



SPAFID CONNECT

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Diffusione presunta

Oggetto : The Board of Directors of Itway approves
the interim management report as of
September 30, 2017

Testo del comunicato

Vedi allegato.

The Board of Directors of Itway approves the interim management report as of September 30, 2017

Significant improvement in the net financial position and in profitability indicators

As of September 30, 2017 the Itway Group posted the following consolidated net results of the Group, pro-forma following the disposals already communicated to the market.

- **Consolidated Revenues** totalling approximately Euro 17.8 million, up compared with Euro 16.4 million in the same period of the previous fiscal year; **EBITDA** positive by Euro **69 thousand** compared with a negative Euro 541 thousand in the same period of 2016;
- **EBIT** negative by **Euro 413 thousand**, improved compared with the negative Euro 811 thousand in the same year earlier period;;
- **Recurrent pretax result** totalling a negative **Euro 913 thousand** compared with a negative Euro 1,713 thousand in the same period of 2016;
- **Net Result** negative by **Euro (1.3) million** compared with a negative Euro (2.1) million in the same year earlier period;
- **Net financial position as of 30.9.2017** totalling **Euro (12.526) thousand**, a sharp improvement from Euro (21,300) thousand as of **31.12.2016**.

In the quarter ended September 30, 2017 the Itway Group posted the following consolidated results of the Group, pro-forma following the disposals already disclosed to the market

- **Consolidated revenues** totalling approximately **Euro 4.7 million**, slightly down from Euro 5.5 million in the same year earlier period; **EBITDA** a negative **Euro 83 thousand**, better than the negative Euro 306 thousand in the same period of 2016;
- **EBIT** negative **Euro 270 thousand**, better than the negative Euro 401 thousand in the same year earlier period;
- **Recurrent pretax result** totalling a negative **Euro 419 thousand** compared with a negative Euro 633 thousand in the same year earlier period;
- **Net result** negative approximately **Euro 419 thousand**, better than the Euro (633) thousand posted in the same year earlier period

Ravenna, November 14, –Itway S.p.A., a company that operates in the ICT sector to produce solutions in the cyber security, cloud computing and big data segments, listed on the Star segment of Borsa Italiana SpA, following the announcement of 25 and 26 October 2017, announces that the Board of Directors of Itway, meeting today under the chairmanship of G. Andrea Farina, has approved the interim management report as of September 30, 2017.

During the period ended September 30, 2017, investments continued in Cybersecurity, Cloud Computing, IoT and Big Data. The repositioning on new product lines also continued with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital. 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 Statement at September 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

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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” while the transactions related to Business-e previously described are indicated in the “Business-e Transaction” column

Thousands of Euro	September 30, 2017			September 30, 2016			
	Nine months to September 30, 2017			Nine months to September 30, 2016			
	Total Itway Group	Business-e Transaction	Net Itway Group	Total Itway Group	Business-e Transaction	Italy, Iberica VAD transaction	Net Itway Group
Revenue	31,170	13,406	17,764	59,549	15,383	27,742	16,424
EBITDA	(477)	(546)	69	850	765	626	(541)
EBIT	(1,228)	(815)	(413)	524	713	622	(811)
Pretax result	(2,921)	(1,652)	(1,269)	(1,232)	229	622	(2,083)

Thousands of Euro	Quarter ended September 30, 2017			Quarter ended September 30, 2016			
	Total Itway Group	Business-e Transaction	Net Itway Group	Total Itway Group	Business-e Transaction	Italy, Iberica VAD transaction	Net Itway Group
Revenue	7,480	2,696	4,784	18,526	4,262	8,792	5,472
EBITDA	(888)	(805)	(83)	(173)	65	68	(306)
EBIT	(1,167)	(897)	(270)	(292)	42	67	(401)
Pretax result	(1,515)	(1,096)	(419)	(727)	(161)	67	(633)

In the nine months ended September 30, 2017 the results of the Group excluding the asset disposals in both fiscal years show, as seen in the above table, an improvement both in terms of volumes and in profitability. In the quarter ended September 30 all profitability indicators improve despite a slight drop in volumes.

Market context

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

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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 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%)

Through the Value Added Distribution sector, the Group operates, in Greece and Turkey, 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	Nine months ended September 30, 2017		Nine months ended September 30, 2016	
	Net Itway Group	Net Itway Group	Italy, Iberica VAD transaction	Total
Revenue	15.767	15.553	27.742	43.295
EBITDA	913	905	626	1.531
EBIT	864	841	622	1.463

Thousand of Euros	Quarter ended September 30, 2017		Quarter ended September 30, 2016	
	Net Itway Group	Net Itway Group	Italy, Iberica VAD transaction	Total
Revenue	4.645	5.210	8.792	14.002
EBITDA	282	261	68	329
EBIT	266	240	67	307

In the first nine months of 2017 performance differed from country to country.

The Turkish subsidiary once again confirmed the development prospects of the Country and ended the period as of September 30, 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 23% of its value against the Euro compared with September 30, 2017. 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 delicate situation it is consolidating the results achieved in the previous fiscal period ending the period with a profit.

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Sector performance: Value Added Reseller SBU

The **VAR 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 ebusiness
- 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: The data refer to the Business-e subsidiary that has been recently sold to Maticmind.

Thousands of Euro	Business-e transaction			
	Nine months ended		Quarter ended	
	30/09/17	30/09/16	30/09/17	30/09/16
Revenue	13.406	15.383	2.696	4.262
EBITDA	(546)	765	(805)	65
EBIT	(815)	713	(897)	42
Pretax result	(1.652)	229	(1.096)	(160)

Business-e, an Italian group active in the field of Cybersecurity, after its disposal 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 4Science (Data Curation and Big Data), still part of the VAR SBU, and iNebula (Cloud Computing and IoT) in the VAS SBU.

Sector performance : Holding SBU and other sectors in the start-up

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.

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- **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.

In the first nine months of 2017 these sectors posted revenues totalling Euro 1,997 thousand, up compared with Euro 871 thousand in the same year earlier period, a negative EBITDA of Euro 844 thousand but up from the negative Euro 1,446 thousand in 2016 and an EBIT of Euro -1,277 thousand in the first nine months compared with a negative Euro (1,652) thousand in the same period of 2016. Results, even though significantly better compared with the same year earlier period are still below the budget forecast for 2017.

In the third quarter, revenues totalled Euro 139 thousand, down from Euro 262 thousand in the same year ago period, EBITDA was a negative Euro 365 thousand but better than the negative Euro 567 thousand in Q3 2016 and EBIT a negative Euro 536 thousand, also better than the negative Euro 641 thousand in Q3 2016.

Financial position

A) Net financial position of Itway S.p.A. and of the Itway Group, highlighting separately the short-term financial components from the medium to long-term ones.

The following table shows the net financial position of Itway S.p.A. and of the Itway Group, highlighting separately the short, medium and long term assets and liabilities:

	30/09/2017	30/06/2017	31/12/2016
Thousands of Euro			
Cash on hand	1,577	1,569	1,523
Financial receivables	2,767	2,767	2,483
Current financial liabilities	(15,010)	(15,634)	(22,164)
Current net financial position	(10,666)	(11,298)	(18,158)
Non current financial assets	500	500	500
Non current financial liabilities	(2,360)	(2,593)	(3,642)
Non current net financial position	(1,860)	(2,093)	(3,142)
Total net financial position	(12,526)	(13,391)	(21,300)

The net financial position of the Group as of September 30, 2017 improved by Euro 865 thousand from June 30, 2017 and by approximately Euro 8.8 million from December 31, 2016 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 2.2 million as of September 30, 2017 (compared with Euro 4.7 million as of December 31, 2016)

The current liabilities include also two Iccrea medium term financing, totalling Euro 794 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.

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Following is the Financial Position as of 30/09/2017 excluding the Financial Position of the assets sold with the Business-e subsidiary.

	Total	Business-e	Net Group
Thousands of Euro			
Cash on hand	1,577	106	1,471
Financial receivables	2,767	2,368	399
Current financial liabilities	(15,010)	(5,410)	(9,600)
Current net financial position	(10,666)	(2,936)	(7,730)
Non current financial assets	500	-	500
Non current financial liabilities	(2,360)	(437)	(1,923)
Non current net financial position	(1,860)	(437)	(1,423)
Total net financial position	(12,526)	(3,373)	(9,153)

Net Financial position of the Parent Company

	30/09/2017	30/06/2017	31/12/2016
Thousands of Euro			
Cash on hand	309	48	119
Financial receivables	399	398	397
Current financial liabilities	(8,061)	(7,943)	(14,529)
Current net financial position	(7,353)	(7,497)	(14,013)
Non current financial assets	500	500	500
Non current financial liabilities	(1,923)	(1,959)	(2,845)
Non current net financial position	(1,423)	(1,459)	(2,345)
Total net financial position	(8,776)	(8,956)	(16,358)

B) Expired debt positions of Itway S.p.A. and of the Itway Group divided by type (financial, commercial, social security and towards employees) and eventual connected reactions by creditors (solicitation, injunction, interruption of supply, etc)

As of September 30, 2017 the Itway Group had a current net financial indebtedness equal to approximately Euro 15 million, of which Euro 6.3 million already expired at the date of the nine month financial statements. The Company as of September 30, 2017 had expired commercial indebtedness towards suppliers totalling approximately Euro 4.4 million (of which approximately Euro 0.5 million for amounts being contested, also through legal means, by debtors) and an indebtedness towards tax authorities for expired VAT payables as of June 30, 2017 for approximately Euro 3.9 million for debts not paid at their natural expiry during the 2016 fiscal year and that are expected to be paid by December 2017, pursuant to the terms of regulations in force on the matter.

The Itway Group as of September 30, 2017 had an expired commercial indebtedness towards suppliers of the Company and of the Group totalling Euro 17.3 million (of which approximately Euro 2.9 million for amounts being contested by debtors also through legal means) and an indebtedness towards tax authorities for VAT payables of the parent company expired as of June 30, 2017 totalling Euro 3.9 million related to debts not paid at their natural

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expiry during the 2016 fiscal year and that are expected to be paid back by the month of December 2017, pursuant to terms foreseen by the regulations in force on the matter.

The Company and the Itway Group do not have social security debt or debt towards employees that have not been paid at their natural expiry.

Relationship with related parties of Itway S.p.A. and the Itway Group – main changes compared with the financial statements as of December 31, 2016

As of September 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. In this regard, please see what has already been disclosed to the market with reference to December 31, 2016.

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 agreements 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. Furthermore, the development implemented and underway in the Middle East Africa area (MEA) regards the VAR and VAS SBU since the type of distinctive products and skills can be exported.

Own shares

The parent company at September 30, 2017 owned No. 892,366 own shares (equal to 11.29% of share capital) for a nominal value of Euro 446,183 an overall cost of sale in the first nine months of 2017 totalling Euro 139 thousand and a cost of purchase of the shares held in portfolio of Euro 1,395 thousand. During the first nine months 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 77,600 own shares (equal to 0.98% of share capital) were sold for a nominal value of Euro 38,800..

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

*Founded in Ravenna on July 4, 1996, Itway S.p.A. is the parent of a group that operates in the IT sector through the planning, production and distribution of technologies and solutions in the cyber security, cloud computing and big data sectors. The group, has for over 20 years represented a reference point in terms of solutions and services for the digital transformation. Since 2001, Itway has been listed on the STAR segment of Borsa Italiana. .
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Numero di Pagine: 10