Half Year Financial Statements as of June 30, 2017

Board of Directors

(Until the approval of the December 31, 2019 Financial Statements)

Name last name	*Position*
Giovanni Andrea Farina	Chairman and Chief Executive Officer
Cesare Valenti	Managing director
Valentino Bravi	Independent director
Piera Magnatti	Independent director
Annunziata Magnotti	Independent director

Board of Statutory Auditors

(Until the approval of the December 31, 2019 Financial Statements)

Name last name	*Position*
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.

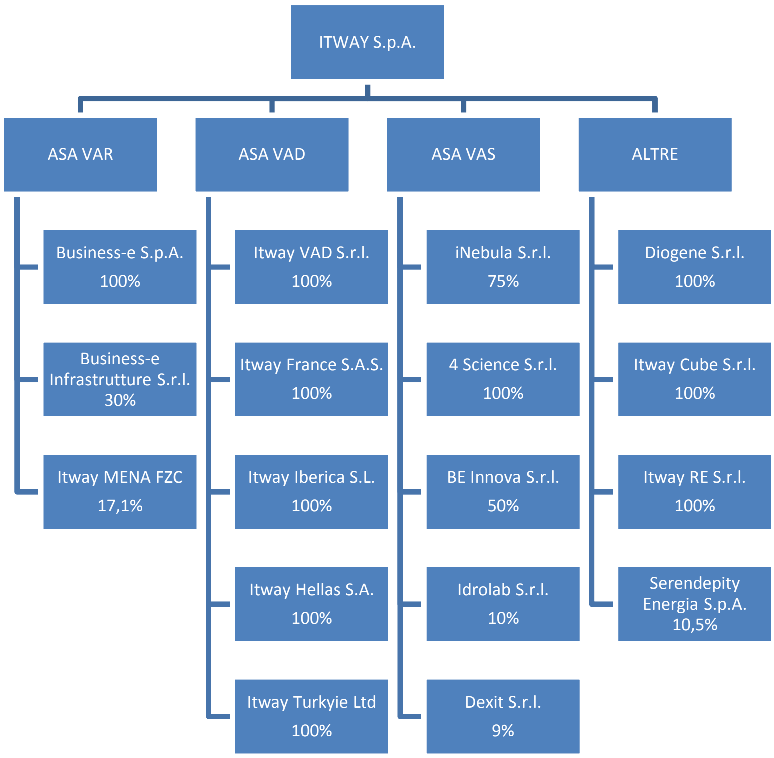
Auditing Firm

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.

Activities and Structure of the Group

Following is the structure of the Itway Group at June 30, 2017:



The Company moved its legal headquarters to Milan in Viale Achille Papa, 30, its administrative headquarters in Ravenna and is active with the commercial offices in Rome at the following address:

- Rome – Edoardo D'Onofrio 304

The Itway Group operates in three main types of activities: value added distribution of "best of breed" software technology (the best among what is available, at all moments, on the market) that will continue to be operational in Greece and Turkey following the sale to the Esprinet Group in the last quarter of the previous fiscal year of the activities in Italy, Spain and Portugal; it also offers services and consultancy aimed at training and supporting companies in the fields of Cybersecurity, IT security, Internetworking, Wireless and in the innovative and emerging Cloud Computing, Internet of Things and Big Data. The main Strategic Business Units (SBU) are in charge of these sectors: the VAD SBU (Value Added Distribution), 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 is aimed at 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 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 on offering 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.

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Condensed Half Year financial statements as of June 30, 2017 are, as in the previous fiscal year, the international accounting principles defined as IFRS. In particular, these principles require forward looking statements, as indicated in the continuation of the current report, in particular in the section “Foreseeable Evolution of operations” and in detail in the Explanatory Notes. In the context of the economic uncertainty illustrated below, please note that these forecasts have a component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecasted

On October 16, 2017 the company signed a frame work agreement to sell to Maticmind S.p.A, a company also operating in the ICT sector, its entire stake Business-e S.p.A. The consideration for 100% of Business-e S.p.A. was agreed at Euro 12,335,526 and at the signing of the framework agreement a first instalment of Euro 500,000 was received.

The transaction was finalized on November 8, 2017 with the payment of a second instalment of Euro 6,140,526 by Maticmind S.p.A. The balance will be paid in multiple instalments until the first anniversary of the closing of the disposal.

On November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. purchased for a consideration equal to Euro 123 thousand, which coincides with the book value of the acquired assets, from Business-e S.p.A. the international and diversified business unit in which the buyer was not interested including the following investments:

- 50% stake in BE Innova S.r.l.
- 30% stake in BE Infrastrutture S.r.l.
- 10% stake in Idrolab S.r.l.
- 10.5% stake in Serendipity Energia S.p.A.

General context and performance of the ICT Market: 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 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 and where it is well-positioned. For 2017 forecasts indicate growth of 2.3% for the sector as a whole with the segments related to digital innovation, defined as Digital Enablers, continuing their growth trend with double digit rates (Assinform projections 2016-2019: Cybersecurity +11.9%, Cloud Computing +19.8%, IoT +14.3%, Big Data +23.1%)

Market Positioning: During the period, investments continued in Cybersecurity, Cloud Computing, IoT and Big Data, all of which are connected and correlated. Furthermore, the repositioning on new product 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: The industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS SBU.

Following is the consolidated condensed Income Statements at June 30, 2017 compared with those of the same period a year earlier: In light of the sale of the VAD business unit in Italy, Spain and Portugal, widely described in the Consolidated Financial Statements as of December 31, 2016 and in line with what was presented in those Financial Statements, in the tables for 2016 presented for the sake of comparison the economic data regarding that transaction are reported separately in a column with the heading “VAD Italy, Iberica Transaction”.

Thousands of Euro	June 30, 2017	June 30, 2016		
	Total	**Net Itway Group**	**VAD Italy, Iberica Transaction**	**Total**
Turnover				
Sales revenue	21,853	21,564	18,750	40,314
Other operating income	1,837	509	200	709
Total turnover	**23,690**	**22,073**	**18,950**	**41,023**
Operating costs				
Costs for products	(15,514)	(14,449)	(16,501)	(30,950)
Personnel costs	(4,525)	(4,384)	(903)	(5,287)
Other costs and operating charges	(3,240)	(2,775)	(988)	(3,763)
Total operating costs	**(23,279)**	**(21,608)**	**(18,392)**	**(40,000)**
EBITDA*	**411**	**465**	**558**	**1,023**
Amortization	(472)	(204)	(3)	(207)
EBIT*	**(61)**	**261**	**555**	**816**
Net financial charges	(701)	(931)		(931)
Recurrent pre-tax result	**(762)**	**(670)**	**555**	**(115)**
Non current charges	(644)	(390)	-	(390)
Pre-tax result	**(1,407)**	**(1,060)**	**555**	**(505)**
Income taxes	155	141	(284)	(143)
Net result	**(1,252)**	**(919)**	**271**	**(648)**

**The definition of Ebit and Ebitda is given in the Notes of the consolidated Financial Statements attached to the current Report.*

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 are the main economic indicators of the VAD SBU, compared with the values the previous fiscal year: the column headed Italy, Iberica VAD Transaction reflects the previously described sale transaction:

Thousands of Euro	June 30, 2017	June 30, 2016		
	Total	Net Itway Group	VAD Italy, Iberica Transaction	Total
Total revenue	11,122	10,211	18,950	29,161
EBITDA*	631	644	558	1,202
EBIT*	598	601	555	1,156
Recurrent pre-tax result	906	932	555	1,117
Pre-tax result	556	562	555	1,487
Result for the period	422	410	271	681

- *The definition of Ebit and Ebitda is given in the Notes of the consolidated Financial Statements attached to the current Report.*

Following is the analysis by Country:

The Turkish subsidiary once again confirmed the development prospects of the Country and ended the first half of 2017 with growth in volumes compared with the previous year. The results of the period were however impacted by the performance of the Turkish Lira that lost some 25% of its value against the Euro compared with June 30, 2016. This brought to a significant increase in prices for the public with a resulting pressure on the margins of the distribution channel, leading to results broadly in line with the previous fiscal period.

The performance of the Greek subsidiary is in line with that of the first half of 2016 and, despite the Country's situation (GDP 0.3% in 2016) it is consolidating the results achieved in the previous fiscal period ending the half year with a profit.

The French subsidiary, which was restructured in previous fiscal years, significantly reduced losses. All business lines were terminated leading in the first half of 2017 to residual non significant costs related to the management of the company.

Performance by segment of business: Value Added Reseller SBU

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.

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

Thousands of Euro	30/06/2017	30/06/2016
Total revenue	10, 710	11,122
Ebitda*	(29)	700
Ebit*	(206)	671
Recurrent pre-tax result	(269)	409
Pre-tax result	(556)	389
Result for the period	(417)	253

**The definition of Ebitda and Ebit is given in the Notes of the consolidated Financial Statements attached to the current Report.*

The operational VAS and VAR SBUs were the ones that most suffered the lack of liquidity declared and communicated to the market at the close of 2016 fiscal year in addition to which there was the impact of the disclosure related to the uncertainty over going concern required for balance sheet transparency and confirmed by the accounting firm with an ad hoc announcement. This situation of financial stress was due to the payment by Esprinet to the Parent Company of approximately 50% of the consideration for the sale of the Italy and Iberica VAD business units that will see the fulfilment of the an earn-out as of 30/11/2017 and that after verifications will be credited by 31/01/2018. The value of the earn-out, estimated to date, will be between Euro 4.8-5.8 million. This has led Itway S.p.A. to ask and implement a quick reduction in the debt Business-e S.p.A. had towards Itway S.p.A. that at the end of 2016 totalled approximately Euro 5.4 million.

The communication regarding the ongoing concern and the lack of solution to the situation of financial stress, also combined with all the measures the company has implemented to find bridge financing or own means to face the above described financial needs has alarmed financial institutions that started to verify and limit the supply of funding needed for development. There is undoubtedly little time available, a few months, to find autonomously a definitive solution to the above described situation of financial stress.

The company went from a 2016 fiscal year with good growth both in terms of volumes and profitability (+43%) and a first quarter, still free of financial fears, with 15% growth to a half year ended June 30 that saw a drop in volumes, that was limited compared with the previous fiscal year but significant compared with the budget. Aggravating the situation was also an increase in personnel costs following the willingness to follow the budget that, along with the situation described above led to loss in the first half of Euro 417 thousand compared with a profit of Euro 253 thousand a year ago. The financial difficulties led, in fact, to a slowdown in supplies of raw materials that coincided with a drop in revenue of over Euro 2 million and a corresponding reduction in the gross margin of approximately Euro 800 thousand.

In order to preserve the value of Business-e S.p.A., the order portfolio of which was not weakened despite the situation described above, it was decided to accelerate on the industrial project undertaken with Maticmind S.p.A. going towards a valuing of the asset and its sale, with the details defined in greater detail in the next paragraph “Ongoing Concern Assessment”. Starting from a valuation of Euro 16.1 million, corresponding to a multiple on adjusted Ebitda of 10.2 the consideration for the sale was for Euro 12.3 million, since it was agreed to deduct the conventional adjusted Net Financial Position. This industrial value highlights the quality of the “Business-e project” confirming, considering present and future values, that the financial stress to which the Group was subject from the outside has maybe been excessive.
Business-e, an Italian group active in the field of Cybersecurity, in the month of November 2017 will continue its growth path within Maticmind S.p.A. and Itway will sign with Maticmind industrial agreements for the future on Cybersecurity but also with 4Sciencce (Data Curation and Big Data), still part of the VAR SBU, and iNebula (Cloud Computing and IoT) in the VAS SBU

Sector performance: ***Holding and Other sectors in start-up phase***

Following the sale of the Italian distribution activities to Esprinet S.p.A., Itway S.p.A. took on the role of the Parent Company and holding company listed on Borsa Italiana S.p.A. that supplies services of different nature to its operating investments. It includes new sectors described below that are investing in the realization of products and are in an operational and commercial start-up phase.

These sectors, related but that do not coincide with the historical ones defined as VAD and VAR still, do not yet make a relevant contribution to the consolidated results but they are important in terms of strategy to strengthen and diversify the business segments.

These innovative sectors, still in start-up phase are:

Cloud information services: Managed Services for SMEs in network in cloud environment in the areas of Security, Storage Management, Business Continuity, Internet of Things platform. During the period further services were developed that relate to more administrative aspects and that were thought for professional and accounting firms. This expansion was made possible thanks to the introduction in iNebula S.r.l. of the specific know how of some professional and technical experts that came from the cloud services for professionals sector and who had gained important experience specialized companies. This also allowed to expand, in addition to the previously described sectors, to the area of Process Governance with proprietary and high value added services and know-how.

Assisted services in N+SOC and MSSP solutions to check networks;

Information Technology 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.

Following is the condensed income statement, compared with the same period a year ago including data from the Holding SBU and other sectors in the start-up phase:

Thousands of Euro	**Semester ended**	
	30/06/2017	**30/06/2016**
Revenue	1,859	740
Ebitda	(196)	(879)
Ebit	(458)	(1,011)
Pre-tax result	(1,405)	(2,011)

Following is a brief comment on what the 4Science and iNebula start-ups have carried out:

4Science S.r.l. has been fully operational since September 2016 with highly specialized personnel to carry out its objectives: become the reference company in the emerging Big Data (Data) Curation and Digitalization of Cultural Assets (Digital Library) market. Its industrial plan foresees four products in part realized and in part being developed:

- 4SDL (distro 4Science based on Codex): Management of digital objects: acquisition, normalization, metadatation, classification, conservation, visualization, dissemination, sales:
- Image Viewer (distro 4Science based on IIPImage): Image visualization, segmentation, zooming, resizing, rotating
- segmentation, zooming, resizing, rotation; DSpace-CRIS (distro 4Science, based on DSpace): Digital object management: acquisition, normalization, metadatation, classification, conservation, dissemination:
  CKAN (integration 4Science): Interpretation and visualization of tabular data of research: Grid, graph, map.

The results of the first half are lower than those budgeted.

iNebula during 2016 added to its portfolio some product lines that in the 2017 Industrial Plan will have significant effects. These are:

- iNebula Connect: an all Made in Italy platform to manage in the Cloud Internet of Things devices: a sensor connects to the Internet with a series of advantages in many industrial and/or product groups. Some 10 Proof of Concepts are under construction with clients that go from companies that manage heating/cooling to anti-pollution control units.

- iNebula RECO: A SaaS platform for the management of active and passive cycle accounting documents for accounting firms and private companies with an automatic registration of the prime entry. The accounting market is the main target;
- Growth of Vidio and Safe continues.

Thanks to the investment in the Lepida Data Center in Ravenna, iNebula will be able to present itself to the market offering its clients also Iaas and Paas services; exploiting all the know-how of the Itway group in terms of security, iNebula will also be able to offer its clients a high value added offer aimed at both the enterprise and mid-market segment where demand for these services is posting greater growth rates.

In the first half the results were lower than those budgeted due t the reasons described in the analysis of the VAR SBU.

The amortization for the previously described products, both those already developed and those for which development is underway, began for those assets in the start-up phase the impact of which is reflected in the operating result of this SBU.

Personnel

The average number of employees of the Group in the first half of 2017 was of 178 units, compared with 222 units in the previous fiscal period. The punctual number at the end of the first half of 2017 compared with that of 2016 fell by 40 working units, mainly due to the previously described sale of the VAD business units in Italy Spain and Portugal

Following is the breakdown by professional category compared with the data of the previous fiscal period

	30/06/2017 *Average Number*	**30/06/2016** *Average Numb*	**30/06/2017** *Actual*	**30/06/2016** *Actual*
Managers	7	9	7	9
Mid-managers	27	24	32	23
Employees	144	189	138	185
Total	**178**	**222**	**177**	**217**

Net financial position

Pursuant to Consob Communication No. 6064293 of July 28 2006, following is the breakdown of the Group’s net financial position (NFP):

Thousands of	30/06/2017	31/12/2016
Cash on hand	1,569	1,523
Financial receivables	2,767	2,483
Current financial liabilities	(15,634)	(22,164)
Current net financial position	**(11,298)**	**(18,158)**
Non current financial assets	500	500
Non current financial liabilities	(2,593)	(3,642)
Non current financial position	**(2,093)**	**(3,142)**
Total net financial position	**(13,391)**	**(21,300)**

The net financial position of the Group as of June 30, improved by approximately Euro 7.9 million mainly due to the payment of a significant part of the trade receivables in force as of December 31, 2016 regarding the unit sold in 2016 that allowed paying back the related bank advances. The trend of the current net financial position is also tied to the working capital performance in the period that was influenced by both factors that do not depend directly from the Group (including timing of payments from clients) and, as a deduction, from the degree of use of non-recourse factoring for trade receivables totalling Euro 2,875 thousand as of June 30, 2017 (compared with Euro 4,732 thousand as of December 31, 2016)

The current liabilities include also an Iccrea medium term financing, totalling Euro 839 thousand, the related covenants of which have not been respected and therefore are currently classified as short term, even if the redefinition of these parameters is currently underway in order to maintain the original medium term classification

The Iccrea financings for their entire duration impose the following covenants:

- Net financial debt/net equity ratio of no more than 2.00 ;
- Ebitda/net financial charges ratio of no less than:
    - o 1.60 until the financial statements ending 31/12/2017
    - o 3.00 until the expiry of the financing.

Net financial position of the Parent Company

Thousands of Euro	30/06/2017	31/12/2016
Cash on hand	48	119
Financial receivables	398	397
Current financial liabilities	(7.943)	(14.529)
Current net financial position	**(7.497)**	**(14.013)**
Non current financial assets	500	500
Non current financial liabilities	(1.959)	(2.845)
Non current financial position	**(1.459)**	**(2.345)**
Total net financial position	**(8.956)**	**(16.358)**

The net financial position of the Company as of June 30 improved by approximately Euro 7.4 million mainly due to the payment of a significant part of trade receivables in force as of December 31, 2016 related to the unit sold in 2016 that allowed to pay back the related bank advances.

The current liabilities include among other things a medium-term financing from Iccrea for Euro 190 thousand the related covenants of which have not been respected and is therefore classified as short term even if a redefinition of these parameters is underway so as to maintain the original medium term classification.

Risk management

The Group is exposed to financial risks deriving from the economic situation at a global level; the Group uses, as a reference currency and for its purchasing and sales activities mainly the Euro and in a minor way the US Dollar and the Turkish lira. In order to analyze the financial risk management we refer to the half-year consolidated Financial Statements Explanatory Notes.

Going concern assessment

The condensed financial statements for the half year ended June 30, 2017 shows a net loss of approximately Euro 1.25 million, which was significantly impacted by the losses of the Business-e S.p.A. subsidiary, the Holding SBU and other sectors in a start-up phase.

From a financial point of view, as already described in the financial statements for the fiscal year ended December 31, 2016, the sale of the 20-year old distribution unit by the Parent Company, on November 30, 2016, led the Company, starting from the month of December 2016 and in the first six months of 2017 to a situation of financial stress still underway to the date of writing of the current financial statements.

As of June 30, 2017 the Itway Group had a current net financial indebtedness approximately Euro 11.3 million, of which approximately Euro 5.28 million already expired to the date of writing of the current half year balance sheet and an indebtedness for expired VAT payables totalling Euro 3.9 million (that will be paid by the month of December 2017, within the terms foreseen by law) and expired indebtedness towards suppliers of approximately Euro 16.3 million (of which however approximately Euro 3 million for amounts being contested, also through legal means).

In the same way, in terms of the separate financial statements of the Parent Company as of June 30, 2017 had expired financial positions totalling Euro 8.9 million of which 4.5 milion, expired indebtedness towards suppliers totalling Euro 3.9 million (of which however Euro 0.5 million for amounts being contested by the debtors, also through legal means) and an indebtedness towards tax authorities for VAT payables expired as of June 30, 2017 for a total of Euro 3.9 million, not paid at their natural expiry during the 2016 fiscal year and that will be paid by December 2017, pursuant to the terms of regulations in force on the matter.

In this context, the Company and the Group have for a while already began talking to financial bodies in order to define the terms and conditions to remodulate the financial indebtedness described above.

Among the measures the Directors identified to allow the Company to operate on a going concern basis was the signing on June 8, 2017 of a “non-binding term sheet of the main terms and conditions for an industrial merger between Itway S.p.A. and Maticmind S.p.A. (a company that also operates in the ICT that in 2016 and in previous fiscal periods posted significant levels of sales and profitability), aimed at creating a new reference operator in the sector of highly specialized system integration.

The analysis and the negotiations, which required more time than expected, continued until September and in light of those it was deemed opportune, for both companies, to focus on a transaction that did not foresee the integration of the two groups and that did not limit the autonomy of either of the two companies; it was therefore decided to sell Business-e S.p.A. as it allows to integrate the structure of the buyer without excessively diminishing the one of the seller, which acquires financial means. On September 22, 2017, Maticmind S.p.A. proposed and sent to Itway a binding offer for the Transaction, which was accepted by the Board of Directors. The closing was November 8, 2017. A first instalment of Euro 500 thousand was paid in October when the framework agreement was signed and a second instalment of Euro 6,140 thousand was paid by Maticmind S.p.A. on the date of the closing.

Today the Itway Group presented for approval of the Board of Directors the guidelines for the industrial plan of the Group for the period from 2017-2021 and the financial plan for Itway S.p.A until all of 2019, in a scenario following the sale of Business-e S.p.A, which was finalized on November 8,2017. These guidelines foresee that the Group does not exit the security sector but that there be a repositioning on the basis of industrial intentionswith Maticmind. Furthermore, the plan calls for a greater focus on the Be Innova S.r.l. subsidiary and in the start-ups iNebula and 4Science. The development of the VAD business unit continues in Greece and Turkey, that now support the foreign development also in the MEA area and that will allow the

Parent Company to receive dividends from these subsidiaries the plans of which indicate constant growth both in terms of volumes and in terms of cash flows generated.

In light of what emerges from the financial plan approved today and after having made the necessary checks on future expected cash flows, the Directors deem it possible with reasonable certainty that the Company and the Group with the new perimeter are able to face their commitments over the life of the plan 2018-2019 and therefore confirmed the going concern basis in the drafting of the condensed half year financial statements as of June 30, 2017 basis.

Subsequent events

On October 16, 2017, Itway disclosed that it had signed a framework agreement to sell to Maticmind S.p.A., a company also operating in the ICT sector, its entire stake in Business-e S.p.A.. The consideration for 100% of Business-e S.p.A. was agreed at Euro 12,335,526 and at the signing of the framework agreement a first instalment, totalling Euro 500,000 was paid.

The transaction was finalized n November 8, 2017 with the payment of a second instalment totalling Euro 6,140,526 by Maticmind S.p.A.. The balance will be paid in multiple instalments with deferred payments until the first anniversary of the closing of the sale.

On November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. bought, for a consideration of Euro 123 thousand, which coincides with the book value of the assets purchased, from Business-e S.p.A. a business unit related to the International and diversified assets in which the buyer was not interested, including the following investments:

- 50% stake in BE Innova S.r.l
- 30% stake in BE Infrastrutture S.r.l.
- 10% stake in Idrolab S.r.l.
- 10.5% stake in Serendipity Energia S.p.A.

Lastly, as already reported in the previous paragraph “Going concern assessment”, on November 9, 2017, Itway S.p.A. approved the guide lines of the industrial plan of the Group for the 2017-2021 period and the financial plan of Itway S.p.A. until all of 2019, in a scenario following the sale of Business-e S.p.A.

Foreseeable evolution of operations

The sale of Business-e S.p.A., though important in the vision of the Group, rebalances in an important and distinctive way the financial structure of the Group. As one can see from the 2017-2021 Industrial Plan, Itway will not exit the security market: there will be a repositioning on the basis of industrial intentions with Maticmind and a greater focus on the Be Innova subsidiary and the iNebula and 4Science start-ups. The development of the Greek and Turkish subsidiaries will continue and they will support the international development also in the MEA area.

The VAD activities in Greece and Turkey continue with their positioning as leaders in the security sector in their respective countries, continuing with the forecast growth rates and becoming a support for the international development also in the MEA area.

Furthermore, the development implemented and underway in the Middle East Africa area (MEA) regards the VAR and VAS SBU; in fact, the type of distinctive products and skills can be exported. On November 9, 2017 the Board of Directors approved the Industrial Plan for the Itway Group for the five years from 2017-2021 and the financial plan of Itway S.p.A until all of 2019.

Following is the foreseeable evolution of operations in 2017 divided by SBU:

VAR SBU

4Science S.r.l. has been fully operational since September 2016 with highly specialized personnel to carry out its objectives: become the reference company in the emerging Big Data Curation and Digitalization of Cultural Assets (Digital Library) market. Its industrial plan foresees four products:

- 4SDL (distro 4Science based on Codex): Management of digital objects: acquisition, normalization, metadatation, classification, conservation, visualization, dissemination, sales:
- Image Viewer (distro 4Science based on IIPImage): Visualization images: segmentation, zooming, resizing, rotation;
- DSpace-CRIS (distro 4Science, based on DSpace): Digital object management: acquisition, normalization, metadatation, classification, conservation, dissemination:
- CKAN (integration 4Science): Interpretation and visualization of tabular data of research: Grid, graph, map.

The Big Data market is seen growing on average 23.1% - 2016/2019 (Assinform) and 48% of companies foresee in the future investments in this sector.

The services offered by 4Science places the company in a highly specialized sector. On the one hand we can say that 4Science operates in the so-called Big Data segment but this sector is very broad and it is necessary to have a focus. Our skills are in data treatment (digital libraries and digital repositories) and this market is definitely related to the so-called Business Analytics one; this brings us to make some considerations on the ability to interact a collaborate with companies that are specialized in this sector.

Furthermore, alliances and partnerships will be developed with single players that bring synergies, with skills, therefore, that are complementary to our own and with whom to take part in projects from which we are excluded either due to a lack of skill or due to insufficient size or requirements. While keeping an eye on projects that are financed at a national and/or European level, we will focus on those projects that will allow us to take part not just from a financial point of view, more or less non-refundable, but in terms of a subcontracting where our activities are fully remunerated.

VAS SBU

After having rationalized the service portfolio during 2017, by the end of this fiscal period and for 2018 a significant reorganization, both technical and commercial, is expected that will bring to a radical change in the structure also following the sale of Business-e to Maticmind.

This agreement allows iNebula to position itself also in the managed security services market (Cybersecurity) adding for 2018 an important piece to its service portfolio. Cerbero Cyber Security Services

An important change comes from the commercial agreement between iNebula and Maticmind for the exclusive distribution of MSS managed security services (Cerbero Security Services) to Italian SMEs and on the international market. Cerbero Cyber Security Services™ is the technological platform that allows to monitor, thanks to a single control panel, the state of information security of companies; Itway is ISO 9001:2008 and ISO 27001:2013 certified; certifications that certify the quality of our services, including the monitoring of functioning and security of clients' IT infrastructures, including NOC (Networking Operation Center), SOC (Security Operation Center) services and assistance in terms of information security.

The iNebula subsidiary has in its portfolio some product lines that in the Industrial Plan will be very important. These are:

- iNebula Connect: an all Made in Italy platform to manage in the Cloud Internet of Things devices: a sensor connects to the Internet with a series of advantages in many industrial and/or product groups. Some 10 Proof of Concept are in construction with clients that go from companies that manage heating/cooling to anti-pollution control units.
- iNebula MSS – Managed Security Services from Cerbero
- Growth of Vidio and Safe continues.

Thanks to the investment in the Lepida Data Center in Ravenna, iNebula will be able to present itself to the market offering its clients also Iaas and Paas services; exploiting all the know-how of the Itway group in terms of security, iNebula will also be able to offer its clients a high value added offer aimed at both the enterprise and mid-market segment where demand for these services is posting greater growth rates.

VAD SBU

The agreement with Esprinet foresees the signing of a further contract at the closing for the transfer of know-how and operational support for the business units for a period of two years from the date of transfer and a commercial partnership that foresees that the two groups reciprocally commit, for a period of five years from the closing date, to value their respective features.

The positioning of the VAD business units in Greece and Turkey continues (with expected growth) with the addition of new products and services. The economies of these two countries in 2017 are expected to grow 2.7% for Greece (source: European Commission 11/2016) and 4.4% for Turkey (source MAE 11/16).

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

In the period ended June 30, 2017 there were no transactions that can be defined as significant, non-recurrent, atypical and/or unusual with third parties or among companies of the Group, as defined in Consob Communication of July 28, 2006

Relationship with related parties

During the first half of 2017 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 summary

Thousands of Euro	**Receivables**	**Payables**	**Costs**	**Revenue**
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	398	-	-	3
Itway S.p.A. vs Be Innova S.r.l.	191	-	-	62
Business-e S.p.A. vs Be Innova S.r.l.	2,194	10	-	95
TOTAL	**2,783**	**10**	**-**	**158**

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.

As of June 30, 2017 there were no significant changes compared with the Consolidated Financial Statements as of December 31, 2016 in the relationship with related companies for Itway S.p.A no for the other Companies of the Group.

Research and Development activities

During the fiscal period a total of Euro 916 thousand was invested in the development of new products and services in particular in the VAR and VAS areas (compared with Euro 1,042 thousand in the previous period), which were capitalized in intangible assets.

Own shares

The parent company at June 30, 2017 owned No, 944,216 own shares (equal to 11.94% of share capital) for a nominal value of Euro 472,108 an overall cost of sale in the first half of 2017 totalling Euro 50 thousand and a cost of purchase of the shares held in portfolio of Euro 1,484,024 (equal to the amount reflected in the “own share reserve” written off net equity of the fiscal period and at a consolidated level).

During the first half of 2017, as authorized by the meeting of Shareholders of Itway S.p.A., a total of No. 200 own shares (equal to 0.00% of share capital) were purchased for a nominal value of Euro 100 and 25,750 own shares (equal to 0.33% of share capital) were sold for a nominal value of Euro 12,875.

Ravenna, November 9, 2017

FOR THE BOARD OF DIRECTORS
President and Chief Executive Officer
G. Andrea Farina

ITWAY GROUP

HALF-YEAR FINANCIAL STATEMENTS AS OF JUNE 30,2017

CONSOLIDATED INCOME STATEMENT

Thousand of Euro	Notes	*30 June 2017*	*Half year to 30 June 2016*		
			Net amount Itway Group	***Italy, Iberica VAD transaction***	***Total***
Revenues from sales *	1	21,853	21,564	18,750	40,314
Other operating revenues *	2	1,837	509	200	709
of which non-recurring revenues		*962*	-	-	-
Products	3	(15,564)	(14,449)	(16,501)	(30,950)
of which non-recurring charges		*(50)*			
Costs of services *	4	(2,475)	(2,285)	(611)	(2,896)
Costs of personnel	5	(4,525)	(4,420)	(903)	(5,323)
of which non-recurring charges		-	*(36)*	-	*(36)*
Other operating expenses	6	(1,359)	(844)	(377)	(1,221)
of which non-recurring charges		*(594)*	*(354)*	-	*(354)*
EBITDA **		**(233)**	**75**	**558**	**633**
Amortisations	7	(472)	(204)	(3)	(207)
EBIT **		**(705)**	**(129)**	**555**	**426**
Financial proceeds *	8	49	28	-	28
Financial charges		(751)	(959)	-	(959)
Profit before taxes		**(1.407)**	**(1,060)**	**555**	**(505)**
Taxes	9	155	141	(284)	(143)
Result for the period		**(1,252)**	**(919)**	**271**	**(648)**
Attributable to:					
Shareholders of parent company		(1,184)	(889)	271	(618)
Minorities		(68)	(30)	-	(30)
Result per share					
Basic	10	(0.18)	(0.09)	-	(0.09)
Diluted		(0.18)	(0.09)	-	(0.09)

** For the nature of the relationship with related parties, please see Note 31 “Information of related parties”.*
*** The definition of Ebit and Ebitda is given in the Notes of the consolidated Financial Statements attached to the current Report.*

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Thousand of Euro	*Half year to* **30 June 2017**	**30 June 2016** *Net amount Itway Group*	*Italy, Iberica VAD transaction*	*Total*
Net result	(1,252)	(919)	271	(648)
Components that can be reclassified to the income statement:				
Profit/(Losses from the conversion of the balance sheet of foreign subsidiaries	(226)	(17)	-	(17)
Components that cannot be reclassified to the income statement:				
Actuarial gain/(losses) on definited benefit plans	-	-	-	-
Comprehensive result	**(1,478)**	**(936)**	**271**	**(665)**
Attributable to:				
Shareholders of parent company	(1,410)	(906)	271	(635)
Minorities	(68)	(30)	-	(30)

CONSOLIDATED FINANCIAL STATEMENT

Thousand of Euro		Notes	30 June 2017	31 Dec 2016
ASSETS				
Non current assets				
Property, plans and equipment		11	4,109	4,200
Goodwill		12	5,145	5,145
Other intangible assets		13	4,312	3,756
Inventories		14	1,176	1,176
Deferred tax assets		15	621	330
Non-current financial assets		32	500	500
Other non current assets		16	366	419
	Total		**16,229**	**15,526**
Current assets				
Inventories		17	929	987
Account receivables - Trade *		18	35,023	49,229
Other current assets		19	5,517	4,598
Cash on hand		20	1,569	1,523
Other financial credits *		32	2,767	2,483
	Total		**45,805**	**58,820**
Total assets			**62,034**	**74,346**
NET EQUITY AND LIABILITIES				
Share capital and other reserves				
Share capital and reserves			8,700	8,906
Net result of the period			(1,184)	(28)
Total Net Equity		21	**7,516**	**8,878**
Share capital and reserves of minorities			(98)	(31)
Total Group Net Equity			**7,418**	**8,847**
Nun current liabilities				
Severance indemnity		22	596	585
Provision for risks and charges		23	88	87
Deferred tax liabilities		24	-	-
Non current financial liabilities		25	2,593	3,642
	Total		**3,277**	**4,314**
Current liabilities				
Financial current liabilities		26	15,634	22,164
Account payable - Trade		27	27,595	30,265
Tax payable		28	5,140	6,166
Other current liabilities		29	2,970	2,590
	Total		**51,339**	**61,185**
Total liabilities			**54,616**	**65,499**
Totale Net Equity and liabilities			**62,034**	**74,346**

** For the nature of the relationship with related parties, please see Note 31 “Information of related parties”.*

Consolidated statement of charges in equity

Thousand of Euro	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 interests	Total Net Equity
					Cumulated profit/(losses)						
Balance at January 1, 2016	**3,953**	**(1,345)**	**17,584**	**456**	**4,792**	**(14,603)**	**(858)**	**25**	**10,004**	**3**	**10,007**
Variation of own share	-	(178)	-	-	-	-	-	-	(178)	-	(178)
Total operations with shareholders	**-**	**(178)**	**-**	**-**	**-**	**-**	**-**	**-**	**(178)**	**-**	**(178)**
Allocation of the result of the year	-	-	-	29	-	(4)	-	(25)	-	-	-
Result for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(618)**	**(618)**	**(30)**	**(648)**
Other components of comprehensive result at June 30,2016:											
Gain/(losses) on definited-benefit plans	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	3	-	-	3	-	3
Overall result	-	-	-	-	-	-	(17)	-	(17)	-	(17)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**3**	**(17)**	**(618)**	**(632)**	**(30)**	**(662)**
Balance at June 30, 2016	**3,953**	**(1,523)**	**17,584**	**485**	**4,792**	**(14,604)**	**(875)**	**(618)**	**9,194**	**(27)**	**9,167**

Thousand of Euro	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 interests	Total Net Equity
					Cumulated profit/(losses)						
Balance at January 1, 2017	**3,953**	**(1,534)**	**17,584**	**485**	**4,792**	**(15,052)**	**(1,322)**	**(28)**	**8,878**	**(31)**	**8,847**
Variation of own share	-	50	-	-	-	-	-	-	50	-	50
Total operations with shareholders	**-**	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**50**	**-**	**50**
Allocation of the result of the year	-	-	-	-	-	(28)	-	28	-	-	-
Result for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,184)**	**(1,184)**	**(68)**	**(1,252)**
Other components of comprehensive result at June 30,2017:											
Gain/(losses) on definited-benefit plans	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(1)	-	-	(1)	-	-
Overall result	-	-	-	-	-	-	(226)	-	(226)	-	(226)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**(1)**	**(226)**	**(1,184)**	**(1,410)**	**(68)**	**(1,478)**
Balance at June 30, 2017	**3,953**	**(1,484)**	**17,584**	**485**	**4,792**	**(15,081)**	**(1,548)**	**(1,184)**	**7,516**	**(98)**	**7,418**

CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	**Notes**	**30 June 2017**	**30 June 2016**
Result for the period "net amount Itway Group"		(1,252)	(919)
Adjustments of items not effecting liquidity:			
Depreciations of tangible assets	7-11	114	109
Depreciations of intangible assets	7-12-13	358	98
Allowances for doubtful accounts	6	504	220
Provisions for severance indemnity, net of payments to social security bodies	22	73	195
Variation in non current assets/liabilities	15-16-23-24	(237)	(127)
Cash flow from operating activities, gross of the variation in working capital		**(440)**	**(424)**
Payments of severnace indemnity	22	(62)	(230)
Variation in trade receivable and other current assets	18-19	12,499	10,575
Variation in inventories	17	58	881
Variation in trade payables and other current liabilities	27-28-29	(3,316)	(10,134)
Cash flow from operations generated/(absorbed) by changes in NWC		**9,178**	**1,092**
Cash flow from operations (A)		**8,738**	**668**
Additions in tangible assets (net of assets sold)	11	(23)	(297)
Changes in non current financial liabilities	25	(1,049)	(1,009)
Additions in other intangible assets (net of dismissals and reclassification)	13-14	(914)	(1,125)
Cash flow from investing activities (B)		**(1,986)**	**(2,431)**
Variation of own shares		50	(178)
Cash flow from financial activities (C)		**50**	**(178)**
Net impact of the variation in translation of non Euro exchange rates on cash on hand		(226)	(17)
Cash flow from assets sold (D)		**-**	**271**
Increase/(Decrease) of cash available and cash equivalents (A+B+C+D)		**6,576**	**(1,687)**
Short term Net Financial Position at the beginning of the period	20-26	(20,641)	(14,516)
Short term Net Financial Position at the end of the period	20-26	(14,065)	(16,203)

The taxes paid in the first half of 2017 total Euro 69 thousand (Euro 99 thousand in the first half of 2016). Financial charges paid in the first half of 2017 total Euro 556 thousand (Euro 1,020 thousand in the first half of 2016).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Itway S.p.A. (the "Company" or the "Parent Company") is a joint stock company constituted in Italy. The Company has its legal headquarters in Milan in Viale Achille Papa 30 and administrative headquarters in Ravenna and is active with the commercial offices in Rome at the following address:

- Rome – Edoardo D'Onofrio 304

The Itway Group operates in three main types of activities: on one hand value added distribution of software technology, which continues to be operational in Greece and Turkey; on the other hand the offer of services and consultancy aimed at training and supporting companies in the fields of e-security, Central Access Management, Internetworking, and Wireless. The main Strategic Business Units (SBU) are in charge of these sectors: the VAD SBU (Value Added Distribution), the VAR SBU (Value Added Reseller) and the VAS SBU (Value Added Services).

For a better reading of the current half-year consolidated financial statements please note that the Itway Group on October 20, 2016 signed an agreement, the closing of which took place on November 30, 2016, to sell to the Esprinet Group the Spanish business unit Itway Iberica and the operational activities in Italy, Spain and Portugal.

ACCOUNTING PRINCIPLES

General Principles

In the consolidated Financial Statements and in the comparative data the Group adopted the International Reporting Standards (IFRS) issued by IASB, the updates of those pre-existing (IAS) as well as the International Financial Reporting Interpretations Committee (IFRIC) and those issued by the Standing Interpretation Committee (SIC), that were deemed as applicable to the transactions carried out by the Group.

The Financial Statements items were assessed based on the general accrual basis.
For the purpose of book entries, prevalence was given to the economic substance of transactions rather than their legal form.

The accounting principles adopted are consistent with those adopted in the drafting of the consolidated Financial Statements as of December 31, 2016. These principles require estimates that, in the context of the current economic uncertainty, have their own 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.

Going concern assessment

The condensed financial statements for the half year ended June 30, 2017 shows a net loss of approximately Euro 1.25 million, which was significantly impacted by the losses of the Business-e S.p.A. subsidiary, the Holding SBU and other sectors in a start-up phase.

From a financial point of view, as already described in the financial statements for the fiscal year ended December 31, 2016, the sale of the 20-year old distribution unit by the Parent Company, on November 30, 2016, led the Company, starting from the month of December 2016 and in the first six months of 2017 to a situation of financial stress still underway to the date of writing of the current financial statements.

As of June 30, 2017 the Itway Group had a current net financial indebtedness approximately Euro 11.3 million, of which approximately Euro 5.28 million already expired to the date of writing of the current half year balance sheet and an indebtedness for expired VAT payables totalling Euro 3.9 million (that will be paid by the month of December 2017, within the terms foreseen by law) and expired indebtedness towards suppliers of approximately Euro 16.3 million (of which however approximately Euro 3 million for amounts being contested, also through legal means).

In the same way, in terms of the separate financial statements of the Parent Company as of June 30, 2017 had expired financial positions totalling Euro 8.9 million of which 4.5 milion, expired indebtedness towards suppliers totalling Euro 3.9 million (of which however Euro 0.5 million for amounts being contested by the debtors, also through legal means) and an indebtedness towards tax authorities for VAT payables expired as of June 30, 2017 for a total of Euro 3.9 million, not paid at their natural expiry during the 2016 fiscal year and that will be paid by December 2017, pursuant to the terms of regulations in force on the matter.

In this context, the Company and the Group have for a while already began talking to financial bodies in order to define the terms and conditions to remodulate the financial indebtedness described above.

Among the measures the Directors identified to allow the Company to operate on a going concern basis was the signing on June 8, 2017 of a “non-binding term sheet of the main terms and conditions for an industrial merger between Itway S.p.A. and Maticmind S.p.A. (a company that also operates in the ICT that in 2016 and in previous fiscal periods posted significant levels of sales and profitability), aimed at creating a new reference operator in the sector of highly specialized system integration.

The analysis and the negotiations, which required more time than expected, continued until September and in light of those it was deemed opportune, for both companies, to focus on a transaction that did not foresee the integration of the two groups and that did not limit the autonomy of either of the two companies; it was therefore decided to sell Business-e S.p.A. as it allows to integrate the structure of the buyer without excessively diminishing the one of the seller, which acquires financial means. On September 22, 2017, Maticmind S.p.A. proposed and sent to Itway a binding offer for the Transaction, which was accepted by the Board of Directors. The closing was November 8, 2017. A first instalment of Euro 500 thousand was paid in October when the framework agreement was signed and a second instalment of Euro 6,140 thousand was paid by Maticmind S.p.A. on the date of the closing.

Today the Itway Group presented for approval of the Board of Directors the guidelines for the industrial plan of the Group for the period from 2017-2021 and the financial plan for Itway S.p.A until all of 2019, in a scenario following the sale of Business-e S.p.A, which was finalized on November 8,2017. These guidelines foresee that the Group does not exit the security sector but that there be a repositioning on the basis of industrial intentionswith Maticmind. Furthermore, the plan calls for a greater focus on the Be Innova S.r.l. subsidiary and in the start-ups iNebula and 4Science. The development of the VAD business unit continues in Greece and Turkey, that now support the foreign development also in the MEA area and that will allow the Parent Company to receive dividends from these subsidiaries the plans of which indicate constant growth both in terms of volumes and in terms of cash flows generated.

In light of what emerges from the financial plan approved today and after having made the necessary checks on future expected cash flows, the Directors deem it possible with reasonable certainty that the Company and the Group with the new perimeter are able to face their commitments over the life of the plan 2018-2019 and therefore confirmed the going concern basis in the drafting of the condensed half year financial statements as of June 30, 2017 basis.

Presentation

For a better reading, the presentation of the consolidated financial statement, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in financial position, the consolidated statement of changes in net equity and the data inserted in the notes are all expressed in thousands of Euro, unless otherwise indicated. In some cases the tables could be rounded down due to the fact they are expressed in thousands of Euro.

The Financial Statements are drafted in the following way:

- In the balance sheet, current and non-current assets are expressed separately. The consolidated financial statement as at June 30, 2017 is compared with the previous period ended December 31, 2016

- In the income statement, the representation of costs is carried out on the basis of their own nature. Balances of the income statement as of June 30, 2017 are compared with those of the same period of the earlier year and the data related to the sale of the value added distribution (VAD) activities in Italy, Spain a Portugal, widely described in Consolidated Financial Statements as of December 31, 2016, are reported separately from the balances of the first half of 2016 in a column denominated "VAD Italy, Iberica Transaction". Furthermore, the changes in the income statement are calculated between the values as of June 30, 2017 and the values in the column "Itway Group Net".

- The consolidated statement of comprehensive income acknowledges those changes to net equity which, not being pertinent to the transactions with shareholders, do not have an impact on the result of the fiscal year;

- The indirect method was used for the consolidated statement of changes in financial position;

- EBITDA (gross operating result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results. Ebitda is used by the management of the Company to monitor and assess the operational performance of the Company and of the Group. Management considers Ebitda an important parameter to measure the performance of the Group as it is not impacted by the volatility generated by the different criteria used to determine taxable income, by the amount and the characteristics of employed capital as well as the related amortization and depreciation policies. Ebitda is defined as Profit/Loss before amortizations of material and immaterial assets, financial charges and income and income taxes. Since the composition of Ebitda is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.

- EBIT (operating Result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results and it is defined as the Profit/Loss before of depreciation of material and immaterial assets, financial charges and proceeds and income taxes. Since the composition of Ebit is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.

Consolidation procedures

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of June 30, 2017, approved by the respective Board of Directors with the opportune adjustments, where necessary, to make them consistent with the accounting principles of the parent company.

The full consolidation method can be summarized in the following way:

The accounting data of the subsidiaries purchased by the Group are booked at acquisition cost method, on the basis of which, according to what was established by IFRS 3 “Business Combinations”:

- assets and liabilities are measured at their acquisition-date fair value;
- the excess of cost of the acquisition, respect to the fair value of the stake attributable to the Group in net assets of the company purchased is booked as goodwill

Such goodwill, as will be later described in greater detail, is periodically reviewed, at least once every fiscal year, to verify the recoverability through future cash flow generated by the underlying investment.

The higher values of the acquired assets and liabilities, since booked at fair value on the date of their purchases compared with the values recognized for tax purposes, are considered to accrue deferred taxes.

Profits and losses deriving from transaction between subsidiaries that have not yet been carried out on behalf of third parties, and the credits and debts, costs, revenues among consolidated companies were eliminated.

Consolidation of foreign companies with exchange rates other than the Euro

The balances of the foreign subsidiary Itway Turkiye expressed in Turkish lira are converted into Euro applying the end-period exchange rate for assets and liabilities. For the conversion of income statement items the average exchange rate of the period is used. The differences in exchange rates emerging from the conversion are booked to the translation reserve of consolidated net equity.

Following are the exchange rates used for the conversion in euro of the values of the company outside the Euro area:

	June 30, 2017		**December 31, 2016**		**June 30, 2016**	
	Average	rate	End-period	rate	Average	rate
New Turkish Lira	3.93	4.01	3.34	3.71	3.26	3.21

Perimeter of consolidation

The Consolidated Financial Statements of the Itway Group include the data of the parent company Itway S.p.A, and all of its operating subsidiaries.

Following is a list of the companies consolidated with the full consolidation method:

NAME HEADQUARTERS	SHARE	CAPITAL	€	% of direct	ownership
Itwayvad S.r.l.	Via L. Braille,15, Ravenna	10,000	100%	-	100%
Itway Iberica S.L.	Argenters 2, Cerdanyola del Vallès, Barcelona	560,040	100%	-	100%
Itway France S.A.S.	4,Avenue Cely – Asniere Sur Seine, Cedex	100,000	100%	-	100%
Itway Hellas S.A.	Agiou Ioannou Str , 10 Halandri, Athens	846,368	100%	-	100%
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18, Istanbul	1,500,000 *	100%	-	100%
Itway Cube S.r.l.	Via L. Braille,15, Ravenna	10,000	100%	-	100%
Diogene S.r.l.	Via V. Mazzola, 66, Rome	78,000	100%	-	100%
Business-e S.p.A.	Via A. Papa, 30, Milan	1,001,084	100%	-	100%
iNebula S.r.l.	Via A. Papa, 30, Milan	10,000	75%	-	75%
Itway RE S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	100%
4Science S.r.l.	Via A. Papa, 30, Milan	10,000	100%	-	100%

** The value is 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	€	% of direct	ownership
BE Innova S.r.l.	Via Cesare Battisti 26, Trento	20.000	-	50%	50%
BE Infrastrutture S.r.l.	Via Trieste, 76, Ravenna	100.000	-	30%	30%

Following are the minority interests valued at a cost basis since there is no quoted market price on an active market available and the fair value cannot be determined in a reliable way:

NAME HEADQUARTERS	SHARE	CAPITAL	€	% of direct	ownership
Serendipity Energia S.p.A.	Piazza Bernini 2 – Ravenna	1.117.758	-	10,5%	10,5%
Dexit S.r.l.	Via G. Gilli 2 – Trento	700.000	9%	-	9%
Idrolab S.r.l.	Via dell'Arrigoni, 220 – Cesena (FC)	52.500	-	10%	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35.000 *		17,1%	17,1%

** The value is expressed in the United Arab Emirates (UAE) Dirham*

Use of estimates

The drafting of the half-year consolidated financial statement, applying IFRS principles, requires making estimates and assumptions that have an effect on the value of assets and liabilities and on information regarding potential assets and liabilities to the reference date. The estimates and assumptions are based on the historical experience and on other factors that are considered to be relevant; the estimates and assumptions are periodically reviewed and the effects of each variation are reflected in the overall income statement

The balance sheet item that is more subject to estimates is goodwill.

Following is the summary of the valuation processes and the estimates/assumptions deemed susceptible, should the forecasted events not take place, in full or in part, to producing significant effects on the economic and financial situation of the Itway Group.

Main accounting principles

Property, plant and equipment

Tangible assets are recognized at cost including accessory charges net of the relative accumulated depreciation.

Ordinary maintenance expenses are fully charged to the income statement. Costs for improvements, modernization and transformations of an enhancing nature are accounted as assets.

The accounting value of tangible assets is subject to review in order to detect possible losses in value either annually or when events or changes in the situation indicate that the carrying value can no longer be recovered (for details please see the following paragraph “loss of value – impairment”).

Leasing – Leasing contracts are classified as financial leasing when the terms of the contract are such as to substantially transfer all risks and benefits of ownership to the lessee. The assets that are subject to the lease contracts are recognized among property, plant, machinery and are posted as assets at their fair value at the date when they were purchased, or, if lower, to the current value of minimum payments owed for the lease contract, and are depreciated on the basis of their estimated useful life as for assets owned. The corresponding liability towards the lessor is included in the balance sheet. Payments for the lease are divided between the repayment of capital and debiting interest, charged to the income statement of the fiscal period.

Depreciation begins when assets are ready to be used. Property, plants and equipment are systematically depreciated on a straight basis on economic-technical rates that are deemed as representative of the residual possibility of using the assets, with the following indicated rates. Goods made up of components, if significant amounts, with different useful lives are considered separately when determining depreciation.

Depreciation is calculated on a straight basis, as a function of the expected useful lives and of the relative assets, periodically reviewed if necessary, applying the following percentage rates:

Property	2%
Weighing equipment	7,5%
Office furniture	12%
Computers and electronic office equipment	20%
Vehicles	25%
Electronic telephone systems	20%

Profits and losses deriving from the sale or dismissal of assets are determined as a difference between revenue and the net book value of the asset and are booked in the income statement, respectively in other operating revenues and the other operating expenses.

Goodwill

Goodwill from the acquisition of a subsidiary represents the excess of the cost of an acquisition over the fair value of the group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is booked as an asset and is not amortized, but it is reviewed at least once a year to check that it did not incur loss of value (impairment test), as indicated in the subsequent paragraph “Impairment”. Impairment losses are immediately booked to the income statement and not reversed successively.

Should a negative goodwill emerge, it would immediately be recognized in the income statement.

Such goodwill is allocated to cash-generating units represented by the single Legal Entities to which they refer.

Intangible assets

An intangible asset is booked only if it can be identified, if subjected to the control of the group, it is probable that it will generate future economic benefits and its cost can be determined in a reliable way Intangible assets are registered at the cost determined according to criteria indicated for tangible assets Should it be estimated that the assets have a defined useful life then they are amortized systematically during the estimated useful life and the amortization starts from the moment in which the assets are ready for use or in any case from when they start producing economic benefits for the company.

The cost of development of products is capitalized when there is proof of the Group's technical possibility and technical capability of completing the intangible asset, there is the intention of completing it for future use or sale and there is the capability of using or selling the intangible asset.

Eventual costs incurred for intangibile assets are booked to the income statement in the fiscal period in which they are incurred, should they not have the requirements described above.

Following is the useful life generally attributed to the different asset categories:

- Software licenses and similar rights: on the basis of the estimate of the period in which they will be used by the company;
- Brands: 10 fiscal years;
- Development costs: 3-5 fiscal year
- Other intangible assets: 3 fiscal years.

Impairment

At least once per year the Group reviews the book value of its tangible and intangible assets to determine if there are indications that these assets incurred in impairment. Should such indications emerge, the amount that can be recovered is estimated in order to determine the amount of impairment loss. Should it not be possible to determine individually the recoverable value of an asset, the Group carries out an estimate of the recoverable value of the cash generating unit to which the asset belongs.

The recoverable value is the higher amongst the net selling price and the value in use. The value in use is defined based on the actualization of future cash flows expected from the use of the good or from cash generating unit to which the asset belongs, discounted using an interest rate, net of taxes, that reflects the current money market value and the specific risks of the assets. The cash generating units have been identified consistently with the organizational and business structure of the Group, as homogeneous groupings that autonomously generate cash flows deriving from the constant use of assets.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the carrying value, the carrying value of the asset is reduced to the lower recoverable value. The loss of value is charged to the income statement.

When a devaluation no longer has reason to be maintained, the carrying value of the asset (or of the cash generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the book value that the asset would have had if there had been no impairment, net of depreciation that would have had to be calculated before the previous impairment. The reversal of the value is booked to the income statement.

Investments

Group's investments in minority interests or Joint Ventures are accounted using the equity method.

The Group's investments in other companies are initially booked on a cost basis and then adjusted to the fair value at the balance sheet date, crediting/debiting net equity. Should the share price in an active market not be available and the fair value not able to be determined in a reliable manner, then they are valued on a cost of purchase basis, since it represents the best approximation of the fair value.

Inventories

Inventories are recognized as the lower of cost and market. Cost is determined, when possible at the specific purchasing cost or otherwise, using the average weighted cost method. The purchase costs include the additional charges incurred to bring the stock in the current place or in the current conditions. Market is determined based on current selling value of the inventory at the end of the fiscal year minus the estimated necessary costs to sell the asset.

The value of obsolete and slow moving stock is devalued in relation to the possibility of using or selling, through accrual of an ad hoc provision.

Account receivables:

- **Trade receivables**
  Trade receivables are recognized at the nominal value reduced by an adequate provision to reflect the estimate of the presumed losses on receivables, considering also a punctual analysis of the expired positions. When due to the allowed terms of payment there is a financial transaction, the receivables are discounted at the current value, booking the discount as an accrual basis in the income statement. Sale of receivables without recourse for which all risks and benefits are transferred to the factor, determines the elimination of the receivables from assets.

- **Contract works in progress**
  When the result of a multi-year order can be reasonably estimated, work in progress is assessed according to the stage of completion (measured trough the so-called cost to cost), so as to book revenues and the results on accrual basis in the different fiscal periods on stage of completion. The positive or negative difference between the value of the contracts and the advanced payments is booked respectively to the assets or liabilities in the balance sheet.
  When the result of an order cannot be reasonably estimated, it is valued at recoverable costs (zero profit method). The costs of the order are charged to income statement when incurred.
  When it is probable that the total costs of the order are higher than the contractual revenues, the expected loss is immediately charged as a cost through a provision to a specific fund.

Cash on hand

Cash on hand includes petty cash, current accounts and deposits that can be refunded upon request, which can easily be converted in cash and are subject to an insignificant risk of changes in value. They are booked at their nominal value.

Own shares

Own shares are stated at the purchase cost and reported debiting net equity. The economic effects deriving from possible subsequent sales are recognized as an increase in net equity.

Non-current financial liabilities

Financial liabilities are initially recognized at a cost basis, which corresponds to the fair value of the received amount, net of transaction costs that are directly attributed to the borrowing. Afterwards, borrowings are assessed with the criteria of the cost amortized using the effective interest rate method.

Employee benefits

Liabilities related to defined benefit plans (including severance pay for the quota matured before January 1, 2007) are calculated net of eventual assets serving the plan on the basis of actuarial hypothesis and on an accrual basis, coherently with the employment necessary to obtain the benefit; the liability is assessed by independent actuaries. The value of the actuarial profits and losses is booked in the other components of comprehensive income. Following Financial Law No. 296 of December 27, 2006, for companies with over 50 employees the severance indemnity accrued from January 1, 2007 is considered a defined benefit plan.

Accruals for risks and charges

Accruals are booked when the Group has a real obligation as a result of a past event and it is probable that it will be asked to uphold this obligation. Provisions are allocated on the basis of the best estimate of costs requested to fulfil the obligation at the end of the fiscal year and are actualized, when there is a significant impact. In this case, provisions are determined actualizing future expected cash flows at an interest rate before taxes that reflects the current money market over time; the increase of the accrual with the passing of time is booked to the income statement at the “interest charges” line.

Accounts payable – Trade

Payables are recognized at a nominal value. When, owing to the agreed payment terms there is a financial transaction, debts are booked at their current value, attributing the discount as financial cost on an accrual basis.

Other current liabilities

Refers to reports of different nature and are recognized at their nominal value..

Derivatives

Derivatives are solely used to cover exchange rate risk and relating liabilities are booked at fair value. Derivatives are classified as hedging instruments since formally documented and their effectiveness, periodically verified, is high.

The variations in fair value of hedging derivatives, formally not satisfying the accounting conditions for hedge accounting, are booked to the income statement.

Revenue recognition

Revenues are booked for the amount of the benefits that the Group will probably gain and for the amount that can be reliably determined. Following are the specific criteria that have to be respected before booking revenues to the income statement**:**

Sale of goods – pursuant to IAS 18, the revenue is recognized when all related significant risks and benefit associated with the ownership of the good are transferred to the buyer. In the specific case of the sale of licenses with activation keys, revenue is recognized when activation code is transmitted to the client. For tangible goods, the revenue is normally recognized at shipping of the good.

Services – Revenues deriving from services are booked depending on the stage of completion of the relative order, measured by the cost-to-cost method, as indicated above e and pursuant to IAS 11.

Interest – is posted on an accrual basis.

Dividends – dividends are booked when the right to receive payment is established..

Costs

Costs and other operating charges are booked in the income statement when they are incurred, on an accrual basis and in correlation to revenues, when they do not produce future economic benefits or they do not have the prerequisites to be booked as assets in the balance sheet. Financial charges are booked on an accrual basis as a function of time using the effective interest rate.

Income Taxes

The parent company Itway S.p.A. and the Italian subsidiaries exercised the option for the so-called domestic tax consolidation scheme as per articles 117 and following of the DPR 917/86 (TUIR) that allows determining the income tax on the basis of taxable income that is the algebraic sum of the single companies.

The economic relationship, the responsibility and the reciprocal obligations, between the Parent Company and the subsidiaries are defined in the “regulation of the consolidation for the companies of the Itway Group”.

The current income taxes are calculated based on the best estimate of the taxable income, in relation to current legislation in the Countries where the Group operates.

Deferred taxes

Deferred and prepaid taxes are calculated using the liability method, based on the time differences resulting, at the Financial Statements closing date, on the timing differences from the value of assets and liabilities posted in the balance sheet and the corresponding values recognized for tax purposes.

Active deferred taxes are posted against all timing deductible differences, and for tax losses carried forward, in the amount they are recoverable by future taxable income. The value of deferred tax assets is reviewed at the closing of each fiscal year and reduced if not recoverable. In particular, in determining the future taxable income, the forecasts of the Budget and multi-year Business Plans used for the impairment tests were used.

Deferred and prepaid taxes are calculated based on the tax rates that are forecast to be used in the fiscal year in which such activities will be reversed for tax purposes, taking into account existing tax rates or those it is foreseeable will be in force.

Foreign currency transactions

The functional currency of the Itway Group is Euro, which is also used for presentation purposes. Foreign exchange transactions initially are booked at the exchange rate at the date of the transaction. Assets and liabilities in foreign exchange are booked at the reference exchange rate at the fiscal year closing and the relative profits and losses are booked in the income statement.

The assets booked at the historical cost in foreign currency are converted using the exchange rate in force on the first date of the transaction**.**

Earnings per share

The base earnings per share is represented by the net result of the fiscal period that can be attributed to owners of ordinary shares considering the weighted average of ordinary shares outstanding in the fiscal year.

The diluted earnings per share are calculated on the weighted average of the shares outstanding, considering all potential ordinary shares with a dilution effect (ex. issuance of option rights, warrants, etc).

Recently issued accounting principles

The criteria used to draft the consolidated Financial Statements at December 31, 2016 are not different from those used for the Financial Statements at December 31, 2016, except for the accounting principles, amendments and interpretations applicable from January 1, 2017, which are listed below but that did not have significant impact on the Group's Financial Statements.

- Amendments to IAS 12 – Income Taxes. IASB clarifies how to account for unrealised losses on debt instruments measured at fair value that for tax purposes give rise to a deductible temporary difference when the debt instrument's holder expects to keep it until maturity.

- Amendments to IAS 7 – Financial Instruments. The improvements regard the disclosure to provide in relation to the changes in borrowings that derive both from cash flows and from changes that do not derive from cash flows (for example profit/losses on exchange rates).

Accounting principles, amendments and interpretations applicable at a later date.

Following are the principles and amendments that, at the writing of the current Financial Statements, were endorsed but are not yet effective:

- IFRS 9 – Financial Instruments. In July 2014, IASB issued the final version of IFRS 9 – Financial Instruments, which reflects all the phases of the project related to financial instruments and replaces IAS 39 Financial Instruments Recognition and Measurement and all the preceding versions of IFRS 9. The principle introduces new requirements for recognition, measurement, impairment, and general hedge accounting. IFRS 9 is effective for fiscal periods that begin January 1, 2018 or subsequently.

- IFRS 15 (and subsequent clarifications issued on April 12, 2016) - Revenue from Contracts with Customers. IFRS was issued in May 2014 and it introduces a new five-phase model that will be applied to revenue generated from contracts with clients. IFRS 15 foresees the recognition of revenue for an amount that reflects the consideration that the entity deems to have the right to in exchange for the transfer of the good or services to the client. The principle provides a more structured approach for revenue recognition and measurement, replacing the current requirements included in the other IFRS in relation to revenue recognition. IFRS 15 is effective for the fiscal period that begin January 1, 2018 or subsequently with full or modified application. Earlier application is permitted. The Group is mulling the impact of this new principle on its financial statements.

- IFRS 16 – Leases. This principle was published by IASB on January 13, 2016 and it is destined to replace IAS 17 – Leasing and interpretations to IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC 15 – Operating Leases, Incentives and SIC 27 - Evaluating the Substance of Transactions in the Legal Form of a Lease. The new principle provides a new definition of lease and introduces a criteria based on the right of use of an asset to distinguish leasing contracts from services contracts identifying the following extenuating circumstances: the identification of an asset; the right to replace the asset; the right to obtain essentially all the economic benefits deriving from the use of the asset and the right to direct the use of the asset underlying the contract. Its application is from

January 1, 2019. Earlier application is allowed for those entities that will apply IFRS 15. The company is mulling the impact of this new principle on its financial statements.

- Amendments to IFRS 2 – Clarifications of classification and measurement of share based payment transactions. This amendment will be effective from January 1, 2018 and it addresses the following themes identified by the IFRS Interpretation Committee: i) accounting of a share based payment plan with defined benefits that includes the achievement of results; ii) the share-based payment in which settlement is linked to future events; iii) share based payments settled net of tax withholdings; iv) the transition from a cash based payment to a share-based one.

- Amendments to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts. This amendment will be applicable form January 1, 2018 and it addresses concerns that arose from the application of IFRS 9 on financial instruments prior to the introduction of the new insurance contract standards. Companies that underwrite insurance contracts are given two options with reference to IFRS 4: i) to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; ii) a temporary exemption from Applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4.

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (which will be applicable from January 1, 2018) addresses foreign currency transactions when an entity recognises a non-monetary asset or nonmonetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The Interpretation needs not be applied to income taxes, insurance contracts or reinsurance contracts..
- Amendments to IAS 40 regarding transfers of investment property. The amendment (effective from January 1, 2018) foresees: i) in paragraph 57 if IAS 40 has been amended to show that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use; ii) The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

Improvements to International Financial Reporting Standards (2014-2016). These are part of the annual improvement process and will become effective from January 1, 2018. Work has involved:

o IFRS 1 - Short-term exemptions in paragraphs E3–E7 of IFRS 1 have been deleted because they have now served their intended purpose;
o IFRS 12 - Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5;
o IAS 28 - Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- IFRIC 23 'Uncertainty over Income Tax Treatments' published by IASB on June 7, 2017 and applicable from January 1, 2019 aims to clarify the requirements in terms of recognition and measurement foreseen by IAS 12 in case of uncertainty over income tax treatment.

The EU deferred indefinitely the following principles and interpretations:

- IFRS 14 – Regulatory deferral accounts. The principle allows first-time users of IFRS to continue to book rate regulation amounts according to previously adopted accounting principles;

- Amendments to IFRS 10 and IAS 28 – Sales or contribution of assets between an investor and its associate or joint venture. The Document was published by IASB on September, 11, 2014 in order to resolve a conflict between these two accounting principles in relation of the sale of an asset or a subsidiary to a Company associated to a joint venture.

To the date of the writing of the current Annual Financial Statements the accounting principles, interpretations and amendments listed above are not expected to have a significant impact on the economic and financial of the Group but an in-depth assessments in underway by the management.

Other information

With regards to the Consob information request regarding significant transactions and balances with related parties, please not that these related parties, in addition to being highlighted in an ad hoc Note, if significant they are indicated separately in the financial statements schemes.

In light of the previously described transaction for the sale of the VAD business units in Italy, Spain and Portugal, pursuant to the IFRS 5 principle that governs among other things “Non current assets held for sale” in the tables of the current consolidated financial statements, since the assets are classified as “discontinued operation”, the data regarding these assets are reported separately and in reference to the 30/06/16 semester in the columns with the header “Italy and Iberica VAD Transaction”. In terms of the sale of the investment in Business-e, since it took place after the reporting period under exam, pursuant to paragraph 12 of IFRS 5, Directors decided not to reclassify the overall assets and liabilities as “Held for Sale” but to simply disclose it in the previous paragraph “Going Concern Assessment”.

Other information required pursuant to article 114 of Legislative Decree 58/98 (TUF)

In the notes to the financial statements to June 30, 2017 that follow in each paragraph the following further information are reported:

Note 32:	The net financial position of the Company and of the Group, highlighting the short term positions separately from the medium to long-term one;
Notes 27 and 32:	The expired debt positions of the Company and of the Group, divided by type (financial, commercial, fiscal, social security and towards employees) and the eventual related reactions by creditors (solicitations, injunctions, interruption of supply etc.);

Note 31: The main changes that took place in relations towards related parties of this Company and of the Group that it controls in terms of the last annual or half-year financial statement approved pursuant to article 154-ter of the TUF;

Note 25: The eventual breach of covenant, negative pledges and every other indebtedness clause of the Group entailing limits to the use of financial resources with an updated indication of the degree of fulfilment of these clauses;

Note 34: The degree of implementation of eventual industrial and financial plans highlighting the differences between the final data from the forecast one.

1. Revenues

Revenues as of June 30, 2017 totalled Euro 21,853 thousand and were comprised of :

Thousands of Euro	30/06/17 Total	Semester ended 30/06/16 Net Itway Group	VAD Italy, Iberica Transaction	Total	Change
Revenues from the sale of products	15,546	15,128	18,440	33,568	418
Revenues from services	6,307	6,436	310	6,746	(129)
Total	**21,853**	**21,564**	**18,750**	**40,314**	**289**

The above shows the revenue growth in the first half of 2017 compared with the same period of 2016 of the companies of the Group not included in the perimeter of the sale of the VAD distribution business unit in Italy, Spain and Portugal.

2. Other operating revenue

Other operating revenue for the period ended June 30, 2017 totalled Euro 1,837 thousand and are comprised of :

Thousands of Euro	30/06/17 Total	Semester ended 30/06/16 Net Itway Group	VAD Italy, Iberica Transaction	Total	Change
Advertising, marketing Contribution	109	155	190	345	(46)
Non operating income	178	104	-	104	74
Contribution for operating expenses	72	-	-	-	72
Other revenues and various proceeds	516	250	10	260	266
Proceeds from the sale of the business units	962	-	-	-	962
Total	**1,837**	**509**	**200**	**709**	**1,328**

The advertising and marketing contributions refer to contribution by vendors for marketing and co-marketing activities carried out during the fiscal period. These fees are provided in the main distribution agreements.

In the first half of 2017, the Itway Group, given the sale of the VAD business units in Italy, Spain and Portugal, booked non-recurring proceeds totalling Euro 962 thousand, considering the positive trend of the margin of the divestments sold during the reference period. he Other revenues and various proceeds column includes Euro 379 thousand related to invoicing to the Esprinet Group for services rendered for contracts that were ancillary to the sale of the business unit, already described in the Notes to the Financial Statements for the fiscal year ended 31/12/2016.

3. Products (net of charges in inventories of raw materials and goods)

Following is the breakdown:

Thousands of Euro	30/06/17 Total	Semester ended Net Itway Group	VAD Italy, Iberica Transaction	30/06/16 Total	Change
Purchase of product	15,054	13,795	16,377	30,172	1,259
Costs for resold services	381	566	8	574	(185)
Additional purchasing charges (transportation)	42	18	61	79	24
Other purchases	87	70	55	125	17
Total	**15,564**	**14,449**	**16,501**	**30,950**	**1,115**

4. Cost for services

Following is the breakdown:

Thousands of Euro	30/06/17 Total	Semester ended Net Itway Group	VAD Italy, Iberica Transaction	30/06/16 Total	Change
Directors' remunerations of the parent company and social charges	228	233	-	233	(5)
Directors' remunerations of subsidiaries and social charges	100	78	-	78	22
Compensation for statutory Auditors	51	52	-	52	(1)
Compensation for statutory Auditors	83	121	-	121	(38)
Consultancy and collaborations	505	521	-	521	(16)
Commissions and Agents' charges	43	48	103	151	(5)
Advertising and Trade Fairs	204	151	137	288	52
Services, courses and client assistance	115	-	138	138	115
Insurance	102	81	46	127	21
Electricity, water and gas	109	97	14	111	12
Travel and representation	519	493	107	600	26
Specialist costs, IR and securities services	53	62	-	62	(9)
Other expenses and services	361	347	67	414	14
Total	**2,475**	**2,285**	**611**	**2,896**	**190**

Please note that:

- The overall "consultancy and collaborators" item in the first half of 2017 includes technical consultancies for Euro 48 thousand, commercial consultancy and collaborators for Euro 33 thousand, marketing consultancy and collaborators of Euro 132 thousand, administrative and financial consultancies for Euro 30 thousand, fiscal, tax consultancy for Euro 93 thousand, legal and notary consultancy for Euro 116 thousand, various consultancy for Euro 53 thousand.

- In the table emoluments for the corporate entities deliberated by the Shareholders meeting of the Group companies including the relative social charges.

5. Personnel costs

Following is the break down for personnel costs comparing the two fiscal periods:

				Semester ended	
	30/06/17			30/06/16	
Thousands of Euro	Total	Net Itway Group	VAD Italy, Iberica Transaction	Total	Change
Salaries	3,507	3,322	612	3,934	185
Capitalisation of personnel costs	(259)	(21)	-	(21)	(238)
Social charges	983	865	243	1,108	118
Severance pay	204	172	39	211	32
Other personnel costs	91	82	9	91	9
Total	**4,525**	**4,420**	**903**	**5,323**	**105**

The following table details the average number of employees of the Group per category and the effective position at the close of the period compared with the previous year:

	30/06/2017 *Avg figure*	**30/06/2016** *Avg figure*	**Variation**	**30/06/2017** *Actual figure*	**30/06/2016** *Actual figure*	**Variation**
Managers	7	9	(2)	7	9	(2)
Mid-managers	27	24	3	32	23	9
Employees	144	189	(45)	138	185	(47)
Total	**178**	**222**	**(44)**	**177**	**217**	**(40)**

The average number of employee of the Group during the first half of 2017 was of 178 units, compared with 222 units in the previous fiscal period. The punctual number at the end of the first semester of 2017 compared with that of 2016 shows a decrease of 40 units due mainly to the sale o the VAD business units and the resulting transfer of the personnel of this division to the Esprinet Group.

6. Other operating expenses

Following is the break down comparing the two fiscal periods:

Thousands of Euro	30/06/17 Total	Net Itway Group	Semester ended VAD Italy, Iberica Transaction	30/06/16 Total	Change
Rent for lease, offices and vehicles	516	422	99	521	94
Writedowns of doubtful accounts	504	(72)	234	162	576
Other extraordinary	232	-	-	-	232
Other	107	494	44	538	(387)
Total	**1,359**	**844**	**377**	**1,221**	**515**

7. Amortization

Following is the break down compared with the previous fiscal period:

Thousands of Euro	30/06/17 Total	Semester ended Net Itway Group	VAD Italy, Iberica Transaction	30/06/16 Total	Change
Depreciation of tangible assets	114	106	3	109	8
Amortization of intangible assets	358	98	-	98	260
Total	**472**	**204**	**3**	**207**	**268**

The increase in amortization as of June 30, 2017 reflects the start of amortization of the costs incurred for the Cerbero Cyber Security Services project and for the Inebula Connect platform. During 2017 the first contracts were finalized.

8. Interest income and expenses

Following is the breakdown of the item

Thousands of Euro	30/06/17 Total	Net Itway Group	Semester ended VAD Italy, Iberica Transaction	30/06/16 Total	Change
Financial income from Financial Institutions	-	28	-	28	(28)
Income from investments	26	-	-	-	26
Other income	23	-	-	-	23
Total financial income	**49**	**28**	**-**	**28**	**21**
Financial charges towards financial institutions	(672)	(790)	-	(790)	118
Bank commissions	(142)	(155)	-	(155)	13
Profit (Losses) on Exchange rates	63	(14)	-	(14)	77
Total financial charges	**(751)**	**(959)**	**-**	**(959)**	**208**
Total	**(702)**	**(931)**	**-**	**(931)**	**229**

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9. Income taxes

Income taxes include the IRES and IRAP taxes for the Italian companies of the Group and the income taxes in the other Countries, where foreign subsidiaries are headquartered.

10. Net result and earnings per share

The base earnings per share in the first half of 2017 is negative Euro 0.18 and is calculated dividing the result of the fiscal period of the Group by the outstanding weighted average number of Itway shares during te period, excluding own shares.

The weighted average number of shares outstanding is of 6,939,061.

	Semester ended 30/06/2017	30/06/2016
Net result of the Group in thousands of Euro	(1,252)	(648)
Weighted average of outstanding shares	6,939,061	6,994,082
Net result per share in Euro:		
- base	(0.18)	(0.09)
- diluted	(0.18)	(0.09)

There were no elements that entail a dilution of the number of outstanding shares; therefore the base results coincides with the diluted one.

11. Property, plant and equipment

Property, plants and equipment are expressed net of accumulated depreciation and have the following composition and variation:

Thousand of Euro	**Property and offices**	**Plant and Equipment**	**Industrial and commercial tools**	**Other**	**Total**
Purchase costs	4,233	258	13	4,307	8,811
Balance at 31.12.2016	**4,233**	**258**	**13**	**4,307**	**8,811**
Increase	-	-	-	23	23
Decrease	-	-	-	-	-
Balance at 30.06.2017	**4,233**	**258**	**13**	**4,330**	**8,834**
Accumulated depreciation	565	242	11	3,793	4,611
Balance at 31.12.2016	**565**	**242**	**11**	**3,793**	**4,611**
Amortization for the period	47	3	-	64	114
Balance amortization as of 30.06.2017	**612**	**245**	**11**	**3,857**	**4,725**
Net book value:					
As of December 31, 2016	3,668	16	2	514	4,200
As of June 30, 2017	**3,621**	**13**	**2**	**473**	**4,109**

The item property and offices includes the book value of the Milan office, bought in October 2008 through an 18-year leasing agreement, booked including directly attributable accessory charges and to the book value of the Ravenna building (administrative headquarter of the Parent Company and of the Italian companies of the Group) bought in the previous 2015 fiscal period.

The related residual debt based on the purchase of these two properties is booked in the non current and current financing liabilities line (Note 25 and Note 26).

12. Goodwill

The goodwill as of June 30 2017 totalled approximately Euro 5,145 thousand and is broadly in line with the value as of December 31, 2016.

This goodwill is allocated to the units generating cash flows (Cash Generating Units), represented by the single companies that they refer to:

Thousands of Euro	30/06/2017	31/12/2016
Business-e	3,284	3,284
Itway Iberica	-	-
Itway Hellas	1,843	1,843
Other minor	18	18
Total	**5,145**	**5,145**

All goodwill was subject to an impairment test as of December 31, 2016.

The impairment test was not updated as of June 30, 2017 as no impairment indicators were revealed during the semester.

13. Other intangibile assets

Following is the breakdown of intangibile assets:

Thousands of Euro	Develop ment costs	Patent rights	Other	Work in progress	Total
Purchase cost	795	1,556	5,106	2,818	10,275
Balance at 31.12.2016	**795**	**1,556**	**5,106**	**2,818**	**10,275**
Increases	-	-	431	485	916
Reclassification	2,624	-	-	(2,624)	-
Balance at historical cost at 30.06.2017	**3,419**	**1,556**	**5,537**	**679**	**11,191**
Accrued amortization	795	1,556	4,168	-	6,519
Balance at 31.12.2016	**795**	**1,556**	**4,168**	**-**	**6,519**
Amortization	242	-	118		360
Amortization balance at 30.06.2017	**1,037**	**1,556**	**4,286**	**-**	**6,879**
Net value:					
December 31, 2016	-	-	938	2,818	3,756
June 30, 2017	**2,382**	**-**	**1,251**	**679**	**4,312**

The increase in Work in Progress refers to investments, the cost of which is deemed reliable, in development activities of new products and services in the VAR and VAS areas from which the Group expects significant economic returns in the near future and which the Group expects will be both feasible and economically and technically possible to complete in the 2017 fiscal year.

In detail, they refer mainly to Cerbero Cyber Security Services, for Euro 1,370 thousand, the technological platform patented by Business-e S.p.A. that allows to monitor, thanks to a single control panel, the state of computer security of companies from remote.

The increase in the "Other" item mainly refers to the development of a data centre; it will be a structure managed by iNebula within a public data centre, and the related development of Inebula Connect, completed by Inebula, for which amortization began during the 2016 fiscal year from the moment in which the assets started producing economic benefits for the company.

14. Investments

Following are the non-fully consolidated investments as of June 30, 2017, unchanged compared with December 31, 2016:

- **BE Innova S.r.l.,;** is 50% controlled by the subsidiary Business-e S.p.A.; it offers a combination of services that cover the range of activities connected to the management of information systems and security of large- and medium-sized firms.
- **Business-e Infrastrutture S.r.l.,** controlled by Cooperativa Muratori Cementisti CMC aims at supplying Information Technology services in the construction sector. Business-e S.p.A. owns 30% of the share capital and it was valued with the equity method that coincides with the cost, since the company's mission is mainly to supply services at cost to the majority shareholder.
- **Dexit S.r.l.**, which operates in the IT services sector for the public administration. The 9% investment is valued at its purchase cost.
- **Serendipity Energia S.p.A**; a 10.5% stake from the Business-e S.p.A. subsidiary with the aim of ensuring the development part of remote control over alternative energy plants that the subsidiary will build.
- **Itway Mena FZC,** 17.1% controlled by Itwayvad S.r.l.. It was constituted at the end of October 2014 thanks to the partnership with Libanica that led the Group, after an in-depth study, to commit to a Partnership in the United Arab Emirates, in Dubai-Sharjah. Exploiting the geopolitical knowledge and techniques of Libanica, and the technical and specialist skills of Itway, the Company will expand on Middle Eastern and North African (MENA) markets. This company started to develop in the markets of the UAE, Iran and Nigeria.
- **Idrolab S.r.l.,** operates in the plumbing and sanitary sector with Business-e S.p.A. owning a 10% stake.

The book value posted in the financial statements of subsidiaries is as follows:

Thousands of Euro	30/06/2017	31/12/2016
4Science S.r.l.	-	-
Not consolidated participations valued at cost	**-**	**-**
BE Innova S.r.l.	409	409
Be Infrastrutture S.r.l.	46	46
Itsecurity S.r.l.	-	-
Related participations consolidated using the equity method	**455**	**455**
Dexit S.r.l.	374	374
Serendipity Energia S.p.A.	118	118
Itway MENA FZC	29	29
Idrolab S.r.l.	195	195
Banca Centropadana	5	5
Other companies participations valued at cost	**721**	**721**
Total participations	**1,176**	**1,176**

15. Prepaid taxes and deferred tax liabilities

Prepaid taxes, net of deferred tax liabilities, as of June 30, 2017 total Euro 621 thousand (Euro 330 thousand as at December 31, 2016). The prepaid taxes and mainly represent deferred assets calculated on taxed accruals for Eur 656 thousand, tax losses for Euro 918 thousand other temporary differences for Euro 327 thousand that the Group expects to recover in future fiscal years, based on the expected taxable income.

Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and as of June 30, 2017 total Euro 1,280 thousand (unchanged from December 31, 2016)

16. Other non current assets

The other non current assets as of June 30, 2017 total Euro 366 thousand (Euro 419 thousand as of December 31, 2016) and mainly refer to the Ires and Irap refund request made by the Parent Company in previous fiscal periods.

17. Inventories

Inventories as of June 30, 2017 total Euro 929 thousand (Euro 987 thousand at December 31,2 016) net of an allowance for obsolete inventory of Euro 779 thousand (Euro 729 thousand as of December 31, 2016).

18. Account receivables – Trade

Trade receivables as at June 30, 2017, all short-term, totalled Euro 35,023 thousand (Euro 4,229 thousand to December 31, 2016). The value is expressed net of the allowance for doubtful accounts that as at June 30, 2017 stood at Euro 3,788 thousand (Euro 3,283 thousand to December 31, 2016) including Euro 401 thousand of funds for contractual risks. Such allowances are considered congruous compared with the insolvency risks of the existing receivables.

Account receivables also include work in process on contracts for Euro 13,172 thousand (Euro 13,656 thousand as of December 31, 2016). These include approximately Euro 2,750 thousand, relating to a contract in progress to order allocated in past fiscal years for which the client notified the subsidiary Business-e S.p.A. that it was rejecting the amount requested by the Company based on the progress in the work carried out. Trade payables at June 30, 2017 include an amount, equal to approximately Euro 1,300 thousand, for liabilities to suppliers related to this work in progress. Business-e S.p.A. , with the support of its legal advisers, on March 24, 2016 started a legal procedure with this client in order obtain the consideration of this credit, filing a writ of summons with the Rome Court; on June 28, 2016 the client, in its entry of appearance and statement of defence and at the same time as a counterclaim presented by Attorney General's Office again rejected the payment of the amount requested by the Company. On October 5, 2016 the first hearing was held in a Rome Court; the judge gave the legal terms to exchange rejoinders pursuant to articles 182 and 183 of the Civil Code, adjourning the hearing to May 9, 2017, when the date of the next hearing to detail the conclusions was scheduled for 20/02/2019. The above situation highlights the presence of uncertainty on the possibility of recovering Euro 2,750 thousand booked in trade receivables that could have a significant impact on the consolidated financial statements to June 30, 2017. The company and the Itway Group, supported by its legal advisers and by a independent technical valuation that comforts it on the value of the state of progress of the work that was executed, sees its demands founded and since it is just a preliminary phase of the legal dispute has not made any writedowns of this credit in the current financial statements.

Following are the movements in the allowance for doubtful accounts:

Thousands of Euro	**30/06/2017**	**31/12/2016**
Initial allowance	**3,283**	**2,880**
Accrual	504	920
Utilization	-	(518)
Final allowance	**3,788**	**3,283**

Following is the breakdown of trade receivables as at June 30, 2017 classified by maturity:

Thousands of Euro	**30/06/2017**	**31/12/2016**
Maturing	24.679	40.453
Expired up to 30 days	1.880	2.001
Expired from 30 to 60 days	729	692
Expired > 60 days	7.735	6.083
Total net receivables	**35.023**	**49.229**

The increase over the past 60 days is due to the slippage of some customer receipts and in some cases it has been necessary to activate the legal recovery procedures that have reflected on the timing of some batches.

19. Other current assets

Following is the breakdown:

Thousands of Euro	**30/06/2017**	**31/12/2016**	**Change**
Tax receivables	1.360	1.354	6
Other receivables	4.040	3.134	906
Accruals and deferrals	116	110	6
Total	**5.516**	**4.598**	**918**

"Other receivables" include the total receivable, equal to Euro 3.8 million, to the Esprinet Group resulting from the prudent estimate recorded in the balance sheet of the "first earn-out" related to the sale of the VAD branch, net of the debt of the Itway Group towards the Esprinet Group for a total of Euro 1,637 thousand.

20. Cash on hand

This item, which at June 30, 2017 totalled Euro 1,569 thousand (Euro 1,523 thousand at December 31, 2016), is mainly comprised of short-term deposits remunerated at market rates. Foreign currency accounts are valued with the exchange rate at the end of the period.

21. Net equity

Share capital

The share capital of the parent company on June 30, 2017, fully paid, is represented by No. 7,905,318 ordinary shares for a nominal value of Euro 0.5 each, equal to Euro 3,952,659.

Own share reserve

This reserve includes the purchase cost of own shares to the date of the current half-year financial statements.

Share premium

As at June 30, 2076 it totals Euro 17,584 thousand, unchanged from December 31, 20165.

Pursuant to article 2431 of the Civil Code please note that the share premium reserve can be eventually distributed if the legal reserve reaches a fifth of share capital.

Legal reserve

As of December 31, 2017 it stands at Euro 485 thousand, unchanged from December, 31, 2016.

Voluntary reserve

As of June 30, 2017 it stands at Euro 4,792 thousand, unchanged in respect of December 31, 2016.

Other reserves

This allowance, negative in sign, comprises the reserve for results carried forward, the reserve generated from the first adoption of IFRS and, highlighted separately, the translation reserve generated from the conversion into Euro of the balance sheet of the Turkish subsidiary expressed in different currencies from the one used by the Group.

22. Employee benefits

This item is comprised of severance indemnity of the Italian companies of the Group.

Thousands of Euro	31/12/2016	Financial charges	Increases	Actuarial (Profit) loss	Use	Payments pursuant to L. 296/2006	30/06/2017
Employee benefits	585	-	191	-	(62)	(118)	596
Total	**585**	**-**	**191**	**-**	**(62)**	**(118)**	**596**

23. Accruals for risks and charges

Accruals of Euro 88 thousand as at June 30, 2017 (Euro 87 thousand as of December 31, 2016) are constituted by the sales agent leaving indemnity and charges for contingent liabilities.

It should be underlined that, regarding the labour controversy dating back to 2002, for which a subsidiary was deemed responsible in the first degree, the arguments of the company were accepted and what was liquidated in a provisional manner was entirely recovered. The counterparty appealed to the Supreme Court.

No additional accrual has been posted since:

• The companies involved feel they can make their theses count also in light of previously acquired jurisprudence and the verdict of the Court of Appeals;

• There are in any case settlements to make the charge fall on, if and as the losing party, the related company, the employer, and not on the Group

25. Non current financial liabilities

Following is the breakdown:

Thousands of Euro	30/06/2017	31/12/2016	Changes	Maturity
Non-current residual leasing debt	1,946	1,993	(47)	November 2026
Project financing for purchase of stake in Dexit	-	9	(9)	March 2018
BPER Financing	445	-	445	May 2019
UniCredit Financing	-	261	(261)	March 2018
Banca Centropadana Financing	-	128	(128)	April 2018
MPS Financing	-	83	(83)	June 2018
ICCREA Banca Financing	-	964	(964)	May 2022
Banca Carim Financing	13	89	(76)	July 2018
Credem Financing	39	115	(76)	July 2018
BCC Financing	150	-	150	June 2019
Total	**2,593**	**3,642**	**(1,049)**	

This item represents for Euro 1,946 thousand the current quota of the residual debt towards a leasing Institute for th offices in Milan as previously commented (Note 11) maturing in 2026. The main terms of the leasing contract are: cost of the property Euro 2,995 thousand; variable interest rate (3-month Euribor + 160 bp) convertible into a fixed rate at any moment chosen by the lessee.

Following is the detail of the residual non-current leasing debt broke down by maturity:

Thousands of Euro	30/06/2017	31/12/2016
Residual non current debt, including interests:		
1-5 years	559	417
Over 5 ears	1,387	1,576
Residual leasing debt, net of interests	**1,946**	**1,993**

26. Bank overdrafts and loans

As at June 30, 2017 they total Euro 15,634 thousand (Euro 22,164 thousand to December 31, 2016) and are mainly represented by debt towards banks for the advance on short term trade receivables, regulated at 1-3-month Euribor plus an average spread of 500 bps (in line with the previous fiscal period) and have no further guarantees. Furthermore this item includes some Euro 4,603 thousand of short term for the debt of the leasing quotas as per Note 25.

As of June 30, 2017 expired debt positions of the Itway Group totalled Euro 5.28 million while those of the Company totalled Euro 4.5 million.

At the moment, current liabilities include two Iccrea medium-term financing totalling Euro 839 thousand the covenants of which, listed below, have not been respected and therefore are currently classified as short-term even though a redefinition of such parameters aimed at maintaining the original medium-term classification is underway.

The ICCREA financings for their entire duration impose the following covenants:

- Net financial debt/net equity ratio of no more than 2.00;
- Ebitda/net financial charges ratio of no less than:
  - 1.60 until the financial statements ending 31/12/2017
  - until the expiry of the financing.

With reference to the expiration of Itway S.p.A. and of the Itway Group, as mentioned above, it should be noted that some creditors have received some reminders today but there are no legal disputes or judicial proceedings. In particular, the Company and the Group have started a comparison with the financial class to define the terms and conditions for remodeling the same indebtedness.

27. Trade payables

Trade payables, including invoices not yet received, amount to Euro 27,595 thousand as of June 30, 2017 compared with Euro 30,265 thousand as of December 31, 2016. The balance at June 30, 2017 includes an expired debt of approximately Euro 16.3 million (of which approximately Euro 3 million for contravention amounts, possibly at court level)

The parent company as of June 30, 2017 has expired commercial debt towards suppliers totalling approximately Euro 3.9 million (of which approximately Euro 0.5 million for amounts being contested by the debtor, also in court).
With reference to the expiration of Itway S.p.A. and of the Itway Group, as mentioned above, it should be noted that some creditors have received some reminders today, but no legal disputes or legal proceedings exist or suspensions of the related services have occurred.

Trade payables include, as in previous fiscal periods, some Euro 1.5 million of the Itway France S.a.s. subsidiary towards Cisco System Inc. (previously Sourcefire Inc., hereinafter also “Cisco”). Pursuant to an arbitration clause included in a frame contract, qualified as a distribution contract, signed by the parties, Cisco activated an arbitration procedure at the New York American Bar Association to which Itway decided not to take part by not participating at the hearings. This arbitration terminated with an award that granted Cisco’s requests, recognizing the receivable towards Itway France S.a.s. and Itway SpA (as joint and several guarantor), in addition t interests. At the end of December 2016 Cisco filed for an exequatur of this award with th Bologna court towards Itway SpA. Itway filed a recourse against this decree with a writ of summons. Furthermore, on December 2016 the French subsidiary sued Cisco for over Euro 3 million in damages for unfair competition deriving from the termination of the Sourcefire distribution contract and the unlawful transfer of clients. The next hearing of the case in question is scheduled for 5 December 2017.

Given the above, the Management of the Group, considering valid its reasons and with the support of its legal advisers, did not make further provisions for liabilities compared with what has already been booked as an account payable in the balance sheet of the French subsidiary (no including interests) and therefore in the Group's consolidated financial statements.

28. Tax payables

Tax payables as of June 30, 2017 total Euro 5,140 thousand (Euro 6,166 thousand as of December 31, 2016) and following is the breakdown:

Thousands of Euro	30/06/2017	31/12/2016	Changes
Debt for income taxes	305	1.011	(706)
VAT	4.504	4.563	(59)
Withholding on personnel compensations	269	417	(148)
Others	62	175	(113)
Total	**5.140**	**6.166**	**(1.026)**

VAT payables as of June 30, 2017 for Euro 3.9 million are due to debts towards the Parent Company not paid at the natural maturity during the 2016 fiscal year (compared with approximately Euro 4 million as of December 31, 2016) and that Management expects to pay back by the month of December 2017, within the terms foreseen by regulations in force.

In the fiscal year ending September 30, 2011 Itway S.p.A. and the subsidiary Business-e S.p.A. were, at two different moments, subject to two distinctive reviews by the Ravenna Province Tax Agency for the 2008 fiscal year. The reviews ended up with the issue of official tax audit reports to date followed by notices of investigation. The companies of the Group, supported by their tax consultants, challenge the notices and do not feel that these checks can bring to significant liabilities; as a result, in the financial statements no tax risk allowance fund was posted.

During the 2016 fiscal year the Business-e subsidiary was subject to a tax audit by the Ravenna Tax Police for the 2014 and 2015 fiscal periods. The audit ended up with the issue of an official tax audit report that to date has not been followed by a notice of investigation. The subsidiary, with the support of its legal advisers does not deem that such verification could lead to significant liabilities; therefore no tax risk allowance fund was posted in the financial statements.

In addition to VAT payables described above the Company and the Group have no other tax payables that were not paid at the natural maturity.

29. Other current liabilities

Other current liabilities as of June 30, 2017 total approximately Euro 2,970 thousand (approximately Euro 2,590 thousand as of December 31, 2016) with the following breakdown:

Thousands of Euro	Period ended 30/06/2017	31/12/2016	Changes
Debt towards personnel for remuneration	457	289	168
Other debt towards personnel	831	586	245
Debt towards directors and collaborators	186	178	8
Debt towards social security institutions	503	556	(53)
Accruals and deferrals	924	896	28
Advanced payments received and others	69	85	(16)
Total	**2.970**	**2.590**	**380**

Other debt towards personnel includes provisions for deferred remuneration (vacation and additional monthly payments).

Accruals and deferrals mainly include deferrals for services already invoiced, but relevant in the subsequent fiscal year.

In the other current liabilities there are no debts to personnel, social security institutions or other unpaid creditors at natural maturities.

30. Obligations and guarantees

Following are the obligations and guarantees as of June 30, 2017

- Obligations towards banks for the purchase of foreign currency for Euro 689 thousand to hedge exchange rates for specific commercial transactions to buy products;
- Goods held by third parties for Euro 243 thousand in their warehouse;
- Third party guarantees in our favour for Euro 2,2215 thousand relative to bank guarantees on behalf of the Group in favour of suppliers or to take part in public tenders.

31. Information on related parties

During the first half of 2017, the Group had commercial and financial relationships with related companies. These are normal business activities, regulated with contractual conditions established by the parities at fair value, consistent with the ordinary market procedures. This is a summary:

Thousands of Euro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	398	-	-	3
Itway S.p.A. vs Be Innova S.r.l.	191	-	-	62
Business-e S.p.A. vs Be Innova S.r.l.	2.194	10	-	95
TOTAL	**2.783**	**10**	**-**	**158**

In the half year under exam there were not significant changes in relations with related companies compared with the consolidated Financial Statements as of December 31, 2016, nor with regard to Itway S.p.A. nor the other Group companies.

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

As of June 30, 2017 there were no significant changes compared with the Consolidated Financial Statements as of December 31, 2016 in the relationship with related companies for Itway S.p.A no for the other Companies of the Group.

32. Net financial position

Pursuant to Consob Communication No. 6064293 of July 28 2006, following is the breakdown of the Group's net financial position (NFP):

Thousands of	30/06/2017	31/12/2016
Cash on hand	1,569	1,523
Financial receivables	2,767	2,483
Current financial liabilities	(15,634)	(22,164)
Current net financial position	**(11,298)**	**(18,158)**
Non current financial assets	500	500
Non current financial liabilities	(2,593)	(3,642)
Non current financial position	**(2,093)**	**(3,142)**
Total net financial position	**(13,391)**	**(21,300)**

The net financial position of the Group as of June 30, improved by approximately Euro 7.9 million mainly due to the payment of a significant part of the trade receivables in force as of December 31, 2016 regarding the unit sold in 2016 that allowed paying back the related bank advances. The trend of the current net financial position is also tied to the working capital performance in the period that was influenced by both factors that do not depend directly from the Group (including timing of payments from clients) and, as a deduction, from the degree of use of non-recourse factoring for trade receivables totalling Euro 2,875 thousand as of June 30, 2017 (compared with Euro 4,732 thousand as of December 31, 2016)

The current liabilities include also an Iccrea medium term financing, totalling Euro 839 thousand, the related covenants of which have not been respected and therefore are currently classified as short term, even if the redefinition of these parameters is currently underway in order to maintain the original medium term classification

The Iccrea financings for their entire duration impose the following covenants:

- Net financial debt/net equity ratio of no more than 2.00 ;
- Ebitda/net financial charges ratio of no less than:
    - 1.60 until the financial statements ending 31/12/2017
    - 3.00 until the expiry of the financing.

Current financial receivables include:

- An interest-free financing for a total Euro 1.9 million granted in June 2016 by the Business-e subsidiary to its minority interest BE Innova S.r.l. aimed at finalizing the "Adapt project". The contract was signed by the minority interest in January 2017 and the contract should allow the associate company to obtain in the coming months a capital grant for a significant amount and a medium-term subsidized financing through which it will repay the commercial and financial payables towards Business-e S.p.A.;
- A financing granted to an important client of the VAR SBU in the context of the redefinition of the commercial agreements with the client;
- A receivable towards the partner company Giovanni Andrea Farina & Co S.r.l mentioned in the previous Note 31.

The non current financial assets, totaling Euro 500 thousand, refer to the cash on hand present on a checking account with the Cassa di Risparmio di Ravenna as collateral of a banking guarantee issued in favor of Esprinet with a five year duration; therefore they are not available until the maturity of the banking guarantee.

The cash on hand is temporary in nature as it derives from the normal short-term financial cycle that entails a heavy concentration of inflows from clients at the end of the month while payments to suppliers are less concentrated.

Net financial position of the Parent Company

Thousands of Euro	30/06/2017	31/12/2016
Cash on hand	48	119
Financial receivables	398	397
Current financial liabilities	(7.943)	(14.529)
Current net financial position	**(7.497)**	**(14.013)**
Non current financial assets	500	500
Non current financial liabilities	(1.959)	(2.845)
Non current financial position	**(1.459)**	**(2.345)**
Total net financial position	**(8.956)**	**(16.358)**

The net financial position of the Company as of June 30 improved by approximately Euro 7.4 million mainly due to the payment of a significant part of trade receivables in force as of December 31, 2016 related to the unit sold in 2016 that allowed to pay back the related bank advances.

The current liabilities include among other things a medium-term financing from Iccrea for Euro 190 thousand the related covenants of which have not been respected and is therefore classified as short term even if a redefinition of these parameters is underway so as to maintain the original medium term classification.

33. Information by sectors

The Group has three reference sectors: “Value Added Distribution”, “Value Added Reseller” and “Value Added Services”. These sectors are determined on the basis of market segments in which the companies of the Group work in and reflect the organizational and internal reporting structure of the Group.

Through the Value Added Distribution sector the Group operates in the distribution of software and hardware products also distribute specialized certification services on software technologies and provide pre- and post-sales technical assistance. Clients are “system integrators” and “value added resellers” who sell products to end clients.

In the first half of 2017 the VAS business unit did not report significant data since it is still in a development phase and therefore in terms of sector reporting was included in the VAD business unit.

Through the “Value Added Reseller” sector the Group operates in the following market sectors:
• Professional and production services and software technologies for e-business;
• Distribution and integration of products and services for logical security of information systems;
• Professional services of system integrators and centralization of applications

Following are the main economic data regarding the identified segments for the first semester of 2017:

Thousands of Euro	**VAD**	**VAR**	**VAS**	**Total consolidated**
Revenue				
Sales revenue	11,481	10,372	445	21,853
Other revenue	1,499	338	1,413	1,837
Total revenue	**12,980**	**10,710**	**1,858**	**23,690**
Operating costs				
Cost of products	(9,964)	(5,600)	(357)	(15,514)
Cost of personnel	(1,322)	(3,203)	(875)	(4,525)
Other costs and operating expenses	(1,898)	(1,936)	(816)	(3,240)
Total operating costs	**(13,184)**	**(10,739)**	**(2,048)**	**(23,279)**
EBITDA	**(204)**	**(29)**	**(190)**	**411**
Amortizations	(295)	(177)	(263)	(472)
EBIT	**(499)**	**(206)**	**(453)**	**(61)**
Financial Income (Charges)	(352)	(350)	(309)	(701)
Pretax result	**(851)**	**(556)**	**(1,407)**	**(1,407)**

Following are the main economic data regarding the identified segments for the first semester of 2016:

Thousands of Euro	**Group net**	**VAD Italy, Iberica Transaction**	**VAR**	**Total consolidated**
Revenue				
Sales revenue	10,826	18,750	10,738	40,314
Other revenue	126	200	383	709
Total revenue	**10,952**	**18,950**	**11,121**	**41,023**
Operating costs				
Cost of products	(9,098)	(16,501)	(5,351)	(30,950)
Other costs and operating expenses	(1,047)	(903)	(3,373)	(5,323)
Total operating costs	(1,412)	(988)	(1,717)	(4,117)
EBITDA	**(11,557)**	**(18,392)**	**(10,441)**	**(40,390)**
Amortizations	**(605)**	**558**	**680**	**633**
EBIT	(174)	(3)	(30)	(207)
Financial Income (Charges)	**(779)**	**555**	**650**	**426**
Pretax result	(670)	-	(261)	(931)
Other costs and operating expenses	**(1,449)**	**555**	**389**	**(505)**

34. Subsequent events

On October 16, 2017, Itway disclosed that it had signed a framework agreement to sell to Maticmind S.p.A., a company also operating in the ICT sector, its entire stake in Business-e S.p.A.. The consideration for 100% of Business-e S.p.A. was agreed at Euro 12,335,526 and at the signing of the framework agreement a first instalment, totalling Euro 500,000 was paid.

The transaction was finalized n November 8, 2017 with the payment of a second instalment totalling Euro 6,140,526 by Maticmind S.p.A.. The balance will be paid in multiple instalments with deferred payments until the first anniversary of the closing of the sale.

On November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. bought, for a consideration of Euro 123 thousand, which coincides with the book value of the assets purchased, from Business-e S.p.A. a business unit related to the International and diversified assets in which the buyer was not interested, including the following investments:

- 50% stake in BE Innova S.r.l
- 30% stake in BE Infrastrutture S.r.l.
- 10% stake in Idrolab S.r.l.
- 10.5% stake in Serendipity Energia S.p.A.

Lastly, as already reported in the previous paragraph “Going concern assessment”, on November 9, 2017, Itway S.p.A. approved the guide lines of the industrial plan of the Group for the 2017-2021 period and the financial plan of Itway S.p.A. until all of 2019, in a scenario following the sale of Business-e S.p.A.

35. Contingent liabilities

There are no potential significant liabilities other than those already allocated to accruals for risks in the consolidated balance sheet and commented in the previous Note 23.

36. Significant, non recurrent, atypical and/or unusual transactions

During the half year ending June 30, 2017, there were no transactions that can be defined as significant, non-recurrent, atypical and/or unusual with third parties or among companies of the Group, as defined in Consob Communication of July 28, 2006.

37. Financial risk management: objectives and criteria

IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate: The significance of financial instruments for the company's financial position and performance and the economic results of the Companies. The nature and extent of risks arising from financial instruments to which companies are exposed during the period and at the reporting date, and how the company manages these risks. The accounting principles applied in preparing this consolidated financial statement regarding the financial instruments are described in the section "Main Valuation Principles", while the definition of financial risks and the analysis of the degree of significance of the exposure of the Itway Group to the different categories of identified risk are reported below. The main financial activities of the Group are represented by trade receivables, cash and cash equivalent that directly derive from operating activity. Financial liabilities are made up of short-term debt towards major credit institutes and medium- and long-term debt towards leasing companies. The following table provides the reconciliation between the balance sheet items that represent financial instruments and the financial assets and liabilities, as required by accounting principle IAS 39:

ASSETS			**June 30, 2017**		
Thousands of Euro	***Carrying - value***	***Assets at FVTPL***	***Loans and receivables***	***Derivatives used for hedging***	***Available for sale***
Other non current assets	366	-	366	-	-
Non current asset	**366**	**-**	**366**	**-**	**-**
Trade receivables	35,023	-	35,023	-	-
Other current assets	5,517	-	5,517	-	-
Cash on hand	1,569	-	1,569	-	-
Other financial receivables	2,767	-	2,767	-	-
Current Assets	**44,876**	**-**	**44,876**	**-**	**-**

ASSETS	**December 31, 2017**				
Thousands of Euro	***Carrying value***	***Assets at FVTPL***	***Loans and receivables***	***Derivatives used for hedging***	***Available for sale***
Other non current assets	419	-	419	-	-
Non current asset	**419**	**-**	**419**	**-**	**-**
Trade receivables	49,229	-	49,229	-	-
Other current assets	4,598	-	4,598	-	-
Cash on hand	1,523	-	1,523	-	-
Other financial receivables	2,483	-	2,483	-	-
Current Assets	**57,833**	**-**	**57,833**	**-**	**-**

LIABILITIES	**June 30, 2017**			
Thousands of Euro	***Carrying value***	***Assets at FVTPL***	***Loans and receivables***	***Derivatives used for hedging***
Non current financial liabilities	2,593	-	2,593	-
Non current liabilities	**2,593**	**-**	**2,593**	**-**
Current financial liabilities	15,634	-	15,634	-
Trade Payables	27,595	-	27,595	-
Tax payables	5,140	-	5,140	-
Other current liabilities	2,970	-	2,970	-
Current liabilities	**51,339**	**-**	**51,339**	**-**

LIABILITIES	**December 3, 2016**			
Thousands of Euro	***Carrying value***	***Assets at FVTPL***	***Loans and receivables***	***Derivatives used for hedging***
Non current financial liabilities	3,642	-	3,642	-
Non current liabilities	**3,642**	**-**	**3,642**	**-**
Current financial liabilities	22,164	-	22,164	-
Trade Payables	30,265	-	30,265	-
Tax payables	6,166	-	6,166	-
Other current liabilities	2,590	-	2,590	-
Current liabilities	**61,185**	**-**	**61,185**	**-**

**Fair Value Trough Profit and Loss*

Financial assets and liabilities are booked at a value that is in line with the fair value.

Interest rate risk

The financial instruments of the Group include anticipated credits by banking institutes and bank deposits refundable upon request. Such instruments finance the Group’s activities.

All loans obtained by the group foresee variable interest rates (generally 1-3 month Euribor + spread). Therefore the interest rate risk is represented by the exposure of cash flows to interest rate fluctuations. The current policy of the Group is not to hedge interest rate fluctuations. On the basis of the short-term average exposure in the period, a fluctuation of 1 percentage point of interest rates would entail a change in interest payments of some Euro 148 thousand. On non current financial liabilities a 1 percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 34 thousand per fiscal year.

Foreign Exchange risk

The Group uses as its main currency for its purchases and sales mainly the Euro and on an exceptional basis the US Dollar or the Turkish Lira.

In order to reduce the foreign exchange risk deriving from expected assets, liabilities cash flows in foreign currency the group uses hedging contracts.

Credit risk

The credit risk represents the Group’s potential exposure to losses deriving from counterparties not fulfilling their obligations. The Group does not have significant concentrations of credit risk therefore it isn’t deemed it opportune to highlight quantitative and detailed information, except for the details regarding account receivables per expiration breakdown in Note 18. In order to check such risk the Group implemented procedures and measures to assess the clientele and the possible recovery measures. Regarding other financial activities, including cash available and cash equivalents, financial counter-parties are exclusively highly solvable financial institutions and pertinent policies were adopted to limit credit risk exposure to a single credit institution.

Liquidity risk

The liquidity risk represents the risk that the financial resources available to the company are not enough to face the financial obligations in the preset terms and maturities. A punctual management of the optimization of financing of commercial activities at a central level by the parent company limits the liquidity risk of the Group. Utilization of credit lines and liquidity management is mainly centrally managed by the Parent Company until December 31, 2016 in a bid to optimize the management of the Group’s financial resources.

Starting from January 2017, net financial debt is progressively taken on with a greater degree by the subsidiaries with a resulting reduction in the financial exposure of the Parent Company.

A prudent management of the liquidity risk is pursued maintaining sufficient resources in cash or easily convertible into cash and an adequate availability of credit lines. In addition to what has been already reported, in the other statements of the Financial Statements and in the notes regarding current financial liabilities, expiring within the end of next fiscal year, the following table analyzes the Group’s non current liabilities, grouped together on the basis of the contract expiration compared with the balance sheet date.

Thousands of Euro	*30/06/2017*	*Contractual cash flows*	*1-2 years*	*2-5 years*	*Over*
Non current financial liabilities	3,432	3,432	888	687	1,857
Non current liabilities	**3,432**	**3,432**	**888**	**687**	**1,857**

Thousands of Euro	*31/12/2016*	*Contractual cash flows*	*1-2 years*	*2-5 years*	*Over*
Non current financial liabilities	3,642	3,642	920	780	1,942
Non current liabilities	**3,642**	**3,642**	**920**	**780**	**1,942**

Capital management

The main objective of capital management of the Group is to maintain adequate levels of capital indicators so as to support activities and to make the most value for shareholders. We feel the best assessment of capital indicators can be seen in the previous financial prospectus above.

38. Financial instruments

The financial instruments of the Group booked in the consolidated financial statements are not significantly far from their fair value.

39. Publication of the Financial Statements

The abbreviated financial statements as of June 30, 2017 were approved by the Board of Directors of Itway S,p,A, at the November 9, 2017 meeting.

Ravenna, 9 November 2017

FOR THE BOARD OF DIRECTORS
President and Chief Executive
G, Andrea Farina