Interim Management Report of the Itway Group as of March 31, 2016

> Itway S.p.A.
Via L. Braille, 15
48010 Ravenna Italy
Tel. +39.0544.288711
Fax +39.0544.463481

> Cap. Soc. € 3.952.659 i.v.
Reg. Imprese RA n° 01346970393
R.E.A. n° 137688
C.F.: 01346970393
P.IVA: IT01346970393

> www.itway.com

Company Officers

Board of Directors

(Until the approval of the December 31, 2016 Financial Statements)

Giovanni Andrea Farina	Chairman and Chief Executive Officer
Cesare Valenti	Managing director
Gabriele Brusa	Independent director
Giuseppe Parrello	Independent director
Claudia Palella	Independent director

Board of Statutory Auditors

(Until the approval of the December 31, 2016 Financial Statements)

Alessandro Antonelli	Chairman
Daniele Chiari	Member
Silvia Caporali	Member

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 Firm

PricewaterhouseCoopers S.p.A.

The mandate to the auditing company was given by the ordinary shareholders meeting of January 11, 2010 for the nine year period ending with the approval of December 31, 2017 Financial Statements and, pursuant to current regulations, it cannot be renewed.

Amendments to the regulations on periodic financial reporting introduced by Legislative Decree No. 25 of February 15, 2016

The national legislator recently intervened through Legislative Decree No. 25 of February 15, 2016 to endorse Directive 2013/50/EU which modified, in particular, Directive 2004/109/EC, on the subject of harmonization of transparency obligations regarding information of issuers whose securities are admitted to trading in a regulated market (the so-called Transparency Directive).

In endorsing the European regulations, the legislator intervened to modify regulations regarding financial reporting innovating the rules regarding the publishing, by listed issuers whose country of origin is Italy, of periodic information on the first and third quarter of the fiscal period.

In the previous text, paragraph 5 of article 154-ter (financial reporting), foresaw that: "…Within forty-five days of the end of the first and third quarters of the financial year, listed issuers with Italy as home member state shall publish an interim management statement providing: a) a general description of the financial position and economic outlook of the issuer and its subsidiaries in the reference period; b) an illustration of significant events and transactions during the reference period and their impact on the financial position of the issuer and its subsidiaries…"

Pursuant to the above-mentioned legislative Decree, the content of the paragraph was amended to say: "….With the regulation pursuant to paragraph 6, Consob can order issuers whose Member State of origin is Italy, including financial enterprises, to periodically disclose additional financial information consisting mainly of: a) a general description of the capital situation and economic trend of the issuer and its subsidiaries in the period of reference; b) an illustration of the relevant events and of the transactions which have been carried out in the period of reference and their impact on the capital of the issuer and of its subsidiaries."

Furthermore, following the introduction of the new regulation, the article was integrated with a subsequent paragraph 5-bis that provides the principles and criteria governing its definition: " […]5-bis. Before the possible introduction of the obligations pursuant to paragraph 5, Consob publishes the impact analysis carried out pursuant to Article 14, paragraph 24-quater, of Italian Law no. 246 of 28 November 2005. This latter, in compliance with the Community discipline of reference, examines, also in a comparative key, the existence of the following conditions: a) the additional periodic financial disclosure does not involve disproportionate expense, especially for the small and medium issuers concerned; b) the content of the requested additional periodic financial disclosures is proportionate to the factors that contribute to the investors' investment decisions; c) the requested additional periodic financial disclosures do not favor excessive attention for the issuers' short term results and yield and do not negatively influence the possibilities of access of the small and medium issuers to the regulated markets." Finally, based on the following paragraph 6, "[…] By regulation and in compliance with European law, Consob shall establish: a) the terms and procedures for the publication of … any additional disclosures contemplated by paragraph 5 […]"

On April 14, 2016 Consob published a preliminary consultation paper regarding the periodic financial reporting introduced by Legislative Decree No. 25 of February 15, 2016 with its preliminary considerations. Summing up, Consob reiterated that the publication of quarterly information represents an important tool to safeguard investors as it provides punctual and reliable information on issuers' results. It also underlined that it is now consolidated practice, especially by institutional investors, to base investment decisions on punctual and reliable information released in the time period between the publication of the half-year financial statements and the annual ones. In this context, without quarterly reporting, measures to restore equal access to information may become necessary in case of rumors on issuers' economic or financial performance in the long time period that passes from the half-year report (in September) to the annual financial statements (in April). The quarterly disclosure in fact provides economic and financial information in the reference period, while at the same time consolidates the context of relevant events from a general viewpoint. This disclosure can provide value added to contribute to a decision to invest compared with the punctual disclosure of privileged information that was possibly released throughout the quarter. Consob also indicated that, on a voluntary basis, a significant number of Italian issuers publishes quarterly financial statements that are more complete compared with the minimum requirements. This proves that listed issuers over time have preferred to bear the costs to draft complete quarterly financial statements, not considering them disproportionate compared with the benefits of a greater transparency towards investors.

Itway, for the sake of continuity with the past and while waiting for decisive measures from Consob, also following indications included in Notice No. 7587 of Borsa Italiana addressed to STAR Issuers ("STAR Issuers' information regarding the rules governing interim management statements), decided to draft and publish the interim management report to 31.03.2016.

Interim management report as of March 31, 2016

In the current interim management Report the analysis of the economic performance was carried out with reference to the situation as of March 31, 2016 in the quarter between January and March 2016 compared with the equivalent periods of 2015.

The balance sheet information refers to March 31, 2016 and March 31, 2015 and is compared with the consolidated Financial Statements as of December 31, 2015.

The accounting statements to March 31, 2016 were drafted before taxes and of the fiscal effects on the results of the period.

The accounting principles, the evaluation criteria, the forecasts made, and the consolidation principles that are referred to in preparing the attached interim management report to March 31, 2016 are, as in the previous fiscal period, the international accounting principles defined by

IFRS. In particular, these principles require forward looking statements. In the context of 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 forecast.

Performance of the Group and the reference market

Following is the consolidated condensed Income Statements compared with those of the same periods a year earlier:

(Thousands of €uros)	**Quarter ended**	
	31/03/16	**31/03/15**
Turnover		
Revenues	21,832	21,396
Other operating revenues	270	367
Total turnover	**22,102**	**21,763**
Operating costs		
Costs of products	17,352	17,185
Personnel costs	2,621	2,542
Other costs and operating charges	1,768	1,680
Total operating costs	**21,741**	**21,407**
EBITDA	**361**	**356**
Amortization	(106)	(100)
EBIT	**255**	**256**
Net financial charges	(471)	(386)
Pre-tax result	**(216)**	**(130)**

In the quarter ended March 31, 2016 revenues rose some 1.6% compared with the same year earlier period, Ebitda was of 361 thousand Euros compared with 356 in the same period of 2015, Ebit was 255 thousand Euros, in line with the previous fiscal period. The pre-tax result was -216 thousand Euros (-130 thousand Euros in the same period of the previous fiscal year) weighed down by higher financial charges reflecting a revaluation of payables and receivables in USD of the Turkish subsidiary, the local currency of which during the past year devalued significantly, by some 17%, both versus the Euro and the U.S. Dollar. As of March 31, 2016 this was a non-realized loss. With banks still not giving out loans at affordable conditions and in the volumes necessary to companies, financial charges are also impacted by the need to support clients in a contracted credit situation with payments that are ever more delayed despite the instructions issued on payment periods while the main vendors are not inclined to take on the burden of the systemic crisis, especially on the Italian and Iberian markets and in some cases even demand advance payments. In this situation the Group is continuing to take measures to contain payment conditions and to use more nonrecourse factoring transactions and a progressive recourse to medium-term financing transactions.

General context and performance of the ICT Market: On March 16, 2016 Assinform published the final data on the sector for 2015 that showed a 1% growth compared with the previous year that had posted a 1.4% contraction. The sectors in which the Group operates are those of Security Virtualization and the newly created Cloud Computing, which are defined as “additional and innovative ICT components”. While “traditional ICT components” are broadly steady, the “additional and innovative ICT component” sector grew 4.8%. In particular, the Cloud sector continued to grow, +28% to 1,225 milion Euros and the new IoT – Internet of Things – that transforms the most diverse products into components for intelligent systems for manufacturing, energy management and the automotive sector. Assinform took an across-the-board look at the different segments and highlighted the constant and consistent growth reaching, for ICT components alone, 1,845 million Euros (+13.9%). For the other Countries where the Group operate, these forecasts are proportionally configurable to the individual national economies.

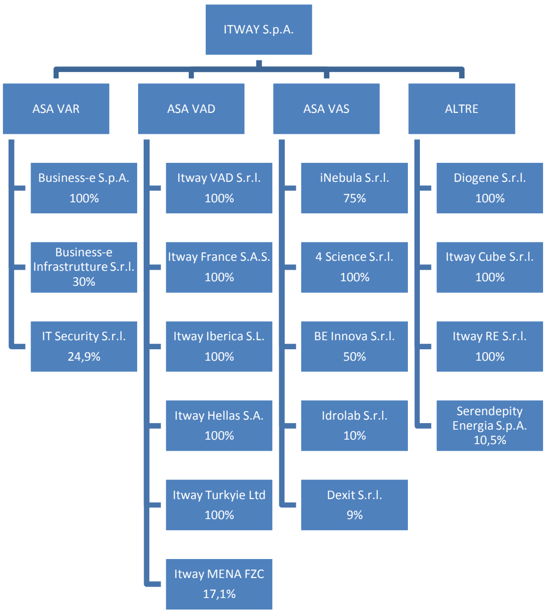
Market positioning: During the period the repositioning on new product distribution lines continued, with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital.

Group’s industrial policy: In the general context indicated above, the industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS SBU.

The alliance with Libanica S.A. led the Group at the end of 2014 to take part in the constitution of Itway MENA with a 17.1% stake. The company is based in Dubai-Sharjah, in the United Arab Emirates. Exploiting its geopolitical and technical expertise of Libanica and the technical and specialized expertise of Itway, the newly constituted group will expand in markets in the Middle East and North Africa (MENA), Itway MENA started during 2015 to develop the market in the UAE, Iran and Nigeria with results expected to be seen starting from the current fiscal period.

Activities and Structure of the Group

The Interim Management Report includes the accounting situation of the companies of the Itway Group, which as of March 31, 2016 has the following structure:



Following is the list of 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
Itwayvad S.r.l.	Ravenna	10,000	100%	-	100%
Itway Iberica S.L.	Barcellona	560,040	100%	-	100%
Itway France S.A.S.	Parigi	100,000	100%	-	100%
Itway Hellas S.A.	Atene	846,368	100%	-	100%
Itway Turkiye Ltd.	Istanbul	1,500,000*	100%	-	100%
Itway Cube S.r.l.	Ravenna	10,000	100%	-	100%
Diogene S.r.l.	Roma	78,000	100%	-	100%
Business-e S.p.A.	Ravenna	1,001,084	100%	-	100%
iNebula S.r.l.	Ravenna	10,000	75%	-	75%
Itway RE S.r.l.	Ravenna	10,000	100%	-	100%

** Value expressed in the New Turkish Lira (YTL)*

The subsidiaries, assessed with the equity method, which coincides with the cost, as indicated below, are:

NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownership	% indirect ownership	% overall ownership
BE Innova S.r.l.	Trento	20,000	-	50%	50%
Be Infrastrutture S.r.l.	Ravenna	100,000	-	30%	30%
Itsecurity S.r.l.	Bari	20,000	-	24,9%	24,9%

List of minority investments, carried out at cost:

NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownershi p	% indirect ownershi p	% overall ownershi p
Dexit S.r.l.	Trento	700,000	9%	-	9%
Serendipity Energia S.p.A	Ravenna	1,117,758	-	10.5%	10.5%
Idrolab S.r.l.	Cesena	52,500	-	10%	10%
Itway MENA FZC	United Arab Emirates	35,000 *		17.1%	17.1%

** The values are expressed in Dirham of the United Arab Emirates (AED)*

List of investments that have not yet been consolidated as they are still not operational:NAME	HEADQUARTERS	SHARE CAPITAL €	% direct ownership	% indirect ownership	% overall ownership
4Science S.r.l.	Via L. Braille 15 - Ravenna	10,000	100%	-	100%

The Itway Group operates in three main types of activities: the core business of Itway is value added distribution of “best of breed” software technology (the best among what is available, at all moments, on the market); it also offers services and consultancy aimed at training and supporting companies in the e-business, e-security, Central Access Management, Internetworking and Wireless. These sectors are in charge of the main Strategic Business Areas (SBU): the VAD SBU (Value Added Distribution) and the VAR SBU (Value Added Reseller) and the VAS SBU (Value Added Services). The VAD SBU also offers services for training, technical assistance and certification developed by Itway Academy, which targets Value Added Resellers and System Integrators. The strong points of Itway are in its capability of offering, in a complementary manner, a broad array of software products and services and the consultancy support necessary to guarantee their use and integration. Furthermore, the Group has an excellent capability on focusing on and interacting with the client (accounting) and offers and excellent training that is tailor-made for the specific needs of each client. The VAR SBU manages all Value Added Reseller, System Integration and Engineering activities. The VAS

SBU is in a start-up phase and handles the Value Added Services activities.

Net financial position

Following is the net financial position as of March 31, 2016 compared with that to March 31 2015 and December 31, 2015:

	31/03/2016	31/12/2015	31/03/2015
Cash on hand	6,503	5,237	3,905
Current financial liabilities	(21,413)	(20,167))	(18,430)
Net current financial position	**(14,910)**	**(14,930)**	**(14,525)**
Non-current financial liabilities	(4,697)	(5,191)	(5,379)
Total net financial position	**(19,607)**	**(20,121)**	**(19,904)**

The net current financial position is in line with both December 31, 2015 and March 31, 2015.

Performance by segment of business: Value Added Distribution

Through the *Value Added Distribution* sector, the Group 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 are "System Integrators" and "Value Added Resellers" who sell products to the end-user.

Following is the brief income statement of the VAD SBU, compared with the values the previous fiscal year:

(Thousands of €uros)	Quarter ended	
	31/03/16	**31/03/15**
Revenues	16,078	16,564
Ebitda	121	136
Ebit	30	51
Pre-tax result	(320)	(212)

Volumes and profitability were broadly stable compared with the same period a year ago. Following is a breakdown by Country:

The Italian market, the most important one for the Group, posted results in line with expectations with improvements, compared with the same year earlier quarter, both in terms of volumes and profitability. In this period there was a significant increase in the security sectors where our role is increasingly recognized by the market.

Despite the development prospects of the country, the Turkish subsidiary in the first quarter posted results in line with the previous fiscal period, impacted by the Turkish Lira that in the period lost some 17% of its value compared with the same year earlier period. This prompted a rise in list prices, putting pressure on the distribution channel.

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 performance of the Iberian subsidiary was rather negative both in terms of volumes and profitability due to several factors: a generally weak first quarter in Spain after last year's growth, the delay of some negotiations to the second quarter and the only partial replacement of turnover/profits of discontinued product lines starting from 2016.

Performance by segment of business: Value Added Reseller SBU

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

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

Following is the brief income statement of the VAR SBU, compared with the values of the previous fiscal year:

(Thousands of €uros)	**Quarter ended**	
	31/03/16	**31/03/15**
Revenues	6,024	5,199
Ebitda	240	220
Ebit	225	205
Pre-tax result	104	82

The first quarter was a period of growth. The positioning of products on security and their availability for sale is starting to produce the first positive results. The offer pipeline has been growing and we forecast that the coming quarters will be positive and in line with the approved budget.

Sector performance: Other sectors

In 2013 the Itway Group entered into other sectors that are related to but do not coincide with the historical ones (VAD and VAR). These sectors do not yet make a relevant contribution to the consolidated results and therefore are not reported in the reporting by sector, but they are important in terms of strategy to strengthen and diversify the business segments.

The innovative managed 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** ICT for Cultural Heritage and Data Curation, in the start-up phase .

Subsequent events

At the end of April 2016, Itway, along with 50 Italian companies, took part in the Renzi government mission to Teheran where it was one of the 17 to sign a Memorandum of Understanding (MoU) with an Iranian partner. Through its Itway Mena subsidiary in Dubai, throughout 2015 Itway made an in depth analysis to identify a partner with whom to collaborate in this Country that is full of development prospects.
The MoU was signed with Patsa Holding, a company that specializes in ICT with an excellent market share in the Infrastructure, Transport, Healthcare sectors and a top-rated knowledge of the security, Cloud Computing, Data Center sectors, in which also Itway excels. This kicks off an important collaboration that we expect will give significant results over the next five years.

Foreseeable evolution of operations

Other than what has already been indicated please refer to the consolidated Financial Statements to December 31, 2015 for the foreseeable evolution of operations

Significant, non-recurrent, atypical and/or unusual transactions

In the period ended March 31, 2016 there were no transactions that can be defined as significant, non-recurrent, atypical and/or unusual, as defined in Consob Communication of July 28, 2006.

Relationship with related parties

During the period, the Group had commercial and financial relationships with related parties. 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 synthesis:

Thousands of €uros	**Receivables**	**Payables**	**Costs**	**Revenues**
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	415	-	-	1
Business-e S.p.A. vs Be Innova S.r.l.	2,286	10	-	998
Itway S.p.A. Vs Be Innova S.r.l.	156			31
TOTAL	**2,857**	**10**	**-**	**1,030**

Itway directs and coordinates its subsidiaries in Italy. This activity consists in 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 activities

During the period research and development activity were continued, especially in the VAR and VAS SBUs.

Own shares

The parent company at March 31, 2016 owned No. 925,815 own shares (equal to all'11.71% of share capital) for a nominal value of 462.908 Euro and a cost of purchase of some 119 thousand Euro; During the period 87,301 own shares were purchased (equal to 1.10% of share capital) for a nominal value of 43,651 Euro, as authorized by the Shareholders meeting of Itway S.p.A.

Ravenna, May 13, 2016

For the BOARD OF DIRECTORS

Statement of the manager mandated to draft the accounting documents pursuant to art. 154-bis comma 2 of D.Lgs. No. 58/1998 (Testo Unico della Finanza – Consolidated Law on Financial Intermediation)

I, Sonia Passatempi, the manager mandated to draft the company's accounting documents, pursuant to comma 2 of art. 154-bis of D.Lgs. No.58/1998 (Testo Unico della Finanza), declare that the information contained in the current quarterly report of the management of the Group corresponds to the documented results, books and accounting of the Company.

Ravenna, May 13, 2016

The Mandated Manager
Sonia Passatempi