Passatempi as manager in charge of preparing the company's accounting documents, declares, pursuant to paragraph 2 of art. 154 – bis of Legislative Decree no. 58/1998 (Consolidated Law on Finance) that the information contained in this Interim Report on Group management corresponds to the documentary results, books and accounting records.

Itway - www.itway.com

Founded in Ravenna on 4 July 1996 by G. Andrea Farina, Itway S.p.A. is the head of a group that operates in the IT sector for the design, production and distribution of technologies and solutions in the field of cybersecurity, artificial intelligence (AI), cloud computing and big data.

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