



PRESS RELEASE

The Board of Directors of the Itway Group has approved the Interim Report on Operations as of 30 September 2023

ITWAY GROUP

First 9 Months 2023

REVENUES GREW (+16%) AND PRE-TAX PROFIT WENT FROM -48 THOUSAND TO +639 THOUSAND EUROS
THE GROSS MARGIN ROSE FROM 4,376 THOUSAND EUROS TO 5,527 THOUSAND EUROS (+26%)
SLIGHT DECLINE IN EBITDA AND EBIT FOLLOWING THE HIRING OF QUALIFIED PERSONNEL (FROM 65 TO 86 RESOURCES IN 12 MONTHS)

Third quarter 2023

REVENUES UP TO €8.507 MILLION
PRE-TAX PROFIT DOWN FROM 40 THOUSAND TO -130 THOUSAND EURO
THE NET FINANCIAL POSITION IS SHRINKING
FROM €1,317 THOUSAND AT THE END OF 2022 TO €253 THOUSAND DUE TO THE SEASONALITY OF THE SECTOR

Ravenna, 14 November 2023 – The **Board of Directors of Itway S.p.A.**, a company listed on the Euronext Milan Market of the Italian Stock Exchange - at the head of the Group operating in the IT sector for the design, production and distribution of technologies and solutions in the cybersecurity, artificial intelligence, cloud computing and big data sectors - **chaired by G. Andrea Farina, today approved the Interim Report on Operations as at 30 September 2023.**

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

<i>in thousands of Euro</i>	Nine months 30/09/2023	Nine months 30/09/2022
Revenues	30.002	26.031
EBITDA	1.004	1.203
Operating profit (EBIT)	487	745
Pre-tax profit	639	(48)

<i>in thousands of Euro</i>	Three months 30/09/2023	Three months 30/09/2022
Revenues	8.507	7.705
EBITDA	261	375
Operating profit (EBIT)	72	219
Pre-tax profit	(130)	40

In the first 9 months of 2023, revenues increased by almost +16% and it should be noted that the gross margin increased by approximately +10% in absolute value, standing at 19% compared to 17.4% in the previous period and increasing by more than 26% in relative value to 5,527 thousand Euros from 4,376 thousand Euros, this is thanks to a constantly growing mix of value-added services.

Operating results decreased slightly: EBITDA decreased from Euro 1,203 thousand in the first 9 months of 2022 to Euro 1,004 thousand in the same period of 2023, while EBIT decreased from Euro 745 thousand to Euro 487 thousand. On the other hand, the net result for the period improved sharply, from -48 thousand Euros to 639 thousand Euros, mainly thanks to the foreign exchange gains made by the Turkish subsidiary. As in the first half of the year, operating results were affected by the increase in costs, which was mainly linked to the significant investments in progress, and, in particular, was linked to the increase in personnel costs of 34% (+795 thousand euros) and employees. The number of employees increased from 65 (30 September 2022) to 86 (30 September 2023) and relates to the inclusion of qualified personnel in the Group, with an increase of 21 units.

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

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

During the first 9 months of 2023, the Itway Group continued to invest in the Cybersecurity, IoT and Artificial Intelligence (AI), Cyber Safety and Big Data markets, all connected and interrelated.

GENERAL CONTEXT AND TREND OF THE ICT MARKET

The general context of the economy and the latest projections of the ICT 2023 market trend take into account the prolongation of the extremely complex international scenario linked to and determined by the continuing war in Ukraine, the shortage of raw materials, the still very high energy costs, and the beating inflation, projections that Anitec-Assinform published in June 2023.

The first nine months of 2023 were still affected by the consequences of a socio-economic scenario still disrupted by the aftermath of the pandemic and the negative effects related to the Ukrainian conflict.

SECTOR PERFORMANCE: CYBER SECURITY PRODUCTS (VAD +PS)

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

The main economic indicators of this sector are shown below, compared with the values of the previous year:

<i>in thousands of Euro</i>	Nine months 30/09/2023	Nine months 30/09/2022
Total Revenue	25.591	23.124
<i>Gross margin %</i>	<i>12,7%</i>	<i>11,8%</i>
EBITDA	1.931	1.632
Operating profit (EBIT)	1.883	1.560

<i>in thousands of Euro</i>	Three months 30/09/2023	Three months 30/09/2022
Total Revenue	7.107	6.748
<i>Gross margin %</i>	<i>13,4%</i>	<i>13,1%</i>
EBITDA	670	527
Operating profit (EBIT)	663	504

The first nine months of 2023, despite the negative effects related to the Ukrainian conflict and the particularly complex situation in the Turkish country, showed good growth in both revenues and income.

The breakdown by country is broken down below:

Itway Turkey is experiencing a particularly complex economic phase due to the persistent devaluation and the not always effective economic-monetary policies put in place by the central government, not to mention the catastrophic effects of the earthquake at the beginning of the year and the political uncertainty linked to the political elections in May that then led to Erdogan's confirmation. Despite these objective difficulties, which have heavily affected the purchasing power of both private and public companies, combined with the summer period that does not have a positive impact on growth in the ICT sector, the results as at 30 September indicate good resilience, however accompanied by growth, in a complex context, with an increase in turnover of +62.4% in local currency compared to the same period of 2022. This significant growth, considering the devaluation of the exchange rate (Euro against Turkish Lira), recorded a 13.5% increase in revenues in Euro and a significant increase in both the first margin and EBITDA.

Itway Hellas, the Greek subsidiary, recorded a growth in terms of turnover of about 7%, increasing its market share. The Company, specialized in Cyber security, continues to grow 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 sector, banks and large infrastructure companies where important investments have been made in the field of digitization of processes. with positive consequences for the demand for cyber security. To support the growth in turnover and the introduction of new vendors, investments have been made in technical staff with a consequent increase in costs; despite this, the Company still recorded an increase of approximately 20% in EBITDA in the period compared to the same period last year.

SEGMENT PERFORMANCE: ACTIVITIES OF THE PARENT COMPANY AND OTHER SCALE-UP SECTORS

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; he deals with administrative and financial management, organization, strategic planning and operational control, budgeting process, human resources management, general affairs, legal affairs, marcomm management (marketing and communication), corporate information systems and extraordinary finance operations of the Group companies. In summary, the Corporate sector is responsible for the strategic and operational governance and financial and human capital management of the Group.

Operating Sector

- There are two Business Units operating in the holding company: Cyber Security and Cyber Safety.
 - Cyber Security- Cyber Resiliency: deals with consulting, design, system integration; in summary, IT Services in the field of Cyber Security, in particular on Cyber Risk Management, GDPR, Cyber Resiliency;
 - 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, which has been the subject of major investments in an extremely innovative product, is at an advanced stage of start-up.

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 market of digital repositories of scientific research, cultural heritage and Big Data. 4 Science is in scale-up.

NET FINANCIAL POSITION

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

Thousands of Euro	30/09/2023	30/06/2023	31/12/2022
Cash equivalents	2.949	5.017	2.345
Financial receivables	-	-	2.110
Current financial assets	1.203	1.617	1.152
Current financial liabilities	(433)	(411)	(697)
Convertible bonds	-	-	(284)
Current net financial position	3.719	6.223	4.626
Non-current financial assets	-	-	-
Non-current financial liabilities	(3.466)	(3.486)	(3.309)
Net non-current financial position	(3.466)	(3.486)	(3.309)
Total net financial position	253	2.737	1.317

and the net financial position of the Parent Company:

Thousands of Euro	30/09/2023	30/06/2023	31/12/2022
Cash equivalents	1.327	1.963	119
Financial receivables	-	-	2.110
Current financial liabilities	(328)	(317)	(316)
Current Financial Liabilities vs. Subsidiaries	(1.284)	(1.268)	(1.807)
Convertible bonds	-	-	(284)
Current net financial position	(285)	378	(178)
Non-current financial assets	-	-	-
Non-current financial liabilities	(1.914)	(1.900)	(1.981)
Net non-current financial position	(1.914)	(1.900)	(1.981)
Total net financial position	(2.199)	(1.522)	(2.159)

The decline in the Group's net financial position as of 30 September 2023 compared to the end of the previous quarter is also due to the seasonality of the sector; the summer period is the third quarter of the year (Q3) and also depicts the lowest period of the year in terms of turnover. In addition, this quarter saw the payment of tax exposures and trade payables outstanding as of June 30, 2023 and overdue in the meantime.

BUSINESS OUTLOOK

ITWAY S.P.A.

In the months that followed, the Group will continue its development activities in its reference markets: Cyber security, Data Science and Cyber safety. The strengthening of the technical and commercial structure, as commented above, we expect to lead to an acceleration in growth.

BU Cyber security & Infrastructure

To achieve the objectives of the business plan, the focus will be on the growth of the Cyber Security & Resilience Business Unit, in particular by pushing the new product line "Itway Cyber Security & Resiliency 360™", offering the market further expanded NOC/SOC services and managed security services (MSP) 24x365 days a day. which today represent a true excellence.

BU Cyber safety

During the first nine months of the year, the Cyber Safety Business Unit, based on our ICOY MOVER product, achieved its first orders and received important signs of interest from customers, and this gives us hope for the completion of further orders in the latter part of the year.

With the specialized sales team on ICOY, which also includes a senior professional in the role of Key Account Manager (KAM), a conspicuous pipeline of offers and opportunities has developed and therefore we will continue with the Direct Marketing activity aimed at companies in the engineering and steel sector to further increase the portfolio of negotiations and materialize orders before the end of the fiscal year.

4Science S.p.A.: BU Data Science:

The last quarter of 2023 opens with an important order book developed in the first 9 months of the year and with growth prospects linked above all to the international market and in particular to the US market, hoping however that, as far as the domestic market is concerned, there will be the hoped-for positive effect linked to the investments envisaged in the PNRR and in particular in the so-called PND (National Digitalization Plan).

BU Cyber security Products VAD + PS: Itway Turkiye Ltd. e Itway Hellas S.A.

There are no significant factors that could in any way slow down the steady growth in the remainder of 2023. A close eye will be kept on the currency situation in Turkey and a vigilant management of operating costs.

The expectation is that the value-added distribution activities with design services will continue to grow significantly, maintaining a constant focus on the defense of margins, which are increasing, and the management of working capital.

The reference market in the two countries in which the Group operates is in a phase of significant development and the prospect is to grow organically thanks to the growth rates expected by the vendors, the increase in market share and the introduction of new product lines, such as Mastercard, as well as other lines for the storage and cloud back-up market.

The objective remains to maintain good growth rates, both in terms of revenues and profitability, in line with the Business Plan, and to confirm the strategic leadership position in Cyber security in Greece and Turkey.

RELATIONSHIPS WITH RELATED PARTIES

During the first 9 months of 2023, the Group had commercial and financial relationships with related companies. These are relationships carried out as part of normal management activities, regulated under

conditions contractually established by the parties, in line with ordinary market practices and summarised below:

in thousands of Euro	Credits	Debts	Costs	Revenues
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	-	-	149	-
Itway S.p.A. vs Fartech S.r.l.	136	100	-	68
TOTAL	136	100	149	68

Itway S.p.A. manages and coordinates its subsidiaries resident in Italy. This activity consists in the indication of the Group's general strategic and operational guidelines, in the definition and adaptation of the Organizational Model and in the elaboration of general policies for the management of human and financial resources.

Itway S.p.A. is not subject to the direction and coordination of any company.

SHARES

As of September 30, 2023, the Parent Company owns 203,043 treasury shares (equal to 1.91% 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 "Treasury share reserve" deducted from the shareholders' equity for the year and consolidated). Of these, 136,400 treasury shares (equal to 1.29% of the share capital) were loaned to N&G in 2020 to service the convertible bond.

Declaration of the manager responsible for preparing the company's financial reports pursuant to the provisions of art. 154-bis, paragraph 2 of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

The undersigned Sonia Passatempi in her capacity as manager in charge of preparing the company's financial reports, 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 the Group's operations 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. The

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