

On ITs WAY to Higher Profit Business

ADD | Fair Value: €2.01 | Current Price: €1.27 | Upside: +58.1%

€ Million	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Revenues	38.8	43.7	46.7	49.1	51.7	54.6	57.7
EBITDA	2.0	2.6	2.2	2.1	3.5	5.0	6.6
margin	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	11.5%
Net Profit	1.2	1.3	(0.4)	0.9	1.6	2.4	3.4
margin	3.2%	3.0%	-0.9%	1.8%	3.1%	4.4%	5.9%
NFP	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)

Source: Company Data (2020-2022), KT&Partners' Elaboration (2023-2026)

Overview. Itway SpA is an ICT company active in the design, production, and distribution of solutions focused on Cybersecurity, AI, and Big Data. The Company, headquartered in Milan (Italy), was founded in 1996 by Mr. Andrea G. Farina, who is the current Chairman and CEO. Since its foundation, Itway preserved its long-standing competitive advantage given its constantly in-house development of revolutionary technologies with no similarities. Itway operates through 4 Business Units: i) Cybersecurity solutions for the privacy, IT infrastructure, and integration systems via a N-SOC in Trento managed by Be Innova Srl; ii) Data Science solutions for digital libraries managed through 4Science SpA; iii) Cybersafety solutions; and iv) Value Added Distribution (VAD) & Design Support (DS) through Itway Greece and Itway Turkey.

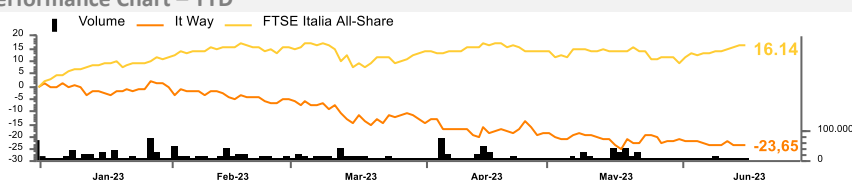
Market overview. In Italy, according to Anitec-Assinfom (Confindustria), the cybersecurity industry is expected to reach €2.5bn in 2025, driven also by the NRRP's funds pledged for the country's digitalization, with an expected CAGR21-25E of 13.9%. Looking at big-data Italian market, in 2022 it showed a growth of +20% YoY reaching a value of over €2.4bn in 2022, marking a clear recovery after the slowdown due to the pandemic, with a CAGR 2020-2022 of 15.5%. Whereas the Cyber Safety market is expected to be characterized by an increasing demand in the coming years, given the preventive measure adopted to avoid the raising number of incidents in the workplace.

Group historical figures. Over the last 5 years, Itway has been characterized by a constant and uninterrupted sales growth, reporting a CAGR18-22 of +9%, reaching its total-revenues record of €46.7mn (+7% YoY) in 2022, mainly thanks to Itway's business expansion and constant development investments. Looking at EBITDA, in FY22A the Company registered €2.2mn, decreasing by 16% YoY mainly due to an extraordinary provision for the write-down of receivables of €1.6mn. Therefore, the Company showed a decrease also in terms of margins, with FY22 EBITDA margin at -1.3pp YoY standing at 4.7%. Finally, Itway registered a net financial position that improved to -€1.3mn (from -€0.3mn in FY21), also given the capital increase of the subsidiary 4Science for €2.8mn.

Future estimates. We anticipate total revenues growing at a CAGR22A-26E of 5.5%, reaching €57.5mn in FY26E from €49.1mn in FY23E, mainly driven by i) the development of new solutions offered and ii) the consolidation of its already-strong international presence. Focusing on profitability, we foresee FY23E EBITDA at €2.1mn (€2.2mn in FY22A), with a marginality at 4.3% (vs 4.7% in FY22) mainly impacted by an increase in personnel expenses (€3.9mn in FY23 vs €3.4mn in FY22) to strengthen the management structure. Starting from FY24E, we expect an improving marginality, primarily driven by an ongoing transition in the Company's revenue mix, reducing the share of the VAD & PS business unit's revenues to higher-profit segments (e.g. DataScience). Thus, we foresee the EBITDA 2026E at €6.6mn with a margin of at 11.5%. Looking at Itway's financial soundness, we expect NFP to enhance from -€1.3mn in FY22A to -€1.5mn in FY23E, progressively improving in the following years to a cash position of -€8.7mn in FY26E, confirming Itway cash-flow generation ability.

Valuation. Our valuation – based on both market multiples method (EV/EBITDA and P/E) and DCF – returns an average equity value of €21.4mn or a fair value of €2.01ps, showing a potential upside of +58.1% on current market price.

Performance Chart – YTD



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Initiation of Coverage

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Market Data

Main Shareholders		
Giovanni Andrea Farina & Co. S.r.l.		30.0%
Cesare Valenti		9.54%
Sky - Netics SA		6.23%
Mkt Cap (€ mn)		13.5
EV (€ mn)		13.2
Shares out.		10.6
Free Float		54.2%

Market multiples	2023	2024	2025
EV/EBITDA			
It Way	6.4x	3.9x	2.7x
Comps Median	9.4x	7.0x	6.7x
It Way vs Median	-32%	-44%	-60%
P/E			
It Way	15.6x	8.5x	5.6x
Comps Median	16.5x	13.6x	13.7x
It Way vs Median	-6%	-38%	-59%

Stock Data

52 Wk High (€)	1.86
52 Wk Low (€)	1.19
Avg. Daily Trading 90d	12,143
Price Change 1w (%)	1.92
Price Change 1m (%)	-0.93
Price Change YTD (%)	-21.55

Key Figures – ITWAY S.p.A.

Current price (€)	Fair Value (€)		Sector				Free Float (%)
1.27	2.01		Information Technology				54.23%
Per Share Data							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total shares outstanding (mn)	10.61	10.61	10.61	10.61	10.61	10.61	10.61
EPS	0.12	0.12	-0.03	0.08	0.15	0.23	0.32
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total Revenues	38.8	43.7	46.7	49.1	51.7	54.6	57.7
EBITDA	2.0	2.6	2.2	2.1	3.5	5.0	6.6
EBIT	1.4	2.0	1.5	1.3	2.2	3.3	4.6
EBT	1.3	2.0	0.4	1.2	2.1	3.2	4.5
Taxes	(0.0)	(0.7)	0.0	(0.3)	(0.5)	(0.8)	(1.1)
Tax rate	3%	35%	4%	25%	25%	25%	25%
Net Income	1.2	1.3	0.3	0.9	1.6	2.4	3.4
Net Income attributable to the Group	1.2	1.3	0.4	0.9	1.6	2.4	3.4
Balance Sheet (EUR million)							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Total fixed assets	8.3	8.6	9.6	9.8	9.6	9.0	8.0
Net Working Capital (NWC)	2.4	2.0	3.3	4.2	5.1	6.0	7.0
Provisions	(0.5)	(0.9)	(0.8)	(1.1)	(1.4)	(1.7)	(2.0)
Total Net capital employed	10.2	9.8	12.1	12.9	13.3	13.3	13.1
Net financial position/(Cash)	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)
Total Shareholder's Equity	8.9	10.1	13.4	14.4	16.0	18.4	21.8
Cash Flow (EUR million)							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Net operating cash flow	2.0	1.9	2.2	1.8	2.9	4.1	5.5
Change in NWC	(0.4)	0.4	(1.3)	(0.9)	(0.9)	(0.9)	(1.0)
Capital expenditure	0.9	(1.0)	(1.6)	(1.1)	(1.1)	(1.1)	(1.1)
Other cash items/Uses of funds	0.1	0.4	(0.1)	0.3	0.3	0.3	0.3
Free cash flow	2.5	1.7	(0.8)	0.1	1.3	2.5	3.7
Enterprise Value (EUR million)							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Market Cap	9.2	20.1	17.2	13.5	13.5	13.5	13.5
Minorities	(0.4)	(0.4)	1.1	1.1	1.1	1.1	1.1
Net financial position/(Cash)	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)
Enterprise value	10.3	19.4	17.0	13.2	12.0	9.6	5.9
Ratios (%)							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
EBITDA margin	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	11.5%
EBIT margin	3.7%	4.5%	3.3%	2.6%	4.3%	6.1%	8.0%
Gearing - Debt/equity	14.9%	-3.0%	-10.7%	-11.0%	-18.1%	-29.4%	-42.2%
Interest cover on EBIT	13.1%	-2.3%	123.4%	7.9%	4.5%	3.0%	2.1%
NFP/EBITDA	0.68x	-0.12x	-0.60x	-0.69x	-0.78x	-1.02x	-1.31x
ROCE	14.1%	20.1%	12.8%	9.7%	16.7%	25.1%	35.4%
ROE	13.3%	12.5%	-3.3%	6.5%	10.7%	14.1%	16.4%
EV/Sales	0.35x	0.31x	0.29x	0.27x	0.26x	0.25x	0.23x
EV/EBITDA	6.65x	5.16x	6.12x	6.37x	3.88x	2.71x	2.02x
P/E	11.07x	10.38x	-33.56x	15.59x	8.49x	5.57x	3.99x
Free cash flow yield	18.9%	12.9%	-5.7%	0.8%	9.7%	18.3%	27.7%
Growth Rates (%)							
	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Sales	9.6%	12.6%	7.0%	5.2%	5.4%	5.5%	5.7%
EBITDA	-39.8%	28.9%	-15.8%	-3.8%	64.2%	43.3%	33.6%
EBIT	-46.8%	35.8%	-21.3%	-18.8%	77.1%	50.2%	38.4%
Net Income	-40.0%	6.6%	n.m.	n.m.	83.7%	52.5%	39.6%

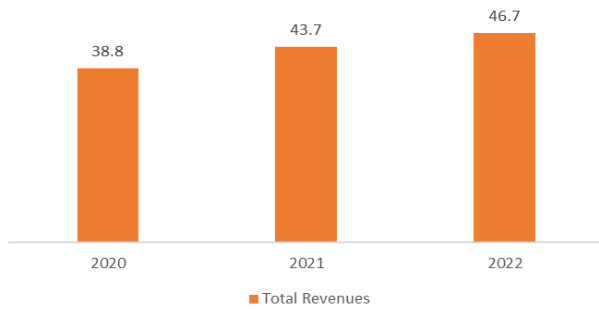
Source: Company Data (2020-2022), KT&Partners' Forecasts (2023-2026)

Content

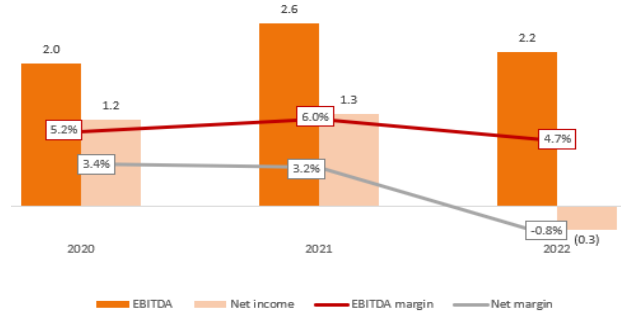
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Key Charts

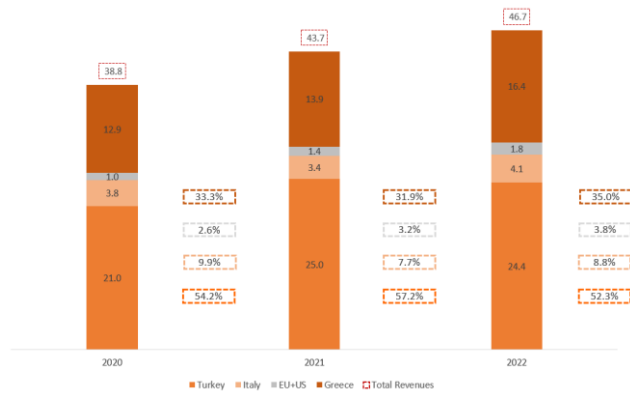
Total Revenues (€mn)



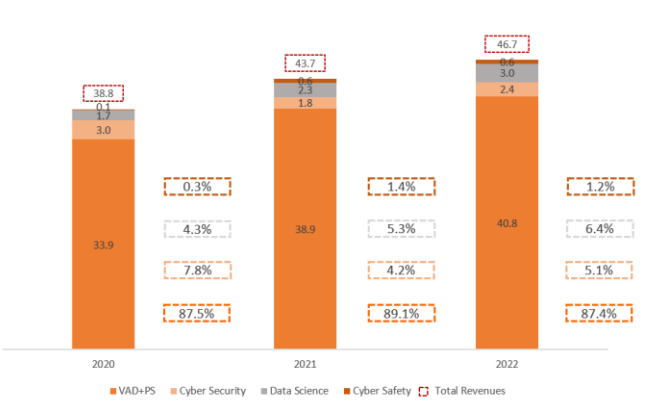
EBITDA and Net Income (€mn, %)



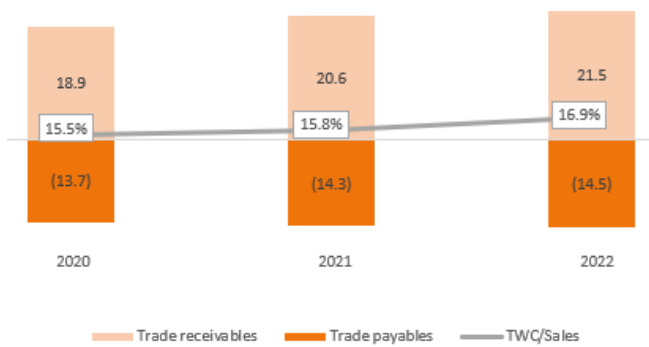
Sales Revenues Breakdown by Geographical Area (€mn)



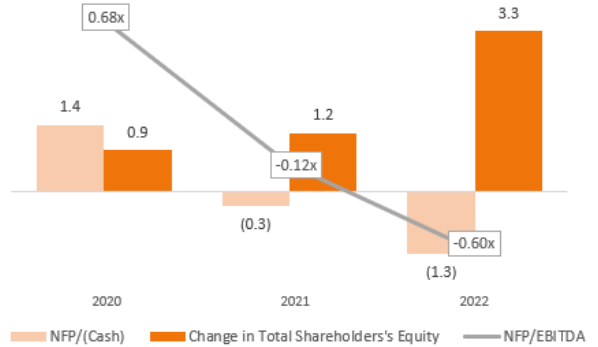
Sales Revenues Breakdown by BU (€mn)



Trade Working Capital (€mn, %)



NFP, Change in Shareholders' Equity and NFP/EBITDA (€mn)



Investment Case

A long-established company that keeps up with the times.... Itway SpA was founded more than 25 years ago with a focus on Value-Added Distribution of technology and e-business solutions. However, the Group, thanks to its disruptive business model, has always demonstrated its capacity to adapt at the constant changes of the technology market, seizing new opportunities, penetrating new markets both geographically and industrially.

...with a strong international presence... Itway boasts a consolidated presence in foreign market, especially in Turkey and Greece, where it is present with its subsidiaries Itway Hellas SA and Itway Turkyie Ltd. These two markets together counted for the 87% of Group revenues as Itway is leader in high-quality security services in Greece and Turkey. Moreover, the Group is also present in USA with 4Science USA Corp and in France with the subsidiary Itway France.

...in an innovative and fast-growing market... According to Statista, the global cybersecurity industry was worth \$148bn in 2022, with the security services segment accounting for the largest revenue share. The cybersecurity industry is expected to report a CAGR21-28E of +9.3%, reaching \$257bn by 2028, mainly driven by the increasing number of cyberattacks. Whereas in Italy, according to Anitec-Assinfom (Confindustria), the cybersecurity industry is expected to reach €2.5bn in 2025, driven also by the NRRP's funds pledged for the country's digitalization, with an expected CAGR21-25E of 13.9%. The big data Italian market in 2022 showed a growth of +20% YoY, reaching a value of over €2.4bn in 2022, marking a clear recovery after the slowdown due to the pandemic, with a CAGR 2020-2022 of 15.5%. Finally, the Cyber Safety Market is expected to be characterized by an increasing demand, in the coming years, given the preventive measure adopted to avoid the rising number of incidents in the workplace.

...keeping strengthening its high skilled management structure... Itway can rely on a top management with proven experiences in the ICT sector. Over the years, the Company has pursued a strategy aiming to strengthen the management structure with high technical skills resources. Indeed, two strategic executives joined the group in December 2022: Mr. Massimo Fanelli, as Itway Deputy General Manager, well known in the Italian ICT market and with deep knowledge of the Cyber segment, and Mr. Angelo Salice, an expert in the Cyber Security market who joined to lead, as Director, the Cyber Security & Infrastructure Business Unit.

...to preserve its growth path. Over the last 5 years, Itway has been characterized by a constant and uninterrupted sales growth. During the following the COVID-19 outbreak in 2020, the Group the group showed its strong resilience, reporting a CAGR18-22 of +9%, reaching its total revenues record at €46.7mn (+7% YoY) in 2022, mainly thanks to ITWAY's business expansion and constant development investments. For the following years, Itway's goal is to keep expanding and consolidating its business, strongly focusing on i) widening its service offer, ii) consolidating its already-strong international presence; iii) developing new technologies; and iv) strengthening its management structure.

Statement of risks. From a geographical point of view, the Group is exposed to financial risks resulting from the global economic situation. However, the Company has no exposure to the Russian, Belarusian, or Ukrainian markets and does not deal in technologies and services from these markets. On the other hand, considering that Itway is active in the technological Industry, an ever-evolving market dominated by large market players, the Group has to maintain its competitive position by offering the best technology solutions through the launch of new service and products.

Company Overview

ITWAY

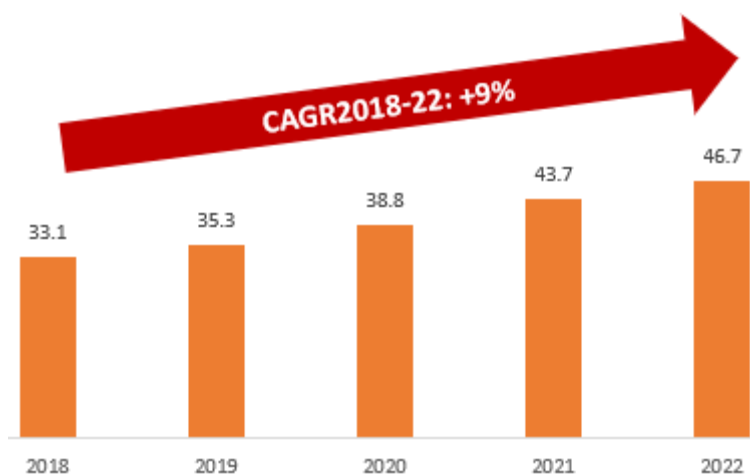
Itway SpA is an Information and Communication Technologies company active in the design, production, and distribution of solutions focused on Cybersecurity, Artificial Intelligence, and Big Data. The Company, headquartered in Milan (Italy), was founded in 1996 by Mr. Andrea G. Farina, who is the current Chairman and CEO.

Since its foundation, Itway preserved its long-standing competitive advantage given its constantly in-house development of revolutionary technologies with no similarities.

Itway operates through 4 Business Units: i) Cybersecurity solutions for the privacy, IT infrastructures, and integration systems via a N-SOC in Trento managed by Be Innova Srl; ii) Data Science solutions for digital libraries managed through 4Science SpA (listed on Vienna Stock Exchange); iii) Cybersafety solutions for material handling vehicles; iv) Value Added Distribution (VAD) & Design Support (DS) through the subsidiaries Itway VAD Greece and Itway VAD Turkey. Given the holding company's key role to coordinate the different business unit, the Group boast a well-organized structure with a fast-decision-making business model.

Over the last 5 years, Itway has been characterized by a constant and uninterrupted sales growth. During and following the COVID-19 outbreak in 2020, the Group the group showed its strong resilience by reporting a CAGR18–22 of +9%, reaching its total revenues record at €46.7mn (+7% YoY) in 2022, mainly thanks to ITWAY's business expansion and constantly development investments.

ITWAY's Total Revenues 2018-2022 (€mn)



Source: KT&Partners' Elaboration on Company Data

Group's History

1996: Itway was founded by Mr. Andrea G. Farina

Itway SpA was founded in 1996 in Ravenna (Italy) by Giovanni Andrea Farina, current Chairman and CEO. Since its founding, the Company has been active as Value-Added Distributor (VAD) of technology and e-business solutions. However, over the course of the years, the Company has developed a growth strategy, based on: i) new markets penetration and ii) acquisition of value-added distribution activities.

1998-2000: acquisition of Stone Technology and the distribution business unit from Stemasoft; constitution of Secureway

During the 1998-2000 period, Itway started its consolidation process through: i) the acquisition of Stone Technology Provider (business unit of Speed Technologie Srl) a company specialized in the IT sector as distribution contracts; ii) the constitution of Secureway Srl, thus entering the market of systems security consulting and services for end-users; iii) the acquisition of the hardware and software value-added distribution business unit and brand from Stemasoft.

2001: Itway listing on Borsa Italiana SpA

In July 2001, with the aim to find new resources to further boost its growth, the Company was listed on Borsa Italiana SpA.

2003: constitution of Itway France and Itway Iberica

Since the IPO, the Group accelerated its internationalization process by opening new branches with the aim to i) explore new geographies characterized by high-growth-potential markets and ii) expand its already existing presence to become a key player in Southern Europe. Indeed, in 2003, the Company founded two subsidiaries: i) Itway France and ii) Itway Iberica.

2005: acquisition of VAD software from Softway SA and the acquisition of

In 2005, the Group continue to strengthen its presence in Europe and in the VAD sector through: i) the acquisition by Itway France of the business unit active in value-added software distribution from Softway SA and ii) the acquisition of Greek company Interaxon SA.

2008: constitution of Itway Turkey

In 2008, to strengthen its presence in the Cybersecurity market and explore new countries, the Company entered the Turkish market with Itway Turkey.

2013: foundation of Nebula Srl

In 2013, the Group founded Nebula Srl, a Company specialized in providing Cloud services. In the same year, Business-e Trentino becomes the current Be Innova, specialized in security and data protection in the e-health industry.

2015: acquisition of 17.1% stake in Itway MENA

In 2015, Itway bought a 17.1% stake of Itway MENA (Middle east and North Africa) with the aim to further expand its business all over the world, in particular into the Middle East and North Africa markets.

2016: foundation of 4science

In 2016, Itway founded the scale-up 4science, specialized in i) Data Management Systems for administration's activities, ii) preservation and security of digital repositories for the market of scientific research, universities, and cultural heritage, such as libraries, museums, and galleries.

2017: sale of Business-e to Maticmind for €12.3mn

In 2017, the entire stake held in Business-e was sold for €12.3mn to Maticmind SpA, active in the ICT sector. However, with the aim to develop new synergies, the two companies reached the commercial agreement to jointly develop activities carried out by the Itway Group in the fields of Cloud Computing, Internet of Things and Big Data and in international development.

2019: launch of cybersafety business unit and ICOY

In 2019, the group launched the Cybersafety business unit and the Artificial Intelligence-product line dedicated the Environment, Health & Safety market (EH&S). Over the years of activity, Itway developed two innovative and proprietary devices i) ICOY MOVER Forklift and ii) ICOY MOVER Crane to reduce risks of accidents in the workplace.

2021: Dspace-CRIS 7 release

In 2021, Itway, through its subsidiary 4Science, released DSpace-CRIS 7, the powerful software platform dedicated to research institutes, universities, and the scientific community. This opens up a much larger national and international market for 4Science based on i) up-selling to existing customers; and ii) reaching new sophisticated customers. Given 4Science's strong growth path, the Company has decided to strategically open a new office in the US in order to closely follow up on existing customers and develop new opportunities.

2021: new strategic agreement with Seac

In October 2021, Seac acquire a 50% stake in Be Innova. The Company provides cybersecurity and network monitoring services through its NOC-SOC-Network Security Operation Center located in Trento, a team that ensures the security of Internet networks. The new strategic alliance between Itway and Seac (a company specialized in cybersecurity solutions) significantly strengthens Be Innova offering, creating an Italian centre of excellence in IT security.

2022: Top management strengthening

During 2022, with the aim to strengthen the management structure, Itway announced the entry of two professional figures with more than 20 years' experience in the Information Technology and cybersecurity sectors: i) Massimo Fanelli as Itway deputy general manager; and ii) Angelo Salice as director of the Cyber Security Business Unit.

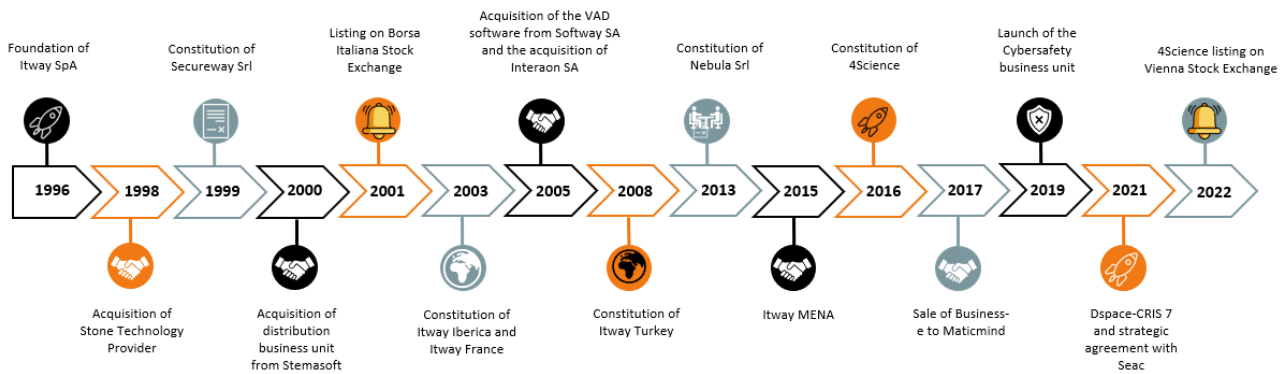
2022: 4science listing on Vienna Stock Exchange

In December 2022, to further boost its growth path, 4Science SpA was listed on the Vienna Stock Exchange. The listing follows a broader and more articulated capital and financial strengthening with a total funding of €5.8mn, of which €3mn was through a loan with Banca Progetto with a repayment of 5 years and €2.8mn through capital raised.

2023: sale of the remaining 50% of Be Innova

On February 2023, Itway sold the remaining 50% stake in Be Innova to Seac at a 12x multiple on revenues, maintaining the technical and commercial partnership agreement with Itway for the resale of services NOC/SOC in white label Itway SOC. The following divestment is a result of Itway's strategy to act as an incubator of strategic assets of which the Company is the pioneer.

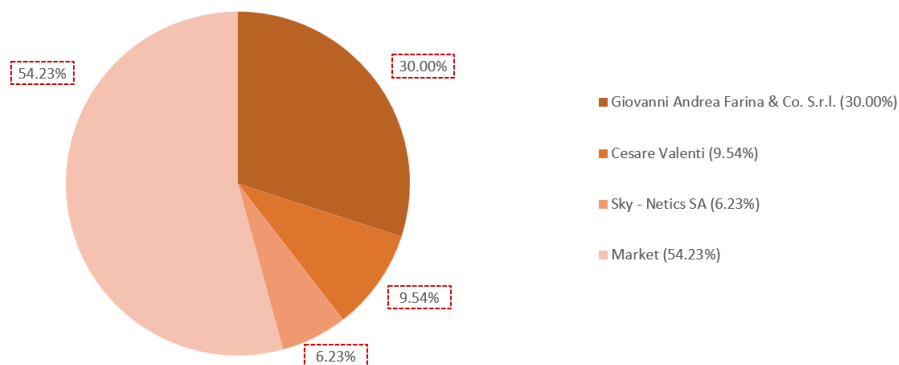
Key Milestones



Ownership and Group Structure

Itway is a public company listed on the Euronext Growth Market of Borsa Italiana Stock Exchange since 2001. As of Today, Andrea G. Farina, Founder and CEO of the Company, owns 30% of the outstanding shares, Cesare Valenti hold the 9.54%, while Sky-Netics SA owns 6.23%. The remaining 54.23% is held by the market.

ITWAY Shareholders Structure



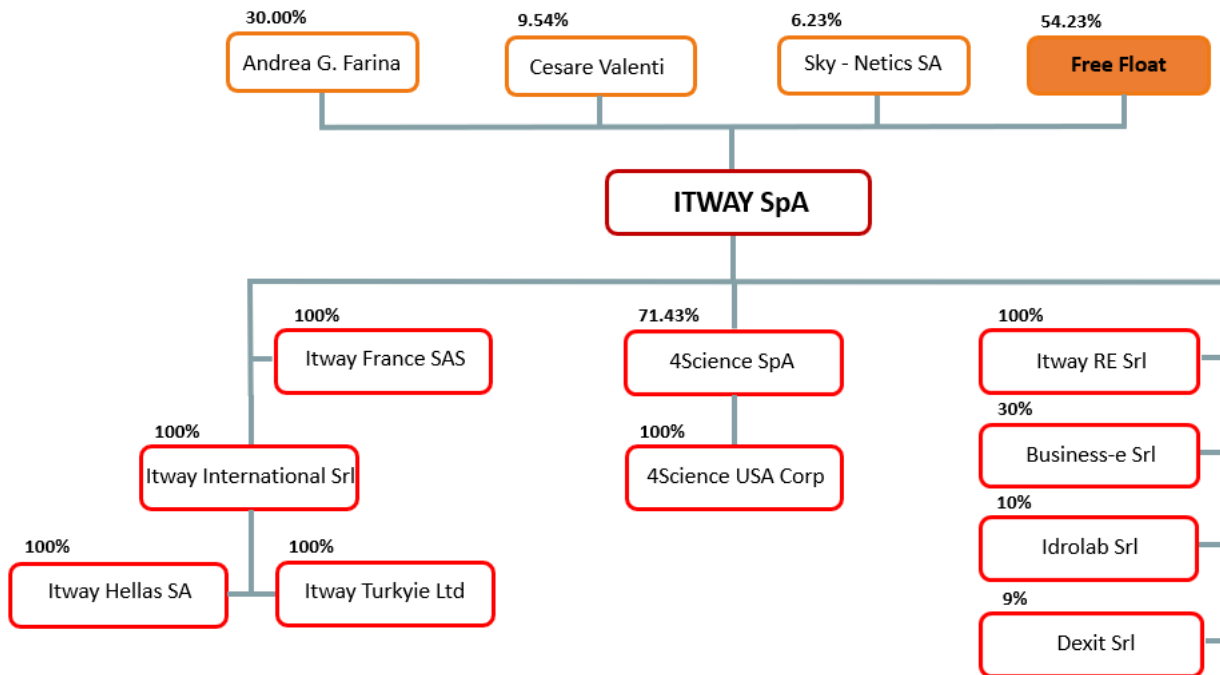
Source: KT&Partners' Elaborations on Company Data

Looking at the Group structure, as of today Itway is organized as follows:

- Itway SpA: Itway SpA is the holding company that coordinates the different business units. It is specialized in consulting, design, and system integration in the field of cyber security, in particular on GDPR, and occupational safety related to Environment and Health & Safety segment.
- 4science: 4science, listed on Vienna Stock Exchange is an innovative SME specialized in Data Science, Data Management and Data Repository for Scientific Research, Cultural Heritage, and Big Data markets. 4science was founded in 2016 by Itway SpA and is currently controlled by the latter with a 71.43% stake in the share capital, whereas the remaining 28.57% is free float. The Company is headquartered in Milan with offices in Ravenna and Rome and operates with a team of over 30 resources.

Moreover, over the years Itway has progressively increased its international presence through the opening of new branches in different countries with the aim of capturing new international customers and to be closer to them.

ITWAY Group Structure



Source: KT&Partners' Elaborations on Company Data

Management Team



Andrea G. Farina – Itway Chairman & CEO

Mr. Andrea G. Farina is Chairman & CEO of Itway S.p.A., covering also top positions in Confindustria (Italian Association of manufacturing and service companies). He holds a diploma in Computer Science from the Istituto Tecnico Industriale Girolamo & M. Montani in Fermo (AP) and a degree in Business Administration with an MBA from the Anderson School – Institute of Economics and Finance of the University of California Los Angeles (UCLA), with honors.



Cesare Valenti – Executive Deputy Itway Chairman and 4Science Managing Director

Mr. Cesare Valenti is the Executive Deputy Chairman of Itway S.p.A. Responsible for Strategic Marketing and Operations and 4Science Managing Director. Previously he was the Director of Business-e S.p.A. and Inebula S.r.l. He is member of different steering committees of the Assinfom association. Previously he was member of BoD of Confindustria Romagna and President of the ICT Commission of Confindustria Romagna. He graduated cum laude in Electronic Engineering at the Alma Mater in Bologna.



Massimo Grosso – 4science Member of the Board of Directors

Mr. Massimo Grosso is a Member of The Board of Directors in 4science. He has profound experience as an investor and advisor for high-tech companies. Indeed, Massimo Grosso, was the strategic advisor for the IPOs of MailUp, DHH, Piteco, Cyberoo, WIIT, Zaim Credit System and Creactives whom is the also Investor Relation. In the past, he was the Vice-President at Société Générale, Director at UBS Italia, and Relationship Manager at Borsa Italiana. He Graduated (1st class honors) in Financial Engineering from Milan Polytechnic.



Massimo Fanelli – Deputy General Manager of Itway

Massimo Fanelli is the deputy general manager of Itway Group. With a degree in economics and business administration, Massimo Fanelli has a more than 20-year track record as a manager and top manager in the Information Technology and Cybersecurity sectors. He has held technical, sales, executive, and project management positions in his career at major Italian and multinational companies, dealing with the start-up of a cybersecurity division at a major multinational group.



Angelo Salice – Cyber Security Business Unit Director of Itway

Angelo Salice is the Director of the Cyber Security Business Unit. Angelo Salice is a well-known figure in the field of Cyber Security with more than 20 years of experience in Information Security, Risk Management, and Compliance. He has worked in several corporate and multinational companies, including Symantec, with roles of increasing responsibility, managing strategic projects at major national and international Clients.



Roberto Castelli – Strategic Consultant of Itway

Roberto Castelli is the strategic consultant for Itway. Roberto Castelli has gained his 20 years of experience in several Italian companies and international vendors. Former founder of BCloud with a consolidated client portfolio, in Itway he oversees business development of the Cybersecurity & Infrastructure Business Unit as an expert in disaster recovery, datacenter, storage, and resilience. Roberto Castelli's role is to identify new vendors, technology partners, and expand to new business areas and sales channels.



Susanna Mornati – Chief Operating Officer of 4Science

Susanna Mornati is the chief operating officer of 4Science. Her consolidated experience, gained as head of several business units for the design and implementation of research information systems, in Italy and abroad, ensures the success of projects of high organizational complexity. Her extensive skills both in the research domain and as a business technologist ensure the most effective understanding and solution of client problems. Susanna has earned a national and international reputation within the Open Access and Open Science related communities. In previous years she held positions of high responsibility in the inter-university ICT consortia Cilea and Cineca, and at the State University of Milan as director of the Physics Library. He worked for two years at the Scientific Information Service of CERN in Geneva. After graduation, she earned a master's degree in ICT Management.



Andrea Bollini – Chief Technology and Innovation Officer of 4Science

Andrea Bollini is the Chief Technology and Innovation Officer (CTIO), actively involved in several international open-source and open-standards communities with leading roles: DSpace committer, Deputy Leader of the CERIF TG of euroCRIS and member of the COAR Next Generation Repositories WG, chair, speaker and reviewer for several key conferences. Prior to 4Science Andrea worked for the Italian University Consortia Cilea and Cineca, where he was responsible for IT solutions and projects for research, electronic publishing, and OA archives. He holds a master's degree in applied mathematics and a master's degree in ICT management.



Emilia Groppo – Team Leader of Digital Humanities of 4Science.

Emilia Groppo is Team Leader of the Digital Humanities sector for 4Science. Adjunct professor at the Department of Cultural Heritage, University of Bologna - Ravenna Campus and at the Department of Cultural Heritage Sciences, University of Milan, she specializes in Archaeology and Art History. She has been team leader and project manager in the Cultural Heritage sector in the inter-university consortia for ICT Cilea and Cineca, where she coordinated numerous national projects, including some of the largest Digital Libraries in Italy. During her now decades of professional experience, she was for many years responsible for the SBN pole of

all the universities in Lombardy and responsible for the computerization of many Italian libraries and historical archives.

Business Model

Itway thanks the know-how reached in more than 25 years of activities and the constant development of in-house revolutionary technology, for maintaining its competitive advantage over the years. The Company offers a wide range of innovative solutions in the cybersecurity, work safety, and data analytics markets, characterized by strong growth trend.

More in details, Itway's business model is mainly divided two main activities: i) the value-added distribution of "best-of-breed" technologies (the best of those available, at any given time, on the market); ii) the provision of systems integration services within the ITC sector, which includes Cyber Security, Cyber Safety, and Data Science business units.

Value Added Distribution

The Value-Added Distribution (VAD) business unit, which accounts for the largest share of Itway revenues (87% in FY22), is coordinated by the holding company Itway SpA. More in detail, through the subsidiaries, Itway Hellas SA and Itway Türkiye Ltd., the Group distributes a large number of world-leading IT vendors' products bringing to the market a high level of expertise and solutions for large, medium, and small companies in public and private sectors through a widely developed channel of partners.

Therefore, the VAD business unit operates mainly in the Greece and Turkey markets. Itway decided to focus on markets that assure the Company high margins and a continued expansion. In this sense, Greece and Turkey represent countries where the cybersecurity segment is developing and Itway is able to position itself as a leader due to its consolidated experience, delivering high-quality security services.

On the contrary, the Group reduced VAD activity in low-margin European countries (Italy and Spain) to be focused on higher marginal innovative solutions.

The VAD business model generally is based on commercial distribution contracts having an annual term with tacit renewal. The lead times for the fulfilment of individual orders are generally short term and, in any case, not exceeding 30 days.

To provide a comprehensive and quality service to the customers, the Group combines the distribution of software and hardware products with value-added services, such as certification services on distributed software, pre/post-sales support services, and training for end users. Indeed, Itway VAD includes Itway Services activities, which are supplied by two specialized units: i) Itway Academy that provides product upgrading also enabling technical certifications; and ii) Itway Professional Services that provides professional services to resellers.

Itway distributes its VAD products to System Integrators, Value Added Resellers (VAR) and Telcos with a presence in markets characterized by high growth potential.

The product offering of the Value-Added Distribution includes the following main lines of business: i) Algosec, ii) Arcsight, iii) Check Point, iv) Cyberark, v) Imperva, vi) McAfee, vii) Microfocus, viii) Red Hat, ix) Rapid7, and ix) Solarwind.

VAD main products distributed



Source: KT&Partners' Elaborations on Company Data

System Integration & Services

Within the System and Integration Services, Itway operates through three strategic business units: Data Science, Cyber Safety, and Cyber Security. This business segment includes the start-up and scale-up activities that assure the Company double-digit growth in terms of revenues and margins.

Data Science

The business unit Data Science is managed by 4Science SpA, the Itway scale-up specialized in i) Big Data management of Digital Libraries for Cultural Heritage and ii) Big Data management of Digital Repositories for Research in the scientific field.

4Science's solutions are based on the Dspace repository, the most widely used database worldwide with more than 2,500 installations, constantly integrated by a large international scientific community.

Therefore, 4Science helps in installing, customizing, updating, and enriching the repository with advanced IT services with the aim to collect and organize cultural heritage, digital resources, and research data.

The platform consists of a series of web applications to manage digital materials (e.g., text, images, audio, datasets) integrating with several functionalities such as i) upload; ii) export; iii) digital curation and preservation; and iv) search.

More in detail, 4Science activity is supported by the two platforms owned by DSpace: i) DSpace-CRIS and ii) DSpace-GLAM.



DSpace-CRIS is the first free open-source platform for research data and information management ever developed. DSpace-CRIS extends Dspace functionality and data model to collect, manage, store, and scatter research data and information, relying on its large community. DSpace-CRIS complies with many international standards (such as CERIF, ORCID, and OpenAIRE Guidelines) to facilitate information exchange and data transfer.



DSpace-GLAM is the solution that 4Science provides for the implementation of projects dedicated to the creation and management of digital libraries. DSpace-GLAM offers: i) preservation and protection of digital content; ii) a specialized disciplinary approach to the management of descriptive metadata: collections, collections and fonds are managed in full compliance with scope standards (ICCU, ICCD, ICAR); iii) the opportunity to enhance heritages through full compatibility with the IIF ecosystem. In the newly released version, DSpace-GLAM, enhances the possibilities of creating thematic routes, tourist itineraries, and digital exhibitions.

Cyber Safety

Itway also operates in the Environment, Health & Safety market and specializes in innovative work safety tools. In particular, the Company developed two innovative and proprietary devices to save human lives and reduce risks of accidents: i) ICOY MOVER Forklift®; ii) ICOY MOVER Crane®. Each is fully compliant to industry 4.0 requirements and ready to be marketed through direct sale and partnerships.

ICOY MOVER FORKLIFT®, with the help of two or more cameras and a powerful algorithm based on Artificial Intelligence, immediately signals the presence of people in a predefined danger area in the vicinity of the forklift truck, remedying the fact that the driver's visibility is often limited, either by the structure of the forklift truck itself or by objects on the ground. If a person crosses the security perimeter, the display related to the camera that detected the person lights up red and an audible alarm sound in the cabin. The device applies various people Detection & Tracking systems, using Deep Learning algorithms based on convolutional neural network systems.

ICOY MOVER Crane®, through two cameras placed on the overhead crane carriage, frames the area below, producing a stereoscopic image of both sides of the hook. Then, a powerful graphics processor processes the images using Deep Learning algorithms based on convolutional neural network systems. If an operator operates within the danger area, an alarm is generated, both visual (flashing) and audible (siren), and this produces an immediate benefit to company safety.

Regarding the Cyber Safety business unit, Itway has no competitors in the market and can be considered as a prime mover.

Cyber Safety main clients



Source: KT&Partners' Elaborations on Company Data

Cyber Security

The Cyber Security Business Unit offers services and solutions in the Cyber Resiliency field (applicable across all sectors and clients) with the aim of helping Customers to i) identify the risks applicable to their company and prioritize them correctly ("Risk Management Approach") ii) identify and implement the best solutions to prevent and manage security threats, and iii) guarantee the recovery of "Business as usual" even in case of attacks or security incident. To achieve these objectives, the Cyber Security Business Unit adopts an approach based on a proprietary framework ITWAY CYBER RESILIENCY 360®, which is divided into four areas:

- RISK MANAGEMENT, with "Cyber Risk Exposure" solutions and services (included Technical & Logical security assessment) with which to analyse the risk exposure of Clients on the Web and "Threat Intelligence" to promptly identify any threats through Deep and Dark Web monitoring;
- CYBER and INDUSTRIAL VISIBILITY by integrating the monitoring of IT networks with OT / IOT networks so as to have an overall visibility of interconnected networks and be able to identify any anomalies to be managed;
- IDENTITY & MICROSOFT RESILIENCY to assess and guarantee the security of users and access profiles at the level of systems, applications, and corporate networks, with particular attention to the security of data and online applications in Office 365;
- HYBRID & INFRASTRUCTURE RESILIENCY with solutions and services with which to manage the security and operational aspects of multi-Cloud environments, with the supply of products for backup and recovery of core systems and datacentres with data deduplication and encryption.

Cybersecurity technologies



Source: KT&Partners' Elaborations on Company Data

Market Overview

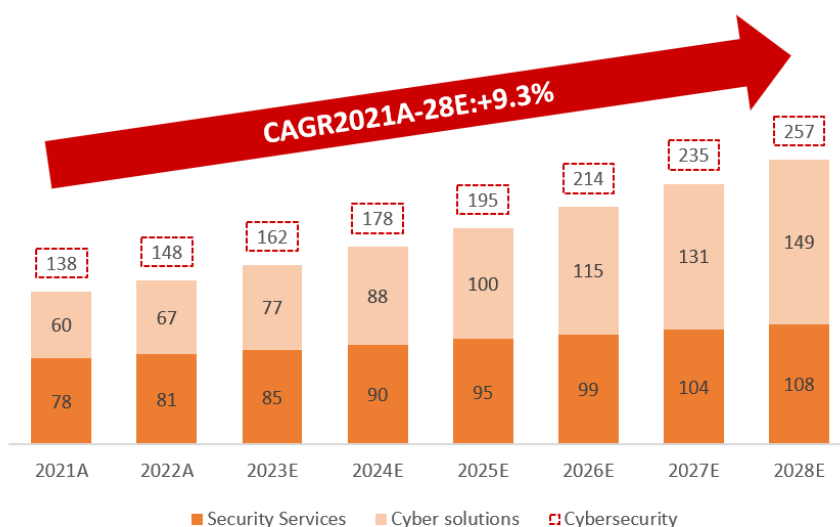
ITWAY offers a wide range of solutions in the growing markets of cybersecurity, cybersafety and Big Data management, focusing on IT services and Value-Added Distribution & Design support services.

Global Cybersecurity Market

According to Statista, the global cybersecurity industry was worth \$148bn in 2022, with the security services segment accounting for the largest revenue share. The cybersecurity industry is expected to report a CAGR21-28E of +9.3% reaching \$257bn by 2028, mainly driven by:

- The increasing number of cyberattacks;
- The rapid growth of the Internet penetration rate. As of January 2023, there were 5.16bn internet users worldwide (+12.4% YoY), which is 64.4% of the global population;
- The acceleration of working from home activities post COVID-19 pandemic which are more vulnerable to cybercrime;
- The raising of many more connected devices;

Global Cybersecurity Market Size 2021A-28E (\$bn)

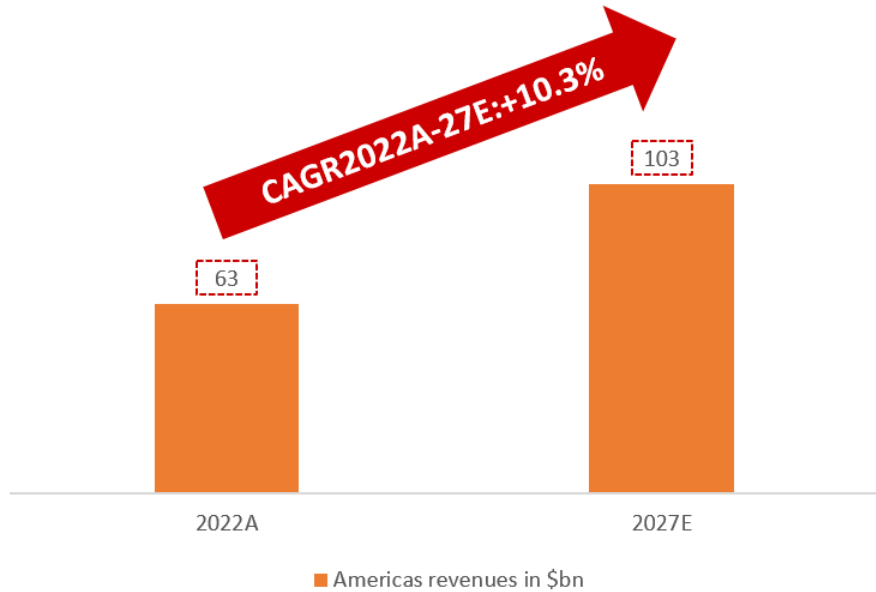


Source: KT&Partners' Elaboration on Statista report: "Cybersecurity: market data & forecasts"

The cybersecurity market includes two segments: i) Cyber Solution that incorporates automated technologies that help organizations against cyberattacks; ii) and Security Services related to the protection against cyberattacks. Usually, over the past year, the Security Services represented more than the half of the cybersecurity market (55%), with €81mn at the end of 2022. However, in the next years, the situation it is expected to switch with the Cyber Solutions that will represent the 67% of the industry with €149mn at the end of 2028, growing at a CAGR2021-2028E of 13.9%, mainly driven by the rise of cyber-attacks and the evolution of digital business models. Considering the geographical breakdown of the cybersecurity market, Americas represents the largest region per revenues, and it is forecast

to reach a value of \$103bn in 2027, with a CAGR22-27E of +10.3% mainly driven by the rise of cyber-attacks.

Americas cybersecurity revenues 2022-27 (\$bn)

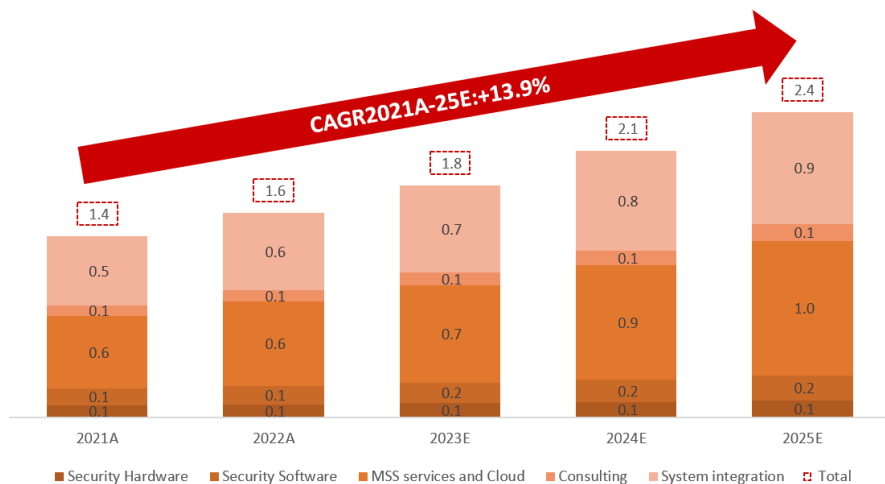


Source: KT&Partners' Elaboration on Statista report: "Cybersecurity: market data & forecasts"

Italian Cybersecurity Industry

According to Anitec-Assinform, the Italian Cybersecurity market is expected to continue its growth path also in the coming years, with an expected CAGR21-25E of 13.9%, reaching €2.4bn in 2025. The growth will be mainly driven by all market segments with Managed Security Services (MSS), which includes Cloud Security services project to increase at a CAGR21-25 of 16.7% reaching €1bn.

Italian Cybersecurity Market 2021-25E (€bn)

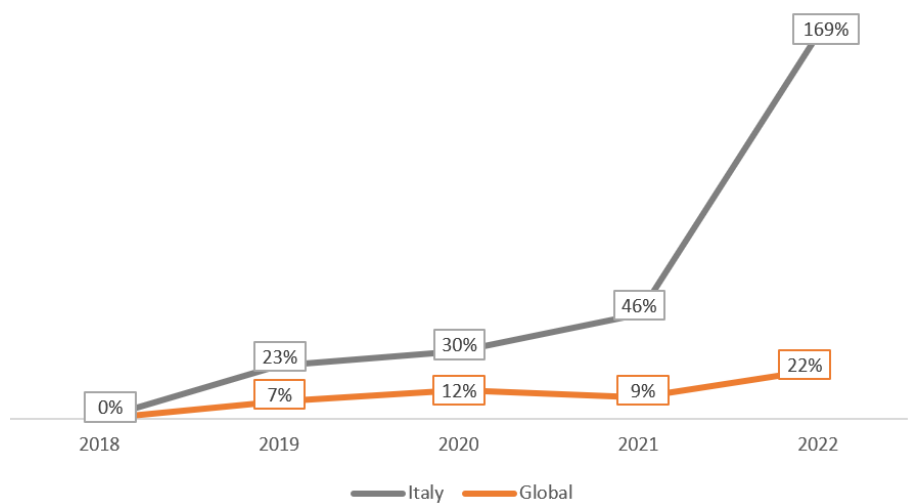


Source: KT&Partners' Elaboration on Anitec-Assinform: il digitale in Italia 2022

Rise in cyber-attacks drives cybersecurity market

The number of cyber-attacks continued to grow globally, reaching 2,489 serious attacks in 2022, an increase of 440 over 2021 (+21% YoY). The largest increase was in attacks falling under the category "Hacktivism" (hacking attacks for political or social purposes), followed by the category "Information Warfare" which grew by 119% YoY. Attacks with the purpose of "Espionage" also increased sharply (up 62% YoY), while attacks classified as "Cybercrime" activities decreased by 3.4% YoY, although they remained in first place of attack motivations globally, accounting for 78.4% of global attacks. Italy is among the main targets in a context of steadily growing cybercrime: in 2022, 188 attacks (7.6% of those recorded globally) targeted our Country, an increase of 169% YoY. Italy is particularly affected due to the presence of a large number of small and medium-sized enterprises that i) lack the means for effective cyber protection; or ii) do not have adequate insurance coverage that is able to protect their business from damage caused by cyber-attacks and data-security breaches.

Cyber-attacks growth Italy vs Global 2018-22 (%)

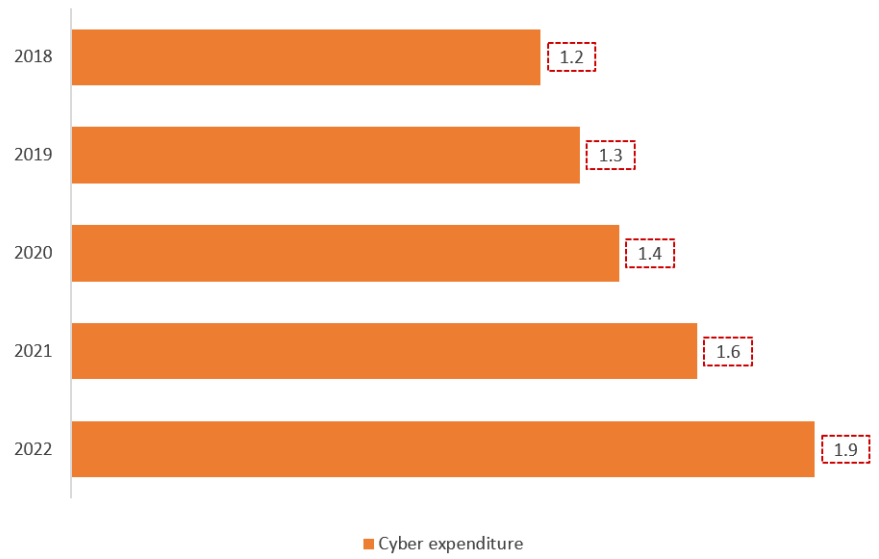


Source: KT&Partners' Elaboration on Clusit report: "ICT security in Italy"

Cyber security spending in Italy

According to Politecnico di Milano Research, in 2023, cybersecurity is confirmed as the top priority for investment in digital among Italian enterprises. Furthermore, 61% of large companies (more than 250 employees) have decided to increase their budgets for cybersecurity activities in recent months. Overall, in 2022, cybersecurity investments reached a value of €1.9bn, implying an acceleration of +18.8% YoY: the largest percentage increase in the last 5 years. The ratio of cybersecurity spending to GDP in Italy stands at 0.10%, above the 0.08% registered in 2021, but still lower than the average G7 countries where the ranking is led by the United States and the United Kingdom, with a ratio of 0.31%, followed by France and Germany, with a ratio of 0.19% and 0.18%, respectively.

Cybersecurity investments in Italy 2018A–22A (€bn)

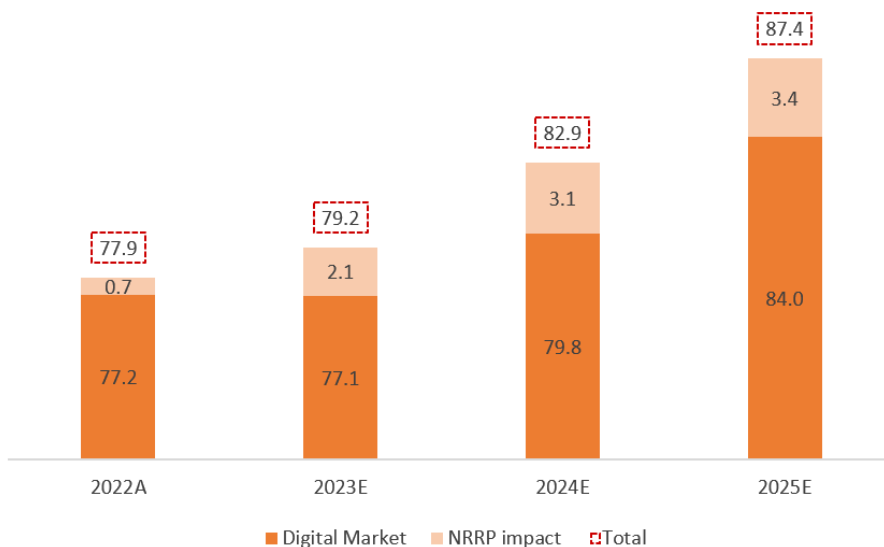


Source: KT&Partners' Elaboration on Politecnico di Milano research: "Cybersecurity and data protection"

Institutional initiatives on cybersecurity: the impact of NRRP

In Italy, the NRRP is expected to boost the cybersecurity market, as it includes i) €623mn of cybersecurity investment in public administration; and ii) additional funds for research on innovative topics, including cybersecurity.

NRRP impact on digital market 2022A-25E (€bn)



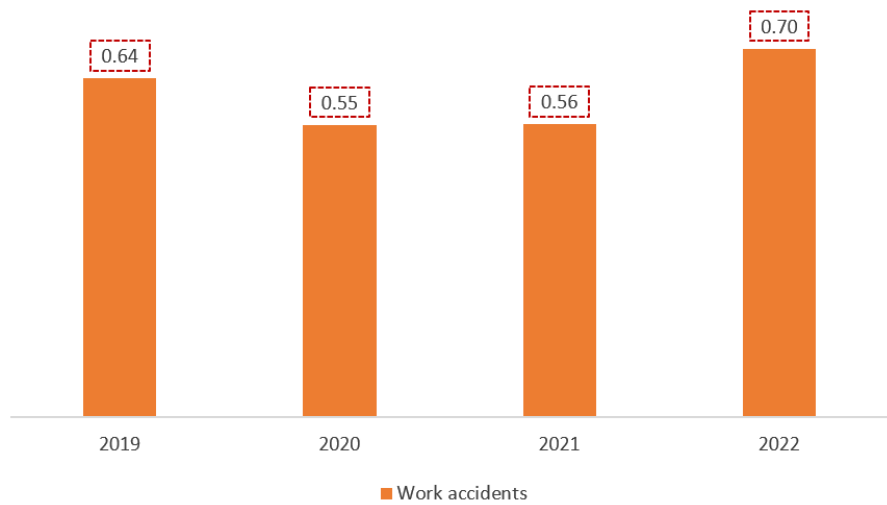
Source: KT&Partners' Elaboration on Anitec-Assinform: il digitale in Italia 2022

Indeed, over the 2022A-2025E period, the NRRP is expected to contribute with €9.3bn on digital market, leading the total industry size to €87.4bn in 2025 from the €77.9bn in 2022.

Cybersafety Market

Safety at work has become more and more a central issue in our society, given the raising incidents in the workplace. Indeed, Eurostat registered 1.4k of non-fatal accidents per 100k workers in the EU in 2020, whereas, considering fatal accidents, the average in the EU was 2.1k per 100k workers in 2020. In Italy, as of 31 December 2022, there were 0,7mn accidents reported in 2022, an increase of 25.7% vs 2021. According to INAIL, the number of fatal cases reported in 2022 was 1.09k. For this reason, important measures have been taken over the years by central governments to try to reverse this trend. In particular, Law 81/08, or the Safety Consolidation Act, regulates the protection of the health and safety of workers in the workplace. The law was aimed at defining standards, procedures, and preventive measures to be taken for a safer workplace. The purpose is to minimize workers' exposure to work-related risks in order to avoid injuries or serious accidents.

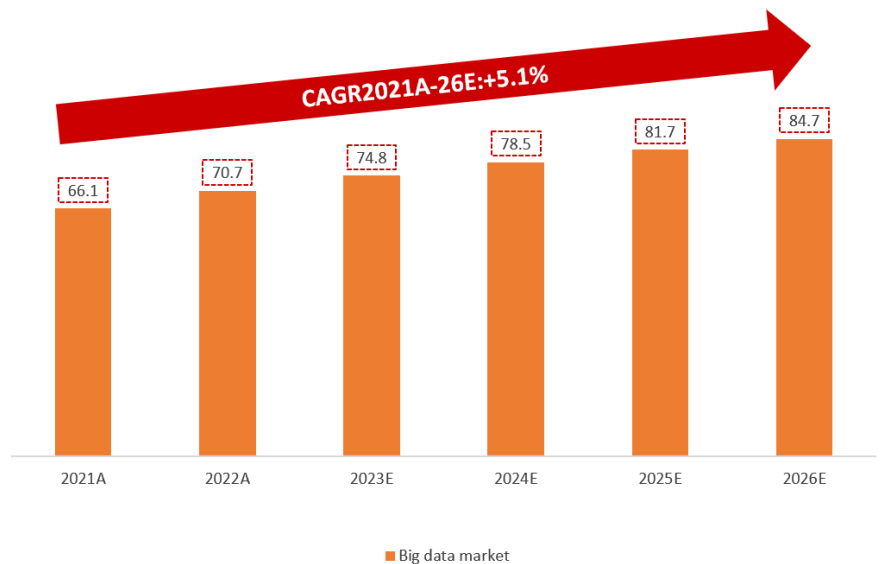
Work accidents in Italy 2019-22 (mn)



Big Data Market

The Big Data market size was valued at \$66.1bn in 2021 and is projected to grow at a CAGR21A-26A of 5.1% to reach \$84.7bn in 2026. North America owns the largest market share, driven by a rapid development in the adoption of IoT services in major industries, generating a massive amount of data that can be exploited. Some of the most important Big Data market trends involve i) the rise of machine learning; and i) the need for better data security and more restricted data governance.

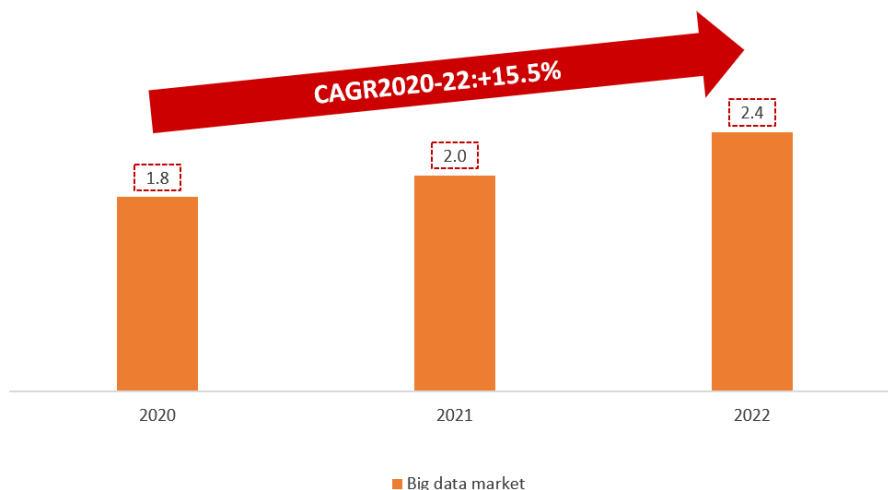
Global Big Data market 2021-26E (\$bn)



Source: KT&Partners' Elaboration on Statista report: "Big Data digital & Trend"

In Italy, the Big Data market grew by 20% YoY to reach a value of over €2.4bn in 2022, marking a clear recovery after the slowdown due to the pandemic. Growth is mainly driven by the software component (54% of the market, +25% vs 2021).

Big Data market in Italy 2020-2022 (€bn)



Source: KT&Partners' Elaboration on Statista report: "Big Data digital & Trend"

Competitive Arena

Itway operates in the ICT sector focusing on higher value-added business through its 4 business units: Cybersecurity & Infrastructure, Cybersecurity products (VAD&PS), Data Science, and Cybersafety. The VAD&PS segment represents the main business and accounts for over 80% of Itway revenues.

Therefore, in order to define the competitive arena, we analysed Itway's main competitors that operate in similar Itway business units. We have identified 7 Italian companies, with 3 of them (Reevo, Cyberoo, Sesa) listed on the Milan Stock Exchange.

Competitors' Revenues, EBITDA 2021-22 (€mn)

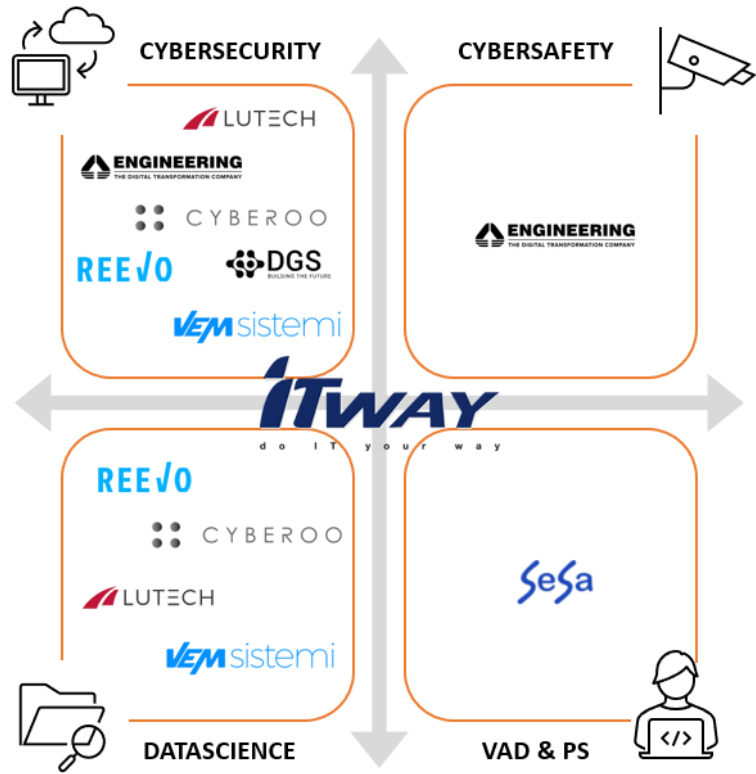
Company	Country	Revenues 2021	Revenues 2022	EBITDA 2021	EBITDA 2022
Engineering SpA	IT	919.2	-	120.3	-
Reevo SpA	IT	11.5	15.4	3.1	4.0
DGS SpA	IT	99.3	-	8.4	-
Lutech SpA	IT	302.9	-	9.8	-
VEM Sistemi SpA	IT	61.6	-	11.6	-
Cyberoo SpA	IT	8.8	15.6	2.5	6.7
Sesa SpA	IT	2,037.0	2,390.0	126.0	167.7
Itway SpA	IT	43.7	46.7	2.6	2.2

Source: KT&Partners' Elaboration on Companies' data

Over the years, the Group has been able to maintain a competitive advantage position thanks to the know-how reached in more than 25 years of activities and given its constant in-house development of revolutionary technologies with no similarities.

As of today, there is not a competitor that offers the same Itway services and operates successfully in all the business segments in which the Group is active. Indeed, analyzing Itway's Italian competitive arena, the Group showed the widest range of services assortment among its competitors. Thanks to its well-diversified business model, Itway is able to support operational synergies and allows the Group to provide a complete offer to its clients.

Itway competitive arena



Source: KT&Partners' Elaboration on Companies' data

Historical Financials

Itway’s key financials for FY22 are:

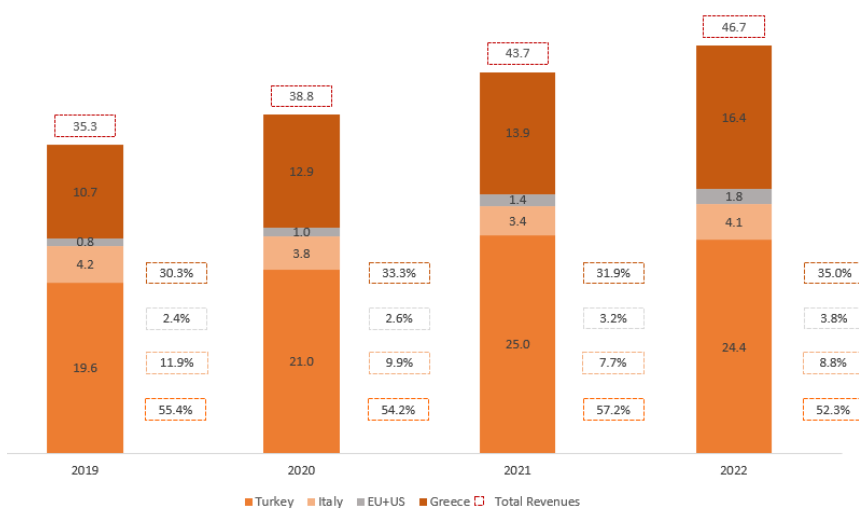
- Total revenues at €46.7mn vs €43.7mn in FY21 (CAGR20–22 at +9.8%);
- EBITDA at €2.2mn (CAGR20–22 at +4.2%), with EBITDA Margin at 4.7%;
- EBIT at €1.5mn (CAGR20–22 +3.4%)
- Net Income at €-0.3mn
- NFP at -€1.3mn, -€1mn compared to FY21.

Revenues Breakdown

In the last 5 years, Itway has generated a constant and uninterrupted sales growth. Despite the COVID-19 outbreak in 2020, the Group showed its strong resilience by reporting a CAGR18–22 of +9%. In 2022, Itway reached its total revenues record at €46.7mn (+7% YoY), as the result of business expansion given the several development investments.

Over the years, Itway has strengthened its international presence with the foreign market accounting for the 91% of FY22 Total Revenues, with a strong presence in Turkey (52% of FY22 sales) and Greece (35% of FY22 sales) driven by Itway’s local presence with the two subsidiaries, Itway Hellas and Itway Turkey.

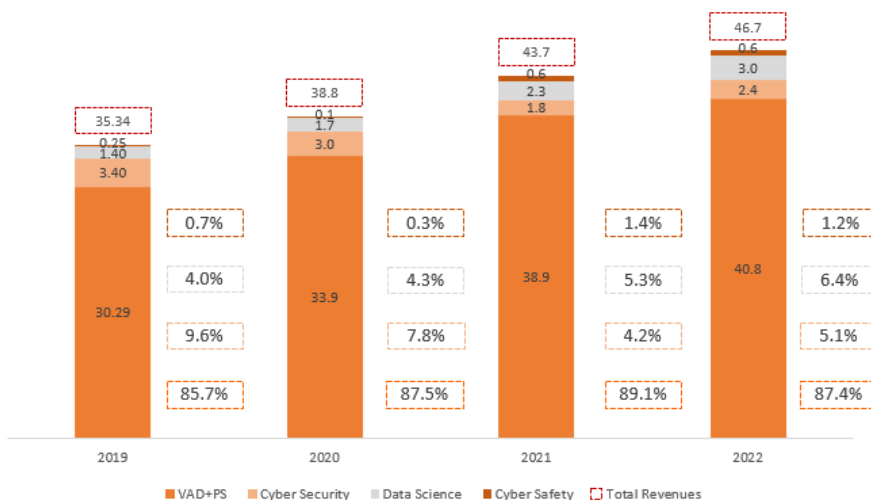
Total Revenues Breakdown by Geographies 2019–22 (€mn)



Source: KT&Partners’ Elaboration on Company Data

Considering revenues breakdown by business units, the value-added distribution of cybersecurity products and services represents Itway’s core business, accounting for the 87% of FY22 total revenues (€40.8mn). Whereas Data Science represented 6.4% of FY22 Total Revenues, Cybersecurity and Cybersafety accounted for 5.1% and 1.2% of FY22 Total Revenues, respectively.

Total Revenues Breakdown by Business Unit 2019–22 (€mn)



Source: KT&Partners' Elaboration on Company Data

Profitability Analysis

In the FY22A, Itway reported an EBITDA at €2.2mn, decreasing by -16% YoY mainly due to an extraordinary provision for the write-down of receivables for €1.6mn. Therefore, the Company showed a decrease also in terms of margins with FY22 EBITDA margin at -1.3pp YoY standing at 4.7%.

Consequently, given D&A stable at €600k per year, also EBIT showed a slowdown of 21.3% YoY, with the EBIT margin at 3.3% from 4.5% in 2021.

Finally, FY22 Net Income decreased from €1.3mn to €-0.3mn, influenced for €1.8mn by the disposal of the three participations in Itway Iberica S.L., Inebula S.r.l. and BE Innova S.r.l.

2020-2022 Consolidated Income Statement				
€ Millions	FY20A	FY21A	FY22A	YoY 21-22
Sales Revenues	35.8	41.1	43.7	6%
<i>Growth %</i>	14.6%	15.0%	6.3%	
Other Revenues	3.0	2.5	3.0	18%
Total Revenues	38.8	43.7	46.7	7%
<i>Growth %</i>	9.6%	12.6%	7.0%	
Products and Raw materials	(30.8)	(35.2)	(36.5)	
Gross Profit	8.0	8.4	10.2	21%
<i>Gross Margin</i>	20.6%	19.3%	21.8%	3%
Cost of Services	(2.3)	(2.4)	(2.7)	
Rental Costs	-	-	-	
Personnel Expenses	(2.5)	(2.9)	(3.4)	
Other Operating Expenses	(1.2)	(0.5)	(1.9)	
EBITDA	2.0	2.6	2.2	-16%
<i>EBITDA margin</i>	5.2%	6.0%	4.7%	-1%
<i>Growth %</i>	-39.8%	28.9%	-15.8%	
D&A and Provisions	(0.6)	(0.6)	(0.6)	1%
EBIT	1.4	2.0	1.5	-21%
<i>EBIT margin</i>	3.7%	4.5%	3.3%	-1%
<i>Growth %</i>	-46.8%	35.8%	-21.3%	
Financial Income and Expenses	(0.2)	0.0	(1.9)	
Extraordinary items	-	-	-	
EBT	1.3	2.0	(0.4)	60%
Taxes	(0.0)	(0.7)	0.0	
<i>Tax Rate</i>	2.7%	35.2%	3.9%	
Net Income	1.2	1.3	(0.3)	7%
<i>Net margin</i>	3.2%	3.0%	-0.7%	-4%
<i>Growth %</i>	-40.0%	6.6%	-126.7%	
Minorities	-	-	0.1	
Net Income attributable to the Group	1.2	1.3	(0.4)	7%
<i>Net margin</i>	3.2%	3.0%	-0.9%	-4%
<i>Growth %</i>	-40.2%	6.6%	-130.9%	

Source: Company Data

Capital Structure Analysis

As for the balance sheet, Itway's FY22 fixed assets increased by €1.3mn, reaching €9.8mn, due to investments in the development of new products and services,

In 2022, Itway's trade working capital increased from €6.5mn to €7.4mn, mainly because of the higher trade receivables (€21.4mn vs €20.6mn in 2021) following business growth, recording a cash absorption of €0.9mn.

Finally, Itway registered a net financial position improve at -€1.3mn (from -€0.3mn in FY21) also given the capital increase of the subsidiary 4Science for €2.8mn.

2020-2022 Consolidated Balance Sheet

€ Millions	FY20A	FY21A	FY22A
Goodwill	1.8	1.8	1.8
Intangible	5.5	5.9	6.8
Tangible	0.9	0.9	0.9
Other LT Assets	0.0	0.0	0.0
Fixed Assets	8.3	8.6	9.6
Trade receivables	18.9	20.6	21.5
Inventory	0.4	0.2	0.5
Trade Payables	(13.7)	(14.3)	(14.5)
Trade Working Capital	5.5	6.5	7.4
Other assets and liabilities	(3.1)	(4.5)	(4.1)
Net Working Capital	2.4	2.0	3.3
Other Provisions	(0.5)	(0.9)	(0.8)
Net Capital Employed	10.2	9.8	12.1
Group shareholders' equity	9.2	10.4	12.3
Minority shareholders' equity	(0.4)	(0.4)	1.1
Total shareholders' equity	8.9	10.1	13.4
Short-term debt / Cash (-)	(3.0)	(3.4)	(4.6)
Long-term liabilities	4.4	3.1	3.3
Net Financial Position	1.4	(0.3)	(1.3)
Sources	10.2	9.8	12.1

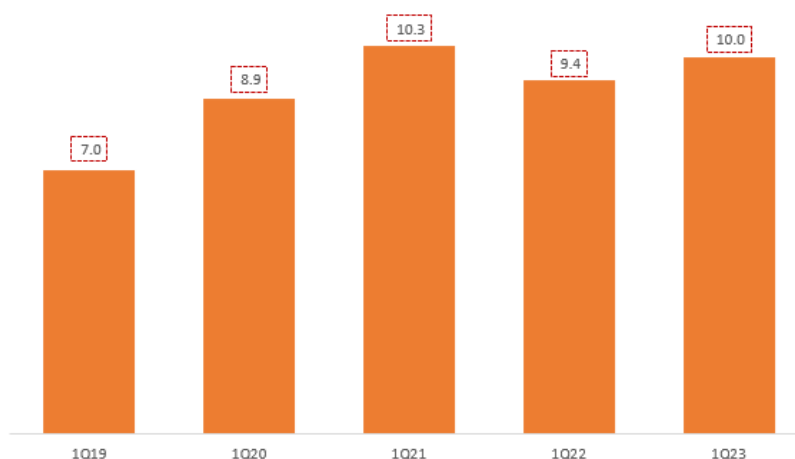
Source: Company Data

1Q23 Financials Results

Sales Revenues

On May 12, 2023, Itway announced its 1Q23 consolidated sales revenues. The Group experienced a +6.2% YoY sales increase, achieving €10mn in the first three months of 2023. The growth was mainly driven by the strong performance of 4Science and Itway SpA. However, the other subsidiaries also showed a good performance with Itway Hellas, that continued to maintain a significant position in a market that is emerging from a delicate economic situation, reporting sales revenues in line with 1Q22, whereas, Itway Turkey, despite the complex economic situation due to the sharp devaluation of the not-always-effective economic policies put in place by the central government, showed a revenues increase in local currency of +39% YoY.

1Q19-23 Sales Revenues (€mn)



Source: KT&Partners' Elaboration on Company Data

Profitability Analysis

Group EBITDA slightly declined in 1Q23, standing at €250k, compared with the €610k registered in 1Q22. The decrease is mainly linked to higher personnel costs (+39.5% YoY), standing at €1mn, 9.8pp on sales (vs 7.4pp on sales in FY21), with the aim to strengthen Group structure to support business growth. Indeed, the number of employees increased from 63 units (+16 compared to 1Q22), reaching 79 units (in line with Company's strategies). The management declared that this phase of lower efficiency and production capacity is expected to improve as early as the second half of 2023.

Net Financial Position

Finally, the Group's net financial position on 31 March 2023 improved at -€2.9mn from the -€1.3mn at the end of FY22, as a result of the capital increase of the subsidiary 4Science in the second half of 2022.

Group's Strategy

In the coming years, Itway's goal is to keep expanding and consolidating its business, strongly focusing on i) widening its service offer; ii) consolidating its already-strong international presence; iii) developing new technologies; and iv) strengthening its management structure.

- **Diversification of services offered:** given the dynamicity of the technology sector, the Company has to constantly update its offer. Indeed, the Group recently launched the new Cyber Security line "Itway Cyber Security 360™" products that represents a further expanded NOC/SOC service and managed security services. Moreover, the Group is also constantly improving its new Cyber Safety product ICOY to seize as many as possible opportunities in a market characterized by an increasing demand;
- **Internationalization:** the Group aims to boost its international presence, seizing new opportunities in foreign markets, in addition to the ones that already oversee, both through M&A activities and the opening of new subsidiaries;
- **Development of new technologies:** the Group will continue to boast its know-how launching technological vertical business units, acting also as incubator, maintaining at the same time the technical and commercial partnership agreement with the strategic asset;
- **Management reinforcing:** the Group already started in 2022 to strengthen its management, introducing Mr. Massimo Fanelli as Deputy General Manager, well known in the Italian ICT market and with deep knowledge of the Cyber segment, and Mr. Angelo Salice, an expert in the Cyber Security market who went to lead, as Director, the Cyber Security & Infrastructure Business Unit. The Group will continue to pursue this strategy with the aim to boost its growth path.

Deconstructing Forecasts

Our financial projections over the 2023E–26E period are based on Itway's business model and strategy. No impact from future M&As has been considered¹.

Starting from the top line, we anticipate total revenues growing at a CAGR2022A-26E of 5.5%, reaching €57.5mn in FY26E. We projected sales considering a growth of the VAS & PS and the Data Science business units at a CAGR2022A-26E of approximately 5%, considering respectively the Big Data global market forecasts. Therefore, the VAS&PS is expected to reach €49.9mn in FY26E from €42.8mn in FY23E, still representing the majority of sales, whereas revenues from Data Science are projected to increase from €3.1mn in FY23E to €3.6mn in FY26E. The cybersecurity segment is expected to growth at a CAGR2022-26E of 9.3%, in line with the global cybersecurity market, boosted by the increasing number of cyberattacks. Finally, the Cyber Safety is anticipated to be the business unit with the fastest growth (CAGR2022A-2026E of +10%), driven by the new ICOY product and the several opportunities in this industry characterized by high demand given by the raising incidents in the workplace and the important measures that central governments are taking to try to reverse this trend (e.g. Law 81/08).

Focusing on profitability, we foresee a slight contraction in FY23E EBITDA forecasted at €2.1mn vs €2.2mn in FY22A, with a marginality at 4.3% (vs 4.7% in FY22) mainly impacted by an increase in personnel expenses (€3.9mn in FY23 vs €3.4mn in FY22) to strengthen the

¹ Financial projections have been prepared by KT&Partners independently of Itway SpA. Projections and forecasts involve risks and uncertainties and are subject to change. Therefore, actual results may differ materially from those contained in the projections and forecasts.

management structure with the aim to boost Itway growth path. Starting from FY24E, we expect an improving marginality primarily driven by an ongoing transition in the Company's revenue mix, reducing the share of the VAD & PS business unit's revenues to higher-profit segments (e.g., DataScience). Thus, we foresee the EBITDA growing at a CAGR_{2022A-2026E} of 31.9% reaching €6.6mn in FY26E from €2.1mn expected in FY23E. For the same reason we expect an increase in terms of margins with the EBITDA margins seen at 11.5% in FY26E from the 4.3% estimated in FY23E.

Looking at the bottom line, we estimate net income at €3.4mn in FY26E (from €0.9mn in FY23E), with a FY26E net margin of 5.9%. We note that in our projections we assume a tax rate as an average of the last two years at 25%.

2020A-2026E Consolidated Income Statement

€ Millions	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E	CAGR 22A-26E
Cyber Security	3.0	1.8	2.4	2.6	2.8	3.1	3.4	9.3%
Cyber Safety	0.1	0.6	0.6	0.6	0.7	0.7	0.8	10.0%
Data Science	1.7	2.3	3.0	3.1	3.3	3.5	3.6	5.1%
VAD+PS	33.9	38.9	40.8	42.8	45.0	47.3	49.9	5.2%
Total Revenues	38.8	43.7	46.7	49.1	51.7	54.6	57.7	5.5%
Growth %	9.6%	12.6%	7.0%	5.2%	5.4%	5.5%	5.7%	
Products and Raw materials	(30.8)	(35.2)	(36.5)	(38.3)	(39.4)	(40.4)	(41.6)	
Gross Profit	8.0	8.4	10.2	10.8	12.4	14.2	16.1	12.1%
Gross Margin	20.6%	19.3%	21.8%	21.9%	23.9%	25.9%	27.9%	
Cost of Services	(2.3)	(2.4)	(2.7)	(2.8)	(2.8)	(2.9)	(2.9)	
Personnel Expenses	(2.5)	(2.9)	(3.4)	(3.9)	(4.0)	(4.1)	(4.3)	
Other Operating Expenses	(1.2)	(0.5)	(1.9)	(2.0)	(2.1)	(2.2)	(2.3)	
EBITDA	2.0	2.6	2.2	2.1	3.5	5.0	6.6	31.9%
EBITDA margin	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	11.5%	
Growth %	-39.8%	28.9%	-15.8%	-3.8%	64.2%	43.3%	33.6%	
D&A and Provisions	(0.6)	(0.6)	(0.6)	(0.9)	(1.2)	(1.6)	(2.0)	
EBIT	1.4	2.0	1.5	1.3	2.2	3.3	4.6	31%
EBIT margin	3.7%	4.5%	3.3%	2.6%	4.3%	6.1%	8.0%	
Growth %	-46.8%	35.8%	-21.3%	-18.8%	77.1%	50.2%	38.4%	
Financial Income and Expenses	(0.2)	0.0	(1.9)	(0.1)	(0.1)	(0.1)	(0.1)	
Extraordinary items	-	-	-	-	-	-	-	
EBT	1.3	2.0	(0.4)	1.2	2.1	3.2	4.5	N.A.
Taxes	(0.0)	(0.7)	0.0	(0.3)	(0.5)	(0.8)	(1.1)	
Tax Rate	2.7%	35.2%	3.9%	25.0%	25.0%	25.0%	25.0%	
Net Income	1.2	1.3	(0.3)	0.9	1.6	2.4	3.4	N.A.
Net margin	3.2%	3.0%	-0.7%	1.8%	3.1%	4.4%	5.9%	

Source: KT&Partners' Estimates and elaborations on Company's Data

As for Itway's balance sheet, we forecast Net Working Capital (NWC) to grow from €3.3mn in FY22A to €4.2mn in FY23E, to reach €7mn in FY26E mainly following Itway's business growth.

Moreover, we considered around €1mn of investment in intangible assets per year in the period FY23E-FY26E for the launch of new technologies to boost the Company's growth and to preserve its international competitive advantage.

Looking at Itway's financial soundness, we expect NFP to enhance from -€1.3mn in FY22A to -€1.5mn in FY23E, progressively improving in the following years up to a cash position of -€8.7mn in FY26E, confirming Itway cash-flow generation ability.

2020A-2026E Consolidated Balance Sheet

€ Millions	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Goodwill	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Intangible	5.5	5.9	6.8	7.1	6.9	6.4	5.5
Tangible	0.9	0.9	0.9	0.8	0.8	0.8	0.7
Other LT Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed Assets	8.3	8.6	9.6	9.8	9.6	9.0	8.0
Trade receivables	18.9	20.6	21.5	22.9	24.1	25.5	26.9
Inventory	0.4	0.2	0.5	0.5	0.5	0.5	0.5
Trade Payables	(13.7)	(14.3)	(14.5)	(15.1)	(15.5)	(15.9)	(16.3)
Trade Working Capital	5.5	6.5	7.4	8.3	9.2	10.1	11.2
Other assets and liabilities	(3.1)	(4.5)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)
Net Working Capital	2.4	2.0	3.3	4.2	5.1	6.0	7.0
Other Provisions	(0.5)	(0.9)	(0.8)	(1.1)	(1.4)	(1.7)	(2.0)
Net Capital Employed	10.2	9.8	12.1	12.9	13.3	13.3	13.1
Group shareholders' equity	9.2	10.4	12.3	13.2	14.8	17.3	20.7
Minority shareholders' equity	(0.4)	(0.4)	1.1	1.1	1.1	1.1	1.1
Total shareholders' equity	8.9	10.1	13.4	14.4	16.0	18.4	21.8
Short-term debt / Cash (-)	(3.0)	(3.4)	(4.6)	(4.8)	(6.0)	(8.4)	(12.0)
Long-term liabilities	4.4	3.1	3.3	3.3	3.3	3.3	3.3
Net Financial Position	1.4	(0.3)	(1.3)	(1.5)	(2.7)	(5.1)	(8.7)
Sources	10.2	9.8	12.1	12.9	13.3	13.3	13.1

Valuation

Following Itway's future financials projections, we have carried out our valuation using the multiples and DCF methods. Our fair value is the result of:

1. EV/EBITDA and P/E multiples which returns a value of €1.85ps;
2. DCF analysis based on WACC of 15.5% and 2% perpetual growth, returns a value of €2.18ps.

The average of the two methods yields a fair value of €2.01ps or an equity value of €21.4mn.

Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	20.7	1.95
P/E	18.5	1.74
Average - multiples	19.6	1.85
DCF	23.2	2.18
Average	21.4	2.01

Source: FactSet, KT&Partners' Elaboration

Peer Comparison

In order to define Itway's peer sample, we carried out an in-depth analysis of both international and domestically listed companies active in the cybersecurity marketing industry. In selecting potential peers, we considered Itway's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of ten companies, which includes:

- **CY4Gate**: listed on Borsa Italiana Stock Exchange with a market capitalization of €211mn, CY4Gate SpA engages in the design, development, and production of technologies, products, systems, and services to provide solutions for cyber intelligence, cyber security, and cyber electronic warfare. It operates through the Cyber Intelligence and Cyber Security business divisions. The Cyber Intelligence

division creates and licenses programs which collect and analyze information from open sources on the Internet or social media through the use of electronic and digital devices. The Cyber Security division specializes in products and services that protect information technology systems as well as analyze, catalogue, and counteract threats. In FY22A, the Company achieved €56.6mn of sales revenues.

- **Cyberoo:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €113.8mn, Cyberoo provides information technology solutions for the management, optimization, and support of business information systems with focus on cyber security. It operates through the following business segments: Cyber Security and Device Security, Managed Services, and Digital Transformation. The Cyber Security and Device Security segment provides software services such as anti-spam, anti-virus, web security, log management, threat hunting, and security awareness. The Managed Services segment involves in data-center management, cloud management, and device management. The Digital Transformation segment develops systems for customer relationship management, human resources management, and product management. In FY22A, the Company achieved €15.6mn of sales revenues.
- **Defence Tech:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €111.1mn, Defence Tech engages in the design, construction, and certification of cyber security, big data, and intelligence systems. It operates through the following macro business areas: Cyber Security and Technologies for Intelligence, Engineering and Control Systems, and Electronics. The Cyber Security and Technologies for Intelligence area involves in a set of activities aimed at the prevention and protection of public and private infrastructures from sophisticated cyberattacks and at the development of strategies such as decision-making and marketing based on Big Data through the use of proprietary technologies for data analytics and data intelligence. The Engineering and Control Systems area focuses its activities on providing consultancy services for the creation and implementation of in-house and tailor-made software for industry and service providers operating in the sectors of air traffic control, avionics, naval systems, defense, and space. The Electronics area specializes in engineering activities for the management of obsolescence, refurbishing, design, implementation, integration, and modernization of defense and control systems. In FY22A, the Company achieved €19.5mn of sales revenues.
- **Exclusive Network:** listed on Euronext Paris, with a market capitalization of €1.8bn, Exclusive Networks SA operates as a globally trusted cybersecurity and digital infrastructure specialist. It is specialized in delivering cybersecurity and cloud computing solutions for digital infrastructures. The firm provides technical support, training, professional services, and project management services. It operates through the following segments: Identity and Access Management (IAM), SVM, and Network Security. In FY22A, the Company achieved €3.4bn of sales revenues.
- **Expert.ai:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €53mn, Expert.ai engages in the development of semantic technology. It engages in the provision of solutions for online activities such as search and explore, tagging and categorization, intelligence, natural language understanding, and advertisement. In FY22A, the Company achieved €28.5mn of sales revenues.
- **FOS:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €23.1mn, FOS engages in the design, development, and marketing of digital solutions for data management and protection transfer. In FY22A, the Company achieved €18.4mn of sales revenues.

- **Gen Digital:** listed on Nasdaq Stock Exchange, with a market capitalization of €11.1bn, Gen Digital engages in the provision of security, storage, and systems management solutions. The firm focuses on providing consumer cyber safety with its business solutions. In FY22A, the Company achieved €2.8bn of sales revenues.
- **Reevo:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €87.2mn, Reevo operates as a holding company that develops information technology solutions for cloud services. Its main service areas include Cloud Infrastructure Services, Cyber Security, and Hybrid Cloud. The Cloud Infrastructure Services comprises software and hardware resources to enable asset data management including Infrastructure as a Service, Backup as a Service, Storage as a Service, and Disaster Recovery as a Service. The Cyber Security area offers a digital safe feature as well as indicates threats, vulnerabilities, and other data protection measures against cyber-attacks to computer networks. The Hybrid Cloud area specializes in device and technology hosting to enable secure interconnectivity to its Cloud services. In FY22A, the Company achieved €14mn of sales revenues.
- **Sesa:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €1.8bn, Sesa engages in the provision of value-added information technology solutions. It operates through the following business areas: VAD IT Value Added Distribution, SI System Integration, and Corporate. The VAD IT Value Added Distribution business area focuses on software house and system integration. The SI System Integration business area offers enterprise system integration services. The Corporate business area provides corporate services such as cloud computing, logistics, marketing, human resources, planning and control, finance, mergers and acquisitions, legal, and information and communication technology and operations. In FY22, the Company achieved €2.4bn of sales revenues.
- **Digital360:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €106.8mn, Digital360 provides solutions for marketing and consulting technologies for digital transformation. It operates through the Demand Generation and Advisory and Coaching business units. The Demand Generation unit provides support services, especially custom and subscription services to technology companies for marketing and business opportunity generation activities. The Advisory and Coaching unit provides consulting services to companies and public administrations in the process of digital transformation. In FY22, the Company achieved €55.3mn of sales revenues.
- **Vantea Smart:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €43.6mn, Vantea Smart engages in the provision of information technology solutions for the management, optimization, and support of business digital transformation processes. The firm specializes in cyber-security consultancy that combines systems integration and software development. It also develops enterprise resource planning systems and initiatives in change management as well as infrastructural and product innovation. In FY22, the Company achieved €50mn of sales revenues.
- **WIIT:** listed on Borsa Italiana Stock Exchange, with a market capitalization of €565.2mn, WIIT engages in the provision of hosted private and hybrid cloud services. It offers cloud computing, critical applications, business continuity and disaster recovery, cyber security, technology migrations, service desk, and digital transformation solutions. In FY22, the Company achieved €116.6mn of sales revenues.

We analyzed the peer companies by considering their average revenue and EBITDA growth and compared to Itway's historical and expected financials. By looking at 2021-22 revenue growth, peer companies grew on average by 31.4% YoY while Itway's revenues grew by ca.

7% YoY. Over the 2022-25 period Itway's sales are expected to grow at a 5.4% CAGR22-25 vs 14% average growth of the ICT peers. Looking at FY22 EBITDA, Itway registered a contraction of 15.8% YoY following the strengthening of management structure vs an average growth for peers' sample that showed +27.9% YoY. According to our financial projections Itway's EBITDA shows an expected 31.3% CAGR22-25, far above the average projected growth of peers (CAGR22-25 of 16.1%), as Itway's strategy for the coming years is to focus on business with higher margins.

Peer comparison – Sales and EBITDA growth 2019-25

Company Name	Sales					YoY 21-22	Sales			CAGR 2022-'25
	2019	2020	2021	2022	2023		2024	2025	2025	
CY4Gate SpA	7	13	17	54	n.m.	83	90	96	21.2%	
Cyberoo S.p.A.	6	6	9	n.a.	n.a.	27	36	n.a.	n.a.	
Defence Tech Holding SpA	16	17	17	19	12.4%	28	33	n.a.	n.a.	
Exclusive Networks S.A.	1,742	1,892	2,483	3,404	37.1%	3,841	4,298	4,856	12.6%	
Expert.ai S.p.A.	32	28	28	28	0.0%	35	38	42	14.0%	
FOS SpA	10	11	15	18	24.0%	25	28	32	19.6%	
Gen Digital Inc.	2,241	2,189	2,407	3,210	33.3%	3,548	3,732	3,829	6.1%	
ReeVo SpA	5	8	11	14	29.5%	21	26	30	28.4%	
SeSa S.p.A.	1,763	2,022	2,363	n.a.	n.a.	3,220	3,458	3,485	n.a.	
Digital360 SpA	25	26	34	n.a.	n.a.	89	101	110	n.a.	
Vantea Smart S.p.A.	7	17	35	52	50.5%	83	118	n.a.	n.a.	
WIIT SpA	34	52	76	117	52.7%	136	148	162	11.5%	
Peers Average	491	523	625	769	31.4%	928	1,009	1,405	14.0%	
It Way	35	39	44	47	7.0%	49	52	55	5.4%	

Company Name	EBITDA					YoY 21-22	EBITDA			CAGR 2022-'25
	2019	2020	2021	2022	2023		2024	2025	2025	
CY4Gate SpA	3	7	7	10	36.5%	25	30	32	49.3%	
Cyberoo S.p.A.	2	2	2	n.a.	n.a.	13	21	n.a.	n.a.	
Defence Tech Holding SpA	2	1	5	5	11.6%	10	12	n.a.	n.a.	
Exclusive Networks S.A.	86	98	124	158	27.9%	191	216	243	15.5%	
Expert.ai S.p.A.	4	-6	-11	-18	56.9%	6	10	12	-188.5%	
FOS SpA	2	2	3	4	19.1%	5	6	8	26.9%	
Gen Digital Inc.	803	1,055	1,030	1,659	61.1%	1,934	2,049	2,207	10.0%	
ReeVo SpA	1	2	3	3	13.7%	6	8	9	41.1%	
SeSa S.p.A.	74	103	130	n.a.	n.a.	237	261	256	n.a.	
Digital360 SpA	3	5	7	n.a.	n.a.	17	20	22	n.a.	
Vantea Smart S.p.A.	1	1	3	3	2.7%	10	18	n.a.	n.a.	
WIIT SpA	12	16	23	39	70.2%	49	56	62	16.1%	
Peers Average	83	107	110	207	27.9%	209	226	317	16.1%	
It Way	3	2	3	2	-15.8%	2	3	5	31.3%	

Source: FactSet, KT&P's Elaboration

We then compared peers' profitability with Itway's historical and expected margins. Itway showed a FY22 EBITDA margin at 4.7%, below average peers' EBITDA margin at 23%. By 2023, our projections result in an EBITDA margin at 4.3% vs an expected average peers' profitability at 26.3%.

Peer comparison – EBITDA margin, EBIT margin and Net margin 2020-25

Company Name	EBITDA Margin					EBIT Margin					Net Margin							
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
CY4Gate SpA	52.1%	41.8%	18.0%	30.8%	33.0%	33.6%	39.8%	21.9%	neg	19.6%	21.3%	22.4%	42.0%	30.4%	4.1%	9.7%	12.8%	15.4%
Cyberoo S.p.A.	33.5%	27.5%	n.m.	48.1%	58.3%	n.m.	3.4%	4.7%	n.m.	37.0%	47.2%	n.m.	1.0%	2.0%	n.m.	25.9%	30.6%	n.m.
Defence Tech Holding SpA	7.1%	26.6%	26.5%	35.7%	36.4%	n.m.	5.0%	20.8%	15.5%	28.6%	28.8%	n.m.	4.6%	21.6%	21.6%	17.9%	18.2%	n.m.
Exclusive Networks S.A.	5.2%	5.0%	4.6%	5.0%	5.0%	5.0%	1.9%	2.2%	2.5%	4.0%	4.1%	4.3%	0.1%	neg	1.1%	2.2%	2.3%	2.4%
Expert.ai S.p.A.	neg	neg	neg	15.8%	26.0%	28.9%	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	4.3%
FOS SpA	22.4%	20.8%	20.0%	21.2%	22.5%	23.8%	10.4%	10.4%	11.8%	11.2%	13.4%	15.6%	8.8%	7.2%	7.3%	7.0%	8.2%	9.8%
Gen Digital Inc.	48.2%	42.8%	51.7%	54.5%	54.9%	57.6%	41.4%	37.1%	41.1%	56.3%	58.9%	60.6%	27.3%	29.9%	40.4%	30.7%	34.8%	36.9%
ReeVo SpA	20.4%	26.3%	23.1%	28.3%	29.5%	30.6%	11.5%	15.4%	9.9%	18.8%	19.3%	19.4%	8.5%	12.0%	10.1%	12.8%	13.4%	14.2%
SeSa S.p.A.	5.1%	5.5%	n.m.	7.4%	7.5%	7.3%	3.5%	3.7%	n.m.	5.3%	5.6%	5.4%	2.6%	3.1%	n.m.	3.2%	3.5%	3.4%
Digital360 SpA	20.6%	21.1%	n.m.	19.2%	20.2%	20.2%	11.0%	11.3%	n.m.	16.2%	17.4%	17.3%	4.1%	5.4%	n.m.	4.2%	5.6%	6.6%
Vantea Smart S.p.A.	8.2%	9.2%	6.3%	12.6%	15.4%	n.m.	7.7%	6.2%	4.2%	7.9%	11.5%	n.m.	8.0%	4.8%	2.7%	6.1%	9.1%	n.m.
WIIT SpA	31.0%	30.3%	33.8%	36.5%	38.1%	38.1%	9.7%	6.7%	13.9%	19.9%	22.0%	22.5%	3.1%	neg	6.7%	9.8%	11.8%	12.5%
Peers Average	23.1%	23.4%	23.0%	26.3%	28.9%	27.2%	13.2%	12.8%	14.1%	20.4%	22.7%	20.9%	10.0%	12.9%	11.7%	11.8%	13.7%	11.7%
It Way	5.2%	6.0%	4.7%	4.3%	6.7%	9.1%	3.7%	4.5%	3.3%	2.6%	4.3%	6.1%	3.2%	3.0%	neg	1.8%	3.1%	4.4%

Source: FactSet, KT&P's Elaboration

Market Multiples Valuation

Following our comps analysis, we evaluated the company by using the 2023–25 EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 20% liquidity/size discount and takes into account our estimates of Itway's EBITDA and Net Income for 2023, 2024, and 2025. We also considered FY22 NFP at -€1.2mn.

Peer Comparison – Market Multiples 2022-2025

Company Name	Exchange	Market Cap	EV/SALES 2022	EV/SALES 2023	EV/SALES 2024	EV/SALES 2025	EV/EBITDA 2022	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2022	EV/EBIT 2023	EV/EBIT 2024	EV/EBIT 2025	P/E 2022	P/E 2023	P/E 2024	P/E 2025
C14Gate SpA	Milan	211	3.9x	2.5x	2.3x	2.2x	21.6x	8.3x	7.1x	6.5x	n.m	13.0x	11.0x	9.7x	n.m	19.0x	15.7x	13.7x
Cyberoo S.p.A.	Milan	114	n.a.	4.2x	3.2x	n.a.	n.a.	8.8x	5.4x	n.a.	n.a.	11.4x	6.7x	n.a.	n.a.	17.3x	10.2x	n.a.
Defence Tech Holding SpA	Milan	111	5.4x	3.8x	3.2x	n.a.	20.5x	10.5x	8.8x	n.a.	34.9x	13.2x	11.1x	n.a.	26.1x	21.5x	17.9x	n.a.
Exclusive Networks S.A.	Euronext Paris	1,808	0.6x	0.6x	0.5x	0.5x	13.8x	11.4x	10.1x	9.0x	25.7x	14.3x	12.5x	10.5x	n.m	15.2x	13.3x	11.6x
Expert.lai S.p.A.	Milan	53	2.4x	2.0x	1.8x	1.6x	n.m	12.5x	6.9x	5.6x	n.m	n.a.	n.a.	n.a.	n.m	n.m	n.a.	27.8x
FOS SpA	Milan	23	1.2x	0.9x	0.8x	0.7x	6.2x	4.3x	3.6x	3.0x	10.5x	8.1x	6.1x	4.6x	17.8x	13.4x	10.2x	7.7x
Gen Digital Inc.	NASDAQ	11,070	6.0x	5.5x	5.2x	5.1x	11.7x	10.0x	9.5x	8.8x	14.7x	9.7x	8.8x	8.4x	8.3x	9.5x	7.9x	7.1x
ReeVo SpA	Milan	87	6.0x	4.0x	3.2x	2.8x	26.1x	14.2x	10.9x	9.3x	n.m	21.3x	16.7x	14.6x	n.m	35.2x	26.6x	22.1x
SeSa S.p.A.	Milan	1,835	n.a.	0.5x	0.5x	0.5x	n.a.	7.2x	6.6x	6.7x	n.a.	10.0x	8.9x	9.1x	n.a.	15.8x	14.0x	14.7x
Digital360 SpA	Milan	107	n.a.	1.2x	1.1x	1.0x	n.a.	6.2x	5.2x	4.8x	n.a.	7.4x	6.1x	5.6x	n.a.	14.2x	11.3x	10.0x
Vantea Smart S.p.A.	Milan	44	1.0x	0.6x	0.4x	n.a.	15.5x	4.8x	2.8x	n.a.	23.1x	7.7x	3.7x	n.a.	30.5x	n.a.	n.a.	n.a.
WIIT SpA	Milan	600	6.5x	5.6x	5.1x	4.7x	19.2x	15.3x	13.4x	12.2x	n.m	28.0x	23.2x	20.7x	n.m	37.5x	29.7x	26.2x
Average peer group		1,338	3.7x	2.6x	2.3x	2.1x	16.8x	9.5x	7.5x	7.3x	21.8x	13.1x	10.4x	10.4x	20.7x	19.9x	15.7x	15.7x
Median peer group		112	3.9x	2.3x	2.1x	1.6x	17.3x	9.4x	7.0x	6.7x	23.1x	11.4x	8.9x	9.4x	21.9x	16.5x	13.6x	13.7x
It Way	Milan	13	0.3x	0.3x	0.3x	0.3x	7.3x	7.6x	4.6x	3.2x	10.3x	12.7x	7.2x	4.8x	n.m	15.6x	8.5x	5.6x

Source: FactSet, KT&Partners' Elaboration

We end up with our Itway's equity value of €20.7mn for EV/EBITDA and of €18.5mn through the P/E method.

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
EV/EBITDA Comps	9.4x	7.0x	6.7x
It Way EBITDA	2.1	3.5	5.0
Enterprise value	19.9	24.2	33.3
Average Enterprise Value		25.8	
Liquidity/Size Discount		20%	
Enterprise Value Post-Discout		20.6	
It Way FY22 Net Debt		(1.2)	
It Way FY22 Minorities		1.1	
Equity Value		20.7	
Number of shares (mn)		10.6	
Value per Share €		2.0	

P/E Multiple Valuation

Multiple Valuation (€mn)	2023E	2024E	2025E
P/E Comps	16.5x	13.6x	13.7x
It Way Net Income	0.9	1.6	2.4
Equity Value	14.3	21.7	33.2
Average Equity Value		23.1	
Liquidity/Size Discount		20%	
Equity Value Post-Discout		18.5	
Number of shares (mn)		10.6	
Value per Share €		1.7	

Source: FactSet, KT&Partners' Elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 15.1% cost of equity, 3% cost of debt, and a D/E ratio of 11.7% (Damodaran for software – computer services sector). The cost of equity is a function of the risk-free rate of 4.2% (Italian 10y BTP, last 3 months average) and the equity risk premium of 5.1% (Damodaran for a mature market). We, therefore, obtained 15.5% WACC.

We discounted 2023E-26E annual cash flow and considered a terminal growth rate of 2.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation				
€ Millions	2023E	2024E	2025E	2026E
EBIT	1.3	2.2	3.3	4.6
Taxes	(0.3)	(0.6)	(0.8)	(1.2)
D&A	0.9	1.2	1.6	2.0
Change in Net Working Capital	(0.9)	(0.9)	(0.9)	(1.0)
Change in Funds	0.3	0.3	0.3	0.3
Net Operating Cash Flow	1.2	2.4	3.5	4.8
Capex	(1.1)	(1.1)	(1.1)	(1.1)
FCFO	0.1	1.3	2.5	3.7
g	2.0%			
Wacc	15.5%			
FCFO (discounted)	0.1	1.0	1.7	2.2
Discounted Cumulated FCFO	5.1			
TV	28.1			
TV (discounted)	16.9			
Enterprise Value	22.0			
NFP FY2022A	(1.2)			
Minorities FY2022A	1.1			
Equity Value	23.2			
Current number of shares (mn)	10.6			
Value per share (€)	2.18			

Source: Company Data, KT&Partners' Elaboration

Sensitivity analysis

€ Millions	Terminal growth Rate	WACC				
		16.0%	15.7%	15.5%	15.2%	15.0%
	1.5%	21.6	22.0	22.5	22.9	23.4
	1.8%	21.9	22.4	22.8	23.3	23.8
	2.0%	22.3	22.7	23.2	23.6	24.1
	2.3%	22.6	23.0	23.5	24.0	24.5
	2.5%	22.9	23.4	23.9	24.4	24.9

Source: Company Data, KT&Partners' Elaboration

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- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE

ITWAY SPA

Price: €1.27 | Fair Value: €2.01

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