

Bit Market Services

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Oggetto : Itway Group: the BoD approves the
Financial Statements as of December
2015, 31.

Testo del comunicato

Vedi allegato.



PRESS RELEASE

The Board of the Itway Group approves the Financial Statements for the fiscal period ended December 31, 2015

ITWAY GROUP: AS OF DECEMBER 31, 2015
REVENUES RISE (+12.9%)
TO 102.1 MILLION EUROS
STRONG IMPROVEMENT IN PROFITABILITY MARGINS
EBITDA + 26.4%, EBIT + 31.6

The Ravenna-based group swings back to profit

During 2015 the increase in volumes continued and all main indicators posted a marked improvement: Ebitda rose to 3.3 million Euros from 2.6 million in 2015 while Ebit increased from 2.2 million Euros in 2014 to 2.9 million Euros.

The pre-tax result rose 68.7% to 695 million Euros.

The net result returns positive

Net financial debt at December 31, 2015 was of 20.1 million Euros compared with 17.9 million as of December 31, 2014

| | 31/12/2015 | 31/12/2014 | % |
|--------------------------|------------|------------|-------|
| <i>Thousands of Euro</i> | | | |
| Revenues | 100,593 | 89,133 | +12.9 |
| EBITDA | 3,356 | 2,654 | +26.4 |
| EBIT | 2,912 | 2,212 | +31.6 |
| Recurrent net result | 1,003 | 682 | +68.7 |
| Pre-tax result | 695 | 412 | +47.1 |
| Net Result | 25 | (525) | ND |

Ravenna, March 1 2016 – The Board of Directors of Itway SpA - a company listed on the Star segment of Borsa Italiana (IT0003057624) and parent company of Group that is market leader in the planning, production and distribution of e-business solutions – **met today under the chairmanship of G. Andrea Farina, to approve the Financial Statements to December 31, 2015.**

Following is a synthesis of the main consolidated income statements for the fiscal year ended December 31, 2015 compared with those of the previous fiscal year.

- **Consolidated revenues** of 100.593 million Euros, up 12.9% compared with 89.133 million in 2014
EBITDA of 3.3 million Euros, 26.4% higher than the 2.6 million Euros a year earlier .

- **EBIT** of 2.9 million Euros, up 31.6% from 2.2 million in the previous fiscal year.
- **Recurrent net result** of 1 million Euro, up 68.7% from the 682 thousand euros posted in 2014
- **Pre-tax Result** of 695 thousand Euros, up 47.1% from the 412 thousand Euros in 2014.
- **Positive net result** of 25 thousand Euros compared with the negative 525 thousand Euros in 2014.

In a macroeconomic context that is still weak and uncertain in terms of the recovery in Italy and that is characterized by significant measures to reduce public spending in the Eurozone Countries, in particular in those of the Mediterranean area where the Group mainly operates, the industrial policy of the Iway Group, in line with the management adopted in the last few years of severe crisis, continued to focus on higher value added business segments. This way, the Group proved to be able to position itself at an industrial level in the most effective way in order to contrast the macroeconomic trends underway and to be ready to seize opportunities that could emerge from the hoped for pick-up of the economies of the Countries where the Group operates.

The main indicators of the 2015 financial statements of the Itway Group show the rewards of these choices, with a strong increase in volumes (+12.9%), along with a marked increase in all profitability indicators: Ebitda +26.4%, Ebit +31.6% as well as a Net Result that turned positive (25 thousand Euros against a 525 thousand Euros loss in 2014).

On August 5, 2015, rating agency CERVED Rating Agency S.p.a. renewed the Company's B1.2 (solvent) rating, equivalent to a BBB- by S&P and Baa3 by Moody's.

PERFORMANCE OF THE BUSINESS AREAS

1. VAD – Value Added Distribution

Through VAD SBU, the core area for the Group, Itway operates in the distribution of specialized software and hardware products, certification products on the software technologies distributed, and pre- and post-sales technical assistance services. The clients of the companies are "System Integrators" and "Value Added Resellers" who sell products to the end-user.

The Value Added Distribution sector ended the year to December 31, 2015 with a 15.6% rise in revenues to 76.3 million Euros compared with 66 million Euros in 2014. There was also a strong improvement in profitability with Ebitda virtually doubling from 1.2 million Euros in 2014 to 2.4 million Euros as of December 31, 2015.

In the Italian market revenues posted a significant recovery. In 2015 Itway continued to implement measures to reposition the VAD Italia business unit by signing important contracts and implementing countermeasures that allowed a solid growth in revenues and margins.

The Turkish subsidiary achieved significant increases in volumes and margins, both in percentage terms and in absolute terms, maintaining a leadership in the IT security segment on the Turkish market that, being out of the Euro area, confirms having significant development prospects.

The Greek subsidiary continues on its growth path and its performance is in line with the budget forecast despite the Country's situation that is not easy.

The French subsidiary, which was restructured during 2014, posted a profit in this year and started to generate new revenues that brought it to break-even. To date, no further costs were incurred beyond those already booked in the first semester of 2015 as a series of charges are non-recurring and related to the significant restructuring carried out in 2014.

The Iberian subsidiary after the restructuring that was completed in the past fiscal years ended the period with an over 30% increase in revenues and a sharply higher Ebitda (some +68%).

2. VAR - Value Added Reseller

Through the Value Added Reseller SBU, the Group operates in the following market segments:

- Distribution and integration of products and services for the logical security of information systems
- Professional services and production of solutions and software technologies for e-business
- Professional services as system integrators and centralization of applications

In 2015, the VAR SBU posted revenues of 24.3 million Euros, up 4.7% compared with 23.1 million Euros in 2014. EBITDA was of 923 thousand Euros compared with 1.4 million Euros in the previous fiscal year.

Business-e, the company of the Itway Group that controls the VAR SBU, continued also in 2015 to consolidate its acquired clients and added new significant partners to its portfolio. It sealed contracts with a solid increase in volumes but with lower profitability. The recovery in the contribution margin continued and it is now in line with the previous year, while some orders were delayed to 2016, while incurring costs already in 2015.

3. Other sectors

The new sectors are:

- Cloud information services: Managed Services for SMEs in network and cloud environment in the areas of Security, Storage Management, Business Continuity, Green IT, Energy Recovery, intelligent analysis of video-surveillance flows;
- Assisted services in N+SOC and MSSP solutions to check networks;
- Information Technology For Science: On December 23, 2015 4Science S.r.l. was constituted with the objective of becoming a leader in the ICT for Cultural Heritage and Data Curation services. The reference market is worth 4 billion Euros and there are slightly more than 10 players specialized in this sector at a global level.

CONSOLIDATED NET FINANCIAL POSITION

The current Net Financial Position improved from -15.4 million Euros at the end of 2014 to -14.9 million Euros as of December 31, 2015. The improvement is due the process to contain working capital that has been carried out during the period as well as the use of non-recourse factoring of trade receivables.

As part of a broader program aimed at diversifying the sources of liquidity procurement, in 2015 the Group obtained from financial institutions that companies of the Group use significant medium-term funding that are included in the non current net financial position along with the medium-term debt towards a leasing company for the rent of the Milan offices of the Group.

The non current Net Financial Position improved of 2.7 million Euro compared to 31st December 2015.

In particular, on September 10, 2015 Itway RE S.r.l. purchased 100% of the stakes owned by the company which owns the property of the legal headquarters of Itway S.p.A., by underwriting a 10 year 800,000 Euro financing. In December, the company above mentioned was incorporated into Itway RE S.r.l., effective on a statutory and fiscal basis, from January 1, 2015.

On April 27, 2015, the placement of up to a cumulative 1 million Euro of commercial paper with a six month maturity began. It was completed in May 2015. This transaction is part of a broader plan to diversify the sources of liquidity procurement. The commercial paper program foresees issuance of up to Euro 10 million over the next 3/5 years and will allow the Itway Group to raise short term capital from institutional and professional investors. The financial instruments will be traded on the Professional Segment ExtraMOT Pro,

managed by Borsa Italiana. The first commercial paper of Itway, regulated by Law No. 43/1994 "Regulations of Financial Bills" as modified in Law No. 134/2012, was issued on April 29, 2015 for a nominal Euro 1 million, an annual interest rate of 4.20% and maturing October 31, 2015, when it was repaid. During 2016, the company will explore the possibility of issuing further commercial papers.

ITWAY S.p.A

The parent company Itway SpA in 2015 posted a positive net result of 582 thousand Euros (compared with the 119 thousand Euros loss posted at the end of the previous fiscal period).

FORESEEABLE EVOLUTION OF OPERATIONS

During 2015 there was a timid recovery in the Euro area, but it was lower than expected. The latest forecasts for 2016 indicate a very weak growth that is however strongly influenced by the international climate and the tensions in terms of financial policy present in the European Community.

In particular for Italy and Spain there are forecast of a timid recovery, even though a weaker levels than previously expected and conditioned by political instability. In Turkey, on the other hand, where average GDP growth in the past years was at around +4%, the subsidiary is expected to continue posting double-digit growth consolidating ever more its leadership in the sector in the Country. In Greece, also after the tensions with Europe last summer, uncertainty persists on how the Country will come out of the crisis with a recession expected again in 2016. France no longer represents a reference market for the Group.

In the area of interest of Itway MENA, which was recently constituted, forecasts are quite good, with growth rates seen at around +3%. Itway MENA, which became operational during 2015, will deliver tangible results this year (currently it is in talks for agreements in the United Arab Emirates, Iran and Nigeria).

In Italy growth prospects remain modest even if there are some positive signals related to the expected investments in the IT sector and innovation. Unfortunately, despite the best intentions, investments for IT innovation by the central government are still most low compared with those of other Countries even if there are important signs for example on Cybersecurity, a sector that is strategic for the Itway Group in which it is a market leader in Italy. The Itway Group has been for some time now well positioned in value added markets like Security of information systems and Virtualization (VAD SBU, VAR SBU), the new and emerging Cloud Computing (VAS SBU) and now also in IT for Science (VAS SBU) and aims at continuing to operate in these sectors with a role of primary player in Southern Europe. Some sectors like Cloud Computing are growing while others like IT for Science are broad-based and still not mature and the Group will act as a start-up player and as a concentrating element of initiatives underway through the growing VAS SBU. In these markets we will work especially on increasing our market share also thanks to the introduction of new products and on recovering profitability. Along with these measures we will work on significantly containing net working capital

OWN SHARES

As of December 31, 2015 the parent company Itway SpA owned No. 838,514 own shares (equal to 10.61% of share capital) for a nominal value of 419,257 Euro and a cost of purchase of some 214 thousand Euros during 2015. During the period a total of No. 135,439 own shares (equal to 1.71% of share capital) were purchased for a nominal value of 67,719.50 Euro, as authorized by the shareholders' meeting of Itway S.p.A. while no shares were sold.

ORDINARY SHAREHOLDERS' MEETING

The Board of Directors of Itway approved the deliberations and gave the powers necessary to call the ordinary shareholders' meeting of the Company.

In addition to approving the 2015 Financial Statements, shareholders will also be asked to deliberate on the remuneration report pursuant to articles 123-ter and Legislative Decree of February 24, 1998 ("TUF"), 84-quarter of Issuers' Regulation 11971/99 and subsequent amendments and integrations ("Issuers' Regulation") as well as on article 6 of the Code of Self-Conduct for listed companies promoted by Borsa Italiana S.p.A. (the Remuneration Report), on the renewal of the Corporate Bodies as well as the request of

abrogating and renewing the authorization to buy and sell own shares.

AUTHORIZATION TO BUY AND SELL OWN SHARES

At today's meeting the Board of Directors also deliberated to seek shareholder approval at the next meeting to renew the authorization to buy and sell own shares.

The new authorization to purchase and sell shares, following the abrogation of the previous authorization, is being requested since the Board considers it a useful way of pursuing objectives allowed by the applicable laws in force, among which: (i) to give incentives and increase loyalty among collaborators, employees and directors of the company and/or subsidiaries; (ii) to fulfil obligations deriving from debt instruments that can be converted or exchanged into equity; (iii) to carry out extraordinary or strategic transactions for the Company that foresee the exchange or the payment in shares; (iv) to fulfil transactions to sell, exchange, trade in, confer or other measures to dispose of own shares to buy stakes and/or property and/or seal agreements (also commercial) with strategic partners, and/or fulfil industrial projects or transactions of extraordinary finance that fall within the expansion plans of the Company and the Itway Group; (v) to fulfil subsequent transactions to purchase and sell, in observance of the limits provided by the law, therefore including transactions to support the liquidity of the market;

In compliance with the regulations in force and, in particular article 2357 and subsequent of the civil code, article 132 of the February 24, 1998 Legislative Decree No. 58 and article 144-bis of Consob Regulation 11971/99 (and subsequent amendments), the authorization is requested to buy, for a period of 18 (eighteen) months starting from the authorization of the shareholders' meeting, own shares up to the maximum allowed by law and, therefore, up to 20% of share capital of the Company, considering the own shares owned by the Company and by the companies it controls. The requested authorization includes also the option of subsequently disposing of the shares.

If authorized, the purchases will be destined to carry out stock option plans and the issuance of convertible debt instruments will have to be carried out on the market in such a way that do not allow the direct combination of purchase and sale negotiation proposals and will have to be made at a price that is no higher than the official price of the share during the Stock Exchange session before every transaction and no lower than 20% of the official price registered by the share during the Stock Exchange session before every single transaction. Other eventual purchases will have to be carried out: (i) on the market so that they do not allow for the direct combination of purchase and sale negotiation proposals and will have to be made at a price that is neither higher nor lower than 20% of the official price registered by the share during the Stock Exchange session before every single transaction and in any case in compliance with article 5, paragraph 1 of EEC Regulation 2273/2003 of December 22, 2003; or (ii) if carried out in the context of a share purchase and exchange offer, at a price established by the Board of Directors in compliance with article 5, paragraph 1 of EEC Regulation 2273/2003 of December 22, 2003.

The potential expense will be no higher than the available reserves as of the latest approved Financial Statements.

The explanatory report drafted by the Board of Directors in accordance to article 73 of Issuers' Regulation will be made available, in terms foreseen by law, on the Internet site of the Company www.itway.com and on the centralized "Bit Market Service" management system managed by Computershare S.p.A. that can be viewed at the following link: www.emarketstorage.com.

CORPORATE GOVERNANCE

At the same meeting, the Board of Directors approved the annual corporate governance and ownership structure report, pursuant to articles 123-bis of the Legislative Decree dated February 24, 1998 and 89-bis of the Issuers' Regulation 11971/99 and subsequent amendments and integrations.

The Board of Directors also approved the Remuneration Report pursuant to articles 123-ter of Legislative Decree date February 24, 1998 and 84-quater of Issuer' Regulation 11971/99 and subsequent amendments and integrations.

Both the Corporate Governance Report and the Remuneration Report will be made available, according to the terms foreseen by the law in force, on the Internet site of the Company www.itway.com and on the "Bit Market Service" centralized system managed by Computershare S.p.A. that can be viewed at the following link: www.emarketstorage.com.

As foreseen by paragraph 2, art. 154-bis of the T.U.F., the manager mandated to draft the corporate Accounting documents of Itway Group, Sonia Passatempi, declares that the corporate accounting information in this press release corresponds to the documental evidence, financial books and accounting records.

The annual Financial Report including the financial statements, the consolidated financial statements, the report on operations, the report on Corporate Governance and Ownership, the statement by the mandated manager, the Remuneration Report as well as the reports of the auditing company and of the auditing board will be published within the terms foreseen by law, on the website www.itway.com

Itway

Founded in Ravenna on July 4, 1996, listed on Borsa Italiana since July 4, 2001 (AllStar segment), Itway SpA today heads a Group that operates in the Information Technology sector by planning, producing and distributing of e-business solutions. The Itway Group operates as Value Added Distributor (VAD) of software technologies for e-business in Italy, France, Greece, Spain, Portugal and Turkey and is, in these business areas, a market leader. The clients of Itway VAD are "system integrators" and "value added reseller", who sell products to end users. The major products distributed by Itway VAD in Italy include: Acronis, Alcatel, Array Networks, Arcsight, Bluecoat, Check Point, Extreme, F5, HP Security, Ipswitch, Lenovo, Kaspersky, Kemp, McAfee, Microfocus/Novell, Red Hat, SonicWALL, Vidyo, VMware.

www.itway.com

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CONSOLIDATED INCOME STATEMENT

Thousand of Euro

| | Fiscal year as of | | | | | |
|--|-------------------|------------------|--------------|--------------|------------------|--------------|
| | 31 Dec 2015 | | | 31 Dec 2014 | | |
| | Total | not recurrent | recurrent | Total | not recurrent | recurrent |
| Revenues from sales | 98,219 | | 98,219 | 86,189 | | 86,189 |
| Other operating revenues | 2,374 | | 2,374 | 2,944 | | 2,944 |
| Products | (78,204) | | (78,204) | (68,267) | | (68,267) |
| Costs of services | (7,050) | | (7,050) | (5,835) | | (5,835) |
| Costs of personnel | (10,093) | (158) | (9,935) | (10,531) | (270) | (10,261) |
| Other operating expenses | (2,198) | (150) | (2,048) | (2,116) | | (2,116) |
| EBITDA | 3,048 | (308) | 3,357 | 2,384 | (270) | 2,654 |
| Amortisation | (444) | | (444) | (442) | | (442) |
| EBIT | 2,604 | (308) | 2,912 | 1,942 | (270) | 2,212 |
| Financial proceeds | 200 | | 200 | 146 | | 146 |
| Financial charges | (2,109) | | (2,109) | (1,676) | | (1,676) |
| Profit before taxes | 695 | (308) | 1,003 | 412 | (270) | 682 |
| Taxes | (670) | 55 | (725) | (937) | 51 | (988) |
| Result for the period from operations | 25 | (253) | 278 | (525) | (219) | (306) |
| Attributable to: | | | | | | |
| Shareholders of parent company | 25 | | | (510) | | |
| Minorities | - | | | (15) | | |
| Result per share | | | | | | |
| <u>From operations:</u> | | | | | | |
| Basic | - | | | (0.07) | | |
| Diluted | - | | | (0.07) | | |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Thousand of Euro

| | 31/12/14 | 31/12/13 |
|--|--------------|--------------|
| Net result | 25 | (525) |
| Components that can be reclassified to the income statement: | | |
| Profit/Losses from the conversion of the balance sheet of foreign subsidiaries | (237) | (11) |
| Components that cannot be reclassified to the income statement: | | |
| Actuarial gain (losses) on defined-benefit plans | 36 | (236) |
| Comprehensive result | (176) | (772) |
| Attributable to: | | |
| Shareholders of parent company | (176) | (757) |
| Minorities | - | (15) |

CONSOLIDATED BALANCE SHEET

| <i>Thousand of Euro</i> | | |
|--|-----------------|-----------------|
| | 31/12/15 | 31/12/14 |
| ASSETS | | |
| Non current assets | | |
| Property, plants and equipment | 4,208 | 3,371 |
| Goodwill | 8,294 | 8,294 |
| Other intangible assets | 2,387 | 1,952 |
| Investments | 1,594 | 1,884 |
| Deferred tax assets | 2,020 | 1,876 |
| Other non current assets | 99 | 195 |
| <i>Total</i> | 18,602 | 17,572 |
| Current assets | | |
| Inventories | 3,725 | 3,678 |
| Account receivables - Trade | 56,243 | 49,262 |
| Other current assets | 3,112 | 2,749 |
| Cash on hand | 5,237 | 4,141 |
| <i>Total</i> | 68,317 | 59,830 |
| Total assets | 86,919 | 77,402 |
| NET EQUITY AND LIABILITIES | | |
| Share Capital and other reserves | | |
| Share capital and reserves | 9,979 | 11,006 |
| Net Result of the Period | 25 | (510) |
| Total Net Equity | 10,004 | 10,496 |
| Share capital and reserves of minorities | 3 | (15) |
| Total Group Net Equity | 10,007 | 10,481 |
| Non current liabilities | | |
| Severance indemnity | 981 | 1,002 |
| Provision for risks and charges | 169 | 166 |
| Deferred tax liabilities | 903 | 795 |
| Non current financial liabilities | 5,191 | 2,494 |
| <i>Total</i> | 7,244 | 4,457 |
| Current liabilities | | |
| Financial current liabilities | 20,167 | 19,562 |
| Account payable - Trade | 40,273 | 34,829 |
| Tax payable | 6,210 | 5,663 |
| Other current liabilities | 3,018 | 2,410 |
| <i>Total</i> | 69,668 | 62,464 |
| Total liabilities | 76,912 | 66,921 |
| Totale Net Equity and Liabilities | 86,919 | 77,402 |

CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

| <i>Thousand of Euro</i> | Fiscal year ending | |
|--|---------------------------|-------------------|
| | 31/12/2015 | 31/12/2014 |
| Results for the period from assets in use | 25 | (525) |
| <u>Adjustments of items not affecting liquidity:</u> | | |
| Depreciations of tangible assets | 205 | 196 |
| Depreciations of other intangible assets | 239 | 246 |
| Allowances for doubtful accounts | 686 | 373 |
| Provisions for severance indemnity, net of payments to social security bodies | 160 | 168 |
| Variation in non current assets/liabilities | (91) | (250) |
| <u>Cash flow from operating activities, grosso f the variation in working capital</u> | 1,224 | 208 |
| Payments of severance indemnity | (146) | (148) |
| Variation in trade receivable and other current assets | (8,030) | (1,940) |
| Variation in inventories | (47) | 171 |
| Variation in trade payables and other current liabilities | 6,600 | 4,835 |
| <u>Cash flow from operations generated (absorbed) by changes in NWC</u> | (1,623) | 2,918 |
| <u>Cash flow from operations (A)</u> | (399) | 3,126 |
| Additions in tangible assets (net of assets sold) | (946) | (198) |
| Changes in non current financial liabilities | 2,697 | (137) |
| Additions in other intangible assets(net of dismessa and reclassification) | (410) | (1,077) |
| <u>Cash flow from investing activities (B)</u> | 1,341 | (1,412) |
| Variation of own shares | (214) | (519) |
| <u>Cash flow from financial activities (C)</u> | (214) | (519) |
| Net impact of the variation in translation of non Euro Exchange rates on cash on hand | (237) | (11) |
| <u>Increase/(Decrease)of cash available and cash equivalents (A+B+C)</u> | 491 | 1,184 |
| Short term Net Financial Position at the beginning of the period | (15,421) | (16,604) |
| Short term Net Financial Position at the end of the period | (14,930) | (15,421) |

Consolidated statement of changes in equity

| Thousand of Euro | Cumulated profit (loss) | | | | | | | | | | |
|---|-------------------------|-------------------|-----------------------|---------------|-------------------|----------------|---------------------|-----------------------|---------------------|-------------------|------------------|
| | Share capital | Own share reserve | Share premium reserve | Legal reserve | Voluntary reserve | Other reserves | Translation reserve | Result for the period | Net Equity of Group | Minority interest | Total Net Equity |
| Balance at January 1, 2014 | 3,953 | (612) | 17,584 | 450 | 4,792 | (13,251) | (610) | (535) | 11,771 | - | 11,773 |
| Variation of own shares | | (519) | - | - | - | - | - | - | (519) | - | (519) |
| Total operations with Shareolders | - | (519) | - | - | - | - | - | - | (519) | - | (519) |
| Allocation of the result for the year | - | - | - | - | - | (535) | - | 535 | - | - | - |
| Result of the period | - | - | - | - | - | - | - | (510) | (510) | (15) | (525) |
| <i>Other components of Comprehensive Result at 31 Dec 2014:</i> | | | | | | | | | | | |
| Gain (losses) on defined-benefit plans | - | - | - | - | - | (235) | - | - | (235) | - | (235) |
| Overall result | - | - | - | - | - | - | (11) | - | (11) | - | (11) |
| Comprehensive result | - | - | - | - | - | (235) | (11) | (510) | (756) | (15) | (771) |
| Balance at December 31, 2014 <small>Note 21</small> | 3,953 | (1,131) | 17,584 | 450 | 4,792 | (14,021) | (621) | (510) | 10,496 | (15) | 10,481 |

| Thousand of Euro | Cumulated profit (loss) | | | | | | | | | | |
|---|-------------------------|-------------------|-----------------------|---------------|-------------------|----------------|---------------------|-----------------------|---------------------|-------------------|------------------|
| | Share capital | Own share reserve | Share premium reserve | Legal reserve | Voluntary reserve | Other reserves | Translation reserve | Result for the period | Net Equity of Group | Minority interest | Total Net Equity |
| Balance at January 1, 2015 | 3,953 | (1,131) | 17,584 | 450 | 4,792 | (14,021) | (621) | (510) | 10,496 | (15) | 10,481 |
| Variation of own shares | | (214) | - | - | - | - | - | - | (214) | - | (214) |
| Total operations with Shareolders | - | (214) | - | - | - | - | - | - | (214) | - | (214) |
| Allocation of the result for the year | - | - | - | - | - | (510) | - | 510 | - | - | - |
| Result of the period | - | - | - | - | - | - | - | 25 | 25 | - | 25 |
| Other operations | - | - | - | - | - | (102) | - | - | (102) | 18 | (84) |
| <i>Other components of Comprehensive Result at 31 Dec 2015:</i> | | | | | | | | | | | |
| Gain (losses) on defined-benefit plans | - | - | - | - | - | 36 | - | - | 36 | - | 36 |
| Overall result | - | - | - | - | - | - | (237) | - | (237) | - | (237) |
| Comprehensive result | - | - | - | - | - | (66) | (237) | 25 | (278) | 18 | (260) |
| Balance at December 31, 2015 <small>Note 21</small> | 3,953 | (1,345) | 17,584 | 450 | 4,792 | (14,087) | (858) | (485) | 10,004 | 3 | 10,007 |

FINANCIAL STATEMENTS OF ITWAY S.P.A.

INCOME STATEMENTS

| <i>Euro</i> | 31 Dec 2015 | 31 Dec 2014 |
|--|-------------------|-------------------|
| Revenues from sales | 46,322,365 | 37,778,210 |
| <i>of which toward controlled companies</i> | 11,125,456 | 7,431,411 |
| Other operating revenues | 2,221,515 | 3,799,311 |
| <i>of which toward controlled companies</i> | 1,564,166 | 1,681,834 |
| | 48,543,880 | 41,577,521 |
| Products | (41,223,314) | (34,118,713) |
| <i>of which from controlled companies</i> | (451,320) | (225) |
| Costs of services | (4,451,308) | (4,336,850) |
| <i>of which from controlled companies</i> | (1,152,413) | (1,382,132) |
| Costs of personnel | (1,439,177) | (1,431,993) |
| Other operating expenses | (573,341) | (611,051) |
| <i>of which toward controlled companies</i> | (18,905) | (25,770) |
| | 856,740 | 1,078,914 |
| EBITDA | | |
| Amortisation | (284,309) | (310,502) |
| | 572,431 | 768,412 |
| EBIT | | |
| Financial proceeds | 1,545,024 | 392,856 |
| <i>of which toward controller companies</i> | 286,860 | 346,946 |
| Financial charges | (1,343,966) | (914,659) |
| <i>of which toward controller companies</i> | - | (41,665) |
| | 773,489 | 246,609 |
| Result before taxes | | |
| Taxes | (191,766) | (127,285) |
| | 581,724 | 119,324 |
| Result for the period from operations | | |

STATEMENT OF COMPREHENSIVE INCOME

| <i>Thousand of Euro</i> | 31/12/15 | 31/12/14 |
|--|----------------|---------------|
| Net result | 581,724 | 119,324 |
| Components that cannot be reclassified to the income statement: | | |
| Actuarial gain (losses) on defined-benefit plans | 18,778 | (105,546) |
| Comprehensive result | 600,502 | 13,778 |

BALANCE SHEET

| <i>Euro</i> | 31 Dec 2015 | 31 Dec 2014 |
|--|-------------------|-------------------|
| ASSETS | | |
| Non current assets | | |
| Property, plants and equipment | 2,982,131 | 3,065,793 |
| Goodwill | 169,440 | 169,440 |
| Other intangible assets | 231,761 | 245,431 |
| Investments | 17,621,730 | 17,209,622 |
| Deferred tax assets | 444,769 | 380,361 |
| Intercompany financing M/L term | 2,476,088 | - |
| Other non current assets | 40,734 | 90,734 |
| Total | 23,966,653 | 21,161,381 |
| Current assets | | |
| Inventories | 1,406,247 | 1,858,472 |
| Account receivables - Trade | 17,635,966 | 14,444,339 |
| Financing to subsidiaries | 11,520,093 | 8,684,958 |
| Account receivables from subsidiaries | 10,036,571 | 10,724,106 |
| Other current assets | 1,748,133 | 1,151,879 |
| Cash on hand | 1,566,569 | 1,764,122 |
| Total | 43,913,579 | 38,627,876 |
| Total assets | 67,880,232 | 59,789,257 |
| NET EQUITY AND LIABILITIES | | |
| Share Capital and other reserves | | |
| Share capital | 3,952,659 | 3,952,659 |
| Reserve own shares | (1,345,130) | (1,131,141) |
| Share premium reserve | 17,583,874 | 17,583,874 |
| Legal reserve | 449,852 | 449,852 |
| Earning (losses)/forward reserve | (2,951,038) | (3,089,140) |
| Net result of the period | 581,724 | 119,324 |
| Total | 18,271,941 | 17,885,428 |
| Non current liabilities | | |
| Severance indemnity | 663,277 | 683,593 |
| Provision for risks and charges | 5,667,360 | 5,660,737 |
| Deferred tax liabilities | 70,802 | 80,026 |
| Non current financial liabilities | 4,386,189 | 2,241,418 |
| Total | 10,787,628 | 8,665,774 |
| Current liabilities | | |
| Financial current liabilities | 15,537,050 | 11,195,980 |
| Account payable - Trade | 17,230,050 | 16,571,269 |
| Account payable to subsidiaries | 1,146,043 | 1,814,339 |
| Financial to subsidiaries | - | 190,449 |
| Tax payable | 4,286,872 | 3,032,541 |
| Other current liabilities | 620,648 | 433,477 |
| Total | 38,820,663 | 33,238,055 |
| Total liabilities | 49,608,291 | 41,903,829 |
| Totale Net Equity and Liabilities | 67,880,232 | 59,789,257 |

CASH FLOW STATEMENT

Thousand of Euro

| | Fiscal year of 12month at 31/12/2015 | Fiscal year of 12month at 31/12/2014 |
|--|---|---|
| Results for the period from assets in use | 582 | 119 |
| <u>Adjustments of items not affecting liquidity:</u> | | |
| Write-off of immaterial assets | 117 | 118 |
| Depreciation of tangible assets | 167 | 193 |
| Allowance for doubtful accounts | 150 | 125 |
| Provision for severance indemnity, net of payments to social security bodies | 28 | 89 |
| Variation in non current assets/liabilities | | - |
| <i>Cash flow from operating activities, grosso f the variation in working capital</i> | 1,044 | 644 |
| Payments of severance indemnity | (29) | (24) |
| Variation in trade receivable toward thirs and subsidiaries | (5,490) | (4,425) |
| Variation in inventories | 452 | 224 |
| Variazion in other current assets and liabilities | 845 | 2,326 |
| Variation in trade payables | (200) | 1,852 |
| <i>Cash flow da attività operativa generato (assorbito) dalle variazioni di CCN</i> | (4,422) | 153 |
| <i>Cash flow from operations (A)</i> | (3,378) | 797 |
| Change in non current financial liabilities | (348) | 108 |
| Additions in tangible assets (net of assets sold) | (33) | (53) |
| Additions in other intangibile assets(net of dismesssa and reclassification) | (565) | (1,593) |
| <i>Cash flow from investing activities (B)</i> | (946) | (1,538) |
| Purchase of own shares | (214) | (519) |
| <i>Cash flow from financial activities (C)</i> | (214) | (519) |
| <i>Increase/(Decrease)of cash available and cash equivalent (A+B+C)</i> | (4,538) | (1,260) |
| Short term Net Financial Position at the beginning of the period | (9,432) | (8,172) |
| Short term Net Financial Position at the end of the period | (13,970) | (9,432) |

Statement of changes in equity

| Euro | Share capital | Own share reserve | Share premium reserve | Legal reserve | Earning (losses)/forward reserve ¹ | Result for the period | Total Group Net equity |
|---|------------------|--------------------|-----------------------|----------------|---|-----------------------|------------------------|
| Balance as at January 1, 2014 | 3,952,659 | (611,680) | 17,583,874 | 449,852 | (2,912,620) | (70,974) | 18,391,111 |
| Changes in own shares | - | (519,461) | - | - | - | - | (519,461) |
| Total operations with Shareholders | - | (519,461) | - | - | - | - | (519,461) |
| Retained earnings | - | - | - | - | (70,974) | 70,974 | - |
| Result of the period | - | - | - | - | - | 119,324 | 119,324 |
| <i>Other components of Comprehensive Result at 31 Dec 2014:</i> | | | | | | | |
| Actuarial gain (losses) on defined-benefit plans | - | - | - | - | (105,546) | - | (105,546) |
| Comprehensive result | - | - | - | - | (105,546) | 119,324 | 13,778 |
| Balance as at December 31, 2014 (Note 22) | 3,952,659 | (1,131,141) | 17,583,874 | 449,852 | (3,089,140) | 119,324 | 17,885,428 |
| Euro | Share capital | Own share reserve | Share premium reserve | Legal reserve | Earning (losses)/forward reserve ² | Result for the period | Total Group Net equity |
| Balance as at January 1, 2015 | 3,952,659 | (1,131,141) | 17,583,874 | 449,852 | (3,089,140) | 119,324 | 17,885,428 |
| Changes in own shares | - | (213,989) | - | - | - | - | (213,989) |
| Total operations with Shareholders | - | (213,989) | - | - | - | - | (213,989) |
| Retained earnings | - | - | - | - | 119,324 | (119,324) | - |
| Result of the period | - | - | - | - | - | 581,724 | 581,724 |
| <i>Other components of Comprehensive Result at 31 Dec 2015:</i> | | | | | | | |
| Actuarial gain (losses) on defined-benefit plans | - | - | - | - | 18,778 | - | 18,778 |
| Comprehensive result | - | - | - | - | 18,778 | 581,724 | 600,501 |
| Balance as at December 31, 2015 (Note 22) | 3,952,659 | (1,345,130) | 17,583,874 | 449,852 | (2,951,038) | 581,724 | 18,271,940 |

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