



PRESS RELEASE

*The Board of Directors of the Itway Group has approved the Interim Report on Operations as of September 30, 2024*

## **ITWAY GROUP**

### **First 9 months 2024**

- **REVENUES GROW (+20%) FROM 30,002 TO 36,060 THOUSAND EUROS**
- **THE GROSS MARGIN ROSE (+40%) FROM 5,527 TO 7,750 THOUSAND EUROS WITH AN INCIDENCE OF 22% (COMPARED TO 19% IN THE PREVIOUS PERIOD)**
- **EBITDA AND EBIT DOWN SLIGHTLY**
- **PRE-TAX PROFIT FROM €639 THOUSAND TO -€392 THOUSAND DUE TO EXCHANGE RATE LOSSES MADE BY THE TURKISH SUBSIDIARY AND STRONG INVESTMENT IN PERSONNEL: THE NUMBER OF CYBER SPECIALISTS INCREASED FROM 86 TO 137**
- **INCREASE OF ORDERS BACKLOG BY +14.9%**

### **Third quarter 2024**

- **REVENUES UP (+31%) FROM 8,507 TO 11,162 THOUSAND EUROS**
- **PRE-TAX PROFIT SLIGHTLY DOWN FROM -130 TO -225 THOUSAND EUROS**

*Ravenna, November 15, 2024* – The **Board of Directors of Itway S.p.A.**, a company listed on the Euronext Milan Market - at the head of the Group that operates in the IT sector for the design, production and distribution of technologies and solutions in the cybersecurity, artificial intelligence, cloud computing and big data sector - **chaired by G. Andrea Farina, today approved the Interim Report on Operations as at 30 September 2024.**

The main consolidated economic results achieved by the Itway Group in the first nine months of the financial year 2024 and in the third quarter of 2024 are as follows, compared with those of the same period in 2023:

<i>in thousands of Euro</i>	<b>Nine months to 30/09/2024</b>	<b>Nine months to 30/09/2023</b>
Revenues	36.060	30.002
Gross operating profit (EBITDA)	817	1.004
Operating profit (EBIT)	98	487
Profit before tax	(392)	639

<i>in thousands of Euro</i>	<b>Three months at the 30/09/2024</b>	<b>Three months at the 30/09/2023</b>
Revenues	11.162	8.507
Gross operating profit (EBITDA)	156	261
Operating profit (EBIT)	(45)	72
Profit before tax	(225)	(130)

In the first 9 months of 2024, revenues increased by about 20% and it should be noted that **the gross margin increased both in absolute value, going to 5,527 thousand Euros from 7,750 thousand Euros (+40%), and in terms of innocence, standing at about 22% against 19% in the previous period, thanks to a mix of value services that continues to grow.**

Operating results decreased slightly: Gross operating profit (EBITDA) decreased from Euro 1,004 thousand in the first 9 months of 2023 to Euro 817 thousand in the same period of 2024, while operating profit (EBIT) decreased from Euro 487 thousand to Euro 98 thousand. The pre-tax result, on the other hand, went from 639 thousand Euros to -392 thousand Euros, mainly due to the exchange rate losses realized by the Turkish subsidiary.

Operating results were affected, as in the first half of the year, by the increase in costs, which is mainly linked to the significant investments in progress, and, in particular, is linked to the growth in personnel costs of 61% (+1,944 thousand Euros) and in employees. The number of employees increased from 86 units (30 September 2023) to 137 units (30 September 2024) and relates to the inclusion of qualified personnel in the Group, with an increase of 51 units including executives (4), senior account managers, junior account managers, project managers, developers, service desks, cybersecurity consultants, systems engineers and back office, as envisaged in the company's investment plans.

The inclusion and training of new resources in such an important way has inevitably led to a phase of lower internal efficiency in the ability to provide revenues, even if growing, due precisely to the absorption of senior resources in training and in the transfer of know-how to new entries. This phase of lower efficiency and production capacity is expected to improve as early as the end of fiscal year 2024 and in the first half of 2025.

Although the Group has no customers or suppliers in Ukraine, the general climate of uncertainty due to the ongoing war has certainly not helped. The recent Israel-Hamas conflict and the very recent exchanges of reciprocal attacks between Israel, Iran and Lebanon, having an Israeli supplier but also with management in the USA, makes us increase our attention; At the date of this report, volumes have not decreased.

Despite these objective difficulties, the value of orders received in the first nine months of 2024 is up in all the group's Business Units compared to the previous year.

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

Digital transformation refers to the integration of digital technology into all aspects of a business or organization, fundamentally changing the way it operates and delivers value to its customers. This transfer takes place by focusing on business segments with higher added value, through the 4 Business Units:

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

During the first nine months of 2024, the Itway Group continued to invest in the Cyber Safety and Big Data Cyber Intelligence (AI) Cyber Safety and Big Data markets, all of which are connected and interrelated.

### PERFORMANCE OF SECTORS: 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 specialized Cyber Security and Collaboration security products (software and hardware), certification services on distributed software technologies and technical assistance and design services, pre and post-sales services.

With regard to the subsidiary Itway International S.r.l., it should be noted that the holding company that controls 100% of the two subsidiaries Itway Turkey and Itway Hellas, following the acquisition of Seacom described above, has become an operating holding company having signed the Zimbra distribution contract at the EMEA level. Zimbra was previously distributed by Seacom and in this way Seacom focuses on its core business which are Data Science solutions and products. The Partnership with Zimbra enters a specialized Business Unit of the Itway Group with about 30 years of experience in the VAD and PS Cybersecurity area and in continuous growth, with an "operational and product specialization", with expected margins in line with those achieved historically, which, thanks to the synergies and economies of "scope" and "size" that it expects to extract, will make the division more profitable.

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

In thousands of Euro	Nine months to 30/09/2024	Nine months to 30/09/2023
Total Revenues	27.905	25.591
Gross margin%	10,9%	12,7%
Gross operating margin (EBITDA)	1.563	1.931
Operating Profit (EBIT)	1.516	1.883

In thousands of Euro	Three months at the 30/09/2024	Three months at the 30/09/2023
Total Revenues	8.284	7.107
Gross margin%	10,7%	13,4%
Gross operating margin (EBITDA)	301	670
Operating Profit (EBIT)	316	663

The breakdown by company is broken down below:

As described above, **Itway International** is Zimbra's Value Added Distributor. Zimbra is a collaborative software (groupware) based on open source software designed to facilitate and make more effective cooperative work by groups of people in full cybersecurity. Itway International began distributing Zimbra in May 2024 and five months of activity are consolidated in the table above.

**Itway Turkey** has been operating for some years now in a complex economic phase due to the persistent devaluation and economic-monetary policies put in place by the central government, the international geopolitical positions linked to the political choices made by the Turkish government. In particular, the fiscal policies implemented by the Turkish government during the year had a rather negative impact on the spending power of companies and this was also reflected in IT investments. Despite these objective difficulties, which have heavily affected the purchasing capacity of both private and public companies, Itway Turkey confirms

itself as a top player in the Turkish Cyber security market; the results for the first nine months of 2024 reflect the current market difficulty, with a reduction in volumes and margins in Euro despite the increase in turnover of +38% in local currency compared to the previous year. This significant increase, considering the devaluation of the exchange rate (Euro against Turkish Lira), did not, however, record an increase in revenues and the first margin in Euro. The net result was also affected by exchange rate differences recorded in the period by the subsidiary that sells and buys using the US dollar as the accounting currency and which in the same period of 2023 had achieved significantly better results than in 2024.

**Itway Hellas**, the Greek subsidiary, recorded a 19% growth in terms of turnover in the period, increasing its market share. The Company, specialized in Cyber security, continues to grow, year after year, 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 process digitization, with positive consequences for the demand for cyber security. To support the growth in turnover and the introduction of new vendors, investments were made in the technical team with a consequent increase in personnel costs (+18%), and consequently EBITDA and EBIT are substantially unchanged compared to the previous year.

## **PERFORMANCE OF THE SEGMENTS: 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 Operational.

### **Corporate Sector:**

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

### **Operating Sector:**

- Two Business Units are operational in the holding company: Cyber Security and Cyber Safety.
- Cyber Security- Cyber Resiliency: deals with consulting, design, system integration; in short, IT Services in the field of Cyber Security IT and OT, 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, the subject of significant investments in an extremely innovative product, is in an advanced start-up phase.

### **Investments:**

**4Science S.p.A** . with its subsidiary Seacom S.r.l. 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.

## **HUMAN RESOURCES**

The average number of Group employees recorded during the first nine months of 2024 was 120, while the punctual figure is 137. The increase compared to September 30, 2023 is due to the purchase of Seacom S.r.l. (33 actual employees – 24 average considering the purchase on March 5, 2024) and the inclusion of mainly technical and commercial resources in Itway and 4Science.

The breakdown by occupational category is as follows, compared with the figures of the previous year:

	<b>30/09/2024</b>	<b>30/09/2023</b>	<b>30/09/2024</b>	<b>30/09/2023</b>
	Average	Average	As of the date	As of the date
Managers	8	7	7	7
Senior	14	4	16	6
Employees	98	66	114	73
<b>Total</b>	<b>120</b>	<b>77</b>	<b>137</b>	<b>86</b>

## NET FINANCIAL POSITION

Details of the Group's net financial position are shown below:

	<b>30/09/2024</b>	<b>30/06/2024</b>	<b>31/12/2023</b>
Thousands of Euro			
Cash equivalents	518	1.171	2.109
Financial receivables	-	-	-
Current financial assets	1.148	1.193	1.163
Current financial liabilities	(1.211)	(1.070)	(727)
Convertible bonds	-	-	-
<b>Current net financial position</b>	<b>455</b>	<b>1.294</b>	<b>2.545</b>
Non-current financial assets	-	-	-
Non-current financial liabilities	(4.971)	(4.516)	(3.259)
<b>Net non-current financial position</b>	<b>(4.971)</b>	<b>(4.516)</b>	<b>(3.259)</b>
<b>Total net financial position</b>	<b>(4.516)</b>	<b>(3.222)</b>	<b>(714)</b>

and the net financial position of the Parent Company:

	<b>30/09/2024</b>	<b>30/06/2024</b>	<b>31/12/2023</b>
Thousands of Euro			
Cash equivalents	255	235	769
Financial receivables	-	-	-
Current financial liabilities	(396)	(317)	(327)
Current financial liabilities vs. subsidiaries	(1.240)	(1.349)	(1.417)
Convertible bonds	-	-	-
<b>Current net financial position</b>	<b>(1.381)</b>	<b>(1.431)</b>	<b>(975)</b>
Non-current financial assets	-	-	-
Non-current financial liabilities	(2.352)	(1.765)	(1.810)
<b>Net non-current financial position</b>	<b>(2.352)</b>	<b>(1.765)</b>	<b>(1.810)</b>
<b>Total net financial position</b>	<b>(3.733)</b>	<b>(3.196)</b>	<b>(2.785)</b>

The decrease in the Group's net financial position as at 30 September 2024 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 by business volume. In addition, tax exposures and trade payables outstanding as of June 30, 2024 and overdue in the meantime were paid in this quarter.

At the end of the first 9 months of 2024, the residual loan received by 4Science in 2022, included in the net financial position of the Parent Company, amounted to €1.24 million.

## **SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD**

There are no significant events that occurred after the end of the period.

## **OUTLOOK FOR OPERATIONS**

### Itway S.p.A.

In the months to follow, the Group will continue its development activities in its reference markets: Cyber security, Data Science and Cyber safety. The evolution envisaged in the commentary of the half-year report approved on 30 September 2024 is confirmed, which we report below for convenience. The strengthening of the technical and commercial structure, as commented above, will lead to an acceleration in growth.

### BU Cyber security & Resiliency

To achieve the objectives of the business plan, the Group will focus on the growth of the Cyber Security & Resiliency Business Unit, in particular by pushing the new "Itway Cyber Security & Resiliency 360™" product line, offering the market the further expanded NOC/SOC services and managed security services (MSP) h24x365 days. which today represent true excellence.

Important resale agreements for advanced products and services have also been defined, in particular with:

- CLOUDIAN: world leader in object storage technology and solutions that will allow Itway to contribute to the expansion of object storage solutions in Italy and in the EMEA area by carrying out important installations in a market that, according to a recent IDC study, sees annual data growth destined to rise to double digits (23%).
- QUEST SOFTWARE for cloud management, software as-a-service, security, mobility, and backup/recovery services. Itway strengthens its presence in the Cyber Resiliency segment where ransomware is an obvious and present risk for every organization. Still too few customers are aware of what it means to rebuild an Active Directory forest in the event of corruption and/or unavailability following a ransomware attack.
- ACRONIS offers backup, recovery and data protection solutions by offering advanced security features to ensure data integrity and availability. The Itway and ACRONIS partnership is important because it offers reliable solutions for data backup and recovery, which is essential in a context where cyber threats are on the rise.

Finally, the growing exposure to cyber threats and attacks in the industrial world, due to the digitization of factories, the spread of Industrial IoT and the convergence between IT systems and the world of production, requires companies to protect OT (Operational Technology) environments and the issue of infrastructures (critical or non-critical) which remains the central pivot of the Itway Group's service offering, with the aim of increasingly strengthening our market shares through the expansion of the customer base and the creation of new partnerships with technology vendors that represent the state of the art in the field of Cyber Security & Cyber Resiliency. To deal with these risks and proceed with the management of OT Security within companies, a partnership agreement has been defined with the company RADIFLOW, a leading company for the supply of Cyber Security solutions for critical networks of industrial automation plants (ICS/SCADA), such as power plants, aqueducts, chemical plants and others.

The Group has also worked to internally create a Machine Learning on Edge product for security in Operational Technology (OT) environments called Itway EdgeCYBER™, which represents an innovative approach with the use of Artificial Intelligence (AI) and highly effective for detecting and preventing cyber threats. In this context, the architecture of the solution is based on the use of edge devices, such as IoT gateways and PLCs, which have enough computing power to run machine learning models directly in the field.

#### BU Cyber safety

The Cyber Safety Business Unit, based on our ICOY product, deserves a separate mention. During the first quarter of 2024 we received the first orders and found important signs of interest from customers and this gives us hope for the realization of further orders.

With the specialized sales team on ICOY, which also includes a professional in the role of Sales Manager and a Key Account Manager (KAM), through which important orders are being acquired from large industrial groups, as well as the first indirect sales through economic operators, and finally the collaboration with consulting companies specialized in safety in the workplace.

#### 4 Science S.p.A.

BU Data Science:

The first nine months of 2024 close with a decent backlog of orders, with interesting growth prospects linked above all to the international market and in particular to the US market, but with a certain delay in revenue production.

The significant investments in training on new staff hires made during 2023 and the first months of 2024, in addition to the reorganization of operations already undertaken during 2023, are having a significant impact on the efficiency of operations, but, although later than expected, they will have to bring positive effects to the new operating structure, both in terms of revenue growth and the recovery of margins.

It is thanks to the investments made in qualified personnel that the company today represents, worldwide, one of the main service providers of the DSpace platform with a leading role within the American steering committee that defines its future developments and evolutions; This leading role, together with the increased production capacity of our software factory, will allow us to be able to grow both on the international and national market.

The US market, which is already bearing its first fruits, also represents a great opportunity to allow the company to grow and consolidate its market share worldwide.

Seacom: in addition to the recent acquisition made by 4 Science, which sees the results growing in the first nine months of 2024 and the good backlog of orders; these allow us to forecast further growth in revenues and margins. The overall results will still be lower than the budget estimates that have been developed over 12 months, while they will be consolidated only 10 months, and in addition, the integration into the group and the development of joint synergies have yet to be completed. Growth of results, however, leaves confidence in the achievement of objectives even if translated over time.

#### **Itway International S.r.l., Itway Turkey Ltd. e Itway Hellas S.A.**

##### BU Cyber security Products VAD + PS:

Except for a serious deterioration in the Middle East situation, there are no significant factors that could in any way slow down our steady growth in the rest of 2024.

With the acquisition of Seacom completed on 5 March, the commercial and technical activities relating to the Zimbra product (Secure Collaboration Suite) were spun off and added to this BU, thus adding a potential turnover of approximately Euro 2.7 million on an annual basis with a margin of approximately 10%; sales of this product are in Italy, southern Europe and Africa.

The risks associated with the well-known conflict between Russia and Ukraine, the Israel-Hamas conflict with the very recent exchanges of reciprocal attacks between Israel, Iran and Lebanon and the possible effects that these emergencies could have on the global economy, in relation to the Group and the reference businesses, in the process of preparing the financial statements, were assessed by Management in order to verify whether there could be potential impacts in relation to the performance of the business itself. The Group does not currently have direct relations with Russia and Ukraine and their markets; there are no cash flows directly involving the Group's operations that are expressed or settled by Russian and Ukrainian foreign currencies. The Group has also assessed the impacts related to the potential increase in energy costs and having an Israeli supplier (with management in the USA), it carefully observes any possible evolution. Management will continue to monitor all scenarios and any impacts related to these events.

## TRANSACTIONS WITH RELATED PARTIES

During the first 9 months of 2024, the Group had commercial and financial relationships with related companies. These relationships are established 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.	-	-	167	-
Itway S.p.A. vs Fartech S.r.l.	76	61	-	34
<b>TOTAL</b>	<b>76</b>	<b>61</b>	<b>167</b>	<b>34</b>

Itway S.p.A. manages and coordinates its subsidiaries resident in Italy. This activity consists of indicating the Group's general and operational strategic guidelines, defining and adapting the Organisational Model and developing 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 at 30 September 2024, the Parent Company held 203,043 treasury shares (equal to 1.91% of the share capital), for a nominal value of 101,522 Euros and a total purchase cost of the shares held in the portfolio of 320 thousand Euros (equal to the amount reflected in the "Reserve for treasury shares" deducted from the Shareholders' Equity for the year and consolidated).

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*As provided for in paragraph 2 of Article 154-bis of the T.U.F., the manager in charge of preparing the corporate accounting documents of the Itway Group, Sonia Passatempi, declares that the corporate accounting information contained in this press release corresponds to the documentary results, books and accounting records.*

*In accordance with the provisions of the Consob Issuers' Regulation, we inform you that the interim report on operations as at 30 September 2024 is available to the public at the Ravenna headquarters, Via L. Braille 15, as well as published on the storage mechanism at: [www.emarketstorage.com](http://www.emarketstorage.com). The document is also available on the Company's website at [www.itway.com](http://www.itway.com), in the section "INVESTORS / FINANCIAL INFO / Half-Year Financial Statements".*



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4 SCIENCE [4science.it](http://4science.it)

**Founded in Ravenna on July 4, 1996** by G. Andrea Farina, and listed since 2001 on the Italian Stock Exchange on the Euronext Milan (EXM) Market, **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, big data and infrastructures. The mission of the Itway Group is to offer its customers high quality standards by anticipating needs and proposing itself as a specialized and innovative player for Digital Transformation. The Itway Group is present in 5 countries: Italy, Greece, Turkey, USA and UAE with 9 operational offices in Ravenna, Milan, Trento, Rome, Naples, Athens, Istanbul, Ankara, Kansas City and Dubai-Hamiryah-Sharjah.