

Interim Management Report of the Itway Group as of March 31, 2024

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Social bodies

Board of Directors

(Until approval of the December 31, 2025 Financial Statements)

<i>Name and last name</i>	<i>Position</i>
Giovanni Andrea Farina	President and Chief Executive
Cesare Valenti	Managing Director
Valentino Bravi	Independent Director
Piera Magnatti	Independent Director
Viola Ferretti	Independent Director

Board of Statutory Auditors

(Until approval of the December 31, 2025 Financial Statements)

<i>Name and last name</i>	<i>Position</i>
Andrea Magnani	Presidente
Alessandro Mengozzi	Sindaco effettivo
Rita Santolini	Sindaco effettivo

Manager mandated to draft corporate accounting documents

The board of directors named Sonia Passatempi (Administrative Manager of the Group) as the Manager in charge of drafting corporate accounting documents for the Itway Group.

Auditing company

HLB Analisi S.p.A.

The General Meeting gave the mandate for the auditing firm on July 2, 2018 for a period of nine years until the approval of the financial statements for the year ending December 31, 2026.

Interim management report as of March 31, 2024

For the sake of continuity with the past, Itway decided to draft and publish the interim management report to March 31, 2024 on a voluntary basis despite not being required by the Issuers Regulation of the MTA market of Borsa Italiana.

The Board of Directors on May 15, 2024 authorized the publication of the current interim management report, not subject to audit.

In the current interim management Report as of March 31, 2024, the analysis of the economic performance was carried out with reference to the situation in the period January 1-March 31, 2024 compared with the same period of 2023. The net financial position and the balance sheet information refer to March 31, 2024 compared with the consolidated Financial Statements as of December 31, 2023.

The accounting statements to March 31, 2024 were drafted before taxes and of the fiscal effects on the results of the period.

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Interim Financial Report as of March 31, 2024 are, as in the previous fiscal year, the international accounting principles defined as IFRS. In particular, these principles require forward-looking statements, as indicated in the continuation of the current report, in particular in the section “Foreseeable evolution of operations”. In the context of the economic uncertainty illustrated below, please note that these forecasts have a component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecasted

The Group is positioned on the **Digital Product Engineering and Digital Transformation model**.

Although both digital product engineering and digital transformation focus on using digital technologies, they refer to different aspects of an organization’s digital strategy. Digital product engineering involves the process of planning, developing, testing, implementing, and doing the maintenance of digital products or software that offer value to end-users. Digital transformation integrates digital technology in all aspects of a company or organization, radically changing how it operates and offers value to its clients.

This transformation takes place focusing on higher value-added business segments through four Business Units:

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

The Itway Group in the first quarter continued to invest in Cybersecurity, IoT, Artificial Intelligence (AI), Cyber Safety, and Big Data, all of which are connected and correlated.

For a broader assessment of the performance of the Group and the reference market, please see the recent Directors' Report on Operations of the financial statements for the year ended December 31, 2023, published on April 30, 2024.

Following is the consolidated condensed income statement at March 31, 2024 compared with that of the same period a year earlier

	Quarter ended March 31,	
	2024	2023
<i>(Thousands of Euro)</i>	Itway Group	Itway Group
Turnover		
Sales revenue	12,286	9,731
Other operating revenue	271	276
Total revenue	12,557	10,007
Operating costs		
Costs of products	10,008	8,175
Personnel costs	1,443	978
Other costs and operating charges	799	604
Total operating costs	12,250	9,757
EBITDA	307	250
Amortization	228	161
EBIT	79	89
Net financial proceeds/(charges)	(44)	(85)
Result before taxes	35	4

In the quarter ended on March 31, 2024, revenue rose 25.5% while the operating results of the Group were broadly steady: EBITDA rose by Euro 57 thousand, EBIT fell by approximately Euro 10 thousand, and the result before taxes increased by Euro 31 thousand.

Rising costs for the significant ongoing investments affected results, namely the 47% increase in personnel costs (+Euro 465 thousand) and collaborators. The number of employees rose from 79 units (March 31, 2023) to 102 units (March 31, 2024); 9 average units refer to the purchase of Seacom that has 34 employees, while the hiring of qualified personnel generated a 14 unit increase in the number of senior managers, junior account managers, project managers,

developers, service desk operators, cybersecurity consultant, systems engineers and back-office staff, as foreseen by the company's investment plan.

The hiring and training of such a large number of new resources inevitably brought to a phase of reduced internal efficiency in the ability to generate revenue, which in any case rose as senior staff had to train and transfer know-how to the recruits.

We expect this phase of reduced efficiency and production capability to improve starting in the second half of 2024.

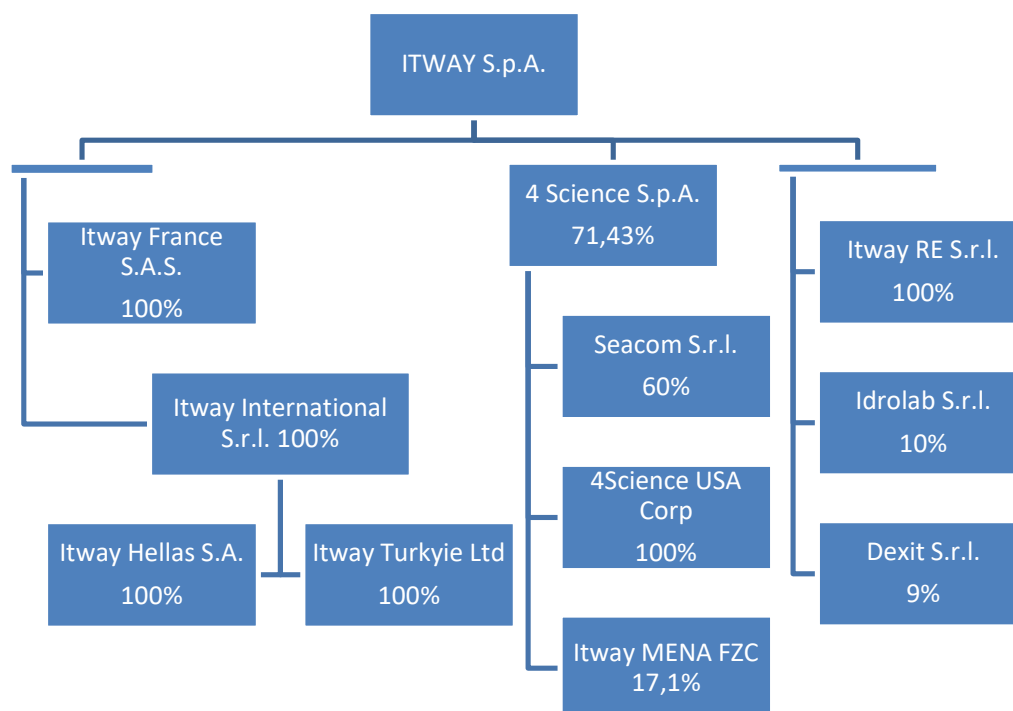
Even though we have no clients or suppliers in Ukraine, the general climate of uncertainty caused by the ongoing war is not helping. The recent conflict between Israel and Hamas and the recent attacks between Israel and Iran, having an Israeli supplier and headquarters in the US, makes us more cautious; however, to date, we have not seen a contraction in volumes.

The impact of the Public Administration's management of the NRRP is worth mentioning: On the one hand, the NRRP made significant investments available for digital innovation in the public administration and digital transformation sectors. On the other, the rigid timing required to write and submit projects to access NRRP funds blocked the administrative staff of the public administration for months, slowing and delaying any other decision on current or planned investments.

Despite these objective difficulties, the value of orders received in the first quarter rose in all Business Units compared with the previous year.

Structure and Activities of the Group

The Interim Management report includes the accounting situations of the companies of the Itway Group that as of March 31, 2024 had the following structure:



Following is the list of the fully consolidated companies on which Itway S.p.A. exercises, directly or indirectly, control through the majority of voting rights:

NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownership	% indirect ownership	% overall ownership
Itway France S.A.S.	4, Avenue Cely – Asniere sur Seine, Cedex	100,000	100%	-	100%
Itway International S.r.l.	Viale A. Papa, 30 - Milan	10,000	100%	-	-
Itway Hellas S.A.	Agiou Ioannou Str , 10 Halandri - Athens	846,368	-	100%	100%
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18 - Istanbul	1,500,000 *	-	100%	100%
Itway RE S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	100%
4Science S.p.A.	Via A. Papa, 30 - Milan	62,307	71.43%	-	71,43%
4Science USA Corporation	251 Little Falls Drive, 19808 Wilmington DE	150,000**	-	100%	100%
Seacom S.r.l.	Via Gramsci 5 – Navacchio – Cascina (Pisa)	34.500	-	60%	60%

* The value is expressed in the New Turkish Lira (YTL)

** The value is expressed in US dollars (USD)

Following are the affiliate companies, valued with at cost:

NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownership	% indirect ownership	% overall ownership
Dexit S.r.l.	Via G. Gilli 2 - Trento	700,000	9%	-	9%
Idrolab S.r.l.	Via dell'Arrigoni, 220 - Cesena FC	52.500	10%	-	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35,000*	-	17.1%	17.1%

* il valore è espresso in Dirham degli Emirati Arabi Uniti (AED)

Sector performance: Cyber Security Products (VAD + PS)

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

Following are the main economic indicators of the sector, compared with those of the previous fiscal year:

(Thousands of €uro)	Quarter ended	
	31/03/2024	31/03/2023
Revenue	10,472	8,827
Ebitda	695	662
Ebit	641	645
Result before taxes	687	688

Following is the analysis by country:

Itway Turkey continues to witness a very complex economic phase because of the significant devaluation underway, the government's economic and monetary policies that are not always effective, and the political and economic tensions between Turkey and Israel due to the Israeli-Palestinian conflict. Despite these objective difficulties that impacted the purchasing power of private and public companies, the results indicate resilience.

Itway Turkey has a leading position in the Turkish Cybersecurity market. Results for the year indicate solid growth prospects with an increase in revenue of 69.5% in local currency compared with the previous fiscal period. Considering the devaluation of the currency (Euro against Turkish Lira), this significant growth led to steady revenue and gross margin, both as a percentage and in absolute terms. The net result was impacted positively by foreign currency gains booked in the period by the subsidiary that sells and purchases using the US dollar as the accounting currency.

Itway Hellas: The Greek subsidiary posted revenue growth of 47%, increasing its market share. The Company, which specializes in Cyber Security, continues to grow in a market, the Greek one, that is progressively coming out of a tense and delicate economic situation and is showing signs of vitality, especially in the public administration, the banking sector, and large infrastructure companies, where significant investments in digitalization processes were made, with a positive impact on cybersecurity demand. To sustain revenue growth and to introduce new Vendors, investments in technical personnel were made, leading to a 29% increase in personnel costs. General and service costs increased by 29%, mainly because of the energy crisis caused by the conflict in Ukraine. EBITDA and EBIT improved.

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

The parent company **Itway S.p.A.** is a holding company comprising two sectors of activities:

Corporate and Operational.

Corporate Sector:

- It carries out **management activities for the group**; it handles the administrative and financial management, organization, strategic planning and operational control, budget process, human resource management, general affairs, management of marketing communication, corporate information systems, legal, and extraordinary finance operations of Group companies. In summary, the corporate sector deals with the strategic governance and Group's financial and human resources management.

Operational sector:

- The holding has two business units: **Cyber Security** and **Cyber Safety**
 - **Cyber Security – Cyber Resilience:** it manages consultancy, planning, system integration, or **in general IT Services** in IT and OT Cyber Security, in particular in Cyber Risk Management, GDPR, and Cyber Resiliency;
 - **Cyber Safety:** With the patented and proprietary ICOY™®, it operates in the work safety sector or the so-called EH&S (Environment, Health, & Safety). This business unit, which has an exceptionally innovative product in which the Group heavily invested, is in an advanced start-up phase.

Other sectors in the scale-up phase:

- **4Science S.p.A** is the **Data Science** business unit specialized in Data Science and Data Management services and solutions for the markets of digital repository of scientific research, cultural heritage and Big Data. It is in the scale-up phase.

Following is a brief income statement of the Parent Company Activity and other sectors in the scale-up phase compared with the same period of the previous year:

(Thousands of Euro)	Quarter ended	
	31/03/2024	31/03/2023
Revenue	2,085	1,180
Ebitda	(388)	(412)
Ebit	(562)	(556)
Result before taxes	(652)	(684)

This is the sector where there have been the most investments out of the three Business Units that comprise it (Cyber Security, Cyber Safety, and Data Science), with the hiring of 14 highly professional and highly specialized resources in addition to the personnel of Seacom S.r.l. that purchased in the quarter.

In **Itway S.p.A.**, the activities of the two business units, **Cyber Security and Cyber safety** continued. As previously described, new technical and sales personnel was hired and the opportunity pipeline is growing strongly.

In the **Cyber Security Business Unit**, we created a new product line called Itway Cyber Security & Cyber Resiliency 360™ that responds to the problems of the Cyber Risk Management market broadened to Cyber Resiliency, which is now better defined thanks to the passing of the EU Cyber Resilience Act.

The parent company carried out these activities thanks to the skills of the newly-hired staff and exploiting the partnership with Be Innova. Managed Security Provider (MSP) services were further extended 24/365 through a greater segmentation, flanking the services offered to medium- and large-sized corporations with a suite of services tailored and specialized for SMEs, priced competitively and simple to sell and install. We signed important resale agreements for advanced products and solutions. We added the offer of products and services for IT infrastructure data centres, integrated data protection, and cyber resilience in complete assonance with the cyber security offering, and we continued with direct marketing activities that are increasing the pipeline of prospects interested in our products.

In the **Cyber Safety Business Unit**, ICOY obtained the patent in Italy, assisted by Bugnion S.p.A., and has now filed for a European patent, awaiting approval (Patent Pending). New functions were added to the ICOY MOVER Bridge Crane product, paving the way to begin new purchase plans with the principal client. The first POCs launched in 2021 were also commissioned, based on the ICOY MOVER Forklift product, with an important company specializing in logistics and cargo handling services in the territory. Investments and updates in the ICOY AI™ software, the engine and heart of the ICOY product, continued with powerful artificial intelligence within the product. Following version 1.0, we are releasing 2.0, with ICOY ever faster (+60%) and more precise.

There has also been a major direct marketing push towards companies in the metalworker and steel sector. The feedback we received from the market denotes a growing and concrete interest that we think will soon translate into growing demand to adopt ICOY for those companies operating in the manufacturing metalworks, oil&gas, transport&logistics sectors that have significantly increased the sensibility towards the safety of their workers.

To better understand the performance of the Itway S.p.A. Parent Company, following is the brief income sector of this company, excluding the intercompany components:

	31/03/2024	31/03/2023
(Thousands of Euro)		
Revenue	1,389	798
EBITDA*	42	(104)
EBIT*	(41)	(173)
Result before taxes	(81)	(217)

As previously described, the development of the Business Units that are part of Itway gave a strong push to revenue and operating results, which showed a significant improvement

4Science S.p.A., the **Data Science** Business Unit, in the quarter ended March 31, 2024, saw steady revenue compared with Q1 2023, while revenue from products and services rose 3.3% from a year ago, and general costs increased 12.6%. EBITDA was a negative Euro 109 thousand, just under the budget (Euro -85 thousand), EBIT was Euro -194.9 thousand, and the result before taxes was Euro -229 thousand.

The increase in costs mainly relates to the investments underway and, in particular, to the higher personnel costs (Euro +89 thousand) that increased from 32 units (March 31, 2023) to 42 (March 31, 2024). This reflects the hiring of qualified personnel with an increase of 10 units in sales, project managers, software developers, service desks, systems engineers, and back-office, as envisaged in the company's investment plan. The skill shortage that characterizes the highly-specialized Digital Enabler market like Big Data and Research & Data Management Systems, where 4Science works is a known fact; we have to make up for this by seeking professional figures with technical expertise, even if not specific but with great potential through specialized training in the internal Academy.

It is worth mentioning that the technical and domain expertise required to work efficiently in 4Science is highly specialized and not easily found on the market, and, therefore, significant investments in training that require time are needed. This training process will continue for all of 2024, leading to a phase of reduced efficiency and capacity already seen in 2023 and the first quarter of 2024. The hiring and training of new resources so conspicuously inevitably led to lower internal efficiency in delivering revenue as senior personnel were busy training and transferring know-how to the new entrants. This period of reduced efficiency and capacity will start improving in the second quarter and then continue in the second half of the current fiscal year.

Despite these objective difficulties, the value of new orders received in the first quarter of 2024 was of over Euro 1,140 thousand, up 146.2% compared with Euro 463 thousand as of March 31, 2023. These include orders from the Venice Biennale, the University of Bern, the University College Dublin, and the University of Florence.

On March 5, 2024, 4Science S.p.A, finalized the acquisition of a 60% stake in Seacom S.r.l., an ICT player based in Navacchio (PI) with over 20 years of open-source experience and significant architectural skills (Leading Open Source Architects). Seacom is a partner of 4Science in some leading projects, and there are many synergies between the two companies. Seacom has a staff of 34 highly specialized people, and, in particular, the Seacom business model combines two distinctive units: i) data management, log and data analysis and security services (Business Intelligence), and ii) the value-added distribution of Zimbra, which is a leader in the EMEA region.

The consideration agreed with the Shareholder of Seacom envisaged a cash component for Euro 1,050 thousand paid at the closing and the underwriting (in the context of the re-investment by

the founding shareholder of Seacom and, therefore, in complete alignment with the interests in the 4Science business plan) of a paid capital increase, indivisible, with the exclusion of preemptive rights under article 2441, paragraph 5, of the Civil Code for an overall Euro 450,000 (including share premium) through the issue of No. 150,000 new ordinary 4Science shares without par value at the subscription price of Euro 3.00 (including share premium) per share in cash reserved for Stefano Pampaloni.

Seacom is a Benefit Corporation, and in 2023, it drafted its first Gender Report and is implementing the international Bcorp certification. It has filed for an industrial security clearance (NOSI- Nulla Osta Sicurezza Industriale). The Company, after the acquisition, generated Euro 382 thousand in revenue and Euro 30 thousand in EBITDA, included in Itway Group's financial statements.

Net financial position

Following is the net financial position of the Group:

	31/03/2024	31/12/2023
Thousands of Euro		
Cash	2,366	2,109
Financial receivables	-	-
Current financial assets	1,184	1,163
Current financial liabilities	(1,102)	(727)
Convertible bonds	-	-
Current net financial position	2,448	2,545
Non-current financial assets	-	-
Non-current financial liabilities	(4,724)	(3,259)
Non-current net financial position	(4,724)	(3,259)
Total net financial position	(2,276)	(714)

Following is the net financial position of the Parent Company:

	31/03/2024	31/12/2023
Thousands of Euro		
Cash	500	769
Financial receivables	-	-
Current financial liabilities	(303)	(327)
Current financial liabilities towards subsidiaries	(1,330)	(1,417)
Convertible bonds	-	-
Current net financial position	(1,133)	(975)
Non-current financial assets	-	-
Non-current financial liabilities	(1,776)	(1,810)
Non-current net financial position	(1,776)	(1,810)
Total net financial position	(2,909)	(2,785)

The current net financial position of the Group as of March 31, 2024 was broadly unchanged, while the non-current one was impacted by the Euro 1.5 million five-year loan received from Banca Progetto S.p.A. mainly used to buy a 60% stake in Seacom S.r.l.

The net financial position of the Parent Company includes a loan received from 4Science for Euro 1,330 thousand (Euro 1,417 thousand as of December 31, 2023).

Subsequent events

There were no relevant subsequent events after the closing of the period.

Foreseeable evolution of operations

For an analysis of the foreseeable evolution of operations, please see the Management Report on operations for the financial statements for the year ended on December 31, 2023, published on April 30.

Relationships with related parties

During the first quarter of 2024, the Group had commercial and financial relationships with related companies. These relationships were part of normal management activity, regulated at market conditions that are established by contract by the parties in line with the standard procedures. Following is a summary:

Thousands of €uro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	-	-	56	-
Itway S.p.A. vs Fartech S.r.l.	76	61	-	34
TOTALE	76	61	56	34

Itway S.p.A. directs and coordinates its subsidiaries in Italy. This activity consists of indicating the general strategic and operational direction of the Group, defining and adjusting the organizational model and elaborating the general policies to manage human and financial resources.

No company directs or controls Itway S.p.A.

Research and development

During the quarter, a total of Euro 200 thousand was invested, in particular in the business unit described above, and capitalized in intangible assets.

Own shares

The Parent Company as of March 31, 2024, owned No. 203,043 own shares (equal to 1.91% of share capital) for a nominal value of Euro 101,522 and an overall cost of the shares held in the portfolio of Euro 320 thousand (equal to the amount reflected in the Own Share reserve deducted from net equity of the fiscal period and at a consolidated level). Of these, No 136,400 own shares (equal to 1.29% of share capital) were allocated on loan to Nice & Green SA to service the financial transaction for the issue of convertible bonds.

Ravenna, May 15, 2024

FOR THE BOARD OF DIRECTORS

President and Chief Executive Officer

G. Andrea Farina



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

I, Sonia Passatempi, the manager mandated to draft the corporate accounting documents of Itway Group pursuant to paragraph 2, art. 154-bis of Legislative Decree 58/1998 (Testo Unico della Finanza), declares that the corporate accounting information in this Interim Management Report corresponds to the documental evidence, financial books and accounting records.

Ravenna, May 15, 2024

The mandated manager
Sonia Passatempi