Financial Statements and Consolidated Financial Statements for the fiscal year ending December 31, 2017

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Attachments:

Directors' report on operations for the fiscal year ending December 31,2017

Board of Directors*(Until the approval of the December31, 2019 Financial Statements)*

Name Last Name	***Position***
Giovanni Andrea Farina	President and Chief Executive
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	President
Daniele Chiari	Member
Silvia Caporali	Member

President Alessandro Antonelli stepped down effective the approval of the Financial Statements for the year ended December 31, 2017 due to the summing up of professional commitments that are concurrent and that cannot be deferred. His replacement will be on the agenda of the next Shareholders' meeting called for June 29, 2018.

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.

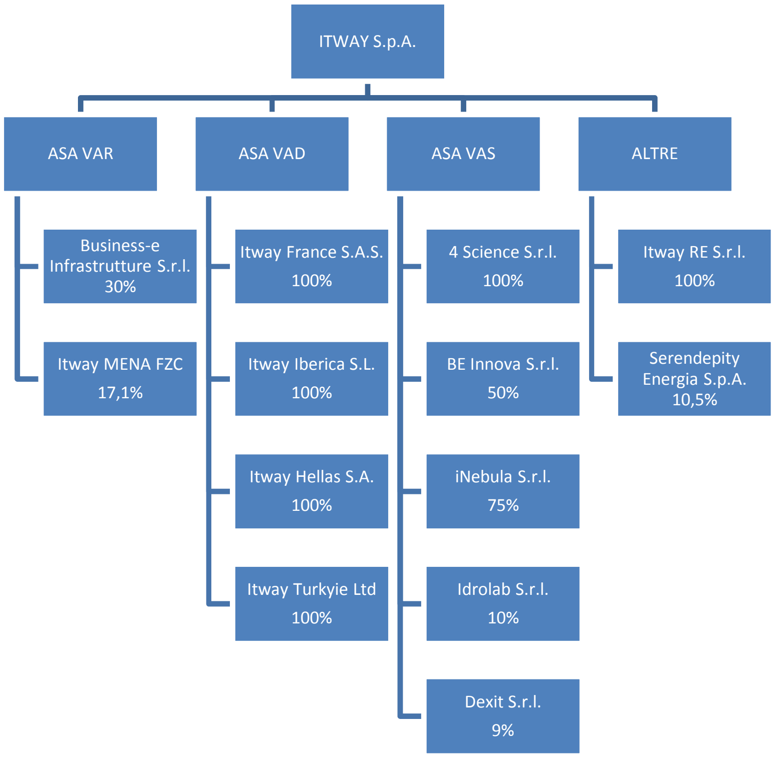
The mandate to the auditing company was given by the ordinary shareholders meeting of January 11, 2010 for the nine year period ending with the approval of December 31, 2017 Financial Statements and, pursuant to current regulations, it cannot be renewed.

Report on the ownership and on corporate governance

In accordance to current laws, please note the Report on Ownership and Corporate Governance, approved by the Board of Directors of Itway S.p.A (hereinafter the "Company" or "Parent Company") is available for the public at the administrative headquarters in Ravenna, via Braille 15, and can be consulted on the Internet site www.itway.com at Investor Relation section.

Activities and Structure of the Group

Following is the structure of the Itway Group at December 31, 2017



The Company moved its legal headquarters to Milan in Viale Achille Papa, 30 maintaining its administrative headquarters in Ravenna in Via L. Braille, 15.

Structure of the Management Report

The current management Report is drafted along with the financial statements and the consolidated financial statements of Itway S.p.A.

Sale of Business-e S.p.A.

As major event during the fiscal period, on October 16, 2017 the Itway Group signed a contract for the sale to Maticmind S.p.A., a company also operating in the ICT sector, of its entire stake in Business-e S.p.A.

The price for 100% of Business-e S.p.A. shares was agreed at Euro 12,335,526 and at the signing of the agreement a first tranche totalling Euro 500,000 was received.

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

However, on March 31, 2018 and April 30, 2018 pending some accounting checks started by Maticmind S.p.A. following the acquisition of 100% of Business-E, Maticmind omitted to pay two tranches of the consideration expiring on those dates for a total of Euro 3 million.

During the month of May 2018 a series of meetings took place between the buyer and the seller to clarify some aspects that Maticmind contested and that Maticmind deemed such as to justify the omitted payments. As a result of these meetings a settlement agreement is being considered so as to avert a legal action; despite the uncertainty of the formal definition of the transaction, which has not yet occurred, the financial statements have been prepared taking prudently into account the best available estimate of the effects of the transaction.

As part of this operation, on November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. purchased from Business-e S.p.A. for a consideration of Euro 123 thousand, which coincides with the book value of the net assets purchased, a business division related to the international and diversified activities in which the buyer was not interested and that includes:
- 50% of share capital of BE Innova S.r.l.
- 30% of share capital of BE Infrastrutture S.r.l.
- 10% of share capital of Idrolab S.r.l.
- 10.5% of share capital of Serendipity Energia S.p.A.

Based on the sale price as defined above and considering the expected effects of the transaction in progressthe consolidated Income Statement includes a proceed booked in the financial section of the Net Itway Group column totalling Euro 3,525 thousand. This proceed is booked in the balance sheet net of non-recurring costs totalling Euro 1,069 thousand related to the transaction.

The details of the transaction are summarized below:

Description [thousand of euro]	**Business-e [value at the sale date]**
Intangible assets	4,564
Tangible assets	82
Deferred tax assets	275
Other non current assets	223
Total non current assets	5,144
Inventories	103
Account receivables - Trade	16,543
Other current assets	160
Cash on hand	111
Financial credits	434
Total current assets	17,352
Non current financial liabilities	431
Severance indemnity	244
Provision for risks and charges	21
Deferred tax liabilities	299
Totale non current liabilities	995
Financial current liabilites	4,024
Account payables - Trade	10,080
Tax payable	-
Other current liabilities	2,516
Total current liabilities	16,620
Total Net Asset Value of sale	**4,882**
Sale price	9,477
Sale capital gain Business E	**4,595**

The proceeds from the sale of the stake were allocated to strengthening capital of the Group and reducing tax, financial exposure and that towards suppliers.

The economic and financial impact of the transaction was already included in the prospectus made available to Shareholders and third parties within the terms of CONSOB regulations, pursuant to the IFRS 5 accounting principle as the company represented an important independent business unit that could therefore be classified as a discontinued operation and is therefore reported separately in the column headed “Business-e Transaction” both for 2017 and 2016. For 2016 the economic data related to the business units sold is reported separately in the consolidated income statement, indicated in the column headed "Italy and Iberica VAD Transaction". This transaction was already extensively commented in the Financial Statements for the year ended December 31, 2016.

Sale of the VAD distribution business units operating in Italy, Spain and Portugal

The sale to the Esprinet Group, which took place in the previous fiscal year, of the value added Information Technology distribution activities (VAD) in Italy, Spain and Portugal foresaw, in addition to a base price of Euro 5 million, received in the past fiscal period:

(i) A First Earn-Out, which is variable by up to a maximum of Euro 5,000,000 that was determined on the basis of the first margin generated by the business units sold in the 12 months subsequent to the closing, i.e. November 30, 2017, which fully matured. The Itway Group, also considering the performance of the first margin in the first quarter subsequent to the closing of the transaction, had prudently accounted as of December 31, 2016 a receivable from the Esprinet Group of Euro 3,500,000 (of which Euro 1,750,000 for Itway and Euro 1,750,000 for Itway Iberica); they are accounted in the "other revenues" of the column "Net Itway Group". Therefore in 2017 a total of Euro 1,500,000 was booked for full achieving the First Earn Out;

(ii) The Second Earn-Out, which is variable by up to Euro 800,000 connected to the opportunities of additional foreseeable revenue for the companies of the Esprinet Group and generated in light of the supply to Business-e and/or other companies of the Itway Group of selected products because of the supply contract underwritten at the same time as the sale of the business units. This Earn Out matured for an amount totalling Euro 201,207 and was fully booked in the 2017 fiscal year. They are accounted in the "other revenues" of the column "Net Itway Group".

The Proceeds deriving from the maturing of the Earn Outs described above were offset by debt matured towards the Esprinet Group at the date of maturity of the Earn Outs and therefore the cash flow generated from these proceeds totals approx. Euro 70 thousand. The sale of Business-e S.p.A. and the maturing of the Earn Outs of the previously described sale of the business units allowed (due to the receipt of Euro 6.6 million from Maticmind and the offsetting of trade payables towards Esprinet for over Euro 5 million) to strengthen capital and to reduce short term financial indebtedness of the Itway Group (with a progressive improvement in profitability and financial coverage indicators). It also allows and will also allow a more effective allocation of managerial resources of the Group valuing a structure that is strategically oriented towards technological and product innovation.

Following the sale, starting from the 2018 fiscal period, the industrial and organizational structure of the Itway Group is more focused on the development of the VAR SBU and VAS SBU through an integrated offer of consultancy, engineering and manufacturing services in the greater value added ICT segments in Italy and in other high growth countries where the Group is present.

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) operational in Greece and Turkey as well as services and consultancy aimed at training and supporting companies in the fields of Cybersecurity, IT security, Internetworking, Managed Security Services and in the innovative and emerging Cloud Computing, Internet of Things, 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 Management Report and the attached Consolidated Financial Statements as of December 31, 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

General context and performance of the ICT Market: The forecasts for the Italian digital market seem to be confirmed with an overall growth of 2.3% and with those segments tied to digital innovation, defined as Digital Enablers that continue with their double digit rate increases [Assinform projections for 2016-2019]: Cybersecurity (+11.9%), Cloud Computing (+19.8%), IoT (+14.3%), Big Data (+23.1%)

Market positioning: The Itway Group during the fiscal year continued to invest 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: In the general context indicated above, the industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS

SBU.

Following is the consolidated condensed Income Statements at December 31, 2017 compared with those of the same periods a year earlier, where in the “Italy, Iberica VAD sale transaction” column there are the business units sold to the Esprinet Group while the sale of Business-e, which was previously described, is indicated in the Business-e Transaction:

(Thousands of Euro)	**December 31, 2017**			**December 31, 2016**			
	Total Itway Group	**Business-Transaction**	**Net Itway Group**	**Total Itway Group**	**Business-e Transaction**	**Italy, Iberica VAD Transaction**	**Net Itway Group**
Turnover							
Sales revenue	40,947	12,912	28,035	84,048	23,974	30,907	29,167
Other operating income	3,691	539	3,152	7,616	1,477	5,954	185
Total Turnover	**44,638**	**13,451**	**31,187**	**91,664**	**25,451**	**36,861**	**29,352**
Operating costs							
Cost of products	30,121	5,981	24,140	67,558	14,075	28,190	25,293
Personnel costs	8,046	5,350	2,696	10,073	6,225	1,811	2,037
Other costs and operating charges	7,933	3,387	4,546	9,909	3,948	4,251	1,710
Total operating costs	**46,100**	**14,718**	**31,382**	**87,540**	**24,248**	**34,252**	**29,040**
EBITDA*	**(1,462)**	**(1,267)**	**(195)**	**4,124**	**1,203**	**2,609**	**312**
Amortizations	1,099	299	800	886	88	443	355
EBIT*	**(2,561)**	**(1,566)**	**(995)**	**3,238**	**1,115**	**2,166**	**(43)**
Net financial charges	(1,608)	(506)	(1,102)	(1,772)	(587)	(902)	(283)
Capital gains net of directly attributable charges	3,525	-	3,525	-	-	-	-
Result before taxes	**(645)**	**(2,072)**	**1,428**	**1,466**	**528**	**1,264**	**(326)**
Income taxes	(1,139)	-	(1,139)	(1,527)	(314)	(1,003)	(210)
Net result	**(1,784)**	**(2,072)**	**289**	**(61)**	**214**	**261**	**(536)**

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

During 2017, as already described, important transactions were completed that led the Group to redefine its industrial structure in a move that that will bear fruit in the years to come. The general context of the market in which the Group operated, and that we can define as growing moderately, saw us careful observers and facilitators of a merger project within the Esprinet group of the Italy and Iberian VAD activities, so as to fully mature important earn-out objectives foreseen by sale contract.

Following the sale of Business-e and in light of the growth trend foreseen for emerging sectors of IoT and Big Data, the focus was on the development of an industrial plan that envisioned important growth for the Itway Group in the coming years, also considering and valuing the investments already made in past years in the above mentioned sectors and considering and exploiting ever more, through their disposal, the value added distribution business in force in Greece and Turkey .

Sector performance: *Value Added Distribution*

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 those of the previous fiscal year that in the column headed Italy, Iberica VAD Transaction reflect the previously described sale transaction:

(Thousands of Euro)	December 31, 2017	December 31, 2016		
	Net Itway VAD	**Net Itway VAD**	**Italy, Iberica VAD Transaction**	**Total Itway VAD**
Total revenue	26,056	28,135	36,861	64,996
Ebitda*	1,954	1,490	2,609	4,099
Ebit*	1,895	1,405	2,166	3,571
Result before taxes	1,782	1,548	1,264	2,812
Result for the period	1,369	1,116	261	1,377

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

Country analysis:

The Turkish subsidiary confirmed once again the development prospects of the Country and ended the fiscal period with revenue volumes and profitability in line with the same period of 2016. The results for the period were however impacted by the performance of the Turkish Lira exchange rate, which lost approx. 23% of its value against the Euro compared with 2016. Therefore, in local currency terms, results would show a revenue increase of 16% and a growth in the Result for the period of 22% and a net profit of over Euro 1 million.

The performance of the Greek subsidiary was in line with 2016 and, despite the continued delicate situation of the Country, is consolidating the results achieved in the past fiscal years ending the period with a net profit of over Euro 300 thousand.

Developments for fiscal year 2018

On April 4, 2018 Itway announced that it had signed an exclusive agreement with Cognosec, a company listed on the Nasdaq (COGS OTC-Nasdaq Intl. Designation: CYBNY), leading provider of Cyber Security solutions operating in Europe, Africa and the Middle East , for the sale of 100% of Itway Hellas SA and Itway Turkyie Ltd, then finalized sale, after the

completion of due diligence activities, with the signature on 19 June 2018 of a SPA (Sale and Purchase Agreement) whose terms they are summarized as follows:
- the total agreed price, which will be paid by Cognosec to Itway for both investments, is 10 million euros and is composed of a cash component of 2 million euros, to be paid at closing, of which 500 thousand cashed together with the signature of the SPA and a component in nature represented by n. 16,666,666 newly issued shares of Cognosec AB, with a total value of 8 million euros, equal to 6.35% of their share capital.
- the shares may be sold in quarterly tranches during the first 5 quarters after the closing of the transaction and the equivalent value of these securities, equal to 1.6 million euros for each tranche, is guaranteed by a PUT option that will allow the sale of these shares at the same allotment price.
Itway.

With the sale of the value added products and services distribution businesses in Turkey and Greece, Itway has completed its divestment from VAD activities.

Sector performance: *ASA Value Added Reseller*

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

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

Following is the brief income statement of the VAR SBU, compared with those of the previous fiscal year. The data refers to the Business-e subsidiary, which has been disposed as previously described:

	Business-e Transaction	
Thousands of Euro	**31/12/2017**	**31/12/2016**
Total Revenue	13,451	25,451
Ebitda*	(1,267)	1,203
Ebit*	(1,566)	1,115
Result before taxes	(2,072)	528
Result for the period	(2,072)	214

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

The company was sold on November 8, 2017 and the result attributable to Itway is up until that date. The financial situation of the Group, described in previous reports, heavily weighed on the growth of this company. Before the bank freeze (following the request for disclosure on the going concern included in the 2016 financial statements), the Group in the January-March 2017 quarter posted growth with an increase in the EBITDA of Business-e of approx. 20% compared with the same year earlier period. The credit freeze, which started in April 2017, caused a significant slowdown in the increase of revenue but with the client portfolio intact and a positive client order portfolio. The results as of 31/12/2017 do not include any of the revenue of the end of the year that according to the budget as of September 30, 2017 would have brought Ebitda into positive territory and a limited the loss. Since November 8, 2017, following the sale, Business-e is fully governed by Maticmind, without any involvement from Itway S.p.A..

Sector performance : ***Parent Company activities 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 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. Furthermore, following the sale of Business-e, Itway S.p.A. has become an operational holding company that includes VAR type of activities.

These sectors, related but that do not coincide with the historical ones defined as VAD and VAR still, do not yet make a positive 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 €uro)	**31/12/17**	**31/12/16**
Revenue	5,131	1,217
EBITDA	(2,149)	(1,178)
EBIT	(2,890)	(1,448)
Result before taxes	(355)	(1,874)
Result for the period	(1,082)	(1,652)

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, 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 fiscal year are lower than those budgeted but with a growing order portfolio.

iNebula during 2017 focused on the sale of some product lines already realized in 2017 and in particular on two product lines. 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. Important Proofs of Concepts are under construction with clients that go from companies that manage heating/cooling to security in the workplace.
- 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;

However, the results achieved well below expectations, as well the changed industrial structure of the Itway Group have led to some decisions that will entail a different organizational and commercial structure in 2018.

In light of the results the iNebula RECO division will be sold, or alternatively terminated (negotiations are still underway for the sale of the business unit with the aim of realizing Euro 100 thousand and then receiving royalties in the years to come), while for iNebula Connect, the role of iNebula will be that of commercial development and project management using outsourcing collaborations for the development of projects that will be acquired.

Furthermore, exploiting the skills acquired in cyber security and SOC/NOC of the Be Innova subsidiary, iNebula will operate on the market to promote and sell security services managed by Be Innova, establishing the minimum commercial and technical structure required.

Thanks to the investment in the Lepida Data Center in Ravenna, iNebula can present itself to the market offering its clients also Iaas and Paas services finding possible synergies with the system integrators of the area.

The results for the period were in any case lower than the forecast budget due to the lack of commercial development of some products and services, as already described; this is why a drastic reduction in costs is required for 2018 and it has been decided to establish a minimum commercial and technical structure, with a strong recourse to outsourcing activity which will lead to a significant variabilization of costs.

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 during the fiscal year was of 160 units, compared with 220 units in the previous fiscal period. The punctual number at the end of 2017 compared with 2016 fell by 133 working units, mainly due to the sale of Business-e S.p.A.in November 2017 and 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

	31/12/2017 *Avg Number*	**31/12/2016** *Avg. Number*	**31/12/2017** *Punctual*	**31/12/2016** *Punctual*
Managers	5	9	2	7
Mid-managers	5	22	8	18
Employees	150	189	35	153
Total	**160**	**220**	**45**	**178**

Net financial position

Following is the detail of the net financial position

Thousands of Euro	31/12/2017	31/12/2016
Cash on hand	440	1,523
Financial receivables	812	2,483
Current financial assets	1,428	-
Current financial liabilities	(9,667)	(22,164)
Current net financial position	**(6,987)**	**(18,158)**
Non current financial assets	2,098	500
Non current financial liabilities	(1,899)	(3,642)
Non current financial position	**199**	**(3,142)**
Total net financial position	**(6,788)**	**(21,300)**

Please see the Statement on Cash Flows for a more detailed analysis on the movements that generated the change in the Net Financial Position.

The Financial Position as of December 31, 2017 improved by approx. Euro 14.5 million compared with December 31, 2016 mainly as a result of:

- The receipt of the first tranche from Maticmind;
- The deconsolidation of financial payables belonging to the disposed subsidiary Business-e;
- Payment of a significant share of account receivables in force as of December 31, 2016 with the business units sold in 2016, which allowed paying back the relative bank advances.

Current liabilities furthermore include two Iccrea medium-term loans, for a total of Euro 912 thousand, for which the covenants were breached and that are therefore currently classified as short term, even though the parameters are currently being redefined in order to maintain the original status of medium-term.

Net financial position of the Parent Company

Thousands of Euro	31/12/2017	31/12/2016
Cash on hand	129	119
Financial receivables	812	397
Current financial liabilities	(8,171)	(14,529)
Current net financial position	**(7,230)**	**(14,013)**
Non current financial assets	2,098	500
Non current financial liabilities	(1,899)	(2,845)
Non current net financial position	**199**	**(2,345)**
Total net financial position	**(7,031)**	**(16,358)**

The net financial position of the Group as of December 31, 2017, improved by approximately Euro 9.3 million compared with December 31, 2016 mainly due to the payment of a significant part of the trade receivables regarding the unit sold in 2016 that allowed paying back the related bank advances. Current liabilities furthermore include an Iccrea medium-term loans, for a total of Euro 267 thousand, for which the covenants were breached and that is therefore currently classified as short term, even though the parameters are currently being redefined in order to maintain the original status of medium-term.

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 December 31, 2017 expired financial positions of the Company totalled Euro 6.9 million. At the same date expired financial positions of the Itway Group totals Euro 7.7 million. In this context, the Company and the Group have begun talking to financial bodies in order to define the terms and conditions to remodulate financial indebtedness. The collective negotiations with the banking class were interrupted in the month of June and are continuing on a bilateral basis with each bank.

The Company as of December 31, 2017 had expired commercial indebtedness towards suppliers totalling approximately Euro 2.5 million (of which approximately Euro 0.4 million for amounts being contested, also through legal means, by debtors) and an indebtedness towards tax authorities for expired VAT payables as of December 31, 2017 for approximately Euro 200 thousand for debts not paid at their natural expiry and paid in the month of May 2018, within the terms of regulations in force on the matter.

The Itway Group as of December 31, 2017 had an expired commercial indebtedness towards suppliers of the Companies of the Group totalling Euro 6.8 million (of which approximately Euro 2.1 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 December 31, 2017 totalling Euro 305 thousand related to debts not paid at their natural expiry during the 2016 fiscal year and that are expected to be paid back within the terms foreseen by the regulations in force on the matter.

In reference to the expired commercial and fiscal debt of Itway S.p.A. and of the Itway Group, indicated above, please note that to date some solicitations have been received by some creditors and there are some legal disputes or judicial actions for 893 thousand Euro, while none of the related services have been interrupted.

Please note that the Company and the Itway Group as of December 31, 2017 do not have social security debt or debt towards employees that have not been paid at their natural expiry.

Reconciliation sheet between the parent company and consolidated data:

Following is the reconciliation sheet of the consolidated net equity and consolidated results with those of the parent company:

	2017			2016		
	Recurrent assets	Non-recurrent assets	Total	Recurrent assets	Non-recurrent assets	Total
Net result of the Parent Company	(1,784)	-	(1,784)	(64)	-	(64)
Results achieved by subsidiaries	122	-	122	323	-	323
Adjustment of the values already included in the consolidated financial statements	(122)	-	(122)	(319)	-	(319)
Consolidated Net Result	(1,784)	-	(1,784)	(60)	-	(60)

	2017			2016		
	Recurrent assets	Non-recurrent assets	Total	Recurrent assets	Non-recurrent assets	Total
Net equity of the Parent Company	**6,624**	**-**	**6,624**	**16,661**	**(7,800)**	**8,861**
Results achieved by subsidiaries	-	-	-	(1,898)	(1,589)	(3,487)
Other consolidated entries	(28)	-	(28)	3,474	-	3,474
Consolidated Net Equity	**6,596**	**-**	**6,596**	**18,237**	**(9,389)**	**8,848**

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 consolidated Financial Statements of the Itway Group as of December 31, 2017 reported a result for the period totalling Euro -1,784 thousand, significantly influenced on the one hand by a part of the losses of the Business-e S.p.A. subsidiary and the other sectors in a start-up phase and on the other hand by non-recurring proceeds generated from the capital gain realized on the sale of the Business-e subsidiary totalling Euro 3.5 million, net of non-recurring charges, as well as proceeds for reaching the Esprinet earn-outs totalling Euro 1.7 million.

From a financial point of view, as already commented in the Financial Statements for the year ended December 31, 2016, the sale on November 30, 2016 of the 20-year-old distribution business by the Parent Company led the Company, starting from the month of December 2016 and because of the delays with which it took place, to a situation of financial stress that is ongoing at the date of the writing of the current financial statements.

As of December 31, 2017 the Itway Group had a current net financial indebtedness of approximately Euro 9.7 million, of which approximately Euro 7.7 million already expired at the date of the financial statements; expired VAT payables totalled approximately Euro 350 thousand (that will be paid within the terms foreseen by the regulations on the matter); and expired debt towards suppliers totalling approx. Euro 6.8 million (of which Euro 2.1 million for amounts being contested, eventually also through legal proceedings).

Similarly, in the separate financial statements, the Parent Company as of December 31, 2017 had a financial indebtedness totalling Euro 8.2 million of which Euro 6.9 million already expired; commercial debt towards suppliers totalling Euro 2.5 million (of which however approx. Euro 0.4 million for amounts being contested by a debtor, also through judicial proceedings); and an indebtedness towards tax authorities for VAT tax payables that expired as of December 31, 2017, totalling Euro 200 thousand related to debt not paid at the natural expiry during the 2016 fiscal year and that will be paid within the terms foreseen by the regulations on the matter, in detail during May 2018.

The above mentioned financial stress is still ongoing, given the lower proceeds derived from the sale of Business-e S.p.A., compared with the sale contract signed on November 8, 2017, as previously commented. To face this stress the Company has already advanced requests to remodulate debt in a plan that in general foresees the repayment of expired debt starting from June 30, 2018, in quarterly instalments, by December 31, 2022 as well as a reduction in the interest rates applied. These negotiations with banking institutions are currently underway and are continuing on a bilateral basis with each bank after the interruption of the collective negotiations.

In this context the Company deemed it necessary to proceed with the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries to Cognosec AB Ltd, and a SPA (Sale and Purchase Agreement) was signed on June 19, 2018 for the sale is of Euro 10 million of which Euro 2 million at the closing scheduled for July 2018 and Euro 8 million in Cognosec shares that can be sold at the same price of allocation in five quarterly installments for an amount that is equal starting from three months after the date of the closing.

In light of this the Board of Directors on May 30, 2018 approved an industrial plan for the Itway Group for the 2018-2022 period. This plan foresees that the Group does not exit the security sector but that it repositions based on investments that will be carried out by Itway S.p.A. using the proceeds from the sale of the Greek and Turkish subsidiaries as well as a greater focus on the BE Innova S.r.l. subsidiary and the iNebula and 4Science start-ups. The development of foreign operations will continue also in the MEA area where the group is present through its stake in Itway Mena FZC. The plan therefore foresees a continuation of activities as configured above and, from a financial point of view, is based on two fundamental assumptions:

- the payment, according to the terms currently foreseen by the agreements of the consideration for the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries;
- the positive outcome of negotiations as reported above with banking institutions allowing the remodulations of the maturities according to the provisions of the industrial plan.

On the basis of this plan, the Directors, though acknowledging elements of uncertainty surrounding the positive outcome of the transactions that make up the fundamental assumptions of the plan, drafted the balance sheet on a going concern basis.

Subsequent events

Although already mentioned above, we note in particular:

- the completion of the legal and financial due diligence that led to the signing of the Sale and Purchase Agreement (SPA) that took place on June 19, 2018 for the sale of Itway Hellas SA and Itway Turkyie Ltd for a consideration of Euro 10 million;
- with regards to the sale of Business-e, Euro 1.3 million was cashed in by Maticmind after the end of the 2017 fiscal period while a settlement agreement is in the process of being finalized aimed at a rapid definition of the reciprocal objections.

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 can be seen from the 2018-2022 Industrial Plan, Itway will not exit the security market: there is a repositioning underway and a greater focus on the Be Innova subsidiary and the iNebula and 4Science start-ups.

With the sale of the value added distribution (VAD) activities in Turkey and Greece, Itway completed its program to exit VAD activities.

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 May 30, 2018, the Board of Directors approved the Industrial Plan of the Itway Group for the five years from 2018-2022 and the financial plan for Itway S.p.A. until all of 2019.

These guidelines foresee that the Group does not exit from the information security sector, but that it repositions in it. Furthermore, a greater focus on the Be Innova S.r.l. subsidiary is foreseen as is one on the iNebula and 4Science start-ups. The development of the foreign business also continues also in the MEA area where the Group is present through its stake in itway Mena FZC.

Following is the foreseeable evolution of operations in 2018 divided by SBU:

ASA VAR

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:

- 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. 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

ASA VAS

After having rationalized the service portfolio during 2017, in 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.

iNebula is positioning itself, thanks to the strong alliance with IBM at the end of 2017, also on the managed security services market (cybersecurity) adding for 2018 an important piece to its service portfolio. 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 and companies with problems regarding security on the workplace.
- iNebula MSS: Managed Security Services from Cerbero.

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.

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

In the period ended December 31 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, except for the previously described sale of Business-e.

Relationship with related parties

In the 2017 fiscal period the Group had commercial and financial relationships with related parties. These relationships were part of normal management activity, regulated at market conditions that are established by contract by the parties in line with the standard procedures.

Following is a summary:

Thousands of Euro Receivables Payables Costs Revenue	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	374	-	198	2
Itway S.p.A. vs Be Innova S.r.l.	2,605	-	-	140
TOTAL	**2,979**	**-**	**198**	**142**

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 reorganizational Model and elaborating the general policies to manage human and financial resources.

No company directs or controls Itway S.p.A

Research and Development activities

During the period a total of Euro 290 thousand was invested in the development of new products and services in particular in the VAR and VAS areas (compared with Euro 1,131 thousand in the previous period), which were capitalized in intangible assets.

Own shares

The Parent Company as at December 31, 2017 owns 887,366 own shares (equal to 11.22% of share capital), a net movement in 2017 of approx. Euro 443,683, a purchase cost of Euro -148 thousand and an overall purchase cost for the shares held in portfolio of Euro 1,386 thousand (equal to the amount reflected in the Own share reserve deducted from net equity of the fiscal period and at a consolidated level). During the 2017 fiscal year, as authorized by the Shareholders meeting of Itway Spa, a total of 200 own shares were purchased (equal to 0.00% of share capital) for a nominal value of Euro 100 and a total of 82,600 shares were sold (equal to 1.04% of share capital) for a nominal value of Euro 41,300.

Stakes held by the directors as per art. 79 and 126 reg. CONSOB 24/02/98

The following table sums up the information requested by the Consob regulation regarding the stakes in the parent company held by Directors, Auditors, Managing directors their spouses, minors, both directly or through controlling companies, trusts or delegated third parties. Please note that the data, are normally updated with communication carried out between the Shareholders and the Company.

	Numero azioni			
Cognome e nome	**possedute al 31/12/2016**	**acquistate**	**vendute**	**possedute al 31/12/2017**
G.A. Farina & Co. S.r.l.	2.573.787	0	0	2.573.787
Gavioli Anna Rita (*)	179.412	0	0	179.412
Valenti Cesare	1.012.284	0	0	1.012.284
Totale	**3.765.483**	**0**	**0**	**3.765.483**

(*) Spouse of Farina G. Andrea

The only shareholder that exceeds 10% of share capital is the company G. Andrea Farina & Co. S.r.l. and Cesare Valenti (Director of the Parent Company).

Proposed allocation of the result of the fiscal period

In terms of the allocation of the result reported in the financial statements of the company, it has been proposed to carry forward the loss of Euro 1,784 thousand incurred in the 2017 fiscal year.

Ravenna, June 19, 2018

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

ITWAY GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017

CONSOLIDATED INCOME STATEMENT

Thousand of Euro	*Notes*	*Fiscal year as of*				
		31 Dec 2017		***31 Dec 2016***		
		Net amount Itway Group	***Business-e***	***Net amount Itway Group***	***Business-e***	***Italy, Iberica VAD unit***
Revenues from sales	1	28,035	12,912	29,167	23,974	30,907
Other operating revenues *	2	3,152	539	185	1,477	5,954
Products	3	(24,140)	(5,981)	(25.293)	(14,075)	(28,190)
Costs of services	4	(2,801)	(2,265)	(1.131)	(2,873)	(3,289)
Costs of personnel	5	(2,696)	(5,350)	(2.037)	(6,225)	(1,811)
Other operating expenses	6	(1,745)	(1,122)	(579)	(1,075)	(962)
EBITDA **		**(195)**	**(1,267)**	**312**	**1,203**	**2,609**
Depreciations and amortisations	7	(800)	(299)	(355)	(88)	(443)
EBIT **		**(995)**	**(1,566)**	**(43)**	**1,115**	**2,166**
Financial proceeds *	8	93	5	13	102	-
Financial charges	8	(1,195)	(511)	(296)	(689)	(902)
Capital gain from the sale of equity investments net of direct financial charges indictment		3,525	-	-	-	-
Profit before taxes		**1,428**	**(2,072)**	**(326)**	**528**	**1,264**
Taxes	9	(1,139)	-	(210)	(314)	(1,003)
Result for the period		**289**	**(2,072)**	**(536)**	**214**	**261**
Attributable to:	10					
Shareholders of parent company		445	(2,072)	(502)	214	261
Minorities		(156)	-	(34)	-	-
Result per share						
<u>From operations:</u>						
Basic		(0.26)	-	(0.04)	-	0.03
Diluted		(0.26)	-	(0.04)	-	0.03

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Thousand of Euro	*Fiscal year as of*				
	31 Dec 2017		***31 Dec 2016***		
	Net amount Itway Group	***Business-e***	***Net amount Itway Group***	***Business-e***	***Italy, Iberica VAD unit***
Net result	289	(2,072)	(536)	214	261
Components that can be reclassified to the income statement:					
Profit/(Losses) from the conversion of the balance sheet of foreign subsidiaries	(610)	-	(464)	-	-
Components that cannot be reclassified to the income statement:					
Actuarial gain (losses) on defined-benefit plans	(1)	-	(41)	-	-
Comprehensive result	**(322)**	**(2,072)**	**(1,041)**	**214**	**261**
Attributable to:					
Shareholders of parent company	(166)	(2,072)	(1,007)	214	261
Minorities	(156)	-	(34)	-	-

* With regards to relations with related parties, please refer to Note 30.
** The definition of EBITDA and EBIT is provided in the following paragraph "Presentation of the financial statements".

CONSOLIDATED FINANCIAL STATEMENT

Thousand of Euro		Notes	Fiscal year as of 31 Dec 2017	31 Dec 2016
ASSETS				
Net current assets				
Property, plants and machinery		11	3,908	4,200
Goodwill		12	1,856	5,145
Other intangible assets		13	2,607	3,756
Investments		14	1,063	1,176
Deferred tax assets		15	103	330
Non-current financial assets *		32	2,098	500
Other non current assets		16	128	419
	Total		**11,763**	**15,526**
Current assets				
Inventories *		17	1,071	987
Account receivables - Trade		18	17,397	49,229
Other current assets		19	4,793	4,598
Cash on hand		20	440	1,523
Other financial credits *		32	812	2,483
Current financial assets		32	1,428	-
	Total		**25,941**	**58,820**
Total assets			**37,704**	**74,346**
NET EQUITY AND LIABILITIES				
Share capital and other reserves				
Share capital and reserves			8,410	8,906
Net result of the period			(1,627)	(28)
Total Net Equity		21	**6,783**	**8,878**
Share capital and reserves of minorities			(187)	(31)
Total Group Net Equity			**6,596**	**8,847**
Non current liabilities				
Severance indemnity		22	388	585
Provision for risks and charges		23	103	87
Non current financial liabilities		24	1,899	3,642
	Total		**2,390**	**4,314**
Current liabilities				
Financial current liabilities		25	9,667	22,164
Account payable – Trade		26	15,997	30,265
Tax payable		27	1,937	6,166
Other current liabilities		28	1,117	2,590
	Total		**28,718**	**61,185**
Total liabilities			**31,108**	**65,499**
Total Net Equity and Liabilities			**37,704**	**74,346**

* With regards to relations with related parties, please refer to Note 30.

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 (loss)							
Balance at January 1, 2016	**3,953**	**(1,345)**	**17,584**	**456**	**4,792**	**(15,007)**	**(858)**	**25**	**9,600**	**3**	**9,603**
Variation in own shares	-	(189)	-	-	-	-	-	-	(189)	-	(189)
Total operations with shareholders	**-**	**(189)**	**-**	**-**	**-**	**-**	**-**	**-**	**(189)**	**-**	**(189)**
Allocation of the result for the year	-	-	-	29	-	(4)	-	(25)	-	-	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28)**	**(28)**	**(34)**	**(62)**
Other operations	-	-	-	-	-	(41)	-	-	(41)	-	(41)
Other components of comprehensive results at 31 Dec 2016:											
Gain/(Losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-
Overall result	-	-	-	-	-	-	(464)	-	(464)	-	(464)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**(41)**	**(464)**	**(28)**	**(531)**	**(34)**	**(565)**
Balance at December 31, 2016 Note 21	**3,953**	**(1,534)**	**17,584**	**485**	**4,792**	**(15,052)**	**(1,322)**	**(28)**	**8,878**	**(31)**	**8,847**

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 (loss)							
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 in own shares	-	148	-	-	-	-	-	-	148	-	148
Total operations with shareholders	**-**	**148**	**-**	**-**	**-**	**-**	**-**	**-**	**148**	**-**	**148**
Allocation of the result for the year	-	-	-	-	-	(28)	-	28	-	-	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,627)**	**(1,627)**	**(156)**	**(1,783)**
Other operations	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Other components of comprehensive results at 31 Dec 2017:											
Gain/(Losses) on defined benefit plans	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Overall result	-	-	-	-	-	-	(610)	-	(610)	-	(610)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**(6)**	**(610)**	**(1,627)**	**(2,243)**	**(156)**	**(2,399)**
Balance at December 31, 2017 Note 21	**3,953**	**(1,386)**	**17,584**	**485**	**4,792**	**(15,086)**	**(1,932)**	**(1,627)**	**6,783**	**(187)**	**6,596**

CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	**Notes**	**Fiscal year as of 31 Dec 17**	**31 Dec 16**
Results for the period "Net amount Itway Group"		1,428	(326)
Adjustments of items not affecting liquidity:			
Depreciations of tangible assets	7-11	216	212
Depreciations of intangible assets	7-12-13	467	586
Allowances for doubtful accounts	6	1,005	750
Other writedowns		117	-
Reversal of the gain from the sale of Business-e		(4,595)	-
Provisions for severance indemnity, net of payments to social security bodies	22	69	137
Variation in non current assets/liabilities	15-16-23-24	320	503
Taxes paid		(434)	(349)
Cash flow from operating activities, gross of the variation in working capital		**(1,407)**	**1,513**
Payments of severance indemnity	22	(27)	(131)
Variation in trade receivable and other current assets	18-19	7,429	4,899
Variation in inventories	17	(377)	2,189
Variation in trade payables and other current liabilities	27-28-29	(9,116)	(5,515)
Cash flow from operations generated/(absorbed)by changes in NWC		**(2,091)**	**1,442**
Cash flow from operations (A)		**(3,498)**	**2,955**
Additions in tangible assets (net of assets sold)	11	-	(231)
Variation in trade receivable and other current assets	25	(1,629)	(1,614)
Variation in trade payables and other current liabilities	13-14	(962)	(995)
Sale Business-e		10,606	-
Cash flow from investing activities (B)		**8,015**	**(2,840)**
Variation of own shares		148	(189)
Cash flow from financial activities (C)		**148**	**(189)**
Net impact of the variation in translation of non euro exchange rates of cash on hand		(610)	(464)
Cash flow from asset sold (D)		**7,359**	**(5,173)**
Increase/(Decrease)cash available and cash equivalents (A+B+C+D)		**11,414**	**(5,711)**
Short term Net Financial Position at the beginning of the period	20 – 26	(20,641)	(14,930)
Short term Net Financial Position at the end of the period	20 - 26	(9,227)	(20,641)

Financial charges paid during the year amounting to 1,265 thousand euros (1,887 thousand euros in the previous year)

EXPLANATORY NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Itway S.p.A. (the "Company" or the "Parent Company") is a public limited company constituted in Italy. The Company moved its legal headquarter to Milan, in Viale Achille Papa, 30 keeping its administrative headquarters in Ravenna in Via L. Braille 15.

SALE OF BUSINESS-E S.P.A.

As major event during the fiscal period, on October 16, 2017 the Itway Group signed a contract for the sale to Maticmind S.p.A., a company also operating in the ICT sector, of its entire stake in Business-e S.p.A.

The price for 100% of Business-e S.p.A. shares was agreed at Euro 12,335,526 and at the signing of the agreement a first tranche totalling Euro 500,000 was received.

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

The consideration of the sale as detailed above was agreed following free negotiations that started from a valuation of Euro 16.1 million, representing a multiple of 10.2 adjusted EBITDA, which yielded a sale price of Euro 12.3 million, as it was agreed to subtract the conventional adjusted net financial position.

However, on March 31, 2018 and April 30, 2018 pending some accounting checks started by Maticmind S.p.A. following the acquisition of 100% of Business-E, Maticmind omitted to pay two tranches of the consideration expiring on those dates for a total of Euro 3 million.

During the month of May 2018 a series of meetings took place between the buyer and the seller to clarify some aspects that Maticmind contested and that Maticmind deemed such as to justify the omitted payments. As a result of these meetings a settlement agreement is being considered so as to avert a legal action; despite the uncertainty of the formal definition of the transaction, which has not yet occurred, the financial statements have been prepared taking prudently into account the best available estimate of the effects of the transaction.

As part of this operation, on November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. purchased from Business-e S.p.A. for a consideration of Euro 123 thousand, which coincides with the book value of the net assets purchased, a business division related to the international and diversified activities in which the buyer was not interested and that includes:
- 50% of share capital of BE Innova S.r.l.
- 30% of share capital of BE Infrastrutture S.r.l.
- 10% of share capital of Idrolab S.r.l.
- 10.5% of share capital of Serendipity Energia S.p.A.

Based on the sale price as defined above and taking into account the expected effects of the transaction in progress the consolidated Income Statement includes a proceed booked in the financial section of the Net

Itway Group column totalling Euro 3,525 thousand. This proceed i booked in the balance sheet net of non-recurring costs totalling Euro 1,069 thousand related to the transaction.

The details of the transaction are summarized below:

Description [thousand of euro]	**Business-e [value of sale]**
Intangible assets	4,564
Tangible assets	82
Deferred tax assets	275
Other non current assets	223
Total non current assets	5,144
Inventories	103
Account receivables - Trade	16,543
Other current assets	160
Cash on hand	111
Financial credits	434
Total current assets	17,352
Non current financial liabilities	431
Severance indemnity	244
Provision for risks and charges	21
Deferred tax liabilities	299
Totale non current liabilities	995
Financial current liabilites	4,024
Account payables - Trade	10,080
Tax payable	-
Other current liabilities	2,516
Total current liabilities	16,620
Total Net Asset Value of sale	**4,882**
Sale price	9,477
Sale capital gain Business E	**4,595**

The proceeds from the sale of the stake were allocated to strengthening capital of the Group and reducing tax, financial exposure and that towards suppliers.

The economic and financial impact of the transaction was already included in the prospectus made available to Shareholders and third parties within the terms of CONSOB regulations, pursuant to the IFRS 5 accounting principle as the division represented an important independent business unit that could therefore be classified as a discontinued operation and is therefore reported separately in the attached income statement in the column headed "Business-e Transaction". For 2016 the economic data related to the business units sold is reported separately in the consolidated income statement, indicated in the column headed "Italy and Iberica VAD Transaction". This transaction was already extensively commented in the

SALE OF THE VAD DISTRIBUTION BUSINESS UNITS IN ITALY, SPAIN AND PORTUGAL

The sale to the Esprinet Group, which took place in the previous fiscal year, of the value added Information Technology distribution activities (VAD) in Italy, Spain and Portugal foresaw, in addition to a base price of Euro 5 million, received in the past fiscal period:

(i) A First Earn-Out, which is variable by up to a maximum of Euro 5,000,000 that was determined on the basis of the first margin generated by the business units sold in the 12 months subsequent to the closing, i.e. November 30, 2017, which fully matured. The Itway Group, also considering the performance of the first margin in the first quarter subsequent to the closing of the transaction, had prudently accounted as of December 31, 2016 a receivable from the Esprinet Group of Euro 3,500,000 (of which Euro 1,750,000 for Itway and Euro 1,750,000 for Itway Iberica). Therefore in 2017 a total of Euro 1,500,000 was booked for achieving the First Earn Out;

(ii) The Second Earn-Out, which is variable by up to Euro 800,000 connected to the opportunities of additional foreseeable revenue for the companies of the Esprinet Group and generated in light of the supply to Business-e and/or other companies of the Itway Group of selected products because of the supply contract underwritten at the same time as the sale of the business units. This Earn Out matured for an amount totalling Euro 201,207 and was fully booked in the 2017 fiscal year.

The Proceeds deriving from the maturing of the Earn Outs described above were offset by debt matured towards the Esprinet Group at the date of maturity of the Earn Outs and therefore the cash flow generated from these proceeds totalled approx. Euro 70 thousand. The sale of Business-e S.p.A. and the maturing of the Earn Outs of the previously described sale of business units allowed (due to the receipt of Euro 6.6 million from Maticmind and the compensation of commercial debt towards Esprinet for over Euro 5 million) and were used to strengthen capital and to reduce short term financial indebtedness of the Itway Group (with a progressive improvement in the indicators of profitability and financial coverage). It also allows and will also allow a more effective allocation of managerial resources of the Group valuing a structure that is strategically oriented towards technological and product innovation.

Following the sale, starting from the 2018 fiscal period, the industrial and organizational structure of the Itway Group is more focused on the development of the VAR SBU and VAS SBU through an integrated offer of consultancy, engineering and manufacturing services in the greater value added ICT segments in Italy and in other high growth countries where the Group is present.

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) operational in Greece and Turkey, after the already described transaction; it also offers services and consultancy aimed at training and supporting companies in the fields of e-business, 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).

Going concern assessment

The consolidated Financial Statements of the Itway Group as of December 31, 2017 reported a result for the period totalling Euro -1,784 thousand, significantly influenced on the one hand by a part of the losses of the Business-e S.p.A. subsidiary and the other sectors in a start-up phase and on the other hand by non-recurring proceeds generated from the capital gain realized on the sale of the Business-e subsidiary totalling Euro 3.5 million as well as proceeds for reaching the Esprinet earn-outs totalling Euro 1.7 million.

From a financial point of view, as already commented in the Financial Statements for the year ended December 31, 2016, the sale on November 30, 2016 of the 20-year-old distribution business by the Parent Company led the Company, starting from the month of December 2016, to a situation of financial stress that is ongoing at the date of the writing of the current financial statements.

As of December 31, 2017 the Itway Group had a current net financial indebtedness of approximately Euro 9.7 million, of which approximately Euro 7.7 million already expired at the date of the financial statements; expired VAT payables totalled approximately Euro 350 thousand (that will be paid within the terms foreseen by the regulations on the matter); and expired debt towards suppliers totalling approx. Euro 6.8 million (of which Euro 2.1 million for amounts being contested, eventually also through legal proceedings).

Similarly, in the separate financial statements, the Parent Company as of December 31, 2017 had a financial indebtedness totalling Euro 8.2 million of which Euro 6.9 million already expired; commercial debt towards suppliers totalling Euro 2.5 million (of which however approx. Euro 0.4 million for amounts being contested by a debtor, also through judicial proceedings); and an indebtedness towards tax authorities for VAT tax payables that expired as of December 31, 2017, totalling Euro 200 thousand related to debt not paid at the natural expiry during the 2016 fiscal year and that will be paid within the terms foreseen by the regulations on the matter, in detail during May 2018..

The above mentioned financial stress is still ongoing, given the lower proceeds derived from the sale of Business-e S.p.A., compared with the sale contract signed on November 8, 2017, as commented above.

To face this stress the Company has already advanced requests to remodulate debt in a plan that in general foresees the repayment of expired debt starting from June 30, 2018, in quarterly instalments, by December 31, 2022 as well as a reduction in the interest rates applied. These negotiations with banking institutions are currently underway and, following the interruption of collective negotiations, are continuing on a bilateral basis with each bank.

In this context the Company deemed it necessary to proceed with the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries to Cognosec AB Ltd for which on June 19, 2018 was signed a Sale and Purchase Agreement. The sale is of Euro 10 million of which Euro 2 million at the closing scheduled for July 2018 and Euro 8 million in Cognosec shares that can be sold at the same price of allocation in five quarterly installments for an amount that is equal starting from three months after the date of the closing.

In light of this the Board of Directors on May 30, 2018 approved an industrial plan for the Itway Group for the 2018-2022 period. This plan foresees that the Group does not exit the security sector but that it repositions based on investments that will be carried out by Itway S.p.A. using the proceeds from the sale of the Greek and Turkish subsidiaries as well as a greater focus on the BE Innova S.r.l. subsidiary and the iNebula and 4Science start-ups. The development of foreign operations will continue also in the MEA area where the group is present through its stake in Itway Mena FZC. The plan therefore foresees a continuation of activities as configured above and, from a financial point of view, is based on two fundamental assumptions:

- the payment, according to the terms currently foreseen by the agreements of the consideration for the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries;
- the positive outcome of negotiations as reported above with each banking institution such as to allow the remodulation of the maturities according to the prosivion of the plan.

On the basis of this plan, the Directors, though acknowledging elements of uncertainty surrounding the positive outcome of the transactions that make up the fundamental assumptions of the plan, drafted the balance sheet on a going concern basis.

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 generally 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 and, as 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 for 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**.**

Presentation of the Financial Statements

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 financial statement, current and non-current assets are reported separately. The consolidated financial statement as at December 31, 2017 was compared with the balances of the previous fiscal year, which ended on December 31, 2016;
- In the income statement, the representation of the costs is carried out on the basis of their own nature. The income statement on December 31, 2017 was compared with that of the previous fiscal year, distinguishing, as described above, the balances related to the discontinued operations;
- 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 criteria

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of December 31, 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 as indicated later.

The accounting data of the subsidiaries purchased by the Group are booked with the acquisition 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 detailed subsequently, is periodically, at least once every fiscal year, reviewed to check if it can be recovered through future cash flows generated from the underlying investment.

The higher values of the acquired assets and liabilities, since booked at the fair value on the date of their purchase, compared with values recognized for fiscal 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 the income statement items the average exchange rate of the period is used. The differences in exchange rate emerging from the conversion are booked to the translation reserve of the consolidated income statement.

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

	December 31, 2017		December31, 2016	
	Avg. rate	End-period rate	Avg Rate	End-period rate
New Turkish Lira	4.121	4.546	3.343	3.707

Consolidation areas

The consolidated Financial Statements of the Itway Group include the results of the parent company Itway S.p.A and the companies it controls.

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

NAME	HEADQUARTERS	SHARE CAPITAL EURO	% direct ownership	% indirect ownership	% overall ownership
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%
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)

Please note that the Business-e S.p.A. subsidiary, as previously described, was sold to Maticmind S.p.A. on November 8, 2017, but is currently present in the above table since only the items in force at the date of the disposal were booked in the Income Statement.

As part of an overall corporate reorganization of the Group, at the end of 2017 4Science S.r.l., a 100% controlled subsidiary of Itway SpA, incorporated the 100% owned subsidiaries Diogene S.r.l., Itwayvad S.r.l., and Itway Cube S.r.l. with accounting effectiveness starting from 1st January 2017. This transaction, through the elimination of three acquirees, will allow reducing the cost of the structure, both internal and external to the corporate perimeter, to reduce inefficiencies and to maximize synergies at a functional and business level.

The following associates are valued with the net equity method:

NAME	HEADQUARTERS	SHARE CAPITAL EURO	% direct ownership
BE Innova S.r.l.	Via Cesare Battisti 26, Trento	20.000	50%
BE Infrastrutture S.r.l.	Via Trieste, 76, Ravenna	100.000	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 EURO	% direct ownership
Serendipity Energia S.p.A.	Piazza Bernini 2 – Ravenna	1.117.758	10,5%
Dexit S.r.l.	Via G. Gilli 2 – Trento	700.000	9%
Idrolab S.r.l.	Via dell'Arrigoni, 220 – Cesena (FC)	52.500	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35.000 *	17,1%

** the value is expressed in Dirham of the United Arab Emirates (AED)*

Use of estimates

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

The Financial Statements item most subject to estimates is goodwill.
In a bid to verify whether there was a loss of value of the goodwill booked in the balance sheet, the Group adopted the methodology described in the Note on Impairment. The recoverable value was determined based on the calculation of the value in use. The cash flows of the cash generating units to which each goodwill can be attributed were inferred from the Business Plan approved by the Board of Directors. A weighted average cost of capital (WACC) of 15.7% was punctually calculated as a discount rate, in line with previous fiscal years and with focus on risk factors and uncertainties related to the current market. Sensitivity analysis on this rate were carried out considering changes in interest rates and other financial parameters and the sustainability of the value of goodwill booked in the balance sheet at more prudential WACC rates was verified with a comparison, as always, with WACC levels used by analysts. The assessment of eventual loss of value of assets (goodwill), the conclusion of which can be seen in Note 12 "Goodwill", was carried out with reference to December 31, 2017.

Following is the summary of the valuation processes and the estimate/assumptions deemed receptive, should the forecasted events not take place, in full or in part, of 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 seen 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 financial statement. Payments for the lease are divided between capital and interest, directly 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, of 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%
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 other operating expenses.

Goodwill

Goodwill 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”. Eventually impairment losses are booked to the income statement and cannot be 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 form when they start producing economic benefits for the company.

The costs incurred to develop products are capitalized when the technical feasibility and the technical capability of the Group to complete the intangible asset are proven, when there is the intention to complete it for future use or sale and when there is the capability of using or selling the intangible asset.

Eventual incurred costs for intangible assets are booked to the income statement in the fiscal period when they are incurred, should they not satisfy the above mentioned criteria.

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 years;
- Other intangible assets: 3 fiscal years.

Impairment

At least once per year, but at the end of each fiscal 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 the recoverable value of a single 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

The Group's investments in minority interests or Joint Venture 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 in the consolidated income statement. 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 adjusted of any losses in value, 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. The net realized value 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 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 substantially transferred to the factor, determines the elimination of the receivables from assets.

- **Contract works in progress** When the result of an order can be estimated with reason, the contract work in progress is assessed based on the earned revenue, 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 to the income statement

Cash on hand

Cash on hand includes petty cash, checks and 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 recognized at their nominal value.

Own shares

Own shares owned by the Parent Company are stated at cost and reported debiting net equity, including ancillary expenses in buying and selling. The financial effects deriving from possible subsequent sales are recognized as a difference 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 Italian 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 the amortized cost, when they mature within the subsequent fiscal period; the value is equal to the nominal value as the effects generated at the amortized cost are not deemed significant.

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

Other current liabilities

Refers to relationships of different nature and are recognized at the amortized cost when they mature within the subsequent fiscal period; the value is equal to the nominal value as the effects generated from the amortized cost are not deemed to be significant.

Derivatives

Derivatives are solely used to cover forward exchange rate risk and relating assets/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 benefits 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 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 financial statement. 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 its 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 consolidating companies and the subsidiaries are defined in the "regulation of the consolidation for the companies of the Itway Group".
Current income taxes are calculated based on the best estimate of the taxable income, in relation to current fiscal 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 possible 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 planning Budget and Business Plans used for the impairment tests it has been considered future taxable income
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 in force at the date of the Financial Statements.

Foreign currency transactions

The functional currency of the Itway Group is the 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 date 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 basic 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 is 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 for the 2017 fiscal year 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 did not have significant impact on the Group's Financial Statements. These include:

- Amendments to IAS 7 – Statement of Cash Flows. Entities shall disclose information to allow users of financial statements to measure the variations changes in liabilities deriving from financing activities, whether variations in cash flows or variations in cash not available, indicating separately the variations deriving from obtaining or losing control of a subsidiary, the effect of changes in the exchange rate or changes in the fair value.

- Amendments to IAS 12 – Income Taxes. IASB clarifies how to account for deferred tax assets and 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.

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

Following are the principles, amendments and interpretations 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 begins 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 (applicable from January 1, 2018) addresses foreign currency transactions when an entity recognises a non-monetary asset or non-monetary 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) paragraph 57 of 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 redefined as a non-exhaustive list of examples.

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:

IFRS 1 - Short-term exemptions in paragraphs E3–E7 of IFRS 1 have been deleted because they have now served their intended purpose;

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;

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.

Amendments to IFRS 9 – Financial Instruments. The amendments published in October 2017 relate to Prepayment Features with Negative Compensation that allow the application of the amortized cost or the fair value through other comprehensive income for financial assets with a negative compensation.

Amendments to IAS 28 – Long Term Interests in Associates and Joint Ventures. The amendments clarifies that an entity applies IFRS 9 when long term interests in an associate or joint venture are part of the net investment in the associate or joint venture.

IFRIC 23 'Uncertainty over Income Tax Treatments. This interpretation clarifies how to recognize in income taxes the uncertainties over tax treatment of a given occurrence. IFRIC 23 will come into force on January 1, 2019.

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;

To the date of the writing of the current Annual Financial Report the accounting principles, interpretations and amendments listed above are not expected to have a significant impact on the economic and financial situation 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 Business-e S.p.A. pursuant to the IFRS 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 in the columns with the header “Business-e Transaction”. With regards to the previous fiscal period, in the column headed “Italy, Iberica VAD Transaction” there is the data that refers to the asset sold in 2016. Since the sale took place on November 8, 2017 and the seasonality of the reference sector foresees a concentration of sales at the end of the year, the variations of the single items of the income statement compared with the previous fiscal period are mainly due to the timing of the transaction and the resulting lack, due to the disposed of business, of sales revenues and cost of purchase for products in the last two months of 2017.

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

In the notes to the consolidated annual financial statements as at December 31, 2017 that follow in each paragraph the following further information is reported.

Note 32:	The net financial position of the Company and the Group that controls it highlighting the short-term components from the medium- and long-term ones;
Note 26 and 32	The expired debt positions of the Company and the Group that controls it, divided by nature (financial, commercial tax, social security and towards employees) and the eventual related reaction initiatives of creditors (solicitations, injunctions, suspension of service etc.);
Note 30:	The main changes that took place in relationships with related parties of the Company and the Group that controls it compared with the previous annual or interim financial report approved pursuant to article 154-ter of the TUF;

Note 25: The eventual breach of covenants, of negative pledges and any other indebtedness clause of the Group entailing limits to financial resources with an updated indication of the degree of compliance with these clauses.

Note 34: The state of implementation of eventual industrial and financial plans highlighting the changes of the final data compared with the forecast one.

1. Sales revenue

Sales revenue for the fiscal period ended December 31, 2017 totalled Euro 40,947 thousand and are comprised by:

	Period ended				
	31/12/17		31/12/16		
Thousands of Euro	Net Itway Group	Business-e Transaction	Net Itway Group	Business-e Transaction	Italy, Iberica VAD Transaction
Revenues from sale of products	21,941	7,265	22,100	14,386	30,115
Revenues from services	6,094	5,647	7,067	9,588	792
Total	**28,035**	**12,912**	**29,167**	**23,974**	**30,907**

The results show a substantial stability of revenue for the company of the Group that is not being sold and a significant reduction in 2017 revenue for Business-e compared with the 2016 fiscal period as a result of a lack of revenue in the last two months of 2017 and the contraction of sales in the months that immediately preceded the sale, also caused by a lengthening of the negotiations with the counterparty.

2. Other operating revenue

Other operating revenue for the period ended December 31, 2017 totalled Euro 3,691 thousand and was comprised of :

	Period ended				
	31/12/17		31/12/16		
Thousands of Euro	Net Itway Group	Business-e Transaction	Net Itway Group	Business-e Transaction	Italy, Iberica VAD Transaction
Advertising and Marketing Contributions	149	66	106	90	301
Non-operating income	680	175	1	442	-
Contribution for operating expenses	-	72	-	530	-
Other revenues and various proceeds	622	226	78	415	68
Proceeds from the sale of the business units	1,701	-	-	-	5,585
Total	**3,152**	**539**	**185**	**1,477**	**5,954**

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

Non-operating income refers mainly to the remaining supplier positions of Itway S.p.A..

The Itway Group, as a result of the sale of VAD business units in Italy, Spain and Portugal in the 2016 fiscal period, realized a non-recurring sale proceed of Euro 1.7 million for the maturing of the previously described earn-outs in 2017 and Euro 5.6 million in the previous fiscal period.

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

Following is the breakdown:

	Period ended				
	31/12/17		31/12/16		
Thousands of Euro	**Net Itway Group**	**Business-e Transaction**	**Net Itway Group**	**Business-e Transaction**	**Italy, Iberica VAD Transaction**
Purchase of products	24,103	4,960	25,190	12,684	27,981
Cost for resold services	-	888	55	1,258	8
Additional purchasing charges (transportation)	11	16	29	12	102
Other purchases	26	117	19	121	99
Total	**24,140**	**5,981**	**25,293**	**14,075**	**28,190**

The decrease in the cost for products in the “Net Itway Group” column is strictly related to the decrease in sales revenue for this division.
The reduction in the cost for purchase of products in the “Business-e Transaction” column is strictly related to what has already been commented in relation to sales revenue.

4. Cost of services

Following is the breakdown:

	Period ended				
	31/12/17		31/12/16		
Thousands of Euro	**Net Itway Group**	**Business-e Transaction**	**Net Itway Group**	**Business-e Transaction**	**Italy, Iberica VAD Transaction**
Directors’ remunerations of the parent company and social charges	704	-	169	_	417
Directors’ remunerations of subsidiaries and social Charges	73	181	73	114	-
Compensation for statutory Auditors	78	20	84	18	-
Auditing company fees	233	47	212	35	62
Consultancy and collaborations	544	637	28	985	1,036
Commissions and Agents’ charges	10	103	13	72	154
Advertising and Trade Fairs	253	40	122	49	554
Services, courses and client assistance	84	-	128	48	236
Telecom expenses	72	61	31	52	60
Insurance	129	54	7	91	144
Electricity, water and gas	40	18	14	28	33
Travel and representation	226	684	129	737	309
Specialist costs, IR and securities services	103	-	121	-	-
Other expenses and services	252	420	-	644	284
Total	**2,801**	**2,265**	**1,131**	**2,873**	**3,289**

Please note that:

- The overall “consultancy and collaborators” item in the 2017 fiscal year includes technical consultancies for Euro 64 thousand and commercial consultancy and collaborators for Euro 48 thousand, marketing consultancy and collaborators of Euro 261 thousand, administrative and financial consultancies for Euro 60 thousand, fiscal, tax consultancy for Euro 213 thousand, legal and notary consultancy for Euro 378 thousand, various consultancy for Euro 157 thousand. This item includes the non-recurrent legal consultancy related to the remodulation of financial debt and marketing consultancy that in the previous fiscal period were dedicated to the VAD businesses that were sold.
- In the table emoluments for the corporate entities deliberated by the Shareholders meeting of the Group companies including the relative social charges and accessories. The increase compared with the previous fiscal period is mainly due to the fact that in 2016 the activities of directors was focused mostly on the VAD activities sold and therefore classified in this division.

5. Personnel costs

Following is the breakdown, compared with the previous period:

	Period ended				
	31/12/17		**31/12/16**		
Thousands of Euro	**Net Itway Group**	**Business-e Transaction**	**Net Itway Group**	**Business-e Transaction**	**Italy, Iberica VAD Transaction**
Salaries	2,028	4,103	1,718	4,833	1,387
Capitalisation of personnel costs	(92)	(170)	(349)	(310)	-
Social charges	557	1,112	507	1,321	351
Severance pay	101	254	56	311	52
Other personnel costs	102	51	105	70	21
Total	**2,696**	**5,350**	**2,037**	**6,225**	**1,811**

The following table details the average number of employees of the Group per category and the punctual figure at the end of the fiscal period compared with the previous year:

	31/12/2017 *Avg. figure*	**31/12/2016** *Avg. Figure*	**Variation**	**31/12/2017** *Punctual figure*	**31/12/2016** *Punctual figure*	**Variation**
Managers	5	9	(4)	2	7	(5)
Mid-managers	5	22	(17)	8	18	(10)
Employees	150	189	(39)	35	153	(118)
Total	**160**	**220**	**(60)**	**45**	**178**	**(133)**

The average number of employee of the Group during the 2017 fiscal period was of 160 units, compared with 220 units in the previous fiscal period. Both the average drop and comparison between the punctual figure of the fiscal years ended in 2017 and 2016, which shows a decrease of 133 working units, are due to the sale of Business-e S.p.A. in November 2017 and of the VAD business units in 2016.

6. Other operating expenses

Following is a breakdown:

Thousands of Euro	Period ended 31/12/17 Net Itway Group	Business-e Transaction	31/12/16 Net Itway Group	Business-e Transaction	Italy, Iberica VAD Transaction
Rent for lease, offices and vehicles	318	620	178	644	236
Writedowns of doubtful accounts	971	24	125	87	530
Other extraordinary	109	400	74	252	66
Other	347	78	202	92	130
Total	**1,745**	**1,122**	**579**	**1,075**	**962**

7. Depreciation and Amortization

Following is a breakdown:

Thousands of Euro	Period ended 31/12/17 Net Itway Group	Business-e Transaction	31/12/16 Net Itway Group	Business-e Transaction	Italy, Iberica VAD Transaction
Depreciation of tangible assets	216	31	148	59	64
Amortization of intangible assets	467	268	207	29	379
Write-down of investment	117	-	-	-	-
Total	**800**	**299**	**355**	**88**	**443**

The increase in 2017 for Business-e is for Euro 237 thousand the amortization of the development of the Cerbero product, while the increase of the Group refers to the amortization of products developed by Inebula.

The writedown of the investment refers to Serendipity Energia bought on November 6, 2017 by Business-e, at the moment non-operational and undergoing a redefinition of its industrial plan.

8. Interest income and expenses

Following is the breakdown:

Thousands of Euro	Period ended 31/12/17 Net Itway Group	Business-e Transaction	31/12/16 Net Itway Group	Business-e Transaction	Italy, Iberica VAD Transaction
Interest income from financial institutions	2	-	5	-	-
Income from investments	73	-	-	-	-
Other income	18	5	8	102	-
Total financial income	**93**	**5**	**13**	**102**	**-**
Financial charges towards financial Institutions	(922)	(404)	(620)	(396)	(622)
Bank commissions	(149)	(66)	(10)	(53)	(280)
Financial charges toward controlled companies	41	(41)	240	(240)	-
Profit/(Losses) on Exchange rates	(32)	-	94	-	-
Other charges	(133)	-	-	-	-
Total financial charges	**(1,195)**	**(511)**	**(296)**	**(689)**	**(902)**
Gain from disposal of investment net of directly attributable charges	3,525	-	-	-	-
Total	**2,423**	**(506)**	**(283)**	**(587)**	**(902)**

The capital gain is net of directly attributable non-recurring charges.
Non-recurring expenses are mainly represented by costs incurred for consultancy directly attributable to the transaction.
Please refer to the foreword for further details regarding the transaction.

9. Income taxes

Following is a breakdown:

Thousands of Euro	Period ended 31/12/17 Net Itway Group	Business-e Transaction	31/12/16 Net Itway Group	Business-e Transaction	Italy, Iberica VAD Transaction
Current taxes	(446)	-	388	83	105
Deferred (prepaid) taxes	(216)	-	(408)	296	898
Other taxes and fines	(477)	-	230	(65)	-
Total	**(1,139)**	**-**	**210**	**314**	**1,003**

Other taxes include contingent liabilities related to withholdings incurred on the payment of services and dividends by the Turkish subsidiary that, being in loss for the sake of the Ires tax in the consolidated results of the Group , are deemed unlikely to be recovered.

As of December 31, 2017 the non-booked reportable tax losses totaled Euro 4,035 thousand that, as foreseen by current fiscal regulations in force, can be reported without limits in subsequent fiscal periods for up to 80% of the taxable income of the fiscal period.

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to income taxes.

Thousands of Euro	**Period ended 31/12/2017**		**31/12/2016**	
	Taxable income	**Tax**	**Taxable Income**	**Tax**
Result before taxes Net Itway Group	1,428		(326)	
Result before taxes disposed assets	(2,072)		1,792	
Result before taxes	**(644)**		**1,464**	
Theoretical tax rate (24%)		(154)		403
Temporary differences to be made in successive fiscal periods	562	135	1,703	468
Differences that will not be carried over to future years	(3,038)	(729)	2,274	625
Carry forwards of temporary differences from previous fiscal periods	160	38	(400)	(110)
Taxable income and anticipated taxes not booked on fiscal losses	-	-	451	124
Tax rate 24%	(2,959)	427	2,086	574
Current taxes for the period		**427**		**574**
Deferred tax net of the use of taxes allocated in previous years		297		(55)
Anticipated tax net of use of anticipated taxes allocated in previous years		(81)		748
Net tax for the period		**643**		**1,266**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the Irap tax:

	Period ended			
	31/12/2017		31/12/2016	
Thousands of Euro				
	Taxable income	**Tax**	**Taxable income**	**Tax**
Result before taxes Net Itway Group	1,428		(326)	
Result before taxes disposed assets	(2,072)		1,792	
Result before taxes	**(644)**		**1,466**	
Results of foreign subsidiaries included in the consolidation perimeter not subject to IRAP	(1,597)		(1,216)	
Result subject to IRAP	(2,240)		250	
Undeductable costs for IRAP purposes	1,129		3,663	
Total	(1,111)		3,913	
Theoretical fiscal charge (3.9%)		(43)		153
Temporary differences to be realized in future years	-		(4,257)	
Differences that will not be carried forward to future years	(1,926)		2,490	
Carry forward of temporary differences from previous years	-		(127)	
Taxable income	(3,037)		2,027	
Tax rate 4.82%	171	8	1,183	57
Tax rate 4.97%	-	-	29	1
Tax rate 3.90%	284	11	815	31
IRAP current fiscal period		**19**		**91**
Deferred tax net of use of taxes allocated in previous fiscal period		-		-
Anticipated taxes net of use of taxes allocated in previous fiscal periods		-		3
Net IRAP for the fiscal period		**19**		**94**

10. Net result and earnings per share

The base result per share relative to the fiscal year that ended December 31, 2017 totalled Euro -0.26 and was determined dividing the result of the appropriate fiscal year by the average weighted number of outstanding Itway shares in the fiscal period, excluding own share

The weighted average number of outstanding shares is 6.964.880.

	Period ended 31/12/2017	31/12/2016
Group net result in thousands of Euro	(1,784)	(62)
Weighted average no. of shares outstanding	6,964,880	6,966,117
Net result per share in Euro:		
- basic	(0.26)	(0.01)
- diluted	(0.26)	(0.01)

There are no elements that entail a dilution of the number of outstanding shares and therefore the base result 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 in the last two fiscal years:

Thousands of Euro	Property and offices	Equipment	Tools	Other goods	Total
Purchase cost	4.233	249	11	4.057	8.550
Balance at 31.12.2015	**4.233**	**249**	**11**	**4.057**	**8.550**
Increases	-	9	2	349	360
Decreases	-	-	-	99	99
Balance at 31.12.2016	**4.233**	**258**	**13**	**4.307**	**8.811**
Balance historical cost at 31.12.2016	**4.233**	**249**	**11**	**4.057**	**8.550**
Accumulated depreciation	473	237	11	3.619	4.340
Balance at 31.12.2015	**473**	**237**	**11**	**3.619**	**4.340**
Amortization for the period	92	5	-	174	271
Balance of amortization as of 31.12.2016	**565**	**242**	**- 11**	**3.793**	**4.611**
Net book value:					
As of December 31, 2015	3.760	12	-	436	4.208
As of December 31, 2016	**3.668**	**16**	**2**	**514**	**4.200**

Thousands of Euro	Property and offices	Equipment	Tools	Other goods	Total
Purchase cost	4,233	258	13	4,307	8,811
Balance at 31.12.2016	**4,233**	**258**	**13**	**4,307**	**8,811**
Increases	-	-	-	11	11
Decreases [Business-e]	-	(16)	-	(71)	(87)
Balance at 31.12.2017	**4,233**	**242**	**13**	**4,247**	**8,735**
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	92	-	1	124	216
Amortization balance at 31.12.2017	**657**	**242**	- **12**	**3,917**	**4,827**
Net book value:					
As of December 31, 2016	3,668	16	2	514	4,200
As of December 31, 2017	**3,576**	**-**	**1**	**330**	**3,908**

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 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 overall goodwill as of December 31, 2017 totalled Euro 1,856 thousand, down Euro 3,289 thousand compared with the previous fiscal period mainly due the sale on November 8, 2017 of the Business-e S.p.A. subsidiary. This goodwill is allocated to the units generating cash flows (Cash Generating Units), represented by the subsidiary Itway Hellas to which goodwill was allocated.

Thousands of Euro	Period ended 31/12/2017	31/12/2016
Business-e	-	3,284
Itway Hellas	1,843	1,843
Other minor	13	18
Total	**1,856**	**5,145**

The Group updated the review of the recoverability of goodwill. The recoverable value of the CGU to which goodwill is attributed to is determined by identifying the value in use.

In order to verify the possible impairment of goodwill, the "Discounted Cash Flow" ("DCF") method was used. This method requires discounting cash flows on the basis of an interest rate that represents the specific risk of any Cash Generating Units (CGU).

The expected cash flows are taken from the Budgets of the next fiscal period, in the context of the five-year business plan to December 31, 2022 of the identified CGUs, approved by their respective Board of Directors, based on the performance expected of the market trends where the single CGU operate and acknowledged on the basis of the historical individual performances and the expected specificity. Perpetuity, which represents the Terminal Value, has to be added to the expected flows for the 2018-2022 period. The medium/long term growth rate is equal to the expected value of inflation in the reference country.

The discounted interest rate used (WACC – Weighted Average Cost of Capital) is of 15.7% for the country risk for Itway Hellas, the only CGU that to date has booked goodwill.

In this context, the situation caused by the current economic and financial crisis entailed the need to make assumptions regarding a future performance that were characterized by significant 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.

The review of the values as of December 31, 2017, also through the sensitivity analysis carried out, did not prompt the need to write-down goodwill reported in the consolidated financial statements. This recoverability is also confirmed by the values commented in the management report.

13. Other intangible assets

Following is the breakdown and variation of other intangible assets in the past two fiscal periods:

Thousands of Euro	**Development costs**	**Patent rights**	**Other**	**Work in progress**	**Total**
Purchase costs	795	1,556	4,484	1,687	8,522
Balance at 31.12.2015	**795**	**1,556**	**4,484**	**1,687**	**8,522**
Increases	-	-	622	1,131	1,753
Balance at historical cost as at 31.12.2016	**795**	**1,556**	**5,106**	**2,818**	**10,275**
Accrued amortization	795	1,556	3,784	-	6,135
Balance at 31.12.2015	**795**	**1,556**	**3,784**	**-**	**6,135**
Amortizations	-	-	384	-	384
Amortization balance at 31.12.2016	**795**	**1,556**	**4,168**	**-**	**6,519**
Net value:					
As at December 31, 2015	-	-	700	1,687	2,387
As at December 31, 2016	**-**	**-**	**938**	**2,818**	**3,756**

Thousands of Euro	Development 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	-	-	654	180	834
Decreases Business-e	-	-	(1,394)	(1,421)	(2,815)
Adjustments Inebula	1,152	-	-	(1,152)	-
Balance at historical cost at 31.12.2017	**1,947**	**1,556**	**4,366**	**425**	**8,294**
Accrued amortization	795	1,556	4,168	-	6,519
Balance at 31.12.2016	**795**	**1,556**	**4,168**	**-**	**6,519**
Decreases Business-e	-	-	(1,299)	-	(1,299)
Amortizations	221	-	246	-	467
Amortization balance at 31.12.2017	**1,016**	**1,556**	**3,115**	**-**	**5,797**
Net value:					
As at December 31, 2016	-	-	738	2,818	3,756
As at December 31, 2017	**931**	**-**	**1,251**	**425**	**2,607**

The increase in "Work in Progress" refers to investments, the cost of which is deemed reliable, in the development of new products for the iNebula and 4Science subsidiaries, for which the Group expects significant economic returns in the near future. The Group deems that it is possible and capable, technically and economically, to complete these activities in the 2018 fiscal year.

The increase in the "Others" item mainly refers to the further developments completed in iNebula and the development of the portals and the Internet sites of the Parent Company and other companies of the Group.

14. Investments in minority interests

Following are the non-fully consolidated investments as at December 31, 2017:

- BE **Innova S.r.l**. is 50% controlled by Itway S.p.A. that purchased the stake from Business-e S.p.A. before it was sold to Maticmind. 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. Itway S.p.A. owns a 30% stake that it purchased from Business-e S.p.A. before its sale to Maticmind; as of December 31, 2017 this stake 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,** operates in the IT services sector for the public administration. The 9% investment is valued at its purchase cost;

- **Serendipity Energia S.p.A:** Itway S.p.A. purchased a 10.5% from Business-e S.p.A. before its sale to Maticmind with the aim of ensuring the development part of remote control over alternative energy plants that the subsidiary will build. Since the development is incurring delays compared with the initial plans of the company, the Group prudently wrote down the value of the investment as of December 31, 2017;
- **Itway Mena FZC**, 17.1% controlled by 4Science S.r.l. that incorporated Itwayvad S.r.l, which owned the stake. It was constituted at the end of October 2014 thanks to a partnership with Libanica that led to 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. Itway S.p.A. bought a 10% stake from Business-e S.p.A. before its sale to Maticmind.

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

	Period ended	
Thousands of Euro	**31/12/2017**	**31/12/2016**
BE Innova S.r.l.	409	409
Be Infrastrutture S.r.l.	46	46
Itsecurity S.r.l.	-	-
Related investments consolidated at net equity	**455**	**455**
Dexit S.r.l.	374	374
Serendipity Energia S.p.A.	-	118
Itway MENA FZC	29	29
Idrolab S.r.l.	195	195
Banca Centropadana	5	5
Tiche Foundation	5	-
Investments in other companies valued at cost	**608**	**721**
Total investments	**1,063**	**1,176**

The detail of total assets and liabilities, of revenues and of the result for the period of the investments is highlighted in the following table (data in thousands of Euro):

Company name	**Country**	**Assets**	**Liabilities**	**Revenue**	**Result for the period**
BE Innova S.r.l.*	Italy	4,841	2,425	1,396	-
Be Infrastrutture Srl*	Italy	1,094	942	1,010	1

** Refer to December31,2016, the last available Financial Statements*

Other companies	**Country**	**Assets**	**Liabilities**	**Revenue**	**Result for the period**
Dexit srl*	Italy	5,027	2,414	7,434	705
Idrolab S.r.l.*	Italy	1,264	1,214	1,376	(26)
Itway MENA FZC**	United Arab Emirates	1,761	32,753	1,372	(25)

** Refer to December31,2016, the last available Financial Statements*
*** Refers to September 30, 2016, amounts in thousands of AED*

15. Prepaid taxes and deferred tax liabilities

Prepaid tax assets, net of deferred tax liabilities, as of December 31, 2017 totalled Euro 103 thousand (Euro 330 thousand as of December 31, 2016).
The prepaid taxes mainly represent deferred assets calculated on taxed accruals for Euro 453 thousand (Euro 459 thousand as of December 31, 2016), tax losses for Euro 267 thousand (Euro 548 thousand as of December 31, 2016) and other temporary differences for Euro 447 thousand (Euro 693 thousand as of December 31, 2016) that the Group expects to recover in future fiscal years, based on the expected taxable income. These prepaid taxes are attributed to the subsequent fiscal period for a total of Euro 15 thousand and future fiscal periods for a total of Euro 1,152 thousand.
Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and as of December 31, 2017 total Euro 1,064 thousand (Euro 1,280 thousand as of December 31, 2016). These mainly refer to the timing difference that emerged on the capital gain from the sale of the VAD Italia business unit in 2016, which was spread for the sake of the IRES tax over five fiscal periods. These deferred taxes are attributed to the subsequent fiscal period for a total of Euro 276 thousand and subsequent fiscal period for a total of Euro 788 thousand.

16. Other non current assets

Other non current assets as of December 31, 2017 total Euro 128 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 December 31, 2017 total Euro 1,071 thousand (Euro 987 thousand at December 31, 2016) net of an allowance for obsolete inventory of Euro 145 thousand (Euro 729 thousand as of December 31, 2016).

18. Account receivables – Trade

Trade receivables as at December 31, 2017, all short-term, totalled Euro 17,397 thousand (Euro 49,229 thousand to December 31, 2016). The value is expressed net of the allowance for doubtful accounts that as at December 31, 2017 stood at Euro 2,774 thousand (Euro 3,283 thousand to December 31, 2016). It is deemed that the allowances are congruous compared with the insolvency risks of the existing receivable

Account receivables also include work in progress on contracts for Euro 3,230 thousand (Euro 13,656 thousand as of December 31, 2016). The drop is due to the exit of Business-e that in the 31/12/2016 balance sheet had booked in this item a total of Euro 13,456 thousand.

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 former 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 December 31, 2017 include 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 judge set the date of the next hearing to detail the conclusions 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 December 31, 2017. Itway, which is now holds both the receivable and the legal procedure subsequent to the sale of the business unit,, supported by its legal advisers and by an independent technical valuation that comforts it on the value of the state of progress of the work that was executed, see their demands founded and since it is just a preliminary phase of the legal dispute have not made an writedowns of this credit in the current financial statements.

Following are the movements in the allowance for doubtful accounts:

	Period ended	
Thousands of Euro	**31/12/2017**	**31/12/2016**
Initial allowance	**3,283**	**2,880**
Write-down for sale of Business-e	(809)	-
Provision for the period	1,005	716
Utilization	(705)	(313)
Final allowance	**2,774**	**3,283**

Following is the breakdown of trade receivables as at December 31, 2017 classified by maturity:

Thousands of Euro	**31/12/2017**	**31/12/2016**
Maturing	10,298	40,453
Expired up to 30 days	892	2,001
Expired up to from 30 to 60 days	472	692
Expired > 60 days	8,509	9,366
Total gross receivables	**20,171**	**52,512**
Allowance for doubtful accounts	(2,774)	(3,283)
Total net receivables	**17,397**	**49,229**

19. Other current assets

Following is the breakdown:

	Period ended		
Thousands of Euro	**31/12/2017**	**31/12/2016**	**Variation**
Tax receivables	1,505	1,354	151
Other receivables	3,244	3,134	110
Accruals and deferrals	44	110	(66)
Total	**4,793**	**4,598**	**195**

"Other receivables" include the total receivable, equal to Euro 3,016 million towards Maticmind for the sale of Business-e subsidiary.

20. Cash on hand

Following is the breakdown:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation
Bank and postal deposits in Euro	233	825	(592)
Bank deposits in US Dollars	205	695	(490)
Money and petty cash	2	3	(1)
Total	**440**	**1,523**	**(1,083)**

Bank deposits in foreign exchange are valued at the exchange rate at the end of the period and generally are to make payments to suppliers in foreign currency (US Dollars) in the first days of the subsequent fiscal year.

The cash available is of a temporary nature as its origins lie in the normal short-term financial cycle that establishes a concentration of inflows from clients at the end of the month while payments to suppliers are less concentrated.

21. Net equity

Share capital

The share capital of the parent company on December 31, 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 recognizes the purchase price, including accessory charges, of own shares in the Parent Company‘s portfolio at the date of the current financial statements.

Share premium

As of December 31, 2017, it totalled Euro 17,584 thousand unchanged compared with the previous fiscal year.
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 the previous fiscal period.

Voluntary reserve

As of December 31, 2017, it stands at Euro 4,792 thousand, unchanged from the previous fiscal period.

Allowance for Retained earnings (losses)

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

Following are the variations: among the "payments" please note the transfer of the pension fund and the INPS treasury fund while the "Use" column reflects the sale to Maticmind of the severance pay related to the employees of Business-e S.p.A. sold on November 8, 2017.

Thousands of Euro	31/12/2016	Financial charges	Increases	Actuarial (Profit) loss	Use	Payments pursuant to L. 296/2006	31/12/2017
Employee benefits	585	4	69	3	(273)	(118)	388
Total	**585**	**4**	**69**	**3**	**(273)**	**(118)**	**388**

Following are the main assumptions used in the actuarial estimates of employee benefits::

Calculation date	**31/12/2017**
Mortality rate	INPS55 Tables
Invalidity rate	INPS-2000 Tables
Personnel rotation rate	3.00%
Discount rate	1.30%
Salary increase rate	3.00%
Rate of advances	2.00%
Inflation rate	1.00%

The actuarial hypotheses include:

a) Demographic hypothesis on the future characteristics of employees that are entitled to benefits that include aspects like:
- Mortality: mortality rate of employees (the death probability are those included in every-day tables used by insurers);
- Inability of the active population: the probability of becoming invalid during work activity (the probabilities are those every-day tables used by insurers and reinsurers);

- Turnover: is the probability of elimination due to reasons other than death, inability and retirement (the hypothesis used reflect the reality of the Group);
- Annual probability of requests for advances on the severance pay: the propensity to ask for an advanced payment of a part of the total accrued severance pay.

b) Financial hypothesis

- Discount rate: the interest rate used to bring to present value the liabilities related to after the end of the work relationship has to be calculated with reference to market returns at the reference date of the balance sheet; the medium/long-term average yield of high-quality corporate securities (those with at least an AA rating) is used, in line with the average duration of the services rendered;
- Salary increase rate: it is an estimate of future salary lines; it considers inflation and professional title;
- Expected inflation rate: the ISTAT long-term inflation rate is used.

Assuming a 50 basis point increase in the technical actuarial rate compared with the one effectively applied for assessments to December 31, 2017 and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 17 thousand. At the same time, assuming a 50 basis point drop in the same interest rate, there would be a potential increase in the current value of the liability of some Euro 18 thousand.

The changes to the remaining actuarial hypothesis would generate a significantly lower impact on the current value of the liabilities for defined benefit plans booked in the balance sheet.

23. Accruals for risks and charges

Accruals for risks and charges, totalling Euro 103 thousand as at December 31, 2017 (Euro thousand as of December 31, 2016) are constituted by accruals for charges for liabilities related to the settlement of litigation of the Itway France subsidiary, the verdicts of which were unfavourable to the company.

24. Non current financial liabilities

Following is the breakdown:

	Period ended			
Thousands of Euro	**31/12/2017**	**31/12/2016**	**Variation**	**Maturity**
Non-current residual leasing debt	1,899	1,993	(94)	November 2026
Project financing for purchase of stake in Dexit	-	9	(9)	March 2018
UniCredit Financing	-	261	(261)	March2018
Banca Centropadana Financing	-	128	(128)	April2018
MPS Financing	-	83	(83)	June 2018
ICCREA Banca Financing	-	964	(964)	May 2022
Banca Carim Financing	-	89	(89)	July 2018
Credem Financing	-	115	(115)	July 2018
Total	**1,899**	**3,642**	**(1,743)**	

This item represents the non 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:

	Period ended	
Thousands of Euro	**31/12/2017**	**31/12/2016**
Residual non current debt, net of interests:		
From 1 to 5 years	578	417
Over 5 years	1.321	1.576
Residual leasing debt, net of interests	**1,899**	**1,993**

25. Current financial liabilities

As at December 31, 2017 they total Euro 9,667 thousand (Euro 22,164 thousand to December 31, 2016) and are mainly represented by debt towards banks and unsecured loans. In addition, this item includes Euro 94 thousand of the short term quotas of leasing debt as per Note 25.

At the moment, current liabilities include two Iccrea medium-term financing totalling Euro 912 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

As of December 31, 2017 expired debt positions of the Parent Company totalled Euro 6.9 million. At the same date the expired debt positions of the Itway Group totalled Euro 7.7 million. Please note that the Parent Company and the Group have started talks with financial bodies aimed at defining the terms and conditions to remodulate financial indebtedness. Collegiate negotiations with the banking class were interrupted in June and will continue on a bilateral basis with each institute.

With reference to the financial expiry of Itway S.p.A. and of the Itway Group, it is specified that, as of today's date, there are legal disputes or judicial initiatives for 750 thousand euros.

26. Trade payables

Trade payables, including invoices not yet received, amount to Euro 15,997 thousand as of December 31, 2017 compared with Euro 30,265 thousand as of December 31, 2016. The balance at December 31, 2017 includes an expired debt towards suppliers of approximately Euro 6.8 million (of which approximately Euro 2.1 million for amounts being contested, possibly at court level).

With reference to the commercial expiration of Itway S.p.A. and of the Itway Group, it should be noted that, as of today's date, some reminders have been received from creditors and legal disputes or legal initiatives for 143 thousand euros exist, while no suspension of the related services has occurred.

The significant drop in the balance of trade payables compared with the 2016 fiscal year is due sale to the Esprinet Group, in 2016, of the VAD distribution business in Italy, Spain and Portugal and the sale to Maticmind of the Business-e subsidiary, included in the Management Report of the current Explanatory Notes.

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 to 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 legal proceeding is ongoing and the next hearing is scheduled for February 5, 2019.

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 (not including interests) and therefore in the Group’s consolidated financial statements.

27. Tax payables

Tax payables as of December 31, 2017 total Euro 1,937 thousand (Euro 6,166 thousand as of December 31, 2016) and following is the breakdown:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation
Debt for income taxes	272	1,011	(739)
VAT	1,355	4,563	(3,208)
Withholding on personnel compensation	203	417	(214)
Other	107	175	(68)
Total	**1,937**	**6,166**	**(4,229)**

VAT payables as of December 31, 2017 for Euro 350 thousand are due to debts not paid at the natural maturity during the 2016 fiscal year (compared with approximately Euro 3.9 million as of December 31, 2016) and that Management expects to pay back within the terms foreseen by regulations in force.

In the fiscal year ended 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 followed by two audit notifications that the Company deems to conclude a tax settlement in the first half of 2018. The value of this dispute is of approx Euro 180 thousand that Maticmind has deducted from the payment of the consideration for the stake in Business-e S.p.A. and was therefore booked as a minor credit towards Maticmind.

28. Other current liabilities

Other current liabilities as of December 31, 2017 total approximately Euro 1,117 thousand (approximately Euro 2,590 thousand as of December 31, 2016) with the following breakdown:

	Period ended		
Thousands of Euro	**31/12/2017**	**31/12/2016**	**Variation**
Debt towards personnel for remuneration	150	289	(139)
Other debt towards personnel	189	586	(397)
Debt towards directors and collaborators	439	178	261
Debt towards social security institutions	131	556	(425)
Accruals and deferrals	206	896	(690)
Advanced payments received and others	2	85	(83)
Total	**1,117**	**2,590**	**(1,473)**

The “debt towards personnel for remuneration” item reflects the significant reduction of employees in force as of December 31, 2017 due to the sale of the Business-e S.p.A. subsidiary.

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. The decrease compared with the previous fiscal period is mainly due to the sale of the Business-e S.p.A. subsidiary.

29. Obligations and guarantees

Following are the obligations and guarantees as of December 31, 2017

- Third party guarantees in our favour for Euro 1,980 thousand relative to bank guarantees on behalf of companies of the Group in favour of suppliers or to take part in public tenders.

30. Information on related parties

During the 2017 fiscal period, 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.	374	-	198	2
Itway S.p.A. vs Be Innova S.r.l.	2,605	-	-	140
TOTAL	**2,979**	**-**	**198**	**142**

The Group's relationship with its managers is summed up in the Remuneration Report of the Board of Directors.

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

31. Remuneration to Directors, Auditors, managing directors and managers with strategic Responsibility

Following the introduction of article 123 ter of the TUF, the data on these remunerations are reported analytically on the report on remuneration that will be made available to the public within the terms foreseen by law at the administrative headquarters. It will also be possible to consult them on the Internet site www.itway.com in the Investor Relation section.

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 Euro	**31/12/2017**	**31/12/2016**
Cash on hand	440	1,523
Financial receivables	812	2,483
Current financial assets	1,428	-
Current financial liabilities	(9,667)	(22,164)
Current net financial position	**(6,987)**	**(18,158)**
Non current financial assets	2,098	500
Non current financial liabilities	(1,899)	(3,642)
Non current net financial position	**199**	**(3,142)**
Total net financial position	**(6,788)**	**(21,300)**

The net financial position of the Group as of December 31, 2017 improved by approximately Euro 14.5 million mainly due to the sale of the Business-e S.p.A. subsidiary and 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 current liabilities include also an Iccrea medium term financing, totalling Euro 912 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 status.

Current financial receivables include:
- A receivable of Itway S.p.A. towards the partner company Giovanni Andrea Farina & Co S.r.l mentioned in the previous Note 31
- A receivable that Business-e S.p.A. had towards Be Innova and that has been transferred to Itway as a result of the sale of the subsidiary.

Current financial assets are represented by the cash collateral of Itway Turkey and Itway Greece as collateral for bank guarantees issued, maturing by 31/12/2018.

Non current financial assets, totalling Euro 2,098 thousand, reflect:
- cash on hand present on a checking account with the Cassa di Risparmio di Ravenna as collateral of a banking guarantee issued in favour of Esprinet with a five year duration; therefore they are not available until the maturity of the banking guarantee.
- An interest-free financing for a total Euro 1.6 million granted to 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 Itway S.p.A.;

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.

The non current net financial position reflects financings detailed in Note 25.

33. Information on the sector

The Group has three reference sectors: “Valued Added Distribution” and “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, specialized certification services on software technologies and pre- and post-sales technical assistance. Clients are “system integrators” and “value added resellers” who sell products to end clients.

The VAS sector in the 2017 fiscal period reported data is not material as still in the development phase and have therefore been aggregated, for the purpose of sector reporting, in VAD sector.

Through the “e-business Services and Security Management” 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 is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2017:

Thousands of Euro	**VAD businesses not sold**	**Business-e**	**Parent Company and other sectors**	**Consolidated total**
Turnover				
Sales revenue	25,903	12,912	2,132	40,947
Other revenue	153	539	2,999	3,691
Total Turnover	**26,056**	**13,451**	**5,131**	**44,638**
Operating costs				
Costs for products	(22,391)	(5,981)	(1,749)	(30,121)
Personnel costs	(966)	(5,350)	(1,730)	(8,046)
Other costs and operating expenses	(745)	(3,387)	(3,802)	(7,934)
Total operating costs	**(24,102)**	**(14,718)**	**(7,281)**	**(46,101)**
EBITDA	**1,954**	**(1,267)**	**(2,149)**	**(1,463)**
Amortization	(59)	(299)	(741)	(1,099)
EBIT	**1,895**	**(1,566)**	**(2,890)**	**(2,562)**
Financial income (charges)	(113)	(506)	(989)	(1,608)
Capital gains from disposal of subsidiary	-	-	3,525	3,525
Result before taxes	**1,782**	**(2,072)**	**(354)**	**(645)**

Following is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2016

Thousands of Euro	**VAD businesses not sold**	**VAD Italy and Iberian**	**Business-e**	**Parent Company and other sectors**	**Consolidated total**
Turnover					
Sales revenue	28,117	30,907	23,974	1,049	84,047
Other revenue	16	5,954	1,477	168	7,615
Total Turnover	**28,135**	**36,861**	**25,451**	**1,217**	**91,662**
Operating costs					
Costs for products	(23,912)	(28,190)	(14,075)	(1,378)	(67,555)
Personnel costs	(1,206)	(1,811)	(6,225)	(831)	(10,073)
Other costs and operating expenses	(1,524)	(4,251)	(3,948)	(186)	(9,909)
Total operating costs	**(26,642)**	**(34,252)**	**(24,248)**	**(2,395)**	**(87,537)**
EBITDA	**1,490**	**2,609**	**1,203**	**(1,178)**	**4,125**
Amortization	(86)	(443)	(88)	(270)	(887)
EBIT	**1,405**	**2,166**	**1,115**	**(1,448)**	**3,238**
Financial income (charges)	143	(902)	(587)	(426)	(1,772)
Result before taxes	**1,528**	**1,264**	**528**	**(1,874)**	**1,466**

Following are the main economic data regarding the identified segments for the fiscal year ended December 31, 2017:

Thousands of Euro		VAD	Parent Company and other sectors	Consolidated Total
Non current assets				
Property, plants and equipment		38	3,870	3,908
Goodwill		1,856	-	1,856
Other intangibile assets		515	2,092	2,607
Prepaid taxes assets		-	103	103
Investments		-	1,063	1,063
Non current financial assets		-	2,098	2,098
Other non current assets		9	119	128
	Total	**2,418**	**9,345**	**11,763**
Current assets				
Inventories		1,071	-	1,071
Account receivable - Trade		10,476	6,921	17,397
Other current assets		190	4,603	4,793
Cash on hand		292	148	440
Other financial receivable		-	812	812
Current financial assets		1,428	-	1,428
	Total	**13,457**	**12,484**	**25,941**
Total assets		**14,032**	**23,672**	**37,704**
Net equity		5,418	1,178	6,596
Non current liabilities				
Employee benefits		-	388	388
Provision for risks and charges		-	103	103
Deferred tax liabilities		-	-	-
Non current financial liabilities		-	1,899	1,899
	Total	**-**	**2,390**	**2,390**
Current liabilities				
Current financial liabilities		-	9,667	9,667
Infra-sector payables/receivables		1,568	(1,568)	-
Account payables - Trade		7,188	8,809	15,997
Tax payables		1,421	516	1,937
Other current liabilities		280	837	1,117
	Total	**10,457**	**18,261**	**28,718**
Total liabilities		**14,032**	**23,672**	**37,704**

Following are the main economic data regarding the identified segments for the fiscal year ended December 31, 2016 (the VAR column includes the accounting records of the subsidiary Business-e S.p.A, excluding the goodwill included in the value of its total equity stake in Itway SpA):

Thousands of	VAD	VAR	Total consolidated
Non current assets			
Property, plants and equipment	4,113	87	4,200
Goodwill	3,979	1,166	5,145
Other intangibile assets	2,240	1,516	3,756
Prepaid taxes assets	354	(24)	330
Investments	409	767	1,176
Non current financial assets	500	-	500
Other non current assets	177	242	419
Total	**11,772**	**3,754**	**15,526**
Current assets			
Inventories	694	293	987
Account receivable - Trade	21,817	27,412	49,229
Receivables towards other companies of the Group	(351)	351	-
Other current assets	4,056	542	4,598
Cash on hand	989	534	1,523
Other financial receivables	396	2,087	2,483
Total	**27,601**	**31,219**	**58,820**
Total assets	**39,373**	**34,973**	**74,346**
Net equity	3,826	5,021	8,847
Non current liabilities			
Employee benefits	346	239	585
Provision for risks and charges	67	20	87
Non current financial liabilities	3,528	114	3,642
Total	**3,941**	**373**	**4,314**
Current liabilities			
Current financial liabilities	16,162	6,002	22,164
Infra-sector payables/receivables	(6,118)	6,118	-
Account payables - Trade	14,928	15,337	30,265
Tax payables	5,908	258	6,166
Other current liabilities	726	1,864	2,590
Total	**31,606**	**29,579**	**61,185**
Total liabilities	**39,373**	**34,973**	**74,346**

34. Subsequent events

Although already mentioned above, we note in particular:

- after the close of the period the financial and legal due diligence that will lead to the signing of the Sale and Purchase Agreement (SPA), that was made on June 19, 2018, for the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries for a consideration of Euro 10 million was completed;

- in terms of the sale of the Business-e unit, Maticmind cashed in Euro 1.3 million after the end of the 2017 fiscal year and a negotiations for a settlement agreement aimed at rapidly defining the reciprocal objections are currently being considered.

On May 30, 2018 the Board of Directors of Itway approved the guidelines of the industrial plan of the Group for the period 2018-2022 and the financial plan for Itway S.p.A. for all of 2019 in a scenario following the sale of Business-e S.p.A. and also considering the sale of the Itway Hellas SA and Itway Turkyie Ltd. These guidelines foresee that the Group does not exit from the security sector but that it repositions in it. Furthermore the plan foresees a greater focus on the Be Innova S.r.l. subsidiary and the iNebula and 4Science start-ups. There will also be a continuation of the development of foreign operations also in the MEA area where the Group is present through its stake in Itway Mena FZC.

35. Contingent liabilities

The Directors deem that there are no potential liabilities that have not been considered for the allocation of eventual risk funds in the consolidated balance sheet, commented in Note 23.

36. Non recurrent, atypical and/or unusual transactions

During the fiscal year that ended on December 31, 2017, no significant and/or non recurrent and/or atypical and/or unusual transactions were carried out with third parties, as defined by Consob Communication of July 28, 2006 in addition to those already described at the beginning of the report related to the sale of Business-e.

37. Financial risk management: objectives and criteria

The international accounting principle IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the financial position and performances;;
- the nature and entity of risks arising from financial instruments to which the Group is exposed during the fiscal year and as at the reporting date, and how the entity managed those risks.

The accounting principles regarding financial instruments applied in drafting the consolidated balance sheet are described in the section Accounting Principles and Main Assessment Criteria, 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 risks identified are reported hereinafter.

The main financial activities of the group are represented by account receivables, cash and cash on hand that directly derives from the 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 sheet reconciles the balance sheet items that represent financial instruments and the financial assets and liabilities categories in accordance with accounting principle IAS 39:

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	128	-	128	-	-
Non current assets	**128**	**-**	**128**	**-**	**-**
Trade receivables	17,397	-	17,397	-	-
Other current assets	4,793	-	4,793	-	-
Cash on hand	440	-	440	-	-
Current assets	**22,630**	**-**	**22,630**	**-**	**-**

ASSETS	**December 31, 2016**				
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 assets	**419**	**-**	**419**	**-**	**-**
Trade receivables	49,229	-	49,229	-	-
Other current assets	4,598	-	4,598	-	-
Cash on hand	1,523	-	1,523	-	-
Current assets	**55,350**	**-**	**55,350**	**-**	**-**

LIABILITIES	**December 31, 2017**			
Thousands of Euro	*Carrying value*	*Liabilities at FVTPL**	*Other financial liabilities*	*Derivatives used for hedging*
Non current financial liabilities	1,899	-	1,899	-
Non current liabilities	**1,899**	**-**	**1,899**	**-**
Current financial liabilities	9,667	-	9,667	-
Trade payables	15,997	-	15,997	-
Other current liabilities	1,117	-	1,117	-
Current liabilities	**26,781**	**-**	**26,781**	**-**

LIABILITIES	**December 31, 2016**			
Thousands of Euro *	*Carrying value*	*Liabilities at FVTPL**	*Other financial liabilities*	*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	-
Other current liabilities	2,590	-	2,590	-
Current liabilities	**55,019**	**-**	**55,019**	**-**

**Fair Value Trough Profit and Loss*

Financial assets and liabilities are booked at a value that is not different from 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 variation of +/- in interest payments of some Euro 97 thousand per fiscal period. On non current financial liabilities a 1 percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 19 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.

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. In this context the Company and the Group have started talks with banking institutions aimed at defining the terms and conditions to remodulate financial indebtedness. The collective negotiations with the banking class were interrupted in June and are continuing on a bilateral basis with each bank

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	*31/12/2017*	*Contractual cash flows*	*1-2 years*	*2-5 years*	*over*
Non current financial liabilities	1,899	1,899	101	477	1,321
Non current liabilities	**1,899**	**1,899**	**101**	**477**	**1,321**

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. Seasonality of activities

The IT sector is significantly influenced by seasonal activities, since the rate of sales in more intense towards the end of the calendar year; please see previous comments about the accounting impact of the sale on November 8, 2017 of the Business-e S.p.A. subsidiary and the sale on November 30, 2016 of the distribution business unit in Italy, Spain and Portugal, resulting in discontinued sales and purchases of products at the end of the fiscal periods when the assets were sold.

40. Compensation for the auditing firm - Art. 149 duodecies of Issuers Regulations - Prospectus

Description Thousand	Euro
Compensation for PwC for the auditing activity of the financial statements of the fiscal year and the consolidated financial statements of Itway SpA	98
Compensation for PwC for other services	-
Compensation for PwC for other services (exam of pro-forma data related to the sale of the business units to the Esprinet Group)	81
Compensation for PwC for auditing activities of subsidiaries	85
Total	**264**

In addition to the compensation mentioned above, no other mandates were given to the auditing firm or other companies of its network.

41. Publication of the Financial Statements

The Financial Statements were approved by the Board of Directors of Itway S.p.A. in the meeting of May 30, 2018 when the mandate was given to the Chairman to make changes or integrations for the formal improvement of the Financial Statements that were deemed necessary or opportune for a better drafting and completeness of the text, in all of all its elements. These amendments were made on June 19, 2018 to explain the signing of the Sale and Purchase Agreement (SPA) with Cognosec for the sale of 100% of Itway Hellas SA and Itway Turkyie Ltd, that followed preliminary agreements and the due diligence activities that started in April 2018.

42. Companies of the Itway S.p.A. Group

Following is the list of companies and relevant investments of the Group, pursuant to Consob Deliberation No. 11971 of May 14 1999 and successive modification and Consob communication No. DEM/6064293 of July 28 2006.

In the list that follows the companies are divided by type of control and consolidation method. For each company the following is highlighted: name, headquarters, country affiliation, share capital in the original currency. Furthermore, also listed are the shareholdings, voting rights in ordinary shareholders meeting, if different from the stake of the capital and the controlling companies.

PARENT COMPANY	HEADQUARTERS	SHARE CAPITAL Euro
Itway S.p.A.	Milano	3,952,659

CONTROLLED COMPANIES CONSOLIDATED WITH THE FULL METHOD	HEADQUARTERS	SHARE CAPITAL Euro	% STAKE IN CAPITAL	CONTROLLING COMPANY
Itway Iberica S.L.	Barcelona	560,040	100%	Itway S.p.A
Itway France S.A.S.	Paris	100,000	100%	Itway S.p.A
Itway Hellas S.A.	Athens	846,368	100%	Itway S.p.A
Itway Turkiye Ltd.	Istanbul	1,500,000 *	100%	Itway S.p.A.
iNebula S.r.l.	Milan	10,000	75%	Itway S.p.A
4Science S.r.l.	Milan	10,000	100%	Itway S.p.A
Itway RE S.r.l.	Ravenna	10,000	100%	Itway S.p.A.

* The value is expressed in the New Turkish Lira (YTL)

ASSOCIATE COMPANIES VALUED WITH THE EQUITY METHOD	HEADQUARTERS	SHARE CAPITAL Euro	% STAKE IN CAPITAL	CONTROLLING COMPANY
BE Infrastrutture S.r.l.	Ravenna	100,000	30%	Itway S.p.A.
BE Innova S.r.l.	Trento	20,000	50%	Itway S.p.A.

OTHER COMPANIES	HEADQUARTERS	SHARE CAPITAL Euro	% STAKE IN CAPITAL	CONTROLLING COMPANY
Dexit S.r.l.	Trento	700,000	9%	Itway S.p.A
Itway MENA FZC	-Saudi Arabia	35,000*	17,1%	iNebula S.r.l.
Idrolab S.r.l.	Cesena	52,500	10%	Itway S.p.A.
Serendipity Energia SpA	Ravenna	1,117,758	10,5%	Itway S.p.A.

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

Ravenna, June 19, 2018

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

ITWAY GROUP

SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017

SEPARATED INCOME STATEMENT

Euro	*Notes*	*Fiscal year as of*		
		31 Dec 2017 Total Itway	***31 Dec 2017 Net amount Itway***	***VAD Italia unit***
Revenues from sales	1	745,823	-	30,523,663
of which to Group companies		*745,823*	-	*4,448,671*
Other operating revenues *	2	3,180,148	1,155,929	4,350,377
of which to Group companies		*499,500*	*892,926*	-
Products	3	(763,469)	-	(28,711,293)
of which to Group companies		-	-	*(1,539)*
Costs of services	4	(2,914,887)	(1,361,017)	(2,859,716)
of which to Group companies		*(670,936)*	*(729,863)*	*(213,758)*
Costs of personnel	5	(495,544)	(332,356)	(845,167)
Other operating expenses	6	(1,511,650)	(307,869)	(716,825)
of which to Group companies		*(59,622)*	*(60,537)*	-
EBITDA **		**(1,759,579)**	**(845,313)**	**1,741,038**
Depreciations and amortisations	7	(422,416)	(87,857)	(206,277)
EBIT **		**(2,181,995)**	**(933,170)**	**1,534,761**
Financial proceeds *	8	210,541	359,060	-
of which to Group companies		*119,219*	*347,765*	-
Financial charges	8	(972,066)	(562,501)	(776,880)
of which to Group companies		-	-	-
Result of subsidiaries evaluated using the equity method	8	(1,846,596)	323,486	-
Capital gain from the sale of equity investments net of direct financial charges indictment and loss Business-e S.p.A.		3,525,318	-	-
Profit before taxes		**(1,264,798)**	**(813,125)**	**757,881**
Taxes	9	(518,341)	202,734	(211,449)
Result for the period		**(1,783,139)**	**(610,391)**	**546,432**

COMPREHENSIVE SAPARATED INCOME STATEMENT

Euro	***Notes***	***31 Dec 2017***	***31 Dec 2016***	
		Total Itway	***Net amount Itway***	***VAD Italia unit***
Net result		(1,783,139)	(610,391)	546,432
Components that cannot be reclassified to the income statement:	22			
Actuarial gain (losses) on defined-benefit plans		8,591	(30,718)	-
Components that can be reclassified to the income statement:	21			
Profits/(Losses) comprehensive from evaluated using the equity method		(610,000)	(473,745)	-
Comprehensive result of the period		**(2,384,548)**	**(1,114,854)**	**546,432**

* With regards to relations with related parties, please refer to Note 31.
** The definition of EBITDA and EBIT is provided in the following paragraph "Presentation of the financial statements".

SEPARATED FINANCIAL STATEMENT

Euro	Notes	31 Dec 2017	31 Dec 2016
ASSETS			
Net current assets			
Property, plants and machinery	10	2,927,956	3,076,809
Other intangible assets	11	220,208	198,484
Investments	12	6,248,499	13,510,443
Deferred tax assets	13	1,131,969	1,091,445
Non-current financial assets	14	49,457	103,755
Other financial non current assets *	15	2,098,000	500,000
Total		**12,676,089**	**18,480,936**
Current assets			
Account receivables – Trade *	16	5,153,058	8,701,305
Financial receivables from subsidiaries of a financial	17	9,532,714	12,822,389
Commercial receivables from subsidiaries of a financial	32	1,789,250	3,912,251
Other current assets	18	4,128,148	1,927,564
Other financial credits *	19	812,187	396,719
Cash on hand	20	129,203	118,711
Total		**21,544,560**	**27,878,939**
Total assets		**34,220,649**	**46,359,875**
NET EQUITY AND LIABILITIES			
Share capital and other reserves			
Share capital		3,952,659	3,952,659
Own share reserve		(1,386,937)	(1,534,454)
Share premium reserve		17,583,874	17,583,874
Legal reserve		484,904	484,904
Retained earnings / (losses) reserve		(12,227,753)	(11,562,385)
Other reserves		(1,783,139)	(63,959)
Total Net Equity	21	**6,623,608**	**8,860,639**
Non current liabilities			
Severance indemnity	22	283,001	268,442
Provision for risks and charges	23	8,005,321	7,613,757
Deferred tax liabilities	24	905,718	823,750
Non current financial liabilities	25	1,898,640	2,844,543
Total		**11,092,680**	**11,550,492**
Current liabilities			
Financial current liabilities	26	8,171,163	14,528,597
Account payable – Trade	27	5,504,453	5,153,036
Payables to subsidiaries	32	1,880,422	1,847,229
Tax payable	28	252,441	4,081,862
Other current liabilities	29	695,882	338,020
Total		**16,504,361**	**25,948,744**
Total liabilities		**27,597,041**	**37,499,236**
Total Net Equity and Liabilities		**34,220,649**	**46.359.875**

* With regards to relations with related parties, please refer to Note 31.

Separated statement of charges in equity

Euro	Share capital	Own share reserve	Share premium reserve	Cumulated profit (loss) Legal reserve	Retained earnings/losses reserve	Result of the period	Net equity
Balance at January 1, 2016	**3,952,659**	**(1,345,130)**	**17,583,874**	**455,818**	**(11,054,834)**	**25,999**	**9,618,386**
Variations in own share	-	(189,324)	-	-	-	-	(189,324)
Total operations with shareholders	**-**	**(189,324)**	**-**	**-**	**-**	**-**	**(189,324)**
Allocation of the result for the year	-	-	-	29,086	(3,087)	(25,999)	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**(63,959)**	**(63,959)**
Other components of comprehensive results at 31 Dec 2016:							
Total profits / (losses) deriving from the application of IAS 27	-	-	-	-	(473,745)	-	(473,745)
Gain/(Losses) on defined benefit plans	-	-	-	-	(30,718)	-	(30,718)
Comprehensive result	**-**	**-**	**-**	**-**	**(504,463)**	**(63,959)**	**(568,422)**
Balance at December 31, 2016 Note 21	**3,952,659**	**(1,534,454)**	**17,583,874**	**484,904**	**(11,562,385)**	**(63,959)**	**8,860,639**

Euro	Share capital	Own share reserve	Share premium reserve	Cumulated profit (loss) Legal reserve	Retained earnings/losses reserve	Result of the period	Net equity
Balance at January 1, 2017	**3,952,659**	**(1,534,454)**	**17,583,874**	**484,904**	**(11,562,385)**	**(63,959)**	**8,860,639**
Variations in own share	-	147,517	-	-	-	-	147,517
Total operations with shareholders	**-**	**147,517**	**-**	**-**	**-**	**-**	**147,517**
Allocation of the result for the year	-	-	-	-	(63,959)	63,959	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**(1,783,139)**	**(1,783,139)**
Other components of comprehensive results at 31 Dec 2017:							
Total profits / (losses) deriving from the application of IAS 27	-	-	-	-	(610,000)	-	(610,000)
Gain/(Losses) on defined benefit plans	-	-	-	-	8,591	-	8,591
Comprehensive result	**-**	**-**	**-**	**-**	**(601,409)**	**(1,783,139)**	**(2,384,548)**
Balance at December 31, 2017 Note 21	**3,952,659**	**(1,386,937)**	**17,583,874**	**484,904**	**(12,227,753)**	**(1,783,139)**	**6,623,608**

SEPARATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	Notes	Fiscal year as of 31/12/2017	Fiscal year as of 31/12/2016
Results for the period		(1,264)	(813)
Adjustments of items not affecting liquidity:			
Depreciations of tangible assets	6-10	149	133
Depreciations of intangible assets	6-11	156	161
Allowances for doubtful accounts	7-17	970	485
Provisions for severance indemnity, net of payments to social security bodies	22	23	35
Controlled results evaluated using the PN method	13	1,847	(323)
Devaluation of participation		117	-
Gains on sale of the company Business-e S.p.A.		(4,595)	-
Tax paid		-	(906)
Cash flow from operating activities, gross of the variation in working capital		**(2,597)**	**(1,228)**
Payments of severance indemnity	22	(9)	(26)
Variation in trade receivable and other current assets	17-18	8,281	6,116
Variation in financial credits	18-19	4,472	7,298
Variation in inventories	16	-	1,087
Variation in trade payables and other current liabilities	18-28-29	(3,040)	1,490
Variation in account payable	26-27	(6,954)	(7,040)
Cash flow from operations generated/(absorbed)by changes in NWC		**2,750**	**8,925**
Cash flow from operations (A)		**153**	**7,697**
Change in non-current assets / liabilities to subsidiaries and others	14-15-23-24-25	(850)	(2,046)
Investments in tangible assets (net of disinvestments)	10	-	(240)
Change in financial receivables		(79)	17
Payments in c / capital holdings		-	(2,699)
Sale Business-e S.p.A.		6,515	-
Dividends collected		651	-
Investment in other intangible assets (net of disinvestments)	12	(178)	(126)
Cash flow from investing activities (B)		**6,059**	**(5,094)**
IAS 19		9	(31)
Variations in own shares		148	(189)
Cash flow from financial activities (C)		**156**	**(220)**
Cash flow from asset sold (D)		**-**	**(2,408)**
Increase/(Decrease)cash available and cash equivalents (A+B+C+D)		**6,368**	**(25)**
Short term Net Financial Position at the beginning of the period	20-26	(14,410)	(14,385)
Short term Net Financial Position at the end of the period	20-26	(8,042)	(14,410)

Financial charges paid during the year amount to 1,265 thousand Euros (1,887 thousand Euros in the previous year).

EXPLANATORY NOTES OF THE SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

GENERAL INFORMATION

Itway S.p.A. (the “Company” or the “Parent Company”) is a public limited company constituted in Italy. The Company moved its legal headquarter to Milan, in Viale Achille Papa, 30 keeping its administrative headquarters in Ravenna in Via L. Braille 15 d is active with commercial offices in Rome at the following addresses:
Rome - Via Edoardo D'Onofrio 304.

SALE OF BUSINESS-E S.P.A.

As major event during the fiscal period, on October 16, 2017 the Company signed a contract for the sale to Maticmind S.p.A., a company also operating in the ICT sector, of its entire stake in Business-e S.p.A.

The price for 100% of Business-e S.p.A. shares was agreed at Euro 12,335,526 and at the signing of the agreement a first tranche totalling Euro 500,000 was received.

The transaction was completed on November 8, 2017 with the receipt of a second tranche totalling Euro 6,140,526 paid by Maticmind S.p.A. The balance of the consideration will be paid in multiple instalments with deferred payments until the first anniversary of the closing of the sale.
The consideration of the sale as detailed above was agreed following free negotiations that started from a valuation of Euro 16.1 million, representing a multiple of 10.2 adjusted EBITDA, which yielded a sale price of Euro 12.3 million, as it was agreed to subtract the conventional adjusted net financial position.

However, on March 31, 2018 and April 30, 2018 pending some accounting checks started by Maticmind S.p.A. following the acquisition of 100% of Business-E, Maticmind omitted to pay two tranches of the consideration expiring on those dates for a total of Euro 3 million.

During the month of May 2018 a series of meetings took place between the buyer and the seller to clarify some aspects that Maticmind contested and that Maticmind deemed such as to justify the omitted payments. As a result of these meetings a settlement agreement is being considered so as to avert a legal action; despite the uncertainty of the formal definition of the transaction, which has not yet occurred, the financial statements have been prepared taking prudently into account the best available estimate of the effects of the transaction.

As part of this operation, on November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. purchased from Business-e S.p.A. for a consideration of Euro 123 thousand, which coincides with the book value of the net assets purchased, a business division related to the international and diversified activities in which the buyer was not interested and that includes:
- 50% of share capital of BE Innova S.r.l.
- 30% of share capital of BE Infrastrutture S.r.l.
- 10% of share capital of Idrolab S.r.l.
- 10.5% of share capital of Serendipity Energia S.p.A.

The details of the transaction are summarized below:

Description [thousand of euro]	Business-e [value of sale]
Intangible assets	4,564
Tangible assets	82
Deferred tax assets	275
Other non current assets	223
Total non current assets	5,144
Inventories	103
Account receivables - Trade	16,543
Other current assets	160
Cash on hand	111
Financial credits	434
Total current assets	17,352
Non current financial liabilities	431
Severance indemnity	244
Provision for risks and charges	21
Deferred tax liabilities	299
Totale non current liabilities	995
Financial current liabilites	4,024
Account payables - Trade	10,080
Tax payable	-
Other current liabilities	2,516
Total current liabilities	16,620
Total Net Asset Value of sale	**4,882**
Sale price	9,477
Sale capital gain Business E	**4,595**

The proceeds from the sale of the stake were allocated to strengthening capital of the Group and reducing tax, financial exposure and that towards suppliers.

SALE OF THE VAD DISTRIBUTION BUSINESS UNIT

The economic and financial impact of the transaction was already included in the prospectus made available to the Shareholders and third parties within the terms of CONSOB regulations.
The sale to the Esprinet Group, which took place in the previous fiscal year, of the value added Information Technology distribution activities (VAD) in Italy, Spain and Portugal foresaw, in addition to a base price received in the past fiscal period:

(i) A First Earn-Out, which is variable by up to a maximum of Euro 5 million that was determined on the basis of the first margin generated by the business units sold in the 12 months subsequent to the closing, i.e. November 30, 2017, which fully matured and is for Euro 3,039 thousand attributable to

Itway S.p.A. and for Euro 1,961 thousand to Itway Iberica S.L. The Itway Group, also considering the performance of the first margin in the first quarter subsequent to the closing of the transaction, had prudently accounted as of December 31, 2016 a receivable from Mosaico S.r.l., a company of the Esprinet Group, of Euro 1,750 thousand (in “Other operative revenues”) and therefore in 2017 a total of Euro 1,289 thousand was booked for achieving the First Earn Out;

(ii) The Second Earn-Out, which is variable by up to Euro 800 thousand connected to the opportunities of additional foreseeable revenue for the companies of the Esprinet Group and generated in light of the supply to Business-e and/or other companies of the Itway Group of selected products because of the supply contract underwritten at the same time as the sale of the business units. This Earn Out matured for an amount totalling Euro 201 thousand and was fully booked in the 2017 fiscal year (in “Other operating revenues”).

The Proceeds deriving from the maturing of the Earn Outs described above were offset by debt matured towards the Esprinet Group at the date of maturity of the Earn Outs and therefore no cash flow generated from these proceeds.

In 2016, pursuant to the application of IFRS 5, the economic data related to the business units sold is reported separately in the current income statement, indicated in the column headed “Italy and Iberica VAD Transaction”. This transaction was already extensively commented in the Financial Statements for the year ended December 31, 2016

The sale of Business-e S.p.A. and the maturing of the Earn Outs of the previously described sale of business units allowed (due to the receipt of Euro 6.6 million from Maticmind and the offset of commercial debt towards Esprinet) that were used to strengthen capital and to reduce short term financial indebtedness of the Company (with a progressive improvement in the indicators of profitability and financial coverage). It also allows and will also allow a more effective allocation of managerial resources of the Group valuing a structure that is strategically oriented towards technological and product innovation.

Following the sale, starting from the 2018 fiscal period, the industrial and organizational structure of the Itway Group is more focused on the development of the VAR SBU and VAS SBU through an integrated offer of consultancy, engineering and manufacturing services in the greater value added ICT segments in Italy and in other high growth countries where the Group is present in addition to the continuation of the profitable VAD distribution activities in Turkey and Greece in the context of maximizing the value of these subsidiaries in the near future.

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) operational in Greece and Turkey, after the already described transaction (as commented below, these activities will be sold during 2018) ; it also offers services and consultancy aimed at training and supporting companies in the fields of e-business, 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).

Itway S.p.A. in 2017 focused on the offer of consultancy services for other companies of the Group and for third parties (Esprinet).

Going concern assessment

The separate Financial Statements of the Itway S.p.A. as of December 31, 2017 reported a loss for the period totalling Euro 1,783,139, significantly influenced on the one hand by a part of the losses of the Business-e S.p.A. subsidiary and the other sectors in a start-up phase and on the other by non-recurring proceeds generated from the capital gain realized on the sale of the Business-e subsidiary totalling Euro 3.5 million, net of non-recurring charges of direct recognition, as well as proceeds for reaching the Esprinet earn-outs totalling Euro 1.7 million.

From a financial point of view, as already commented in the Financial Statements for the year ended December 31, 2016, the sale on November 30, 2016 of the 20-year-old distribution business by the Parent Company led the Company, starting from the month of December 2016 and because of the delays with which it took place, to a situation of financial stress that is ongoing at the date of the writing of the current financial statements.

As of December 31, 2017 the Itway Group had a current net financial indebtedness of approximately Euro 9.7 million, of which approximately Euro 7.7 million already expired at the date of the financial statements; expired VAT payables totalled approximately Euro 350 thousand (that will be paid within the terms foreseen by the regulations on the matter); and expired debt towards suppliers totalling approx. Euro 6.8 million (of which Euro 2.1 million for amounts being contested, eventually also through legal proceedings).

Similarly, in the separate financial statements, the Parent Company as of December 31, 2017 had a financial indebtedness totalling Euro 8.2 million of which Euro 6.9 million already expired; commercial debt towards suppliers totalling Euro 2.5 million (of which however approx. Euro 0.4 million for amounts being contested by a debtor, also through judicial proceedings); and an indebtedness towards tax authorities for VAT tax payables that expired as of December 31, 2017, totalling Euro 200 thousand related to debt not paid at the natural expiry during the 2016 fiscal year and that will be paid within the terms foreseen by the regulations on the matter, in detail during May 2018..

The above mentioned financial stress is still ongoing, given the lower proceeds derived from the sale of Business-e S.p.A., compared with the sale contract signed on November 8, 2017, as previously commented.

To face this stress the Company has already advanced requests to remodulate debt in a plan that in general foresees the repayment of expired debt starting from June 30, 2018, in quarterly instalments, by December 31, 2022 as well as a reduction in the interest rates applied. These negotiations with banking institutions are currently underway and are continuing on a bilateral basis with each bank after the interruption of the collective negotiations.

In this context the Company deemed it necessary to proceed with the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries to Cognosec AB Ltd and a SPA (Sale and Purchase Agreement) was signed on June 19, 2018 for the sale is of Euro 10 million of which Euro 2 million at the closing scheduled for July 2018 and Euro 8 million in Cognosec shares that can be sold at the same price of allocation in five quarterly installments for an amount that is equal starting from three months after the date of the closing.

It should be noted that this transaction was accounted for in accordance with the provisions of IFRS 5, as the assumptions on the date of the financial statements are not considered to exist.

In light of this the Board of Directors on May 30, 2018 approved an industrial plan for the Itway Group for the 2018-2022 period. This plan foresees that the Group does not exit the security sector but that it repositions based on investments that will be carried out by Itway S.p.A. using the proceeds from the sale of the Greek and Turkish subsidiaries as well as a greater focus on the BE Innova S.r.l. subsidiary and the iNebula and 4Science start-ups. The development of foreign operations will continue also in the MEA area where the group is present through its stake in Itway Mena FZC. The plan therefore foresees a continuation of activities as configured above and, from a financial point of view, is based on two fundamental assumptions:

- the payment, according to the terms currently foreseen by the agreements of the consideration for the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries;
- the positive outcome of negotiations as reported above with each banking institution such as to allow the remodulation of the maturities according to the prosivion of the plan.

On the basis of this plan, the Directors, though acknowledging elements of uncertainty surrounding the positive outcome of the transactions that make up the fundamental assumptions of the plan, drafted the balance sheet on a going concern basis.

ACCOUNTING PRINCIPLES

General principles

The income statement, the statement of comprehensive income, the statement of changes in financial position, the statement of changes in net equity and the data inserted in the notes are all expressed in thousands of Euro, for the sake of clarity and unless otherwise indicated.

The Financial Statements are drafted in the following way:

- In the financial statement, current and non-current assets are reported separately. The financial statement as at December 31, 2017 was compared with the balances of the previous fiscal year, which ended December 31, 2016;
- In the income statement, the representation of the costs is carried out on the basis of their own nature. The income statement on December 31, 2017 was compared with that of the previous fiscal year, distinguishing, as described above, the balances related to the discontinued operations;
- 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 its operational performance. Management considers Ebitda an important parameter to measure the performance of the Company 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.

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 Company.

The Financial Statements items were assessed based on generally 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 and, as those adopted in the drafting of the Financial Statements as of December 31, 2017 These principles require estimates that, in the context of the current economic uncertainty, have for 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**.**

Use of estimates

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

The item of the Financial Statements most subject to forecasts is “Investments in subsidiaries”.

The Company, when it identifies impairment indicators, carries out an impairment test on the book value of the investments pursuant to what is described in the next paragraph “Impairments). As of

December 31, 2017, the Company did not reveal impairment indicators on the values of the investments held.

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 seen 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 financial statement. Payments for the lease are divided between capital and interest, directly 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, of 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%
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 other operating expenses.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities of the acquired company 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”. Eventually impairment losses are booked to the income statement and cannot be reversed successively.

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

Intangible assets

An intangible asset is booked only if it can be identified, if subjected to the control of the Company, 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 form when they start producing economic benefits for the company.

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;
- Other intangible assets: 3 fiscal years.

Investments in subsidiaries, related parties and joint ventures

The Company adopted the amendment to IAS 27 that allows to account in the separate financial statements investments in subsidiaries, associates and joint ventures respectively at cost pursuant to IAS 39 or with the equity method pursuant to IAS 28. In particular, the company chose to use the cost criteria in valuing minority investments and the equity basis in valuing investments in subsidiaries and associates.

Therefore, investments in subsidiaries and associates are booked initially at cost and are then adjusted for the post-acquisition changes in the investor’s share in the net assets of the subsidiary. The investor’s profit or loss reflects its attributable interest in the profit (loss) in the fiscal period of the subsidiary and the investor’s other comprehensive income reflects its share of the subsidiary’s other comprehensive income.

Impairment

At least once per year, but at the end of each fiscal year, the Company 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 the recoverable value of a single asset, the Company 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 subsidiaries, 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.

Assets for anticipated taxes

Assets for anticipated taxes are booked at the nominal value. They are booked to the financial statement when their recoverability is deemed probable. See also the item “Income taxes”.

Inventories

Inventories are recognized as the lower between the purchase cost and the presumable net realizable value. Cost is determined, where 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. The net realizable value 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 substantially transferred to the factor, determines the elimination of the receivables from assets.

- **Contract works in progress** When the result of an order can be estimated with reason, the contract work in progress is assessed based on the earned revenue, 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 to the income statement

Cash on hand

Cash on hand includes petty cash, checks and 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 recognized at their nominal value.

Own shares

Own shares are stated at cost and reported debiting net equity, including ancillary expenses in buying and selling. The financial effects deriving from possible subsequent sales are recognized as an increase in net equity.

Noncurrent 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 Company 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, then 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 be probably be achieved 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 benefits 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 at the moment in which they are effectively given
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 financial statement. Financial charges are booked on an accrual basis as a function of time using the effective interest rate.

Income taxes

Itway S.p.A. (the "consolidating company") and its 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 consolidating company and the subsidiaries are defined in the "regulation of the consolidation for the companies of the Itway Group".

Current income taxes are calculated on the basis of the best estimate of the taxable income, in relation to the fiscal legislation in force.

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 temporary differences, and the eventual 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. The non-recognized active deferred taxes are reviewed annually at the closing of the financial statement and are posted in the amount in which it has become probable that the fiscal profit is enough to allow such deferred taxes to be recouped.

Deferred and prepaid taxes are calculated based on the tax rates that are forecast to be used in the fiscal year in which such assets will be realized or liabilities reversed taking into account existing tax rates in force at the date of the Financial Statements.

Foreign currency transactions

The functional currency of Itway S.p.A. is the 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 date and the relative profits and losses are booked in the Income Statement.

Recently issued accounting principles

The separate Financial Statements were drafted using the principles and criteria used to draft the separate Financial Statements at December 31, 2016, since they are compatible, except in terms of what is detailed below.

Accounting principles, amendments and interpretations applicable from January 1, 2016

The criteria used to draft the Financial Statements for the 2017 fiscal year are not different from those used for the Financial Statements at December 31, 2016, except for the what was already described in the paragraph "General Principles" as well as other accounting principles, amendments and interpretations applicable from January 1, 2017, which are listed below but that did not have significant impact on the Company's Financial Statements.

Amendment to IAS 7 "Statement of Cash Flows": entities shall disclose information to allow users of financial statements to measure the variations changes in liabilities deriving from financing activities, whether variations in cash flows or variations in cash not available, indicating separately the variations deriving from obtaining or losing control of a subsidiary, the effect of changes in the exchange rate or changes in the fair value.

Amendment to IAS 12 - Income Taxes. IASB clarifies how to recognize deferred tax assets for unrealized 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.

Accounting principles, amendments applicable at a later date

Following are the amendments that, at the reference date 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 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 revenue recognition for an amount that reflects the consideration that the entity deems to be entitled to in exchange for the transfer of goods 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 fiscal periods 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-base 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. 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 (applicable from January 1, 2018) addresses foreign currency transactions when an entity recognises a non-monetary asset or non-monetary 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 redefined as a non-exhaustive list of examples.

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:

IFRS 1 - Short-term exemptions in paragraphs E3–E7 of IFRS 1 have been deleted because they have now served their intended purpose;

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;

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.

IFRS 9 – Financial Instruments. The amendments published in October 2017 refer to Prepayment Features with Negative Compensation that allow applying the amortized cost or the fair value through other comprehensive income (OCI) for financial assets with negative compensation

IAS 28 – Long-term Interests in Associates and Joint Ventures. The amendments clarify that an entity applies IFRS 9 to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

IFRIC 23 – Uncertainty over Income Tax Treatments: this interpretation clarifies how to recognize in income taxes uncertainties over the tax treatment of a given occurrence. IFRIC 23 will come into effect on January 1, 2019.

The EU deferred indefinitely the following principles and interpretations:

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

To the date of the writing of the current Annual Financial Statements, the Accounting Principles, interpretations and amendments to the above listed Accounting Principle are not expected to have a significant impact on the economic and financial of the Company 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 unit pursuant to IFRS5 principle that governs among other things "Noncurrent assets held for sale" in the tables of the current financial statements, since the assets are classified as "discontinued operation", the data regarding these assets are reported separately in the columns with the header "VAD Italy".

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

In the notes to the consolidated annual financial statements as at December 31, 2017 that follow in each paragraph the following further information is reported.

Note 34:	the net financial position of the Company highlights separately the short term component from the medium- and long-term one;
Note 25, 27, 28	the expired debt positions of the Company, divided by nature (financial, commercial, tax, social charges and towards employees) and the related reaction initiatives of creditors (solicitations, injunctions, termination of services etc);
Note 31:	the main changes that took place between related parties of this Company compared with the latest annual or interim financial statements pursuant to article 154-ter of the TUF
Note 26:	eventual breaches of covenants, negative pledges ad any other clause related to debt of the Company that limits the use of financial resources, with an updated indication of the level of compliance of these clauses
Note 35:	the state of implementation of eventual industrial and financial plans highlighting differences from the actual data from the budgeted ones

1. Sales revenue

Sales revenue for the fiscal period ended December 31, 2017 totalled Euro 746 thousand and are comprised by:

	Period ended		
	31/12/17	31/12/16	
Thousands of Euro	Total	Net Itway	VAD Italy
Revenues from sale of products	746	-	30,062
Revenues from services	-	-	462
Total	**746**	**-**	**30,524**

The amount mainly refers to triangulations towards the company of the Group in Greece.

2. Other operating revenue

Other operating revenue for the period ended December 31, 2017 totalled Euro 3,180 thousand and was comprised of :

	Period ended		
	31/12/17	31/12/16	
Thousands of Euro	Total	Net Itway	VAD Italy
Advertising and Marketing contributions	-	-	260
Refund of transportation and collection costs	13	1	10
Non-operating income	659	-	-
Contribution for operating expenses	1,018	1,155	-
Proceeds from the sale of the business units	1,490	-	4,080
Total	**3,180**	**1,156**	**4,350**

Non-operating income refers mainly to the remaining supplier positions of Itway S.p.A..

As already stated in the introduction, the Company, as a result of the sale of VAD business units in Italy, in the 2016 fiscal period, realized a non-recurring sale proceed of Euro 1,490 thousand for the maturing of the previously described earn-outs.

The Other Revenues item includes charges for the supply of services to subsidiaries regulated by specific contracts.

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

Following is the breakdown:

	Period ended		
	31/12/17	31/12/16	
Thousands of Euro	Total	Net Itway	VAD Italy
Purchase of products	732	-	28,532
Cost for resold services	-	-	8
Additional purchasing charges (transportation)	21	-	75
Other purchases	10	-	96
Total	**763**	**-**	**28,711**

4. Cost of services

Following is the breakdown:

	Period ended		
	31/12/17	31/12/16	
Thousands of Euro	Total	Net Itway	VAD Italy
Directors' remunerations of the parent company and social charges	704	169	417
Compensation for statutory Auditors	78	84	-
Auditing company fees	179	135	38
Consultancy and collaborations	1,020	564	1,187
Commissions and Agents' charges	-	-	154
Advertising and Trade Fairs	85	36	224
Services, courses and client assistance	68	52	236
Telecom expenses	41	13	43
Insurance	123	-	143
Electricity, water and gas	33	8	25
Travel and representation	156	37	232
Specialist costs, IR and securities services	103	121	-
Other expenses and services	325	142	161
Total	**2,915**	**1,361**	**2,860**

Please note that:

- The overall "consultancy and collaborators" item in the 2017 fiscal year includes consultancies for services from other companies of the Group for Euro 390 thousand (Euro 378 thousand as of December 31, 2016), and commercial consultancy and commercial collaborations and marketing for Euro 162 thousand, administrative and financial consultancies for Euro 153 thousand, legal and notary consultancy for Euro 279 thousand, various consultancy for Euro 36 thousand. The latter includes non-recurrent legal consultancy related to the remodulation of the financial indebtedness and marketing consultancy that in the previous fiscal period were dedicated to the VAD businesses that were sold.

- The table indicates emoluments for the corporate entities deliberated by the Shareholders meeting of the Group companies including the relative social charges. The increase compared with the previous fiscal period is mainly due to the fact that in 2016 the activities of directors focused mainly on the VAD businesses sold and therefore was classified in this division.

5. Personnel costs

Following is the breakdown, compared with the previous period:

	Period ended		
	31/12/17	31/12/16	
Thousands of Euro	**Total**	**Net Itway**	**VAD Italy**
Salaries	368	252	629
Social charges	98	88	175
Severance pay	30	(8)	41
Total	**496**	**332**	**845**

The following table details the average number of employees and the punctual figure :

	31/12/2017 *Avg. figure*	**31/12/2016** *Avg. Figure*	**Variation**	**31/12/2017** *Punctual figure*	**31/12/2016** *Punctual figure*	**Variation**
Managers	1	1	-	1	1	-
Mid-managers	-	2	(2)	2	-	2
Employees	6	29	23	6	6	-
Total	**7**	**32**	**(25)**	**9**	**7**	**2**

The change is strictly related to the previously commented sale of the business unit last year that entailed the transfer to Esprinet Group of most of the Company’s employees

6. Other operating expenses

Following is a breakdown:

Thousands of Euro	Period ended 31/12/17 Total	31/12/16 Net Itway	VAD Italy
Rent for lease, offices and vehicles	196	152	141
Writedowns of doubtful accounts	-	-	5
Other extraordinary	970	-	485
Other	346	156	86
Total	**1,512**	**308**	**717**

Writedowns to doubtful accounts refer to writedowns for potential losses on credits, mainly on positions that applied to insolvency proceedings.
Other extraordinary and other are non-recurrent.

7. Amortization

Following is a breakdown:

Thousands of Euro	Period ended 31/12/17 Net Itway Group	31/12/16 Net Itway	VAD Italy
Depreciation of tangible assets	149	74	59
Amortization of intangible assets	156	13	148
Write-down of investment	117	-	-
Total	**422**	**87**	**207**

The write-down refers to Serendipity Energia, purchased on November 6, 2017 from Business-e and at the moment non-operational and being redefined within its industrial plan.

8. Interest income and expenses

Following is the breakdown:

Fiscal period ended	31/12/17	31/12/16	
Thousands of Euro	Total	Net Itway	VAD Italy
Income from intercompany receivables	119	348	-
Interest income from financial institutions	-	4	-
Income from investments	73	-	-
Other income	18	7	-
Total financial income	**210**	**359**	**-**
Financial charges towards financial Institutions	(749)	(563)	(525)
Bank commissions	(123)	-	(252)
Profit/(Losses) on Exchange rates	(100)	-	-
Total financial charges	**(972)**	**(563)**	**(777)**
Result subsidiaries with equity method	**(1,847)**	**323**	-
Total	**(2,609)**	**119**	**(777)**

Financial income mainly refers to interest on financing granted to subsidiaries.

As commented in subsequent Note 12 “Investments” the result of subsidiaries consolidated with the net equity method is influenced by the Business-e subsidiary that as stated in the introduction was sold on November 8, 2017 while the result reported above refers to the result attributable to Itway S.p.A. booked on that date. This result needs to be commented since it is so different from that reported to December 31, 2016 and those of the recent history of Business-e S.p.A. (2014-2015). The financial situation of the Group, described in previous reports, heavily weighed on the growth of this company. Before the bank freeze (following the request for disclosure on the going concern included in the 2016 financial statements), the Group in the January-March 2017 quarter posted growth with an increase in the EBITDA of Business-e of approx. 20% compared with the same year earlier period. The credit freeze, which started in April 2017, caused a significant slowdown in the increase of revenue but with the client portfolio intact and a positive client order portfolio. The results as of 31/12/2017 do not include any of the revenue of the end of the year that according to the budget as of September 30, 2017 would have brought Ebitda into positive territory and a limited the loss. Since November 8, 2017, following the sale, Business-e is fully governed by Maticmind, without any involvement from Itway S.p.A..

9. Income taxes

Following is a breakdown:

Thousands of Euro	Period ended 31/12/17	31/12/16	Variation
Current taxes (IRES)	-	-	-
IRAP	-	-	-
Deferred (prepaid) taxes	41	107	(66)
Income from participation in tax consolidation	-	(302)	302
Other taxes and fines	477	204	273
Total	**518**	**9**	**509**

Other taxes include contingent assets and liabilities related to withholdings incurred on the payment of services and dividends by the Turkish subsidiary that, being in loss for the sake of the Ires tax in the consolidated results of the Group , are deemed unlikely to be recovered.

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to income taxes (IRES) that during the period was influenced by the spreading over 5 fiscal period (with the resulting booking of deferred taxes) of the capital gain from the sale of the VAD business unit:

Thousands of Euro	Period ended 31/12/2017 Taxable income	Tax	31/12/2016 Taxable Income	Tax
Result before taxes	(1,265)		(813) 758 **(55)**	
Theoretical tax rate (24%)		(304)		(15)
Temporary differences to be made in successive fiscal periods	486		(740)	
Differences that will not be carried over to future years	(1,615)		(13)	
Carry forwards of temporary differences from previous fiscal periods	160		(317)	
Tax rate 27.5%	(2,234)	(614)	(1,099)	(302)
Current taxes (IRES) for the period				**(302)**
Deferred tax net of the use of taxes allocated in previous years		41		(647)
Anticipated tax net of use of anticipated taxes allocated in previous years		(82)		753
Net tax for the period		**(41)**		**(196)**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the Irap tax:

	Period ended			
	31/12/2017		31/12/2016	
Thousands of Euro	**Taxable income**	**Tax**	**Taxable income**	**Tax**
Result before taxes Net Itway Group			(813)	
Result before taxes VAD Italy			758	
Result before taxes	**(1,265)**		**(55)**	
Costs that are not relevant for IRAP purposes	(403)		1,943	
Total	(1,668)		1,888	
Theoretical fiscal charge (3.9%)		(65)		74
Temporary differences deductible in future years	(1,090)		(4,250)	
Differences that will not be carried forward to future years	-		(306)	
Carry forward of temporary differences from previous years	-		(127)	
Taxable income	(2,758)		(2,795)	
Tax rate 4.82%	-			
Tax rate 3.90%	(2,758)			
IRAP current fiscal period		**-**		**-**
Deferred tax net of use of taxes allocated in previous fiscal period		-		
Anticipated taxes net of use of taxes allocated in previous fiscal periods		-		
Net IRAP for the fiscal period		**-**		**-**

10. Property, plant and equipment

Property, plants and equipment are expressed net of accumulated depreciation and have the following composition and variation in the last two fiscal years:

Thousands of Euro	Property and offices	Other goods	Total
Purchase cost	3,330	1,454	4,784
Balance at 31.12.2015	**3,330**	**1,454**	**4,784**
Increases	-	230	230
Balance at 31.12.2016	**-**	**230**	**230**
Decreases	-	-	-
Balance at 31.12.2016	**-**	**-**	**-**
Accumulated depreciation	469	1,335	1,804
Balance at 31.12.2015	**469**	**1,335**	**1,804**
Amortization for the period	69	64	133
Balance as of 31.12.2016	**69**	**64**	**133**
Net book value:			
As of December 31, 2015	2,863	119	2,982
As of December 31, 2016	**2,792**	**285**	**3,077**

Thousands of Euro	Property and offices	Other goods	Total
Purchase cost	3,330	1,684	5,014
Balance at 31.12.2016	**3,330**	**1,684**	**5,014**
Increases	-	-	-
Balance at 31.12.2017	**-**	**-**	**-**
Decreases	-	-	-
Balance at 31.12.2017	**-**	**-**	**-**
Accumulated depreciation	538	1,399	1,937
Balance at 31.12.2016	**538**	**1,399**	**1,937**
Amortization for the period	69	80	149
Amortization balance at 31.12.2017	**69**	**80**	**149**
Net book value:			
As of December 31, 2016	2,792	285	3,077
As of December 31, 2017	**2,723**	**205**	**2,928**

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 2015 fiscal period. The related residual debt based on the purchase of these two properties is booked in the noncurrent and current financing liabilities line (Note 25 and Note 26).

Investments in the “other goods” category posted in 2016 mainly refer to the purchase of computers and network servers.

11. Other intangible assets

Following is the breakdown and variation of other intangible assets in the past two fiscal periods:

Thousands of Euro	Software license and patent rights	Other	Total
Purchase costs	1,263	1,585	2,848
Balance at 31.12.2015	**1,263**	**1,585**	**2,848**
Increases	69	59	128
Balance at historical cost as at 31.12.2016	**69**	**59**	**128**
Decreases	-	-	-
Balance at historical cost as at 31.12.2016	**-**	**-**	**-**
Accrued amortization	1,185	1,432	2,617
Balance at 31.12.2015	**1,185**	**1,432**	**2,617**
Amortizations	85	76	161
Amortization balance at 31.12.2016	**85**	**76**	**161**
Net value:			
As at December 31, 2015	78	153	231
As at December 31, 2016	**62**	**136**	**198**

Thousands of Euro	Software license and patent rights	Other	Total
Purchase cost	1,332	1,644	2,976
Balance at 31.12.2016	**1,332**	**1,644**	**2,976**
Increases	123	55	178
Balance at 31.12.2017	**123**	**55**	**178**
Decreases	-	-	-
Balance at 31.12.2017	**-**	**-**	**-**
Accrued amortization	1,270	1,508	2,778
Balance at 31.12.2016	**1,270**	**1,508**	**2,778**
Amortizations for the period	89	66	155
Balance at 31.12.2017	**89**	**66**	**155**
Net value:			
As at December 31, 2016	62	136	198
As at December 31, 2017	**96**	**125**	**221**

As of December 31, 2017

- The increase in the “Software license and Patent rights” total Euro 123 thousand and mainly represents the value of investments for the corporate web site and e-commerce:

- The increase in other intangibles totals Euro 55 thousand and represents the value of investments for the information system of the company.

12. Investments in minority interests

Following is some information regarding investments of the company

Name	Headquarters	Share capital in Euro	% Direct ownership	Value at 31/12/2017	Value at 31/12/2016
Controlled companies					
Business-e S.p.A.	Viale A. Papa, 30 Milan	1,001,084	100%	-	7,164
Itway Iberica S.L.	Argenters 2, Cerdanyola del Vallès, Barcelona	560,040	100%	19	143
Itway France SAS	4, Avenue Cely – Asniere Sur Seine, Cedex	100,000	100%	-	-
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18 – Istanbul	1,500,000 *	100%	2,516	2,684
Itway Cube S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	81
Itwayvad S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	43
Itway Hellas S.A.	Ag. Ioannu Str. 10, Athens	846,368	100%	2,512	2,211
Diogene S.r.l.	Via V. Mazzola 66, Roma	78,000	100%	-	80
iNebula S.r.l.	Viale A. Papa, 30 Milan	10,000	75%	-	524
Itway RE S.r.l.	Via L. Braille 15, Ravenna	10,000	100%	-	-
4Science S.r.l.	Viale A. Papa, 30 Milan	10,000	100%	174	201
Other companies:					
Dexit S.r.l.	Via G. Gilli 2, Trento	700,000	9%	374	374
Be Infrastrutture S.r.l.	Via Trieste, 76 Ravenna	100,000	30%	45	-
Be Innova S.r.l.	Piazza C. Battisti, 26 Trento	20,000	50%	409	-
Serendipity Energia S.p.A.	Via Bernini, 2 Ravenna	1,117,758	10,5%	-	-
Idrolab S.r.l.	Via Dell'Arrigoni, 120 Cesena	52,500	10%	195	-
Other minor				5	5
Total				**6,249**	**13,510**

*the value is expressed in the New Turkish Lira (YTL)

The data on Net Equity and Net Result of the subsidiaries, detailed in the following table, are taken from the financial statements for the fiscal year ending December 31, 2017 approved by the respective Board of Directors and rectified, where necessary, to adjust them to the accounting principles adopted by the Company.

		As of 31st December 2017			
Name (Euro)	**%**	**Net Equity**	**of which Result for the Period**	**Net Equity Share of relevance**	**Amount in balance sheet**
Itway Iberica S.L.	100%	19.987	(124.269)	19.987	18.634
Itway France S.A.S.	100%	(7.842.444)	(274.556)	(7.842.444)	-
Itway Hellas S.A.	100%	654.161	300.955	654.161	2.512.066
Itway Turkiye Ltd.	100%	2.920.788	1.068.461	2.920.788	2.516.168
iNebula S.r.l.	75%	(98.800)	(624.307)	(74.100)	-
4Science S.r.l.	100%	164.020	(231.719)	164.020	173.963
Itway RE S.r.l.	100%	21.116	(17.071)	21.116	-
Dexit S.r.l. (*)	9,00%	2.613.698	705.043	235.233	373.544
Be Infrastrutture S.r.l. (*)	30,00%	151.773	673	45.532	45.330
Be Innova S.r.l. (*)	50,00%	2.415.704	268	1.207.852	408.718
Idrolab S.r.l. (*)	10,00%	50.096	(25.502)	5.010	195.000
Altre minori					5.078
Total investments					**6.248.499**

For a better understanding of the activities carried out by the subsidiaries, please see the consolidated financial statements, drafted by the Board of Directors along with the current separate financial statements.

The Business-e S.pA. subsidiary, as indicated in the introduction, was sold on November 8, 2017 and the result stated above refers to the result attributable to Itway S.p.A., recognized at that date. These results need to be commented as they are so different from those as of December 31, 2016 and those of the recent history of Business-e S.p.A. (2014-2015). The financial situation of the Group, described in previous reports, heavily weighed on the growth of this company. Before the bank freeze (following the request for disclosure on the going concern included in the 2016 financial statements), the Group in the January-March 2017 quarter posted growth with an increase in the EBITDA of Business-e of approx. 20% compared with the same year earlier period. The credit freeze, which started in April 2017, caused a significant slowdown in the increase of revenue but with the client portfolio intact and a positive client order portfolio. The results as of 31/12/2017 do not include any of the revenue of the end of the year that according to the budget as of September 30, 2017 would have brought Ebitda into positive territory and a limited the loss. Since November 8, 2017, following the sale, Business-e is fully governed by Maticmind, without any involvement from Itway S.p.A.

The Turkish subsidiary confirmed once again the development prospects of the Country and ended the fiscal period with revenue volumes and profitability in line with the same period of 2016. The results for the period were however impacted by the performance of the Turkish Lira exchange rate, which lost approx. 23% of its value against the Euro compared with 2016. Therefore, in local currency terms, results would show a revenue increase of 16% and a growth in the Result for the period of 22% and a net profit of over Euro 1 million.

The performance of the Greek subsidiary was in line with 2016 and, despite the continued delicate situation of the Country, is consolidating the results achieved in the past fiscal years ending the period with a net profit of over Euro 300 thousand.

Developments in the 2018 financial year

On April 4, 2018 Itway announced that it had signed an exclusive agreement with Cognosec, a company listed on the Nasdaq (COGS OTC-Nasdaq Intl. Designation: CYBNY), leading provider of Cyber Security solutions operating in Europe, Africa and the Middle East , for the sale of 100% of

Itway Hellas SA and Itway Turkyie Ltd, then finalized sale, after the completion of due diligence activities, with the signature on 19 June 2018 of a SPA (Sale and Purchase Agreement) whose terms they are summarized as follows:
- the total agreed price, which will be paid by Cognosec to Itway for both investments, is 10 million euros and is composed of a cash component of 2 million euros, to be paid at closing, of which 500 thousand cashed together with the signature of the SPA and a component in nature represented by n. 16,666,666 newly issued shares of Cognosec AB, with a total value of 8 million euros, equal to 6.35% of their share capital.
- the shares may be sold in quarterly tranches during the first 5 quarters after the closing of the transaction and the equivalent value of these securities, equal to 1.6 million euros for each tranche, is guaranteed by a PUT option that will allow the sale of these shares at the same allotment price. Itway.

With the sale of the value added products and services distribution businesses in Turkey and Greece, Itway has completed its divestment from VAD activities.

The Iberian subsidiary, as already broadly indicated, was sold to the Esprinet Group in the previous fiscal period and in 2017 supplied services to the company of Esprinet that purchased the distribution activity and matured the earn-out attributable to it as described in the introduction. The result before taxes was a positive Euro 64 thousand while the result for the period, shown in the table of this paragraph, was influenced by the reduction in prepaid taxes booked in previous fiscal years on losses as, since it is no longer operational, there is no reasonable certainty that the amounts will be recovered.

The French subsidiary, following the sale of the VAD business in Italy and Iberia wrote-down entirely its inventory as there were no longer the distribution contracts of two associated companies that would have allowed its rotation.

As part of an overall corporate reorganization of the Group, at the end of 2017 4Science S.r.l., a 100% controlled subsidiary of Itway SpA, incorporated the 100% owned subsidiaries Diogene S.r.l., Itwayvad S.r.l., and Itway Cube S.r.l., with accounting effects from 1 January 2017. This transaction, through the elimination of three acquirees, will allow to reduce the cost of the structure, both internal and external to the corporate perimeter, will allow to reduce the inefficiencies and to maximize synergies at a functional and business level. The 4Science S.r.l. subsidiary, still in the start-up phase for its core activity has highly specialized personnel to carry out its objectives of becoming the reference company in the emerging Big Data (Data Curation) and Digitalization of Cultural Assets (Digital Library) market.

The Itway Re S.r.l. subsidiary charged the Parent Company for the rent of the Ravenna headquarters.

iNebula continued to supply in the cloud information technology services. The results achieved, however the results achieved well below expectations, as well the changed industrial structure of the Itway Group have led to some decisions that will entail a different organizational and commercial structure in 2018.

The associated company Dexit S.r.l continued its activities mainly in the Autonomous Province of Trento ending the period as of December 31, 2016 with a profit of Euro 705 thousand. The results as of December 31, 2017 are still not available and will be approved within the terms foreseen by regulations.

As stated in the introduction, on November 6, 2017, as established in the framework agreement with Maticmind, Itway S.p.A. purchased from Business-e S.p.A. for a consideration of Euro 123 thousand, which coincides with the book value of the net assets purchased, a business division related to the international and diversified activities in which the buyer was not interested and that includes:

- 50% of share capital of BE Innova S.r.l.
- 30% of share capital of BE Infrastrutture S.r.l.
- 10% of share capital of Idrolab S.r.l.
- 10.5% of share capital of Serendipity Energia S.p.A.

Following is a brief comment on the businesses purchased with this transaction:

- BE **Innova S.r.l**., controlled with a 50% stake, 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.,** 30% controlled by Cooperativa Muratori Cementisti CMC aims at supplying Information Technology services in the construction sector. As of December 31, 2017 this stake 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.

- **Serendipity Energia S.p.A:,** controlled with a 10.5% stake aims to ensure the development part of remote control over alternative energy plants that the subsidiary will build. Since the development is incurring delays compared with the initial plans of the company, the Group prudently wrote down the value of the investment as of December 31, 2017;

Idrolab S.r.l, operates in the plumbing and sanitary sector. Itway S.p.A. has a 10% stake.

Following the adoption of the Amendment to IAS 27, as described above, the book value of investments are not subject to impairment test as of December 31, 2017 as no impairment indicators were detected.

	Current assets	Non current assets	Current liabilities	Non current liabilities	Revenue	Profit/loss for the period	Total comprehensive statement
Dexit S.r.l.*	4,943	84	2,170	-	7,434	705	705
Be Infrastrutture S.r.l.*	1,094	-	818	125	1,010	1	1
Be Innova S.r.l.*	1,261	3,579	2,373	52	1,396	-	-
Idrolab S.r.l.*	730	534	966	248	1,376	(26)	(26)

Following is a summary of the economic and financial data of associate companies

* *refers to financial statements ended December 31, 2016, the last available one*

13-24. Prepaid taxes and deferred tax liabilities

As of December 31, 2017 P repaid taxes, net of liabilities for deferred taxes, totalled Euro 226 thousand (Euro 267 thousand as of December 31, 2016) and refer partly to fund taxed; the Company expects to recover in future fiscal years on the basis of the expectable taxable income and the use of the mentioned funds taxed

Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and as of December 31, 2017 total Euro 906 thousand (Euro 824 thousand as of December 31, 2016). These mainly refer to the timing difference that emerged on the capital gain from the sale of the VAD Italia business unit in 2016, which was spread for the sake of the IRES tax over five fiscal periods.

The following table highlights the variations in the period:

	Period ended				
	31/12/17		31/12/16		
Thousands of Euro	**Amount**	**Deferred taxes**	**Amount**	**Deferred taxes**	**Variation**
Allowance for doubtful debts	2,197	527	1,512	363	164
Losses	991	238	1,224	331	(93)
Non-deductible interests	1,468	352	1,468	352	-
Others	61	15	163	45	(30)
Total	**4,717**	**1,132**	**4,367**	**1,091**	**41**

	Period ended				
	31/12/17		31/12/16		
Thousands of Euro	**Amount**	**Deferred taxes**	**Amount**	**Deferred taxes**	**Variation**
Gain from disposal	3,743	898	3,400	816	82
Discounting Tfr	32	8	32	8	-
Total	**3,775**	**906**	**3,432**	**824**	**82**

14. Other noncurrent assets

Other noncurrent assets as of December 31, 2017 refer to tax credits related to IRAP requested as refund in 2012 for down payments made.

15. Other non current financial assets

Other noncurrent financial assets, totalling Euro 2,098 thousand as of December 31,2017, refer to:

- Euro 500 thousand of cash on hand on a checking account with Cassa di Risparmio di Ravenna as collateral of a banking guarantee issued in favour of Esprinet with a five year duration; therefore they are not available until the maturity of the banking guarantee;
- An interest-free financing for a total Euro 1.6 million granted to BE Innova S.r.l. aimed at finalizing the “Adapt project”. The contract was signed by the minority interest in January 2017 and it 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 Itway S.p.A.

16. Account receivables – Trade

Trade receivables as at December 31, 2017, all short-term, totalled Euro 5,153 thousand (Euro 8,701 thousand to December 31, 2016), of which Euro 1,178 thousand were acquired prior to the sale of Business-e to Maticmind. The value is expressed net of the allowance for doubtful accounts that as at December 31, 2017 stood at Euro 2,229 thousand (Euro 1,879 thousand to December 31, 2016). It is deemed that the allowances are congruous compared with the insolvency risks of the existing receivable

Account receivables also include work in progress on contracts for Euro 3,230 thousand. 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 December 31, 2017 include 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 judge set the date of the next hearing to detail the conclusions for February 20, 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 December 31, 2017. The company and the Itway Group, supported by their legal advisers and by an independent technical valuation that comforts it on the value of the state of progress of the work that was executed, see their demands founded and since it is just a preliminary phase of the legal dispute have not made an writedowns of this credit in the current financial statements.

Following are the movements in the allowance for doubtful accounts:

	Period ended	
Thousands of Euro	**31/12/2017**	**31/12/2016**
Initial allowance	**1.879**	**1.394**
Provision for the period	970	485
Utilization	(620)	-
Final allowance	**2.229**	**1.879**

Following is the breakdown of trade receivables classified by maturity. The decrease compared with the previous fiscal period is due to the sale of the previously described sale of the VAD business.

Thousands of Euro	31/12/2017	31/12/2016
Maturing	565	5,665
Expired up to 30 days	-	495
Expired up to from 30 to 60 days	317	513
Expired > 60 days	6,500	3,907
Total gross receivables	**7,382**	**10,580**
Provision	(2,229)	(1,879)
Total net receivables	**5,153**	**8,701**

17. Financing towards subsidiaries

The company, in order to centralize and optimize its treasury operations, has current financial relationships, regulated at market rates, with its subsidiaries for an overall Euro 9,533 thousand as of December 31, 2017 (Euro 12,822 thousand as of December 31, 2016).

18. Other current assets

Following is the breakdown:

	Period ended		
Thousands of Euro	**31/12/2017**	**31/12/2016**	**Variation**
Tax receivables	972	722	250
Other receivables	3,127	1,172	1,955
Accruals and deferrals	29	33	(4)
Total	**4,128**	**1,927**	**2,201**

The “other receivables” item includes in addition to a residual receivable of Euro 70 thousand from Mosaico S.r.l. of the Esprinet Group deriving from the sale of the VAD business unit, a total receivable of Euro 5.5 million from Maticmind for the sale of the Business-e stake.

19. Other financial receivables

The item “other financial receivables reflects:

- A receivable from the partner company Giovanni Andrea Farina & Co S.r.l that as of December 31, 2017 totalled Euro 374 thousand (Euro 397 thousand as of December 31, 2016);
- An interest-free receivable from Be Innova initially purchased with the subsidiary and totalling as of December 31,2017 Euro 438 thousand.

20. Cash on hand

Following is the breakdown:

	Period ended		
Thousands of Euro	**31/12/2017**	**31/12/2016**	**Variation**
Bank and postal deposits in Euro	127	114	13
Bank deposits in US Dollars	-	3	(3)
Money and petty cash	2	2	-
Total	**129**	**119**	**10**

21. Net equity

Share capital

The share capital of the parent company on December 31, 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 recognizes the purchase price, including accessory charges, of own shares in the Parent Company‘s portfolio at the date of the current financial statements.

Share premium

As of December 31, 2017, it totalled Euro 17,584 thousand unchanged compared with the previous fiscal year.
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 the previous fiscal period.

Earnings/(losses) forward reserve

As of December 31, 2017 is negative due to forward losses it amounts to a negative Euro 12,228 thousand (Euro 11,562 thousand as of December 31, 2016). The increase of Euro 666 thousand is attributable to the result of the previous fiscal year as a result of the actualization of employee benefits and as a result of the valuation of results of the subsidiaries with the equity method.

The reserve includes the effects on net equity deriving from the transition to international accounting standards carried out to September 30, 2004.

22. Employee benefits

This item highlights the provisions for personnel for the severance indemnity due pursuant to the law, net of the advances given to employees and transfers to pension funds that during the fiscal period totalled Euro 1 thousand. Following are the changes posted in the 2017 fiscal period:

Thousands of Euro	31/12/2016	Financial charges	Increases	Actuarial (Profit) loss	Use	31/12/2017
Severance indemnity	268	4	24	(3)	(10)	283
Total	**268**	**4**	**24**	**(3)**	**(10)**	**283**

Following are the main assumptions used in the actuarial estimates of employee benefits::

Calculation date	**31/12/2017**
Mortality rate	INPS55 Tables
Invalidity rate	INPS-2000 Tables
Personnel rotation rate	3.00%
Discount rate	1.30%
Salary increase rate	3.00%
Rate of advances	2.00%
Inflation rate	1.00%

The actuarial hypotheses include:

a) Demographic hypothesis on the future characteristics of employees that are entitled to benefits that include aspects like:
- Mortality: mortality rate of employees (the death probability are those included in every-day tables used by insurers);
- Inability of the active population: the probability of becoming invalid during work activity (the probabilities are those every-day tables used by insurers and reinsurers);
- Turnover: is the probability of elimination due to reasons other than death, inability and retirement (the hypothesis used reflect the reality of the Group);
- Annual probability of requests for advances on the severance pay: the propensity to ask for an advanced payment of a part of the total accrued severance pay.

b) Financial hypothesis
- Discount rate: the interest rate used to bring to present value the liabilities related to after the end of the work relationship has to be calculated with reference to market returns at the reference date of

the balance sheet; the medium/long-term average yield of high-quality corporate securities (those with at least an AA rating) is used, in line with the average duration of the services rendered;

- Salary increase rate: it is an estimate of future salary lines; it considers inflation and professional title;
- Expected inflation rate: the ISTAT long-term inflation rate is used.

Assuming a 50 basis point increase in the technical actuarial rate compared with the one effectively applied for assessments to December 31, 2017 and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 11 thousand. At the same time, assuming a 50 basis point drop in the same interest rate, there would be a potential increase in the current value of the liability of some Euro 12 thousand.

The changes to the remaining actuarial hypothesis would generate a significantly lower impact on the current value of the liabilities for defined benefit plans booked in the balance sheet.

23. Accruals for risks and charges

Following is a breakdown:

Thousands of Euro	**31/12/2016**	**Provisions.**	**Use**	**31/12/2017**
Investment loss provision	7,614	391	-	8,005
Total	**7,614**	**391**	**-**	**8,005**

The investment loss provision reflects for Euro 7,841,721, the negative net equity of the French subsidiary at December 31, 2017 (including the loss incurred in the 2017 financial year, reflected as an increase in this fund) for which – to date - there are no legal obligations to recapitalize. This loss coverage fund constitutes an indirect write-down of all trade and financial receivables vested in Itway S.p.A. to the French subsidiary, as shown in note 34 below, and iNebula S.r.l.

25. Non current financial liabilities

Following is the breakdown:

	Period ended			
Thousands of Euro	**31/12/2017**	**31/12/2016**	**Variation**	**Maturity**
Non-current residual leasing debt	1,899	1,993	(94)	November 2026
Project financing for purchase of stake in Dexit	-	9	(94)	March 2018
UniCredit Financing	-	261	(9)	March2018
Banca Centropadana Financing	-	128	(261)	April2018
MPS Financing	-	83	(128)	June 2018
ICCREA Banca Financing	-	282	(83)	May 2022
Banca Carim Financing	-	89	(282)	July 2018
Total	**1,899**	**2,845**	**(946)**	

This item represents the noncurrent quota of the residual debt for the leasing of the offices in Milan as previously commented (Note 10) 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:

	Period ended	
Thousands of Euro	**31/12/2017**	**31/12/2016**
Residual non current debt, net of interests:		
From 1 to 5 years	578	417
Over 5 years	1,321	1,576
Residual leasing debt, net of interests	**1,899**	**1,993**

26. Current financial liabilities

As at December 31, 2017 they total Euro 8,171 thousand (Euro 14,529 thousand to December 31, 2016) and are mainly represented by debt towards banks and unsecured loans. In addition, this item includes Euro 1,769 thousand of the short term quotas of leasing debt as per Note 25.

At the moment, current liabilities include two Iccrea medium-term financing totalling Euro 267 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.

As of December 31, 2017 expired debt positions of the Parent Company totalled Euro 6.9 million. At the same date the expired debt positions of the Itway Group totalled Euro 7.7 million. Please note that the Parent Company and the Group have started talks with financial bodies aimed at defining the terms and conditions to remodulate financial indebtedness. The collective negotiations with the banking class were interrupted in June and are continuing on a bilateral basis with each bank.

With reference to the financial expiry of Itway S.p.A., it is specified that, as of today's date, there are legal disputes or judicial initiatives for 750 thousand euros.

27. Trade payables

Trade payables, including invoices not yet received, amount to Euro 5,504 thousand as of December 31, 2017 compared with Euro 5,153 thousand as of December 31, 2016 and of these Euro 1,317 were acquired prior to the sale of Business-e to Maticmind. Trade payables, all short term, include an expired debt towards suppliers of approximately Euro 2.5 million (of which approximately Euro 0.4 million for amounts being contested, possibly at court level).

With reference to the commercial expiration of Itway S.p.A., it should be noted that, as of today's date, some reminders have been received from creditors and legal disputes or legal initiatives for 143 thousand euros exist, while no suspension of the related services has occurred.

28. Tax payables

Tax payables as of December 31, 2017 total Euro 252 thousand (Euro 4,082 thousand as of December 31, 2016) and following is the breakdown:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation
VAT	200	4,033	(3,833)
Withholding on personnel compensation	52	42	10
Other	-	7	(7)
Total	**252**	**4,082**	**(3,830)**

VAT payables , totalling Euro 200 thousand, are due to debts not paid at the natural maturity during the 2017 fiscal year (compared with approximately Euro 4 million as of December 31, 2016) and that Management expects to pay back within the terms foreseen by regulations in force.

In the fiscal year ending December 31, 2011 the Company was subject to a review by the Ravenna Province Tax Agency for the 2008 fiscal year. The reviews ended up with the issue of official tax audit report to date followed by a notice of investigation. The company, supported by their tax consultants, does not feel that these checks can bring to significant liabilities; as a result, in the financial statements no tax risk allowance fund was posted.

29. Other current liabilities

Other current liabilities as of December 31, 2017 total approximately Euro 696 thousand (Euro 338 thousand as of December 31, 2016) with the following breakdown:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation
Debt towards personnel for remuneration	4	3	1
Other debt towards personnel	112	61	51
Debt towards directors and collaborators	432	187	245
Debt towards social security institutions	64	26	38
Accruals and deferrals	83	56	27
Advanced payments received and others	1	5	(4)
Total	**696**	**338**	**358**

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

30. Obligations and guarantees

Following are the obligations and guarantees as of December 31, 2017

- Third party guarantees in favour of the Company for Euro 1,980 thousand relative to bank guarantees on behalf of companies of the Group in favour of lessor of the properties that are offices of the Company and other suppliers .

- Company guarantees for Euro 10,170 thousand in favour of subsidiaries in order to obtain credit lines to unfreeze account receivables, with Euro 1,205 thousand used to the financial statements date

31. Information on related parties

During the 2017 fiscal period, 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.	374	-	198	2
Itway S.p.A. vs Be Innova S.r.l.	2,605	-	-	140
TOTAL	**2,979**	**-**	**198**	**142**

The Group's relationship with its managers is summed up in the Remuneration Report of the Board of Directors.

32. Infra-group relationships

The following table sums up the relationship between the Company and the subsidiaries of the Itway Group :

Thousands of Euro	Account receivables	Financial receivables	Financial payables	Account payables	Operating and financial costs	Revenue, other revenue and financial proceeds
Business- e S.p.A.	-	-	-	-	274	110
Itway Iberica S.L.	105	-	835	-	-	166
Itway France S.A.S.	-	6,151	-	42	-	-
iNebula S.r.l.	681	1,377	-	-	-	10
Itway RE S.r.l.	9	-	-	(46)	60	-
4Science S.r.l.	-	1,403	-	1,049	397	48
Itway Hellas S.A.	871	601	-	-	-	793
Itway Turkiye Ltd.	123	-	-	-	-	239
Total	**1,789**	**9,532**	**835**	**1,045**	**731**	**1,366**

Commercial relationships

The company is not in a situation of being dependent or controlled by other companies. Itway S.p.A carries out commercial sales and purchase transactions of products and services with subsidiaries, within the normal management of the Company

Financial relationships

The Company, in order to centralize and optimise treasury services, has current account financial relationships with subsidiaries, regulated at market rates, highlighted in the previous table, for an overall Euro 9,532 thousand as of December 31, 2017.

33. Remuneration to Directors, Auditors, managing directors and managers with strategic Responsibility

Following the introduction of article 123 ter of the TUF, the data on these remunerations are reported analytically on the report on remuneration that will be made available to the public within

the terms foreseen by law at the administrative headquarters. It will also be possible to consult them on the Internet site www.itway.com in the Investor Relation section.

34. 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) not inclusive of intercompany loans towards subsidiaries previously disclosed

Thousands of Euro	**31/12/2017**	**31/12/2016**
Cash on hand	129	119
Financial receivables	812	397
Current financial liabilities	(8,171)	(14,529)
Current net financial position	**(7,230)**	**(14,013)**
Other noncurrent financial assets	2,098	500
Noncurrent financial liabilities	(1,899)	(2,845)
Noncurrent net financial position	**199**	**(2,345)**
Total net financial position	**(7,031)**	**(16,358)**

Please see the Cash Flow Statement for the details of the movements that generated the variation in the Net Financial Position. It should be underlined that the punctual situation at the end of the year also reflects the situation of the net working capital employed that is impacted by the previously described sale transaction.

The non current financial positions reflects the financing detailed in Note 25; the variation for the fiscal period reflects the drop of the of the maturing stakes as well as the use of financing granted in previous fiscal periods.

35. Subsequent events

Although already mentioned above, we note in particular:

- after the close of the period the financial and legal due diligence that will lead to the signing of the Sale and Purchase Agreement (SPA) for the sale of the Itway Hellas SA and Itway Turkyie Ltd subsidiaries, and the agreement was signed on June 19, 2018, for a consideration of Euro 10 million was completed;
- in terms of the sale of the Business-e unit, Maticmind cashed in Euro 1.3 million after the end of the 2017 fiscal year and a negotiations for a settlement agreement is being considered in order to define the reciprocal objections are currently underway.

On May 30, 2018 the Board of Directors of Itway approved the guidelines of the industrial plan of the Group for the period 2018-2022 and the financial plan for Itway S.p.A. for all of 2019 in a scenario following the sale of Business-e S.p.A. and also considering the sale of the Itway Hellas SA and Itway Turkyie Ltd. These guidelines foresee that the Group does not exit from the security sector but that it repositions in it. Furthermore the plan foresees a greater focus on the Be Innova S.r.l. subsidiary and the iNebula and 4Science start-ups. There will also be a continuation of the development of foreign operations also in the MEA area where the Group is present through its stake in Itway Mena FZC.

36. Non recurrent, atypical and/or unusual transactions

During the fiscal year that ended on December 31, 2017, no significant and/or non recurrent and/or atypical and/or unusual transactions were carried out with third parties, as defined by Consob Communication of July 28, 2006 in addition to those already described at the beginning of the report related to the sale of Business-e S.p.A..

37. Financial risk management: objectives and criteria

The international accounting principle IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the financial position and performances;;
- the nature and entity of risks arising from financial instruments to which the Group is exposed during the fiscal year and as at the reporting date, and how the entity managed those risks.

The accounting principles regarding financial instruments applied in drafting the separate balance sheet are described in the section Accounting Principles and Main Assessment Criteria, while the definition of financial risks and the analysis of the degree of significance of the exposure of the Company to the different categories of risks identified are reported hereinafter.

The main financial activities of the Company are represented by account receivables, cash and cash on hand that directly derives from the operating activity. Financial liabilities are made up of short-term debt towards major credit institutes and medium- and long-term debt towards leasing companies.

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	49	-	49	-	-
Non current assets	**49**	**-**	**49**	**-**	**-**
Trade receivables	5,153	-	5,153	-	-
Financial receivables towards subsidiaries	9,533	-	9,533	-	-
Account receivables from subsidiaries	1,789	-	1,789	-	-
Other current assets	4,128	-	4,128	-	-
Cash on hand	129	-	129	-	-
Current assets	**20,732**	**-**	**20,732**	**-**	**-**

ASSETS	December 31, 2016				
Thousands of Euro	*Carrying value*	*Assets at FVTPL**	*Loans and receivables*	*Derivatives used for hedging*	*Available for sale*
Other non current assets	104	-	104	-	-
Non current assets	**104**	**-**	**104**	**-**	**-**
Trade receivables	8,701	-	8,701	-	-
Financial receivables towards subsidiaries	12,822	-	12,822	-	-
Account receivables from subsidiaries	3,912	-	3,912	-	-
Other current assets	1,928	-	1,928	-	-
Cash on hand	119	-	119	-	-
Current assets	**27,482**	**-**	**27,482**	**-**	**-**

LIABILITIES	December 31, 2017			
Thousands of Euro	*Carrying value*	*Liabilities at FVTPL**	*Other financial liabilities*	*Derivatives used for hedging*
Non current financial liabilities	1,899	-	1,899	-
Non current liabilities	**1,899**	**-**	**1,899**	**-**
Current financial liabilities	8,171	-	8,171	-
Trade payables	5,504	-	5,504	-
Trade payables towards subsidiaries	1,045	-	1,045	-
Other current liabilities	696	-	696	-
Current liabilities	**15,417**	**-**	**15,417**	**-**

LIABILITIES *Thousands of Euro*	December 31, 2016 *Carrying value*	 *Liabilities at FVTPL**	 *Other financial liabilities*	 *Derivatives used for hedging*
Non current financial liabilities	2,845	-	2,845	-
Non current liabilities	**2,845**	**-**	**2,845**	**-**
Current financial liabilities	14,529	-	14,529	-
Trade payables	5,153	-	5,153	-
Trade payables towards subsidiaries	1,847	-	1,847	-
Other current liabilities	338	-	338	-
Current liabilities	**21,867**	**-**	**21,867**	**-**

** Fair Value Trough Profit and Loss*

Financial assets and liabilities are booked at a value that is not different from the fair value.

Following are the main risks for the activities of the company:

Interest rate risk

The financial instruments of the Company include anticipated credits by banking institutes and bank deposits refundable upon request. Such instruments finance the Company'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 variation of +/- in interest payments of some Euro 82 thousand per fiscal period. On non current financial liabilities a 1 percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 19 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.
In order to reduce the foreign exchange risk deriving from expected assets, liabilities and cash flows in foreign currency the group uses hedging contracts.

Credit risk

The credit risk represents the Company's potential exposure to losses deriving from counterparties not fulfilling their obligations. The Company 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 Company 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 institutions.

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 centrally managed in a bid to optimize the management of the Group's financial resources. In this regard, the Company and the Group have begun a confrontation with the banking class aimed at defining the terms and conditions for the reshaping of financial debt. The collective negotiations with the banking class were interrupted in June and are continuing on a bilateral basis with each bank.

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 noncurrent liabilities, grouped together on the basis of the contract expiration compared with the balance sheet date.

Thousands of Euro	***31/12/2017***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non current financial liabilities	1,899	1,899	101	477	1,321
Non current liabilities	**1,899**	**1,899**	**101**	**477**	**1,321**

Thousands of Euro	***31/12/2016***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non current financial liabilities	2,845	2,845	735	550	1,560
Non current liabilities	**2,845**	**2,845**	**735**	**550**	**1,560**

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. Other information

Regarding the information Consob requested regarding transactions and significant balances with related parties and infra group, it should be underlined that these, in addition to being commented in an ad hoc Note, were separately indicated in the financial statement.

39. Compensation for the auditing firm - Art. 149 duodecies of Issuers Regulations - Prospectus

Description Thousand	Euro
Compensation for PwC for the auditing activity of the financial statements of the fiscal year and the consolidated financial statements of Itway SpA	98
Compensation for PwC for other services	-
Compensation for PwC for other services (exam of pro-forma data related to the sale of the business units to the Esprinet Group)	81
Total	**277**

In addition to the compensation mentioned above, no other mandates were given to the auditing firm or other companies of its network.

40. Publication of the Financial Statements

The Financial Statements were approved by the Board of Directors of Itway S.p.A. in the meeting of May 30, 2018 when the mandate was given to the Chairman to make changes or integrations for the formal improvement of the Financial Statements that were deemed necessary or opportune for a better drafting and completeness of the text, in all of all its elements. These amendments were made on June 19, 2018 to explain the signing of the Sale and Purchase Agreement (SPA) with Cognosec for the sale of 100% of Itway Hellas SA and Itway Turkyie Ltd, that followed preliminary agreements and the due diligence activities that started in April 2018.

41. Companies of the Itway S.p.A. Group

Following is the list of companies and relevant investments of the Group, pursuant to Consob Deliberation No. 11971 of May 14 1999 and successive modification and Consob communication No. DEM/6064293 of July 28 2006.

In the list that follows the companies are divided by type of control and consolidation method. For each company the following is highlighted: name, headquarters, country affiliation, share capital in the original currency. Furthermore, also listed are the shareholdings, voting rights in ordinary shareholders meeting, if different from the stake of the capital and the controlling companies.

PARENT COMPANY	HEADQUARTERS	SHARE CAPITAL Euro
Itway S.p.A.	Milano	3,952,659

CONTROLLED COMPANIES	HEADQUARTERS	SHARE CAPITAL Euro	% STAKE IN CAPITAL	CONTROLLING COMPANY
Itway Iberica S.L.	Barcelona	560,040	100%	Itway S.p.A
Itway France S.A.S.	Paris	100,000	100%	Itway S.p.A
Itway Hellas S.A.	Athens	846,368	100%	Itway S.p.A
Itway Turkiye Ltd.	Istanbul	1,500,000 *	100%	Itway S.p.A.
iNebula S.r.l.	Milan	10,000	75%	Itway S.p.A
4Science S.r.l.	Milan	10,000	100%	Itway S.p.A
Itway RE S.r.l.	Ravenna	10,000	100%	Itway S.p.A.

* The value is expressed in the New Turkish Lira (YTL)

ASSOCIATE COMPANIES	HEADQUARTERS	SHARE CAPITAL Euro	% STAKE IN CAPITAL	CONTROLLING COMPANY
BE Infrastrutture S.r.l.	Ravenna	100,000	30%	Itway S.p.A.
BE Innova S.r.l.	Trento	20,000	50%	Itway S.p.A.

OTHER COMPANIES	HEADQUARTERS	SHARE CAPITAL Euro	% STAKE IN CAPITAL	CONTROLLING COMPANY
Dexit S.r.l.	Trento	700,000	9%	Itway S.p.A
Itway MENA FZC	-Saudi Arabia	35,000*	17,1%	iNebula S.r.l.
Idrolab S.r.l.	Cesena	52,500	10%	Itway S.p.A.
Serendipity Energia SpA	Ravenna	1,117,758	10,5%	Itway S.p.A.

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

Ravenna, June 19, 2018

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

Attestazione del bilancio consolidato ai sensi dell'art. 81-ter
del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche e integrazioni

1. I sottoscritti G.Andrea Farina – Amministratore Delegato e Sonia Passatempi Dirigente Preposto alle redazione dei documenti contabili societari della Itway S.pA. attestano, tenuto anche conto di quanto previsto dall'art. 154-*bis*, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

• l'adeguatezza in relazione alle caratteristiche dell'impresa

e

• l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2017 nel corso dell'esercizio dal 1 gennaio 2017 al 31 dicembre 2017.

2. Al riguardo non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che

3.1 il bilancio consolidato:

a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;

b) corrisponde alle risultanze dei libri e delle scritture contabili;

c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento;

3.2 la relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nell'area di consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Ravenna, 19 giugno '18

G.Andrea Farina
Presidente & Amministratore Delegato

Sonia Passatempi
Dirigente preposto alla redazione dei documenti contabili societari

Attestazione del bilancio d'esercizio ai sensi dell'art. 81-ter
del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche e integrazioni

1. I sottoscritti G.Andrea Farina – Amministratore Delegato e Sonia Passatempi Dirigente Preposto alle redazione dei documenti contabili societari della Itway S.pA. attestano, tenuto anche conto di quanto previsto dall'art. 154-*bis*, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

• l'adeguatezza in relazione alle caratteristiche dell'impresa

e

• l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio d'esercizio al 31 dicembre 2017 nel corso dell'esercizio dal 1 gennaio 2017 al 31 dicembre 2017.

2. Al riguardo non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che

3.1 il bilancio d'esercizio:

a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;

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Ravenna, 19 giugno '18

G.Andrea Farina
Presidente & Amministratore Delegato

Sonia Passatempi
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