



# SPAFID

## CONNECT

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Diffusione presunta

Oggetto : The BoD of the Itway Group approves the  
2016 Financial Statements

*Testo del comunicato*

Vedi allegato.

## The BoD of the Itway Group approves the 2016 Financial Statements and the Interim Management Report as of March 31, 2017

### 2016 Financial Statements

TOTAL REVENUE AT EURO 91.7 MILLION

REVENUES NET OF THE ITALY, IBERICA VAD SALE TRANSACTION AT EURO 54.8 MILLION, UP 6.8% YoY

PROFITABILITY MARGINS IMPROVE: NET OF THE BUSINESS UNIT SOLD, EBITDA AT EURO 1.5 MILLION, UP 43% YoY AND EBIT AT EURO 1.1 MILLION, UP 27.2% YoY

NET LOSS FOR THE FISCAL PERIOD AT EURO 62.000 VS EURO +25.000 YoY

NET FINANCIAL POSITION EURO -21,3 MILLION AS OF 31.12.2016

COMPARED WITH EURO -19.4 MILLION AS OF 31.12.2015 BUT IMPROVED BY EURO 5.6 MILLION AS OF MARCH 31, 2017

### INTERIM MANAGEMENT REPORT AS OF MARCH 31, 2017

REVENUE AT EURO 12.1 MILLION IN Q1 2017, UP 6,3% COMPARED WITH EURO 11.4 MILLION IN Q1 2016 NET OF THE ITALY, IBERICA VAD SALE TRANSACTION

EBITDA AT EURO -185 THOUSAND VS EURO -115 THOUSAND IN THE SAME PERIOD OF 2016 (NET OF THE SALE TRANSACTION)

EBIT EURO -445 THOUSAND vs. EURO -400 THOUSAND AS OF 31.3.2016 (NET OF THE SALE TRANSACTION)

THE NET FINANCIAL POSITION AS OF 31.3.2017 STOOD AT EURO -15,7 MILLION COMPARED WITH EURO AI -21,3 MILLION AS OF 31.12.2016

*Ravenna, May 29, 2017* – The Board of Directors of Itway S.p.A., a company listed on the Star segment of Borsa Italiana and active in the IT sector, today approved the financial statements as of December 31, 2016 and the individual financial statements for 2016 to submit for approval at the Shareholders' meeting.

In the same meeting, the Board of Directors also approved the financial statements for the first quarter of 2017.

The consolidated financial statements of the Itway Group as of December 31, 2016 show a net loss of approximately Euro 62,000. The result was impacted by a series of factors that reflect,

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for most of the fiscal period, a significant drop in revenue and profitability due to the sale of the VAD (Value Added Distribution) business units in Italy, Spain and Portugal; these business units, as already reported to the market, were sold to the Esprinet Group on November 30, 2016. Due to a significant delay of this extraordinary transaction, that, for reasons that did not depend on the Itway Group, was finalized months after initial forecasts, created a burden in the meantime for the results of the Itway Group.

With reference to the sale of VAD business units in Italy, Spain and Portugal, there were also operational losses connected with the discontinued commercial activity due to the interruption of commercial activities that were equally reflected in the consolidated financial statements of the Itway Group until November 30, 2016, the date in which the extraordinary transaction was finalized.

The transaction was carried out while implementing a plan, which already began in past fiscal periods, that foresees the progressive disposal of assets in the Value Added Distribution Strategic Business Unit (VAD SBU) and the strengthening of Itway in the system integration (VAR SBU- Value Added Reseller Strategic Business Unit) and the high-growth value added services (VAS SBU – Value Added Services Strategic Business Unit), posting an increase in volumes and an improvement in margins.

During 2016, there was a continuation of the geographic refocusing of the reference markets, which began with the investment in Itway MENA to operate in the United Arab Emirates, Lebanon, Iran and Nigeria; this was part of the new industrial plan of the Group for 2017-2021, approved on December 14, 2016.

In this context, the extraordinary transaction finalized on November 30, 2016 entailed the sale to the Esprinet Group of the value added IT activities (VAD) in Italy, Spain and Italy. The businesses transferred relate to the wholesale marketing to System Integrators and Value Added Resellers of hardware and software products and various services. The deal allowed to strengthen capital thanks to an initial payment of Euro 5.3 million and will allow in the future to receive payment for the variable earn out of up to a maximum of Euro 5.8 million. The Company also kept both a supply contract (for a period of two years) and a partnership (for a period of five years). The sale is part of the refocusing of Group resources to value a structure that is strategically oriented towards technological and product innovation. Following the sale, starting from the 2017 fiscal period, the industrial and organizational structure of the Itway Group is focused on the development of the VAR SBU and the VAS SBU through an integrated offer of services including consultancy, engineering and manufacturing in the ICT segments with greater value added both in Italy and in high-growth foreign countries where the Group operates.

*“We are reasonably satisfied with the results of this period, considering the complex moment of strategic repositioning, which began in 2014, that aims to strengthen Itway both from a capital and market point of view, by positioning itself in the area of Cyber Security and high value added services where there are also the greater growth rates and the best margins,”* said G. Andrea Farina, President and CEO of Itway. *“Following the extraordinary transaction finalized in 2016 we are presenting ourselves to the market with a better offer, which is*

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*integrated with services for consultancy, engineering and manufacturing in the higher value added ICT sectors. We have been present in the ICT sector for over 20 years as a reliable and expert partner of cyber security solutions and we plan to continue to have this leading role in the evolution of the market. Our international presence, also thanks to the Dubai headquarters, together with a vision that is always innovative, will allow us to still fully seize the new exciting challenges in the near future.”*

Following are the main consolidated economic indicators for the fiscal period ended December 31, 2016 compared with those of the previous fiscal period and with the new operating perimeter highlighted (Total Group includes the business unit sold, the results of only the Italy, Iberica VAD business unit sold, the Group Net corresponding to the new consolidation perimeter).

Thousands of Euro	2016			2015		
	Total Group	Italy, Iberica VAD Transaction*	Group net	Total Group	Italy, Iberica VAD Transaction	Group net
<b>Revenue</b>	91.662	36.861	<b>54.801</b>	100.593	49.254	<b>51.339</b>
<b>EBITDA</b>	4.125	2.609	<b>1.516</b>	3.048	1.907	<b>1.061</b>
<b>EBIT*</b>	3.238	2.166	<b>1.072</b>	2.604	1.761	<b>843</b>
<b>Net result</b>	(62)	261	<b>(323)</b>	25	601	<b>(576)</b>

*Note\*: pursuant to the IFRS 5 principle “Non-current Assets Held for Sale” the business unit sold is classified as “Discontinued Operation” and the economic data related to this transaction are reported separately and highlighted in the Italy, Iberica VAD Transaction column.*

In relation to the Group Net corresponding to the assets still owned by Italy, consolidated Revenue stood at Euro 54.8 million, up 6.7% compared with 2015. EBITDA rose to Euro 1.5 million compared with Euro 1.1 million in the 2015 fiscal period (+43%) while EBIT went from Euro 0.8 million in 2015 to Euro 1.1 million in 2016 (+27% YoY). The result before taxes is of Euro 0.2 million and the fiscal period ended with a negative net result of Euro 0.3 million due to the higher taxes for Itway compared with those of the business unit sold.

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The Net Financial Position as of December 31, 2016 is of Euro -21.3 million compared with Euro -19.4 million as of December 31, 2015 mainly due to the fact that there was a lower recourse to non-recourse factoring for account receivables compared with the previous fiscal period.

After the close of the data as of December 31, 2016, as of March 31, 2017 the net financial position improved by Euro 5,6 million due to the payment of a significant part of account receivables of the business unit sold in force as of December 31, 2016, that allowed to pay back the bank advances in force.

The Directors acknowledged the high short term commercial indebtedness, that generated the current situation of financial stress; considering the prospects for a significant increase in revenue and profitability of the operational subsidiaries represented in the 2017-2021 Industrial Plan of the Itway Group approved by the Board of Directors on December 14, 2016, the Board of Directors in the meeting of April 27-29, 2017 drafted an additional liquidity plan for the Company and its main subsidiary Business-e S.p.A. that runs to March 31, 2018 and highlights the financial requirements the Company and the Group have in order to fulfil their obligations in the foreseeable future, in particular in the next 12 months, and the ways to cover this need. In this regard an in-depth study is underway with a partner for a possible strategic alliance that would allow to strengthen the Group financially and commercially in the sectors where it competes. To complete the strategy it was also deliberated to kick off negotiations for the sale by the first quarter of 2018 of the full investments in the Greek and Turkish subsidiaries. At the same time the following transactions are underway for an extraordinary capital strengthening of some Euro 5 million.

- 1) Completion of the negotiation over a period of 12 to 24 month starting from the beginning of the second quarter of 2017 of bank and account payables of the Company and of the Spanish subsidiary already expired as of December 31;
- 2) Obtaining from financial institutions that currently work with the Company, or from third party investors, new funding by taking out medium-long term loans in order to consolidate the financial indebtedness of the Itway Group currently tilted to the short term;
- 3) Study of eventual extraordinary transactions on the capital of Itway S.p.A. and some of its subsidiaries;
- 4) The company has already obtained from banking institutions and factoring companies new commercial credit or a broadening of credit lines previously in force (mainly for advances on invoices and contracts of the Business-e subsidiary).

## PERFORMANCE OF THE BUSINESS

2016 was a year of growth both in terms of volumes and profitability. Also thanks to the extraordinary transaction and in an economic and political climate that is still not easy Itway achieved satisfying results.

The digital market in Italy ended 2016 up 1.8% (from -4.4% in 2014 to the recent +1.0% in 2015). It should be underlined that the segments where the Group operates, ICT and Software

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Services and solutions, in 2016 grew 2.5% and 4.8% respectively. These segments include the so-called “Digital Enablers” markets: Cybersecurity (+11.1%), Cloud Computing (+23.0%), IoT (+14.3%), Big Data (+24.2%) where the group over the past five years has made important investments.

The main strategic areas of the Group are: VAD – Value Added Distribution, VAR – Value Added Reseller and other sectors.

**VAD – Value Added Distribution.** The Value Added Distribution sector posted Revenues net of the Italy, Iberica VAD Transaction of Euro 29.0 million, up 7.1% compared with 2015. There was also a good improvement in profitability with EBITDA, net of the Italy, Iberica transaction that went from Euro 287 thousand in 2015 to Euro 313 thousand in 2016, up approximately 9%. In particular the Turkish subsidiary confirmed once again good development prospects and ended 2016 with higher volumes than the previous fiscal period. Also the Greek subsidiary continued to improve and ended the fiscal period with a significant progress compared with the previous fiscal year both in terms of volumes and profitability.

**VAR – Value Added Reseller.** 2016 was a year of growth both in terms of volumes and profitability with Revenues of Euro 25.8 million, up 6.3% compared with 2015 and EBITDA of Euro 1.2 million, up over 55%. The positioning towards its security products and the availability of these products for sale is starting to bring to the first positive results. The new Cyber Security Services product is now in production, after a testing phase. The company received the first multi-year orders (3 years) from important Italian clients, two of which are companies listed on the Milan Stock Exchange.

**Other sectors** – The innovative sectors that the Group deems relevant to show the strategy to diversify and broaden its product base include: Cloud information services, Managed Services for SMEs in network and cloud environment in the areas of Security, Storage Management, Business Continuity, Internet of Things platform; assisted services in N+SOC and MSSP solutions to check networks; IT for Science, ICT for Cultural Heritage and Data Curation services, in the start-up phase (the reference market is worth Euro 4 billion in Europe and there are slightly more than 10 players specialized in this sector at a global level).

## FORESEEABLE EVOLUTION OF OPERATIONS

The sale to the Esprinet Group of the activities in Italy and Spain unveiled with greater clarity the positioning of the Group. Furthermore, in the past five years Itway made important investments in Business-e S.p.A. (VAR SBU) and iNebula S.r.l. (VAS SBU). The Group plans to continue to interpret a leading role in the evolution of the ICT market, leveraging on its presence in six European countries and a headquarter in Dubai. The offer pipeline is growing and 2017 is expected to be a year of growth and consolidation.

On December 14, 2016 the Board of Directors approved the Industrial Plan of the Itway Group for the five years from 2017-2021

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## OWN SHARES

As of December 31, 2016 the parent company Itway SpA owned No 968,766 own shares (equal to 12.27% of share capital) for a nominal value of Euro 484,883 and a cost of purchase in the fiscal period of Euro 189 thousand. During the period No. 132,002 own shares (equal to 1.67% of share capital) were purchased for a nominal value of Euro 66,001 and a total of No 750 own shares were sold (equal to 0.01% of share capital) for a nominal value of Euro 375, as authorized by the Shareholders' meeting of Itway SpA.

## PROPOSED ALLOCATION OF THE RESULT OF THE FISCAL PERIOD

The Board of Directors, with reference to the allocation of the result reported in the financial statements of the company, has proposed to carry forward the loss of Euro 63,959 incurred in the 2016 fiscal period.

## ORDINARY SHAREHOLDERS' MEETING

The Board of Directors of Itway today deliberated to seek at the next Shareholders' meeting to renew the authorization to buy and sell own shares.

## CORPORATE GOVERNANCE

At the same meeting, the Board of Directors approved the Annual Report of Corporate Governance and ownership structure pursuant to articles 12-bis of Legislative Decree dated 24 February 1998 and 89-bis of Issuers Regulation 1197/99 and subsequent amendments.

## INTERIM MANAGEMENT REPORT AS OF MARCH 31, 2017 (unaudited data)

The first quarter of 2017 saw a 6.3% rise in consolidated revenue that reached Euro 12.1 million compared with Euro 11.4 million in the same period of 2016. Despite the increase in revenue in volume terms compared with the previous fiscal, EBITDA was a negative Euro 185 thousand compared with a negative Euro 115 thousand in the same period of 2016. EBIT and the Result before taxes were respectively of Euro -352 thousand and Euro -445 thousand compared with Q1 2016 when EBIT stood at Euro -171 thousand and the Result before taxes at Euro -400 thousand.

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(Thousands of Euro)	Quarter ended March 31, 2017	Quarter ended March 31, 2016 March 31, 2016 (restated)		
	Itway Group	Itway Group	Italy, Iberica VAD Transaction	Total consolidated
<b>Revenue</b>	<b>12,124</b>	<b>11,405</b>	<b>10,697</b>	<b>22,102</b>
<b>EBITDA</b>	<b>(185)</b>	<b>(115)</b>	<b>476</b>	<b>361</b>
<b>EBIT</b>	<b>(352)</b>	<b>(171)</b>	<b>426</b>	<b>255</b>
<b>Result before taxes</b>	<b>(445)</b>	<b>(400)</b>	<b>184</b>	<b>(216)</b>

The Net Financial Position as of March 31, 2017 was of Euro -15.7 million compared with Euro -21.3 million as of December 31, 2016 thanks to the payment in the first quarter of 2017 of a significant part of the account receivables in force as of December 31, 2016 for the Parent Company. As of March 31, 2017 the consolidated net financial indebtedness towards financial institutions of Euro 16.9 million has significantly diminished compared with the consolidated net financial indebtedness as of December 31, 2016 bringing the total net financial position as of March 31, 2017 to Euro -15.7 million compared with Euro -21.3 million as of December 31, 2016.

In the first quarter of 2017 all market segments and all geographic areas where the Group operates posted an increase in revenue.

**VAD – Value Added Distribution.** In particular in Turkey the VAD sector grew 14% while in Greece the trend was broadly in line with the positive results achieved in the same quarter of 2016.

**VAR – Value Added Reseller.** The first quarter of 2017 saw a slight growth compared with the same period a year ago both in terms of volumes and profitability. The positioning towards its security products and the availability of these products for sale is starting to bring to the first positive results. The new Cyber Security Services product, called Cerbero, is now in

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production, after a testing phase. It is a suite of software products owned by Business-e that allows to supply its clients with Managed Security Services (MSS). The company received the first multi-year orders (3 years) from important Italian clients, two of which are companies listed on the Milan Stock Exchange. The offer pipeline is growing and 2017 is expected to be a year of growth and consolidation.

**Other sectors.** The other sectors saw Revenue double to Euro 504 thousand from Euro 275 thousand in the same quarter of the previous year but with results that were lower than budget.

## FORESEEABLE EVOLUTION OF OPERATIONS

The re-positioning of the Itway Group continues in business areas with greater value added that have interesting growth prospects and in geographic areas where the Group is operational: Italy, Greece, Turkey and Middle East Africa (MEA). In particular in the VAR SBU growth will be of some Euro 5 million with a good contribution margin. Also the VAD SBU, the VAS SBU and Big Data are expected to post growth.

\*\*\*\*\*

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

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*Founded in Ravenna on July 4, 1996, Itway Spa heads a Group that operates in the IT sector through the planning, production and distribution of technologies and solutions in the cyber security sector. The Group, through the Business-e subsidiary, for over 20 years has represented a reference point in the context of VAR, System Integrators and Resellers seeking cutting edge technologies consultancy, services and training in the market of Internet-standard solutions. Since 2001 Itway has been listed on Borsa Italiana, STAR segment, with a current market capitalization of some Euro 13 million. [www.itway.com](http://www.itway.com)*

## CONTACTS

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[Financial statements attached to the press release](#)

**CONSOLIDATED INCOME STATEMENT**

**CONSOLIDATED FINANCIAL STATEMENT**

**CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION**

**SEPARATE INCOME STATEMENT Itway S.p.A.**

**SEPARATE FINANCIAL STATEMENT of Itway S.p.A.**

**SEPARATE STAMENT OF CHANGE IN FINANCIAL POSITION of Itway S.p.A**

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## CONSOLIDATED INCOME STATEMENT

Thousand of Euro

	Fiscal year as of			
	31 Dec 2016		31 Dec 2015	
	<i>Net amount Itway Group</i>	<i>VAD Italy and Iberian operations</i>	<i>Net amount Itway Group</i>	<i>VAD Italy and Iberian operations</i>
Revenues from sales	53,140	30,907	49,422	48,797
Other operating revenues	1,661	5,954	1,917	457
Products	(39,365)	(28,190)	(35,859)	(42,345)
Costs of services	(4,003)	(3,289)	(4,545)	(2,505)
Costs of personnel	(8,262)	(1,811)	(8,168)	(1,925)
Other operating expenses	(1,655)	(962)	(1,706)	(492)
<b>EBITDA</b>	<b>1,516</b>	<b>2,609</b>	<b>1,061</b>	<b>1,987</b>
Amortisations	(444)	(443)	(218)	(226)
<b>EBIT</b>	<b>1,072</b>	<b>2,166</b>	<b>843</b>	<b>1,761</b>
Financial proceeds	115	-	194	6
Financial charges	(985)	(902)	(1,067)	(1,042)
<b>Profit before taxes</b>	<b>202</b>	<b>1,264</b>	<b>(30)</b>	<b>725</b>
Taxes	(525)	(1,003)	(546)	(124)
<b>Result for the period</b>	<b>(323)</b>	<b>261</b>	<b>(576)</b>	<b>601</b>
Attributable to:				
Shareholders of parent company	(289)	261	(594)	601
Minorities	(34)	-	18	-
<b>Result per share</b>				
<u>From operations:</u>				
Basic	(0.04)	0.03	(0.08)	0.08
Diluted	(0.04)	0.03	(0.08)	0.08



## CONSOLIDATED INCOME STATEMENT

<i>Thousand of Euro</i>	<i>Fiscal year as of</i>			
	<i>31 Dec 2016</i>		<i>31 Dec 2015</i>	
	<i>Net amount Itway Group</i>	<i>VAD Italy and Iberian operations</i>	<i>Net amount Itway Group</i>	<i>VAD Italy and Iberian operations</i>
Net result	(323)	261	(576)	601
<b>Components that can be reclassified to the income statement:</b>				
Profit/Losses from the conversion of the balance sheet of foreign subsidiaries	(464)	-	(237)	-
<b>Components that cannot be reclassified to the income statement:</b>				
Actuarial gain (losses) on defined-benefit plans	(41)	-	36	-
<b>Comprehensive result</b>	<b>(828)</b>	<b>261</b>	<b>(777)</b>	<b>601</b>
Attributable to::				
Shareholders of parent company	(794)	261	(795)	601
Minorities	(34)	-	18	-



## CONSOLIDATED FINANCIAL STATEMENT

<i>Thousand of Euro</i>	<i>Fiscal year as of</i>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015 Restated</b>
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plants and equipment	4,200	4,208
Goodwill	5,145	8,294
Other intangible assets	3,756	2,387
Investments	1,176	1,190
Deferred tax assets	1,610	2,020
Non-current financial assets	500	-
Other non current assets	419	440
<b>Total</b>	<b>16,806</b>	<b>18,539</b>
<b>Current assets</b>		
Inventories	987	3,725
Account receivables – Trade	49,229	55,922
Other current assets	4,598	2,357
Cash on hand	1,523	5,237
Other financial credits	2,483	735
<b>Total</b>	<b>58,820</b>	<b>67,976</b>
<b>Total assets</b>	<b>75,626</b>	<b>86,515</b>
<b>NET EQUITY AND LIABILITIES</b>		
<b>Share Capital and other reserves</b>		
Share capital and reserves	8,906	9,575
Net Result of the Period	(28)	25
<b>Total Net Equity</b>	<b>8,878</b>	<b>9,600</b>
Share capital and reserves of minorities	(31)	3
<b>Total Group Net Equity</b>	<b>8,847</b>	<b>9,603</b>
<b>Non current liabilities</b>		
Severance indemnity	585	981
Provision for risks and charges	87	169
Deferred tax liabilities	1,280	903
Non current financial liabilities	3,642	5,191
<b>Total</b>	<b>5,594</b>	<b>7,244</b>
<b>Current liabilities</b>		
Financial current liabilities	22,164	20,167
Account payable – Trade	30,265	40,273
Tax payable	6,166	6,210
Other current liabilities	2,590	3,018
<b>Total</b>	<b>61,185</b>	<b>69,668</b>
<b>Total liabilities</b>	<b>66,779</b>	<b>76,912</b>
<b>Totale Net Equity and Liabilities</b>	<b>75,626</b>	<b>86,515</b>

## CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

<i>Thousand of Euro</i>	<b>Fiscal year as of</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Results for the period “net amount Itway Group”	(323)	(576)
<b><u>Adjustments of items not affecting liquidity:</u></b>		
Depreciations of tangible assets	271	205
Depreciations of other intangible assets	615	239
Allowances for doubtful accounts	737	686
Provisions for severance indemnity, net of payments to social security bodies	187	160
Variation in non current assets/liabilities	226	(91)
<b><u>Cash flow from operating activities, gross of the variation in working capital</u></b>	<b>1,713</b>	<b>623</b>
Payments of severance indemnity	(179)	(146)
Variation in trade receivable and other current assets	(1,730)	(8,030)
Variation in inventories	2,311	(47)
Variation in trade payables and other current liabilities	(2,256)	6,600
<b><u>Cash flow from operations generated (absorbed) by changes in NWC</u></b>	<b>(1,854)</b>	<b>(1,623)</b>
<b><u>Cash flow from operations (A)</u></b>	<b>(141)</b>	<b>(1,000)</b>
Additions in tangible assets (net of assets sold)	(310)	(946)
Changes in non current financial liabilities	(1,549)	2,697
Additions in other intangible assets (net of dismissal and reclassification)	(1,979)	(410)
<b><u>Cash flow from investing activities (B)</u></b>	<b>(3,838)</b>	<b>1,341</b>
Variation of own shares	(189)	(214)
<b><u>Cash flow from financial activities (C)</u></b>	<b>(189)</b>	<b>(214)</b>
Net impact of the variation in translation of non Euro Exchange rates on cash on hand	(464)	(237)
<b><u>Cash flow from assets sold (D)</u></b>	<b>(1,079)</b>	<b>601</b>
<b><u>Increase/(Decrease) of cash available and cash equivalents (A+B+C+D)</u></b>	<b>(5,711)</b>	<b>491</b>
Short term Net Financial Position at the beginning of the period	(14,930)	(15,421)
Short term Net Financial Position at the end of the period	(20,641)	(14,930)

## Consolidated statement of changes in equity

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Cumulated profit (loss)			Translation reserve	Result for the period	Net Equity of Group	Minority interest	Total Net Equity
				Legal reserve	Voluntary reserve	Other reserves					
<b>Balance at January 1, 2015</b>	<b>3,953</b>	<b>(1,131)</b>	<b>17,584</b>	<b>450</b>	<b>4,792</b>	<b>(14,425)</b>	<b>(621)</b>	<b>(510)</b>	<b>10,092</b>	<b>(15)</b>	<b>10,077</b>
Variation of own shares		(214)	-	-	-	-	-	-	(214)	-	(214)
<b>Total operations with Shareholders</b>	<b>-</b>	<b>(214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214)</b>	<b>-</b>	<b>(214)</b>
Allocation of the result for the year	-	-	-	6	-	(516)	-	510	-	-	-
<b>Result of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>25</b>
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)
<b>Comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66)</b>	<b>(237)</b>	<b>25</b>	<b>(278)</b>	<b>18</b>	<b>(260)</b>
<b>Balance at December 31, 2015</b> <i>Note 21</i>	<b>3,953</b>	<b>(1,345)</b>	<b>17,584</b>	<b>456</b>	<b>4,792</b>	<b>(15,007)</b>	<b>(858)</b>	<b>25</b>	<b>9,600</b>	<b>3</b>	<b>9,903</b>

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Cumulated profit (loss)			Translation reserve	Result for the period	Net Equity of Group	Minority interest	Total Net Equity
				Legal reserve	Voluntary reserve	Other reserves					
<b>Balance at January 1, 2016</b>	<b>3,953</b>	<b>(1,345)</b>	<b>17,584</b>	<b>456</b>	<b>4,792</b>	<b>(15,007)</b>	<b>(858)</b>	<b>25</b>	<b>9,600</b>	<b>3</b>	<b>9,903</b>
Variation of own shares		(189)	-	-	-	-	-	-	(189)	-	(189)
<b>Total operations with Shareholders</b>	<b>-</b>	<b>(189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(189)</b>	<b>-</b>	<b>(189)</b>
Allocation of the result for the year	-	-	-	29	-	(4)	-	(25)	-	-	-
<b>Result of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28)</b>	<b>(28)</b>	<b>(34)</b>	<b>(62)</b>
Other operations	-	-	-	-	-	-	-	-	-	-	-
<i>Other components of Comprehensive Result at 31 Dec 2016:</i>											
Gain (losses) on defined-benefit plans	-	-	-	-	-	(41)	-	-	(41)	-	(41)
Overall result	-	-	-	-	-	-	(464)	-	(464)	-	(464)
<b>Comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>(464)</b>	<b>(28)</b>	<b>(531)</b>	<b>(34)</b>	<b>(565)</b>
<b>Balance at December 31, 2016</b> <i>Note 21</i>	<b>3,953</b>	<b>(1,534)</b>	<b>17,584</b>	<b>485</b>	<b>4,792</b>	<b>(15,052)</b>	<b>(1,322)</b>	<b>(28)</b>	<b>8,878</b>	<b>(31)</b>	<b>8,847</b>

**SEPARATE INCOME STATEMENTS ITWAY S.P.A.**

<i>Euro</i>	<b>Fiscal year as of</b>			
	<b>31 Dec 2016</b>		<b>31 Dec 2015</b>	
	<i>Net amount Itway</i>	<i>VAD Italy</i>	<i>Net amount Itway</i>	<i>Restated VAD Italy</i>
Revenues	-	30,523,663	-	46,322,365
<i>of which toward controller companies</i>	-	4,448,671	-	11,125,456
Other operating revenues	1,155,929	4,350,377	1,812,042	409,473
<i>of which toward controller companies</i>	892,926	-	1,564,166	-
Products	-	(28,711,293)	-	(41,223,314)
<i>of which toward controller companies</i>	-	(1,539)	-	(451,320)
Costs of services	(1,574,775)	(2,645,958)	(2,381,105)	(2,070,203)
<i>of which toward controller companies</i>	(943,621)	-	(1,152,413)	-
Costs of personnel	(118,598)	(1,058,925)	(263,709)	(1,175,468)
Other operating expenses	(307,869)	(716,825)	(254,499)	(318,842)
<i>of which toward controller companies</i>	(60,537)	-	(18,905)	-
<b>EBITDA</b>	<b>(845,313)</b>	<b>1,741,038</b>	<b>(1,087,271)</b>	<b>1,944,011</b>
Amortisation	(87,857)	(206,277)	(69,104)	(215,205)
<b>EBIT</b>	<b>(933,170)</b>	<b>1,534,761</b>	<b>(1,156,375)</b>	<b>1,728,806</b>
Financial proceeds	359,060	-	328,772	-
<i>of which toward controller companies</i>	347,765	-	286,860	-
Financial charges	(562,501)	(776,880)	(539,498)	(804,468)
<i>of which toward controller companies</i>	-	-	-	-
Result of subsidiaries valued using the equity method	323,486	-	660,528	-
<b>Result before taxes</b>	<b>(813,125)</b>	<b>757,881</b>	<b>(706,573)</b>	<b>924,338</b>
Taxes for the period	202,734	(211,449)	66,124	(257,890)
<b>Result for the period</b>	<b>(610,391)</b>	<b>546,432</b>	<b>(640,449)</b>	<b>666,448</b>





**SEPARATE STATEMENT OF COMPREHENSIVE INCOME ITWAY S.P.A.**

<i>Euro</i>	<b>31 Dec 2016</b>		<b>31 Dec 2015</b>	
	<i>Net amount Itway</i>	<i>VAD Italy</i>	<i>Net amount Itway</i>	<i>VAD Italy</i>
Net result	(610,391)	546,432	(640,449)	666,448
<b>Components that cannot be reclassified to the income statement:</b>				
Actuarial gain/(losses) on defined-benefit plans	(30,718)	-	18,778	-
<b>Components that can be reclassified to the income statement:</b>				
Total gains / losses arising from the application of IAS 27 R	(473,745)	-	(294,471)	-
<b>Comprehensive result</b>	<b>(1,114,854)</b>	<b>546,432</b>	<b>(916,142)</b>	<b>666,448</b>

## SEPARATE FINANCIAL STATEMENT ITWAY S.P.A.

<i>Euro</i>	31 Dec 2016	31 Dec 2015 Restated	31 Dec 2014 Restated
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plants and equipment	3,076,809	2,982,131	3,065,793
Goodwill	-	169,440	169,440
Other intangible assets	198,484	231,761	245,431
Investments	13,510,443	10,549,245	10,955,742
Deferred tax assets	1,091,445	444,769	380,361
Other non current assets	103,755	103,755	197,272
Non-current financial assets	500,000	-	-
<b>Total</b>	<b>18,480,936</b>	<b>14,481,101</b>	<b>15,014,039</b>
<b>Current assets</b>			
Inventories	-	1,406,247	1,858,472
Account receivables - Trade	8,701,305	17,635,966	14,444,339
Financing to subsidiaries	12,822,389	13,996,181	8,684,958
Account receivables from subsidiaries	3,912,251	10,036,571	10,724,106
Other current assets	1,927,564	1,271,004	1,045,341
Current financial assets	396,719	414,109	-
Cash on hand	118,711	1,566,569	1,764,122
<b>Total</b>	<b>27,878,939</b>	<b>46,326,647</b>	<b>38,521,338</b>
<b>Total assets</b>	<b>46,359,875</b>	<b>60,807,748</b>	<b>53,535,377</b>
<b>NET EQUITY AND LIABILITIES</b>			
<b>Share Capital and other reserves</b>			
Share capital	3,952,659	3,952,659	3,952,659
Reserve own shares	(1,534,454)	(1,345,130)	(1,131,141)
Share premium reserve	17,583,874	17,583,874	17,583,874
Legal reserve	484,904	455,818	449,852
Retained earnings	(11,562,385)	(11,054,834)	(10,892,500)
Net result of the period	(63,959)	25,999	119,324
<b>Total</b>	<b>8,860,639</b>	<b>9,618,386</b>	<b>10,082,068</b>
<b>Non current liabilities</b>			
Severance indemnity	268,442	663,277	683,593
Provision for risks and charges	7,613,757	7,248,430	7,210,217
Deferred tax liabilities	823,750	70,803	80,026
Non current financial liabilities	2,844,543	4,386,189	2,241,418
<b>Total</b>	<b>11,550,492</b>	<b>12,368,699</b>	<b>10,215,254</b>
<b>Current liabilities</b>			
Financial current liabilities	14,528,597	15,537,050	11,195,980
Account payable - Trade	5,153,036	17,230,050	16,571,269
Account payable to subsidiaries	1,847,229	1,146,043	2,004,788
Tax payable	4,081,862	4,286,872	3,032,541
Other current liabilities	338,020	620,648	433,477
<b>Total</b>	<b>25,948,744</b>	<b>38,820,663</b>	<b>33,238,055</b>
<b>Total liabilities</b>	<b>37,499,236</b>	<b>51,189,362</b>	<b>43,453,309</b>
<b>Total Net Equity and Liabilities</b>	<b>46,359,875</b>	<b>60,807,748</b>	<b>53,535,377</b>

## Separate statement of changes in equity Itway S.p.A.

Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Earnings (losses)/forward reserve <sup>1</sup>	Result for the period	Total Group Net equity
<b>Balance as at January 1, 2015 (restated)</b>	<b>3,952,659</b>	<b>(1,131,141)</b>	<b>17,583,874</b>	<b>449,852</b>	<b>(10,892,500)</b>	<b>119,324</b>	<b>10,082,068</b>
Changes in own shares	-	(213,989)	-	-	-	-	(213,989)
<b>Total operations with Shareholders</b>	<b>-</b>	<b>(213,989)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213,989)</b>
Retained earnings	-	-	-	5,966	113,358	(119,324)	-
<b>Result of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,999</b>	<b>25,999</b>
<i>Other components of Comprehensive Result at 31 Dec 2015:</i>							
Total gains / losses arising from the application of IAS 27 R	-	-	-	-	(294,470)	-	(294,470)
Actuarial gain (losses) on defined-benefit plans	-	-	-	-	18,778	-	18,778
<b>Comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(275,692)</b>	<b>25,999</b>	<b>(249,693)</b>
<b>Balance as at December 31, 2015 (Note 22)</b>	<b>3,952,659</b>	<b>(1,345,130)</b>	<b>17,583,874</b>	<b>455,818</b>	<b>(11,054,834)</b>	<b>25,999</b>	<b>9,618,386</b>
Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Earnings (losses)/forward reserve <sup>2</sup>	Result for the period	Total Group Net equity
<b>Balance as at January 1, 2016</b>	<b>3,952,659</b>	<b>(1,345,130)</b>	<b>17,583,874</b>	<b>455,818</b>	<b>(11,054,834)</b>	<b>25,999</b>	<b>9,618,386</b>
Changes in own shares	-	(189,324)	-	-	-	-	(189,324)
<b>Total operations with Shareholders</b>	<b>-</b>	<b>(189,324)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(189,324)</b>
Retained earnings	-	-	-	29,086	(3,087)	(25,999)	-
<b>Result of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,959)</b>	<b>(63,959)</b>
<i>Other components of Comprehensive Result at 31 Dec 2016:</i>							
Total gains / losses arising from the application of IAS 27 R	-	-	-	-	(473,745)	-	(473,745)
Actuarial gain (losses) on defined-benefit plans	-	-	-	-	(30,718)	-	(30,718)
<b>Comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(504,463)</b>	<b>(63,959)</b>	<b>(568,422)</b>
<b>Balance as at December 31, 2016 (Note 22)</b>	<b>3,952,659</b>	<b>(1,534,454)</b>	<b>17,583,874</b>	<b>484,904</b>	<b>(11,562,385)</b>	<b>(63,959)</b>	<b>8,860,639</b>

## SEPARATE STATEMENT OF CHANGES IN FINANCIAL POSITION ITWAY S.P.A.

Thousand of Euro

	Fiscal year at 31/12/2016	Fiscal year at 31/12/2015 <b>Restated</b>
Result of the exercise (excluding the VAD division, sold on 30/11/2016)	(610)	(640)
<b><u>Adjustments of items not affecting liquidity:</u></b>		
Write-off of immaterial assets	133	117
Depreciation of tangible assets	161	167
Allowance for doubtful accounts	485	150
Provision for severance indemnity, net of payments to social security bodies	35	28
Result of subsidiaries valued using the equity method	(323)	(660)
<b><i>Cash flow from operating activities, gross of the variation in working capital</i></b>	<b>(119)</b>	<b>(838)</b>
Payments of severance indemnity	(26)	(29)
Variation in trade receivable toward third parties and subsidiaries	6,116	(5,490)
Changes in financial receivables to third parties and to subsidiaries	7,298	-
Variation in inventories	1,087	452
Variation in other current assets and liabilities	381	845
Variation in trade payables	(7,040)	(200)
<b><i>Cash flow from operating activities generated (absorbed) by the variation in the net working capital</i></b>	<b>7,816</b>	<b>(4,422)</b>
<b><i>Cash flow from operations (A)</i></b>	<b>7,697</b>	<b>(5,260)</b>
Change in non current financial liabilities toward third parties and subsidiaries	(2,046)	(348)
Investments in property, plant and equipment (net of disposals)	(240)	(33)
Changes in financial receivables	17	(414)
Capital payments for equity investments	(2,699)	(412)
Dividends received	-	1,216
Investments in intangible assets (net of disposals)	(126)	(153)
<b><i>Cash flow from investing activities (B)</i></b>	<b>(5,094)</b>	<b>(145)</b>
IAS 19 revised effects	(31)	-
Purchase of own shares	(189)	(214)
<b><i>Cash flow from financial activities (C)</i></b>	<b>(220)</b>	<b>(214)</b>
<b><i>Cash flow from assets sold(D)</i></b>	<b>(2,408)</b>	<b>666</b>
<b><i>Increase/(Decrease)of cash available and cash equivalents (A+B+C+D)</i></b>	<b>(25)</b>	<b>(4,953)</b>
Short term Net Financial Position at the beginning of the period	(14,385)	(9,432)
Short term Net Financial Position at the end of the period	(14,410)	(14,385)

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