Financial statements fiscal year ended December 31, 2018

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Directors' report on operations for the fiscal year ending December 31, 2018

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Social bodies

Board of Directors

(Until the approval of the December31, 2019 Financial Statements)

Name and 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 and Last name	***Position***
Daniele Chiari	President
Silvia Caporali	Member
Rita Santolini	Member

Substitute auditor Rita Santolini has taken the place of standing auditor Dario Rossi following his resignation and will remain in the position until the next annual general meeting, called on May 22-23 in first and second call respectively, that will proceed with the reintegration of the Board of Statutory Auditors.

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 company

Analisi S.p.A.

The mandate for the auditing firm was given by the General Meeting on July 2, 2018 for a period of nine years until the approval of the financial statements for the year ending December 31, 2026 and, pursuant to the regulations in force, it cannot be renewed..

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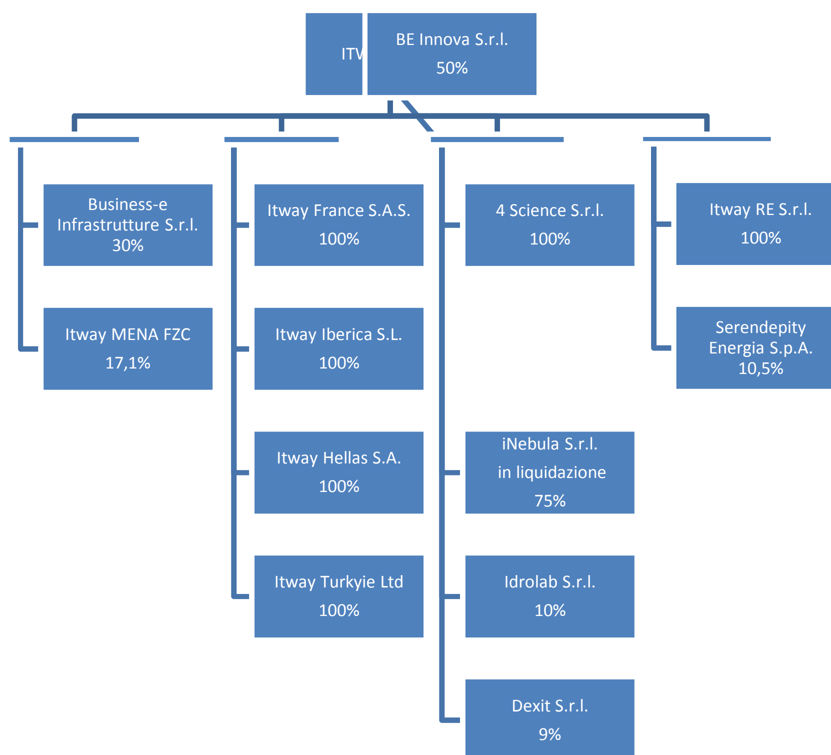
Report on the ownership and on corporate governance

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, 2018



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. Please note that the company took advantage of the broader 180 day deadline foreseen by article 2364, paragraph 2 of the Civil Code mainly so as to be able to guarantee the greatest availability and breadth of information and facts that are useful to draft the plans that are the basis of the complex valuation principles required when drafting the annual financial statements, in a context of uncertainty also related to the negotiations for the sale of the Greek and Turkish subsidiaries.

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Condensed Half Year financial statements as of December 31, 2018 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 possibly requiring revisions that today cannot be either estimated or forecasted.

On April 4, 2018, Itway signed an exclusive agreement with Cyber Security 1 AB (formerly Cognosec), a company listed on the NASDAQ (COGS OTC-Nasdaq Intl. Designation: CYBNY), a leading supplier of Cyber Security solutions operating n Europe, Africa and the Middle East, for the sale of 100% of Itway Hellas SA and Itway Turkyie Ltd. After the completion of the due diligence, on June 19, 2018 a Sale and Purchase Agreement(SPA) was signed, the terms of which can be summed up as follows:

- The agreed price Cyber Security 1 AB will pay Itway for both stakes, totals Euro 10 million and is comprised of a cash component totalling Euro 2 million, to be paid by the closing, of which Euro 500 thousand has been cashed in at the same time of the signing of the SPA, and with No. 16.666.666 newly issued Cyber Security 1 AB shares for a total of Euro 8 million, representing 6.35% of their share capital
- It will be possible to sell the shares in quarterly instalments during the first five quarters after the closing of the transactions and the countervalue of the shares, totalling Euro 1.6 million at each instalment, is expected to be guaranteed by a PUT option that will allow the sale of these shares at a price that is the same as the allotted one.

The closing of the transaction, originally scheduled for the end of July 2018, was delayed, through three amending acts requested by the buyer, to November 8, 2018 in exchange for the commitment to pay the total cash part of the consideration, which at that date was cashed in, and the release of guarantees necessary for the cashing in of the subsequent Euro 8 million. In case

of delay of the closing, a mechanism kicked in whereby the buyer had to pay a penalty of Euro 15 thousand per day until the effective closing of the transaction.

The third amendment signed on 26 October 2018, reaffirmed very clearly that only following a bank guarantee, issued by a leading credit company, could the proceeding be carried out with the sale of the shares of the Greek and Turkish subsidiaries. The deadline set by the contract was 31 January 2019. This date was further postponed at Cyber1's request as the share price did not allow the company to issue the necessary guarantees, while they accelerated some ongoing financial transactions that should allow to finance the acquisition of the subsidiaries Itway Hellas and Itway Turckyie.

Following these events, in the months from January to April 2019, the parties, at the request of Cyber1, negotiated a new agreement in good faith that will allow the subsidiaries to be sold at even more favorable conditions than those agreed with the original SPA.

Itway, with the sale of the companies that distribute high value added products and services (Value Added Distribution, or VAD) in Greece and Turkey, completed its VAD activities disposal program.

2018 marked the repositioning of the Group that following the sale of Business-e interrupted for a year its activities in the security market, which was in any case presided over through its 50%-owned BE Innova affiliate, which increased its market presence.

Digital Transformation brings to a new vision of corporate organization. The Itway Group since 2015 has started a progressive repositioning in growth markets disposing of its lower margin activities (VAD) considering that since 2017 onwards it has been undergoing a period of financial stress. To support its financial needs it also sold Growth Areas (Business-e) while keeping companies with products under development. The evolution of the digital market that Gartner announced at its Symposium in Barcelona in November 2018 was very clear and goes by the name “ContinuousNext”, starting from the following pillars: Digital Products marketing, Privacy, Digital Twin, Augmented Intelligence (AI), Culture. The presence of digital products in high growth segments will mark the difference between successful and non-successful companies. Itway has developed, through significant investments in previous year, the culture of the product and the positioning of Itway evolves towards the Digital product-oriented model through the constitution of four business units:

- Cybersecurity
- Adapt/Smartys
- Data Science
- Safety

Business Unit areas:

- **Itway S.p.**A returns to being an operational holding and deals with consultancy, planning and system integration in the field of cyber security, in particular on the GDPR, Internet of Things (IoT) and work safety in the EH&S (Environment, Health & Safety) sector. The IoT and Safety sectors are covered and approached with the iNebula brand of which Itway purchased, in the liquidation process underway, part of the products under development and the brand name. **4Science S.r.l.** regards services and solutions for Big Data and Data Management and AI for the scientific research, cultural heritage and Big Data markets.
- **Be Innova S.r.l**. carries out Managed Security Services (MSS) with cyber security and network monitoring services through its NOC-SOC located in Trento. The main client of Be Innova is the Province of Trento for which it handles 24/365 days/year Cybersecurity. Also worthy of mention is the strong partnership created with IBM, for which in March 2019 it became a Service Center for Information Security.

  Be innova also has Smartys, or the commercial name of the so-called ADAPT project co-financed with the Ministry of Education (MIUR), that regards the management of bed space in hospitals, nursing and assisted homes and most importantly home care. In the future, part of the activities will be allocated to services for the individual citizen user of the services. The project was developed with a Security by design logic and using the experience in IoT that iNebula acquired

General context and performance of the ICT Market:

The forecasts for 2018 of 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, IoT and Big Data, all of which are connected and correlated. Furthermore, the repositioning on new product lines continued, with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital.

Group's industrial policy: The industrial policy of the Group continued to focus on higher value added business lines represented by the new Business Unit described above.

Following is the consolidated condensed income statement at December 31, 2018 compared with that of the same period a year earlier. In light of the sale of the Business-e S.p.A. subsidiary already broadly described in the Financial Statements for the year ended December 31, 2017 and in line with the presentation in those statements, for comparison sake the economic data related to that transaction are reported separately, in the "Business-e Transaction" column:

(Thousands of Euro)	December 31 2018	December 31, 2017		
	Itway Group	Itway group	Business-e transaction	Total Itway Group
Turnover				
Sales Revenue	28,941	28,035	12,912	40,947
	4,115	3,152	539	3,691
Total turnover	**33,056**	**31,187**	**13,451**	**44,638**
Operating costs				
Cost of products	24,811	24,140	5,981	30,121
Personnel costs	2,360	2,696	5,350	8,046
Other costs and operating charges	4,257	4,546	3,387	7,933
Total operating costs	**31,428**	**31,382**	**14,718**	**46,100**
EBITDA*	**1,628**	**(195)**	**(1,267)**	**(1,462)**
Amortization and writedowns	416	800	299	1,099
EBIT*	**1,212**	**(995)**	**(1,566)**	**(2,561)**
Net financial charges	(291)	(1,102)	(506)	(1,608)
Capital gain net of directly attributable charges	-	3,525	-	3,525
Result before taxes	**921**	**1,428**	**(2,072)**	**(645)**
Taxes	(567)	(1,139)	-	(1,139)
Net result	**354**	**289**	**(2,072)**	**(1,784)**

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

In addition to the results of the iNebula subsidiary, commented hereinafter, which ended the fiscal year with a negative EBIT of 821 thousands and that was liquidated in October 2018, results of the period were impacted by part of non-recurring costs of Euro 600 thousand related to the remodulation of debt and the management of extraordinary transactions underway as well as non-recurring proceeds of Euro 3 million mainly related to the deposit received for the sale of the Greek and Turkish subsidiaries and non-operating income for the removal of Euro 1 million of debt positions that were negotiated on a bilateral basis.

As previously described, following the sale of Business-e and in light of the growth trend foreseen for emerging sectors of IoT and Big Data, and the profound knowledge and reputation in Cybersecurity developed over almost 25 years, 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.

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.

Following are the main economic indicators of the VAD SBU, compared with those of the previous fiscal year:

Thousands of Euro	31/12/2018	31/12/2017
Total revenue	27,219	26,056
EBITDA*	1,352	1,954
EBIT*	1,299	1,895
Result before taxes	1,501	1,782
Result for the period	1,031	1,369

**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 year with a net profit of almost Euro 900 thousand with revenues and profitability in line with the previous fiscal period. The results for the period were however impacted by the performance of the Turkish Lira exchange rate, which lost approx. 33% of its value against the Euro compared with 2017. In local currency the results of the period would show an increase in revenue of almost 30%.

The Greek subsidiary ended the fiscal period with an increase in revenue of 25% compared with the previous year and with a result before taxes of over Euro 300 thousand. These results position us as the leading VAD in the security market in Greece.

Developments in 2019

On April 4, 2018, Itway signed an exclusive agreement with Cyber Security 1 AB (formerly Cognosec), a company listed on the Nasdaq First North Stockholm (COGS OTC-Nasdaq Intl. Designation: CYBNY), a leading supplier 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. Following the completion of the due diligence, a Special Purpose Agreement (SPA) was signed on June 19, 2018 that can be summed up as follows:

- The agreed price paid by Cyber Security 1 AB to Itway for both stakes totals Euro 10 million and is made up of a cash deposit of Euro 2 million, to be paid at closing, of which Euro 500 thousand was cashed in at the signing of the SPA, and a component in nature comprising No 16,666,666 newly issued Cyber Security 1 shares.
- It will be possible to sell the shares in quarterly instalments during the first five quarters after the closing of the transaction and the value of these shares, equal to Euro 1.6 million for each instalment, will be guaranteed by a PUT option, released by a company that is owned by the reference shareholder of Cyber1, Kobus Paulsen, that will be able to allow the sale of these shares at the same assigned price.

The closing of the transaction, originally scheduled for the end of July 2018, was delayed, through three amending acts requested by the buyer, to November 8, 2018 in exchange for the commitment to pay the total cash part of the consideration, which at that date was cashed in, and the release of guarantees necessary for the cashing in of the subsequent Euro 8 million. In case of delay of the closing, a mechanism kicked in whereby the buyer had to pay a penalty of Euro 15 thousand per day until the effective closing of the transaction.

The third amendment signed on 26 October 2018, reaffirmed very clearly that only following a bank guarantee, issued by a leading credit company, could the proceeding be carried out with the sale of the shares of the Greek and Turkish subsidiaries. The deadline set by the contract was 31 January 2019. This date was further postponed at Cyber1's request as the share price did not allow the company to issue the necessary guarantees, while they accelerated some ongoing financial transactions that should allow to finance the acquisition of the subsidiaries Itway Hellas and Itway Turckyie.

Following these events, in the months from January to April 2019, the parties, at the request of Cyber1, negotiated a new agreement in good faith that will allow the subsidiaries to be sold at even more favorable conditions than those agreed with the original SPA.

Itway, with the sale of the companies that distribute high value added products and services (Value Added Distribution, or VAD) in Greece and Turkey, completed its VAD activities disposal program.

Sector performance: ***Activities of the Parent Company and other Start-up sectors***

After the sale of the Italian distribution activities to Esprinet S.p.A., Itway has assumed the role of parent company listed on Borsa Italiana S.p.A. that supplies services of different nature to the operational subsidiaries and includes new sectors, described below, which are investing in the realization of products and tat are in an operational and commercial start-up phase. Following the sale of Business-e, starting from the middle of 2018, Itway has become an operational holding that includes system integration and production activity.

- **Itway S.p.A.** returns to being an operational holding and deals with consultancy, planning and system integration in the field of cyber security, in particular on the GDPR, Internet of Things (IoT) and work safety in the EH&S (Environment, Health & Safety) sector. The IoT and Safety sectors are covered and approached with the iNebula brand of which Itway purchased, in the liquidation process underway, part of the products under development and the brand name.
- **4Science S.r.l.** offers services and solutions for Big Data and Data Management for the scientific research, cultural heritage and Big Data markets.

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

Thousands of Euro	31/12/2018	31/12/2017
Total revenue	5,837	5,131
EBITDA*	276	(2,149)
EBIT*	(87)	(2,890)
Result before taxes	(580)	(355)
Result for the period	(678)	(1,082)

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

Following is a brief comment on the activities carried out by 4Science.

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 Data Science, Data Management, Big Data (Data Curation) as well as Digital Repository and Preservation of cultural and artistic assets, the so-called Digital Library market. Its industrial plan foresees the realization of two key platforms and four add-on products, in part realized and in part being developed:

- DSpace-CRIS (distro 4Science based on DSpace): information management aimed in particular at the research sector: acquisition, normalization, metadatation, classification, conservation, dissemination;
  DSpace-GLAM (distro 4Science based on DSpace): management of digital objects related to the world of cultural assets and cultural Heritage: acquisition, normalization, metadatation, classification, conservation and dissemination.
- Image Viewer (add-on developed by 4Science based on IIPImage): image visualization: segmentation, zooming, resizing, rotation;
- CKAN (4Science integration): Interpretation and visualization of tabular data of research: grid, graph, map.
- Document viewer, OCR, Video Audio streaming: add-ons developed by 4Science to view text and multimedia content and to recognize text in multi-language mode.

The 4Science subsidiary in the fiscal year posted an increase in Ebitda of over 10%, even though it was lower than budget. It had a significant growth in the order portfolio compared with 2017 despite the financial stress that characterized the 2018 fiscal year. During the period, 4Science consolidated strongly its presence on international markets with the acquisition of important and prestigious clients in the scientific and university sectors. Unfortunately, due to the known economic hardships of national cultural institutions, the Italian cultural and scientific assets market does not represent the main reference for 4Science, despite its top-rated references.

iNebula S.r.l. was liquidated in October 2018. It was a necessary decision given the lasting strong losses of the unit, in particular in the iNebula RECO sector. The first objective of the liquidation was to interrupt operating costs that were no longer sustainable. The second objective was to sell assets for the most value, with particular focus on the developments carried out by iNebula in the past few years around the iNebula Connect platform.

All the assets of iNebula Connect (IoT market and of security solutions for work-safety ICOY) in addition to the iNebula portal were sold to Itway at a price of Euro 1,198 thousand. In the first months of 2019 other activities, including iNebula Vidio and other software assets were sold at a price of Euro 50 thousand. A writedown of Euro 661 thousand was booked on the iNebula assets while Itway in its financial statements booked negative adjustments of Euro 851 thousand for all positions related to the iNebula subsidiary

Personnel

The average number of employees of the Group during the 2018 fiscal year was of 45 units while the punctual number at the end of 2018 was of 44 units. The drop in working units compared with 2017 is mainly due to the sale of the Business-e subsidiary during the previous fiscal period.

	31/12/2018 *Avg*	**31/12/2017** *Avg*	**31/12/2018** *Punctual*	**31/12/2017** *Punctual*
Managers	3	5	3	3
Mid-managers	7	5	5	8
Employees	35	150	36	34
Total	**45**	**160**	**44**	**45**

Net financial position

Following is the detail of the net financial position:

Thousands of Euro	**31/12/2018**	**31/12/2017**
Cash on hand	951	440
Financial receivables	2,526	812
Current financial assets	1,268	1,428
Current financial liabilities	(9,247)	(9,667)
Current net financial position	**(4,502)**	**(6,987)**
Non current financial assets	2,098	2,098
Non current financial liabilities	(1,862)	(1,899)
Non current financial position	**236**	**199**
Total net financial position	**(4,266)**	**(6,788)**

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 net financial position of the Group as at December 31, 2018 improved by approximately Euro 2.5 million compared with December 31, 2017 mainly because of:
- receipt of the guarantee deposit on the sale of the Greek and Turkish subsidiaries
- settlement of the transaction with Maticmind for the sale of the Business-e subsidiary, which impacted financial receivables towards the affiliate company BE Innova for a total of Euro 1.6 million
- removal of some debt positions.

Two banking institutions sold their respective payables to the related company Fartech, which then settled with Itway for the definitive closing of the position while Unicredit and Banco BPM sold their positions to Mercatoria S.p.A. (a company with a debt collection license pursuant to article 115 of the TULPS) which has Euro 2.1 million of financial receivables towards Itway S.p.A.

Current liabilities include an Iccrea medium term financing, for a total of Euro 766 thousand, the related covenants of which have not been respected and therefore are currently classified as short term, even if the redefinition of these parameters is currently underway in order to maintain the original medium term classification.

Net financial position of the Parent Company

Thousands of Euro	31/12/2018	31/12/2017
Cash on hand	468	129
Financial receivables	2,525	812
Current financial liabilities	(7,835)	(8,171)
Current net financial position	**(4,842)**	**(7,230)**
Non current financial assets	2,098	2,098
Non current financial liabilities	(1,862)	(1,899)
Non current financial position	**236**	**199**
Net financial position	**(4,606)**	**(7,031)**

The net financial position of the Parent Company as at December 31, 2018 improved by some Euro 2.4 million compared with December 31, 201 due to the factors described in the previous paragraph on the financial position of the Group. Current financial liabilities for the time being include a medium-term Iccrea financing for Euro 194 thousand, for which the terms of the covenants were not observed and is therefore classified as short term. The parameters are currently being redefined in order to maintain the original status of medium term.

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Expired debt positions of Itway S.p.A. and of the Itway Group, divided by type (financial, account, tax, social security and towards employees) and the eventual related reaction initiatives of creditors (solicitation, interruption of supply, injunctions, etc.)

As of December 31, 2018 expired financial positions of the parent company Itway amounted to Euro 7.8 million, while at the same date the expired financial positions of the Itway Group stood at Euro 8.6 million. Talks with banks have been opened to re-define the terms and conditions to remodulate financial indebtedness, with the objective of consolidating it; they are continuing on a bilateral basis with the single banking institutions following the termination of collective negotiations.

The parent company as of December 31, 2018 has expired account indebtedness towards suppliers of approx. Euro 3.1 million (of which approx. Euro 0.5 million for amounts being contested by one debtor, also through legal procedures) and an indebtedness towards tax authorities of Euro 28 thousand, which is expected to be paid by the terms foreseen by regulations in force.

The Itway Group as of December 31, 2018 had an expired account indebtedness towards suppliers of the Companies of the Group of approx. Euro 7.3 million (of which approx. Euro 2.2 million for amounts being contested by the debtors, also through legal proceedings) and an expired indebtedness towards tax authorities of approx. Euro 327 thousand related to debt not paid at the natural expiry during previous fiscal periods and that are expected to be paid within the terms foreseen by regulations in force.

As of December 31, 2018 payment reminders have been received as part of ordinary management. There has been no suspension of supply relationships to compromise the ordinary carrying out for corporate activities. As of December 31, 2018 legal disputes that emerged following initiatives by creditors (injunctions and writ of summons) stood at Euro 1,035 thousand. Furthermore, as of December 31, 2018 foreclosure acts for a total of Euro 798 have been notified.
To date these disputes have been resolved negotiating bilaterally with debtors a payment plan and a partial removal of the positions.

As of December 31, 2018 the Parent Company and the Itway Group have debt with social security bodies that expired at their natural maturity for Euro 13 thousand and Euro 28 thousand, respectively, while there are no expired debts towards employees.

Reconciliation 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:

	2018			2017		
	Recurring activities	Non recurring activities	Total	Recurring activities	Non recurring activities	Total
Result of the Parent Company	**172**	**-**	**172**	**(1,784)**	**-**	**(1,784)**
Results achieved by subsidiaries	1,083	-	1,083	122	-	122
Adjustment of values included in consolidated financial statements	(901)	-	(122)	(901)	(122)	-
Consolidated net result	**354**	**-**	**354**	**(1,784)**	**-**	**(1,784)**

	2018			2017		
	Recurring activities	Non recurring activities	Total	Recurring activities	Non recurring activities	Total
Net equity of the Parent Company	**6,060**	**-**	**6,060**	**6,624**	**-**	**6,624**
Results achieved by subsidiaries	-	-	-	-	-	-
Other consolidated entries	(175)	-	(175)	(28)	-	(28)
Consolidated Net Equity	**6,235**	**-**	**6,235**	**6,596**	**-**	**6,596**

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 Group as of December 31, 2018 report a positive result of Euro 354 thousand while the Parent Company ended the period with a net result of Euro 172 thousand. From a financial point of view, as already reported in the financial statements to December 31, 2017, the sale on November 30, 2016 of the 20-year old distribution business by the Parent Company, due to delays with which it materialized, led the company in the month of December 2016 to a position of financial stress that is still underway.

As of December 31, 2018, the Itway Group had a current net financial indebtedness of approximately Euro 9.2 million, of which Euro 8.6 million already expired at the date of writing of the balance sheet, an indebtedness towards tax authorities and social security institutions of Euro 365 thousand (which will be paid with the terms foreseen by regulations in force) and an indebtedness towards suppliers of approx. Euro 7.3 million (of which approx. Euro 2.2 million for amounts being contested, also through legal means).

This financial stress is still present, given the lower proceeds derived from the sale of Business-e S.p.A. compared with what was foreseen in the sales contract. To face this tension the Company has for some time started talks to remodulate debt on a bilateral basis with each lender, following the termination of collective negotiations, and during the fiscal period this led to the definition of positions with two banking institutions that sold their receivables to related company Fartech, which in turn settled with Itway their definitive closing. Unicredit and Banco BPM sold their positions to Mercatoria S.p.A. (a company with a debt collection license pursuant to art. 115 of the TULPS) which has Euro 2.1 million of financial receivables towards Itway S.p.A. To date negotiations are still under way with Monte dei Paschi di Siena, Banca Intesa and other minor lenders while agreements are underway with Mercatoria to define the balance and the removal of the acquired positions.

In this context the Company deemed necessary to proceed with the sale of the stakes in Itway Hellas SA and Itway Turkyie Ltd to Cyber Security 1 AB and towards this end signed a Sale and Purchase agreement on June 19, 2018 for a total of Euro 10 million, of which Euro 2 million due at the closing that was scheduled by the end of September 2018 and Euro 8 million in Cyber 1 shares that could be sold as the same assignment price in five quarterly instalments starting from three months from the closing date.

The closing of the transaction, originally scheduled for July 2018, was delayed through three amending acts upon request of the buyer, to November 8, 2018 in exchange for a commitment to pay the total cash amount, which at that date was cashed in, and the release of the necessary guarantees to cash in the subsequent Euro 8 million. In case of delays in the closing, a penalty at the expense of the buyer of Euro 15 thousand per day kicked in that will be calculated until the effective date of the closing of the sale.

The third amendment signed on 26 October 2018, reaffirmed very clearly that only following a bank guarantee, issued by a leading credit company, could the proceeding be carried out with the sale of the shares of the Greek and Turkish subsidiaries. The deadline set by the contract was 31 January 2019. This date was further postponed at Cyber1's request as the share price did not allow the company to issue the necessary guarantees, while they accelerated some ongoing financial transactions that should allow to finance the acquisition of the subsidiaries Itway Hellas and Itway Turckyie.

Following these events, in the months from January to April 2019, the parties, at the request of Cyber1, negotiated a new agreement in good faith that will allow the subsidiaries to be sold at even more favorable conditions than those agreed with the original SPA.

Following these events, which took place between in the months of January to April 2019 the parties, upon request of Cyber 1 negotiated in good faith a new agreement the main points of which can be summarized as follows: recognition of an increase in the price of Euro 5 million, in addition to the Euro 2 million already cashed in at the signing of the original SPA, which they did not respect, with Euro 250 thousand already cashed in at the writing of the current press release and the balance of Euro 4.75 million in cash and/or convertible shares of the SPAC that will be cashed in by July 30, 2019. The Cyber 1 shares currently in the hands of Itway will be converted into shares of the SPAC, at a minimum value of Euro 8 million and will be subject to a lock-in until September 30, 2019; after that date Itway will be able to exercise its right to sell. As a result of these agreements, Itway will sell a controlling stake in Greece and Turkey to Cyber 1 through vehicle under Italian law that will be 95% owned by Cyber 1 and 5% by Itway. Upon completion of the payments, Itway will sell for Euro 1 the remaining 5% stake to Cyber 1.

Itway, following the sale of the companies that distribute high value added products and services (Value Added Distribution, or VAD) in Greece and Turkey, completes its disposal programs of VAD activities.

In light of all this and pending the finalization of the above mentioned disposal, the Board of Directors of Itway also approved the industrial plan of the Group for the period 2019-2022. These guidelines foresee that the Group does not exit from the security sector but that it re-positions itself on the basis of investments made by Itway S.p.A., the coverage of which will derive from financial proceeds from the sale of the Greek and Turkish subsidiaries, as well as a greater focus on the affiliate company Be Innova S.r.l. and 4Science S.r.l. There will also be a continuation of the development of foreign operations in the MENA area where the group is present through stakes in Itway Mena FZC.

The plan foresees the continuation of the above mentioned activities and from a financial point of view is based on two key premises:

- The payment of financial proceeds deriving from the al of the stakes in Itway Hellas SA and Itway Turkyie Ltd;
- The favourable outcome of negotiations, as indicated above, with the remaining banking institutions in order to allow remodulating maturities according to the forecasts 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, in particular with regards to the continuing of the debt restructuring process, drafted the balance sheet on a going concern basis.

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Subsequent events

As reported in the previous paragraph “Going Concern Assessment”, please note that today Itway S.p.A. updated its industrial plan approved on June 30, 2018 and the financial plan of Itway S.p.A. for all 2020 while from January to April 2019 it continued negotiations for the sale of the Turkish and Greek subsidiaries as indicated above.

Foreseeable evolution of operations

Following the sale of Business-e S.p.A., which took place in the 2017 fiscal year, the Group does not exit the security market, as seen in the 2019-2022 Industrial Plan: three is a repositioning underway that will see the full realization of investments that will be carried out by Itway S.p.A.as foreseen by the industrial plan.

Furthermore, the development carried out and underway in the Middle East Africa (MEA) region regards system and security integration activities of the group; the characteristic types of products and skills can be exported.

Today, the Board of Directors updated the Industrial Plan of the Group approved on May 30, 2018 for the 2019-2022 five-year period and the financial plan Itway S.p.A. for all of 2020.

As already stated, the guidelines foresee that the Group focuses on the security sector, the market for which is expected to grow over 12% over the next five years, and that there be a repositioning in products and services. Furthermore there is expected to be a greater focus on the Be Innova S.r.l. and 4Science S.r.l. subsidiaries.

Following is the foreseeable evolution of operation in 2019, divided by SBU:

4Science s.r.l.

4Science S.r.l. has been fully operational since September 2016 with highly specialized personnel to carry out its objectives: becoming the reference company in the emerging Data Science, Data Management of Big Data (Data Curation) and Digital Repository and Preservation of cultural and artistic assets, the so-called Digital Library. Its industrial plan is incurring some delays in its realization due to the situation of financial stress of the group that has not allowed investing commercial and technical resources. Growth for the unit continues, but less than the market potential.

The industrial Plan foresees the continued evolution of two basic platforms and four add-on products, on which the budgeted sales are focused on:

- DSpace-CRIS (distro 4Science based on DSpace): information management aimed in particular at the research sector: acquisition, normalization, metadatation, classification, conservation, dissemination;

- DSpace-GLAM (distro 4Science based on DSpace): management of digital objects related to the world of cultural assets and cultural heritage: acquisition, normalization, metadatation, classification, conservation and dissemination.
- Image Viewer (add-on developed by 4Science based on IIPImage): image visualization: segmentation, zooming, resizing, rotation;
- CKAN (4Science integration): Interpretation and visualization of tabular data of research: grid, graph, map.
- Document viewer, OCR, Video Audio streaming: add-ons developed by 4Science to view text and multimedia content and to recognize text in multi-language mode.

The Big Data market is seen growing on average 23.1% (Assinform- 2016/2019) 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 management for digital libraries and digital repositories and this market is definitely related to the so-called Business Analytics one, Deep Learning and Artificial or Augmented Intelligence; 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 only 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.

Itway S.p.A. returns to being an operational holding and deals with consultancy, planning and system integration in the field of cyber security, in particular on the GDPR , Internet of Things (IoT) and work safety in the EH&S (Environment, Health & Safety) sector. The IoT and Safety sectors are covered and approached with the iNebula brand of which Itway purchased, in the liquidation process underway, part of the products under development and the brand name, as better described previously. In the Safety sector, there will be a particular focus on the development and sale of ICOY solutions for which important POC (Proof of Concept) with important national clients are in very advanced stages.

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

In the period ended December 31, 2018 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 while the significant recurring and non-recurring transactions related to the sale of the Greek and Turkish subsidiary as well as the settlement signed with Maticmind for the sale of Business-e in 2017 were broadly described in previous paragraphs.

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Relationship with related parties

In the 2018 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.

Thousands of €uro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	377	-	198	2
Itway S.p.A. vs Be Innova S.r.l.	4,441	-	-	125
Itway S.p.A. vs Fartech S.r.l.	34	893	723	-
TOTAL	**4,852**	**893**	**921**	**127**

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 & Development

During the period a total of Euro 319 thousand (compared with Euro 290 thousand in the previous fiscal year) was invested in the development of new products and services in particular in the business units described above, which were capitalized in intangible assets.

Own shares

The Parent Company as at December 31, 2018 owns 853,04 owned shares (equal to 10.79% of share capital) for a nominal value of Euro 426,522 and a net movement in 2018 of approx. Euro -40 thousand and an overall purchase cost for the shares held in portfolio of Euro 1,346 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 2018 fiscal year, as authorized by the Shareholders meeting of Itway Spa, a total of 34,323 own shares were sold (equal to 0.43% of share capital) for a nominal value of Euro 17,162.

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

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Cognome e nome	Numero azioni possedute al 31/12/2017	acquistate	vendute	possedute al 31/12/2018
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 allocate the Euro 172 thousand profit of the 2018 fiscal year to reserve.

Ravenna, April 18, 2019

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

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ITWAY GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

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CONSOLIDATED INCOME STATEMENT

Thousand of Euro	*Notes*	*Fiscal year as of*			
		31 Dec 2018	***31 Dec 2017***		
		Net amount Itway Group	***Net amount Itway Group***	***Business-e***	***Total***
Revenues from sales	1	28,941	28,035	12,912	40,947
Other operating revenues *	2	4,115	3,152	539	3,691
Products	3	(24,811)	(24,140)	(5,981)	(30,121)
Costs of services	4	(2,656)	(2,801)	(2,265)	(5,066)
Costs of personnel	5	(2,360)	(2,696)	(5,350)	(8,046)
Other operating expenses	6	(1,600)	(1,745)	(1,122)	(2,867)
EBITDA **		**1,629**	**(195)**	**(1,267)**	**(1,462)**
Depreciations and amortisations	7	(416)	(800)	(299)	(1,099)
EBIT **		**1,213**	**(995)**	**(1,566)**	**(2,561)**
Financial proceeds *	8	94	93	5	98
Financial charges	8	(385)	(1,195)	(511)	(1,706)
Capital gain from the sale of equity investments net of direct financial charges indictment	8	-	3,525	-	3,525
Profit before taxes		**922**	**1,428**	**(2,072)**	**(644)**
Taxes	9	(567)	(1,139)	-	(1,139)
Result for the period		**355**	**289**	**(2,072)**	**(1,783)**
Attributable to:					
Sharedholders of parent company	10	520	445	(2,072)	(1,627)
Minorities		(165)	(156)	-	(156)
Result per share					
From operations:					
Basic		0,05	(0,26)	-	(0,26)
Diluted		0,05	(0,26)	-	(0,26)

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Thousand of Euro	*Notes*	*Fiscal year as of*			
		31 Dec 2018	*31 Dec 2017*		
		Net amount Itway Group	*Net amount Itway Group*	*Business-e*	*Total*
Net result		355	289	(2,072)	(1,783)
Components that can be reclassified to the income statement:	21				
Profit/(Losses) from the conversion of the balance sheet of foreign subsidiaries		(778)	(610)	-	(610)
Components that cannot be reclassified to the income statement:	22				
Actuarial gain (losses) on defined-benefit plans		22	(1)	-	(1)
Comprehensive result		**(401)**	**(322)**	**(2,072)**	**(2,394)**
Attributable to:					
Sharedholders of parent company		(236)	(166)	(2,072)	(2,238)
Minorities		(165)	(156)	-	(156)

* 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".

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CONSOLIDATED FINANCIAL STATEMENT

Thousand of Euro	Notes	Fiscal year as of 31 Dec 2018	31 Dec 2017
ASSETS			
Net current assets			
Property, plans and machinery	11	3,719	3,908
Goodwill	12	1,853	1,856
Other intangible assets	13	1,894	2,607
Investments	14	3,141	1,063
Deferred tax assets	15	146	103
Non-current financial assets	30	2,098	2,098
Other non current assets	16	34	128
Total		**12,885**	**11,763**
Current assets			
Inventories	17	464	1,071
Account receivables - Trade	18	17,834	17,397
Other current assets	19	1,812	4,793
Cash on hand	20	951	440
Other financial credits	30	2,526	812
Current financial assets	33	1,268	1,428
Total		**24,855**	**25,941**
Total assets		**37,740**	**37,704**
NET EQUITY AND LIABILITIES			
Share capital and other reserves			
Share capital and reserves		6,067	8,410
Net result of the period		520	(1,627)
Total Net Equity	21	**6,587**	**6,783**
Share capital and reserves of minorities		(352)	(187)
Total Group Net Equity		**6,235**	**6,596**
Non current liabilities			
Severance indemnity	22	321	388
Provision for risks and charges	23	14	103
Non current financial liabilities	24	1,862	1,899
Total		**2,197**	**2,390**
Current liabilities			
Financial current liabilitites	25	9,247	9,667
Account payable – Trade	26	14,500	15,997
Tax payable	27	2,040	1,937
Other current liabilities	28	3,521	1,117
Total		**29,308**	**28,718**
Total liabilities		**31,505**	**31,108**
Total Net Equity and Liabilities		**37,740**	**37,704**

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

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Consolidated statement of charges in equity

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Voluntary reserve	Other reserve	Transaltion 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	**3,953**	**(1,386)**	**17,584**	**485**	**4,792**	**(15,086)**	**(1,932)**	**(1,627)**	**6,783**	**(187)**	**6,596**

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Voluntary reserve	Other reserve	Transaltion reserve	Result for the period	Net equity of Group	Minority interests	Total Net Equity
				Cumulated profit (loss)							
Balance at January 1, 2018	**3,953**	**(1,386)**	**17,584**	**485**	**4,792**	**(15,086)**	**(1,932)**	**(1,627)**	**6,783**	**(187)**	**6,596**
Variation in own shares	-	40	-	-	-	-	-	-	40	-	40
Total operations with shareholders	**-**	**40**	**-**	**-**	**-**	**-**	**-**	**-**	**40**	**-**	**40**
Allocation of the result for the year	-	-	-	-	-	(1,627)	-	1,627	-	-	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**520**	**520**	**(165)**	**355**
Other operations	-	-	-	-	-	-	-	-	-	-	-
Other components of comprehensive results at 31 Dec 2018:											
Gain/(Losses) on defined benefit plans	-	-	-	-	-	22	-	-	22	-	22
Overall result	-	-	-	-	-	-	(778)	-	(778)	-	(778)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**22**	**(778)**	**520**	**(236)**	**(165)**	**(401)**
Balance at December 31, 2018	**3,953**	**(1,346)**	**17,584**	**485**	**4,792**	**(16,691)**	**(2,710)**	**520**	**6,587**	**(352)**	**6,235**

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CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	Note	Fiscal year as of 31 Dec 18	31 Dec 17
Results for the period "Net ampunt Itway Group"		355	1,428
Adjustments of items not affecting liquiduty:			
Depeciations of tangible assets	7-11	210	216
Depeciations of intangible assets	7-12-13	206	467
Allowances for doubtful accounts	6	265	1,005
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	69
Variation in non current assets/liabilitites	15-16-23-24	(35)	320
Cash flow from operating activities, gross of the variation in working capital		**1,070**	**(973)**
Payments of secerance indemnity	22	(114)	(27)
Variation in trade receivable and other current assets	18-19	725	7,429
Variation in inventories	17	607	(377)
Variation in trade payables and other current liabilities	27-28-29	1,009	(9,550)
Cash flow from operations generated/(absorbed)by changes in NWC		**2,227**	**(2,525)**
Cash flow from operations (A)		**3,297**	**(3,498)**
Additions in tangible assets (net of assets sold)	11	(21)	-
Variation in trade receivable and other current assets	25	(37)	(1,629)
Variation in trade payables and other current liabilities	13-14	(1,571)	(962)
Sale Business-e		-	10,606
Cash flow from investing activities (B)		**(1,629)**	**8,015**
Variation of onw shares		40	148
Cash flow from financial activities (C)		**40**	**148**
Net impact of the variation in translation of non euro exchange rates of cash on hand		(778)	(610)
Cash flow from asset sold (D)		**-**	**7,359**
Increase/(Decrease)cash available and cash equivalents (A+B+C+D)		**930**	**11,414**
Short term Net Financial Position at the beginning of the period	20-26	(9,227)	(20,641)
Short term Net Financial Position at the end of the period	20-26	(8,297)	(9,227)

Financial charges paid during the year amount to 487 thousand Euros (1,265 thousand Euros in the previous year).

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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.

Going concern assessment

The consolidated financial statements of the Group as of December 31, 2018 report a positive result of Euro 354 thousand while the Parent Company ended the period with a net result of Euro 172 thousand. From a financial point of view, as already reported in the financial statements to December 31, 2017, the sale on November 30, 2016 of the 20-year old distribution business by the Parent Company, due to delays with which it materialized, led the company in the month of December 2016 to a position of financial stress that is still underway.

As of December 31, 2018, the Itway Group had a current net financial indebtedness of approximately Euro 9.2 million, of which Euro 8.6 million already expired at the date of writing of the balance sheet, an indebtedness towards tax authorities and social security institutions of Euro 365 thousand (which will be paid with the terms foreseen by regulations in force) and an indebtedness towards suppliers of approx. Euro 7.3 million (of which approx. Euro 2.2 million for amounts being contested, also through legal means).

This financial stress is still present, given the lower proceeds derived from the sale of Business-e S.p.A. compared with what was foreseen in the sales contract. To face this tension the Company has for some time started talks to remodulate debt on a bilateral basis with each lender, following the termination of collective negotiations, and during the fiscal period this led to the definition of positions with two banking institutions that sold their receivables to related company Fartech, which in turn settled with Itway their definitive closing. Unicredit and Banco BPM sold their positions to Mercatoria S.p.A. (a company with a debt collection license pursuant to art. 115 of the TULPS) which has Euro 2.1 million of financial receivables towards Itway S.p.A. To date negotiations are still under way with Monte dei Paschi di Siena, Banca Intesa and other minor lenders while agreements are underway with Mercatoria to define the balance and the removal of the acquired positions.

In this context the Company deemed necessary to proceed with the sale of the stakes in Itway Hellas SA and Itway Turkyie Ltd to Cyber Security 1 AB and towards this end signed a Sale and Purchase agreement on June 19, 2018 for a total of Euro 10 million, of which Euro 2 million due at the closing that was scheduled by the end of September 2018 and Euro 8 million in Cyber 1 shares that could be sold as the same assignment price in five quarterly instalments starting from three months from the closing date.

The closing of the transaction, originally scheduled for July 2018, was delayed through three amending acts upon request of the buyer, to November 8, 2018 in exchange for a commitment to pay the total cash amount, which at that date was cashed in, and the release of the necessary guarantees to cash in the subsequent Euro 8

million. In case of delays in the closing, a penalty at the expense of the buyer of Euro 15 thousand per day kicked in that will be calculated until the effective date of the closing of the sale.

The third amendment signed on 26 October 2018, reaffirmed very clearly that only following a bank guarantee, issued by a leading credit company, could the proceeding be carried out with the sale of the shares of the Greek and Turkish subsidiaries. The deadline set by the contract was 31 January 2019. This date was further postponed at Cyber1's request as the share price did not allow the company to issue the necessary guarantees, while they accelerated some ongoing financial transactions that should allow to finance the acquisition of the subsidiaries Itway Hellas and Itway Turckyie.

Following these events, in the months from January to April 2019, the parties, at the request of Cyber1, negotiated a new agreement in good faith that will allow the subsidiaries to be sold at even more favorable conditions than those agreed with the original SPA.

Itway, following the sale of the companies that distribute high value added products and services (Value Added Distribution, or VAD) in Greece and Turkey, completes its disposal programs of VAD activities.

In light of all this and pending the finalization of the above mentioned disposal, the Board of Directors of Itway also approved the industrial plan of the Group for the period 2019-2022. These guidelines foresee that the Group does not exit from the security sector but that it re-positions itself on the basis of investments made by Itway S.p.A., the coverage of which will derive from financial proceeds from the sale of the Greek and Turkish subsidiaries, as well as a greater focus on the affiliate company Be Innova S.r.l. and 4Science S.r.l. There will also be a continuation of the development of foreign operations in the MENA area where the group is present through stakes in Itway Mena FZC.

The plan foresees the continuation of the above mentioned activities and from a financial point of view is based on two key premises:

- The payment of financial proceeds deriving from the al of the stakes in Itway Hellas SA and Itway Turkyie Ltd;
- The favourable outcome of negotiations, as indicated above, with the remaining banking institutions in order to allow remodulating maturities according to the forecasts 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, in particular with regards to the continuing of the debt restructuring process, 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, 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**.**

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, 2018 was compared with the balances of the previous fiscal year, which ended on December 31, 2017;
- 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, 2018 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, 2018, 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, 2018		**December 31, 2017**	
	Avg. Rate	End-period rate	Avg Rate	End-period rate
New Turkish Lira	5.707	6.058	4.121	4.546

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%
iNebula S.r.l.	Via A. Papa, 30, Milan	10.000	75%	-	75%
Itway RE S.r.l.	Via L. Braille 15, Ravenna	10.000	100%	-	100%
4Science S.r.l.	Via A. Papa, 30, Milan	10.000	100%	-	100%

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

The 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 14.9% 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, 2018.

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”. Eventual 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, when an acquisition takes place, 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 independent 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, 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

These refer 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 when 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.

Derecognition of financial assets and liabilities

A financial asset should be derecognized when:

- the entity's contractual rights to the asset's cash flows have expired
- the asset has been transferred to a third party, namely:
  - transfers the contractual rights to receive the cash flows of the financial assets (essentially all risks and reward of ownership of th financial asset are transferred or the control of the asset was not kept);
  - or maintains the contractual rights to receive the cash flows from the financial asset but assumes the contractual obligation to pay the cash flows to one or more beneficiaries in an agreement whereby (i) the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset; (ii) the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; (iii) the entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

A financial liability is removed from the balance sheet when it is extinguished – that is, when the obligation is discharged, cancelled or expired.
When an existing financial liability is replaced by a new one by the same lender with contractual terms that are substantially different, there is a derecognition of the original liability and the recognition of a new liability. In the same was a substantial modification of the terms of an existing financial liability or a part of it (whether or not it is attributable to the financial difficulties of the debtor) must be treated as a derecognition of the original liability and the recognition of a new one.

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 and services – pursuant to IAS 15. This principle comes into force for the fiscal years beginning from January 1, 2018 or subsequently and replaces the principles of IAS 18 – Revenue and IAS 11 – Work in Progress as well as the interpretations of IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfer of Assets from Customers) and SIC 31 (Revenue - barter transactions involving advertising services). IFRS 15 establishes a new model of revenue recognition that is applied to all contracts with customers except those regulated by the application of the IAS/IFRS principles including leasing, insurance contracts and financial instruments. The new model to recognize revenue foresees the following five steps:

1. Identify the contract with a customer.
2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price.

4. Allocate the price to the performance obligations.
5. Recognize revenue as the performance obligations are fulfilled.

The principle was applied retroactively but no adjustments on te opening balances emerged considering that the contracts signed with clients are independent from one another and do not include multiple performance obligation nor do they include variable considerations. In terms of costs to obtain the contract, the analysis carried out highlighted that the costs fall within the scope of “incremental cost” and therefore are recognized as assets. The “practical expedient” indicated in paragraph 6 of IFRS 15 was used that allows to not adjust the promised amount of consideration for the effects of a significant financing component since considering sector practices for consolidated relationships with clients the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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 are represented by the net result of the fiscal period that can be attributed to owners of ordinary shares considering the weighted average of ordinary shares outstanding in the fiscal year. The diluted earnings per share are calculated on the weighted average of the shares outstanding, considering all potential ordinary shares with a dilution effect (ex. issuance of option rights, warrants, etc).

Recently issued accounting principles

The criteria used to draft the consolidated Financial Statements for the 2087 fiscal year are not different from those used for the Financial Statements at December 31, 2017, except for the accounting principles, amendments and interpretations applicable from January 1, 2018, which did not have significant impact on the Group's Financial Statements. These include:

IFRS 15 – Revenue from contracts with customers

This principle comes into force for the fiscal years beginning from January 1, 2018 or subsequently and replaces the principles of IAS 18 – Revenue and IAS 11 – Work in Progress as well as the interpretations of IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfer of Assets from Customers) and SIC 31 (Revenue - barter transactions involving advertising services). IFRS 15 establishes a new model of revenue recognition that is applied to all contracts with customers except those regulated by the application of the IAS/IFRS principles including leasing, insurance contracts and financial instruments. The new model to recognize revenue foresees the following five steps:

1. Identify the contract with a customer.
2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price.
4. Allocate the price to the performance obligations.
5. Recognize revenue as the performance obligations are fulfilled.

The principle was applied retroactively but no adjustments on the opening balances emerged considering that the contracts signed with clients are independent from one another and do not include multiple performance obligation nor do they include variable considerations. In terms of costs to obtain the contract, the analysis

carried out highlighted that the costs fall within the scope of "incremental cost" and therefore are recognized as assets. The "practical expedient" indicated in paragraph 6 of IFRS 15 was used allowing to not adjust the promised amount of consideration for the effects of a significant financing component since considering sector practices for consolidated relationships with clients the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

IFRS 9 – Financial Instruments

The new principle replaces IAS 39.

- It introduces new criteria to classify and measure financial assets and liabilities;
- The new principle introduces a new expected loss impairment model (and no longer the incurred loss model used in IAS 39), using reasonable and supportable information about past events, available without unreasonable charges or efforts, including historic, actual and future data.
- It introduces a new model of hedge accounting.

The new principle was applied since January 1, 2018 and there has been no significant impact on the balance sheet of the Group.

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 16 – Leases. This principle was published by IASB on January 13, 2016 and 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 shall be applicable from January 1, 2019 and aims to clarify the accounting of some types of share-based payments.

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (applicable from January 1, 2019) 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 and coming into force for January 1, 2019) 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, 2019. 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”.

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, 2018 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 covenant, negative pledge and any other indebtedness clause of the Group entailing limits to the use of financial resources, with the updated indication of the degree of respect of the 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, 2018 totalled Euro 28,941 thousand and is comprised by:

	Period ended		
	31/12/18	31/12/2017	
Thousands of Euro	Net Itway Group	Net Itway Group	Business-e Transaction
Revenues from sale of products	20,207	21,941	7,265
Revenues from services	8,734	6,094	5,647
Total	**28,941**	**28,035**	**12,912**

The results show a substantial stability of revenue for the company of the Group that was not the object of sale of Business-e S.p.A. in 2017.

2. Other operating revenue

Other operating revenue for the period ended December 31, 2018 totalled Euro 4,115 thousand and was comprised of :

	Period ended		
	31/12/18	31/12/2017	
Thousands of Euro	Net Itway Group	Net Itway Group	Business-e Transaction
Advertising and Marketing Contributions	124	149	66
Non-operating income	1,059		680
Contribution for operating expenses	-	-	72
Other revenues and various proceeds	936	622	226
Proceeds from the sale of the business units	1,996	1,701	-
Total	**4,115**	**3,152**	**539**

Non-operating income refers mainly to the elimination of Euro 835 thousand of positions towards suppliers and financial institutions and the proceeds of the settlement agreement signed on August 3, 2018 with Maticmind for the sale of Business-e.

The proceeds from extraordinary transactions realized during the fiscal period refer to a non-recurring proceed in nature of Euro 2 million realized by the Parent Company following the collection of the guarantee depositi after the sale of the Greek and Turkish subsidiary that will not be returned irrespective of the positive outcome of the transaction.

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

Following is the breakdown:

Thousands of Euro	31/12/18 Net Itway Group	Period ended 31/12/17 Net Itway Group	Business-e Transaction
Purchase of products	24,745	24,103	4,960
Cost for resold services	18		-
Additional purchasing charges (transportation)	31	11	16
Other purchases	17	26	117
Total	**24,811**	**24,140**	**5,981**

The increase in costs is strictly related to the higher sales revenue.

4. Cost of services

Following is the breakdown:

Thousands of Euro	31/12/18 Net Itway Group	Period ended 31/12/17 Net Itway Group	Business-e Transaction
Directors' remunerations of the parent company and social charges	444	704	-
Directors' remunerations of subsidiaries and social charges	57	73	181
Compensation for statutory Auditors	69	78	20
Auditing company fees	134	233	47
Consultancy and collaborations	1,016	544	637
Commissions and Agents' charges	20	10	103
Advertising and Trade Fairs	172	253	40
Services, courses and client assistance	17	84	-
Telecom expenses	53	72	61
Insurance	91	129	54
Electricity, water and gas	34	40	18
Travel and representation	152	226	684
Specialist costs, IR and securities services	121	103	-
Other expenses and services	276	252	420
Total	**2,656**	**2,801**	**2,265**

Please note that:

- The overall "consultancy and collaborators" includes Euro 600 thousand of non-recurring charges related to the extraordinary transactions underway and the remodulation of financial debt.

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

5. Personnel costs

Following is the breakdown, compared with the previous period:

	Period ended		
	31/12/18	31/12/17	
Thousands of Euro	Net Itway Group	Net Itway Group	Business-e Transaction
Salaries	1,638	2,028	4,103
Capitalisation of personnel costs	-	(92)	(170)
Social charges	461	557	1,112
Severance pay	67	101	254
Other personnel costs	194	102	51
Total	**2,360**	**2,696**	**5,350**

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:

	31/12/2018 *Avg. figure*	**31/12/2017** *Avg. Figure*	**Variation**	**31/12/2018** *Punctual figure*	**31/12/2017** *Punctual figure*	**Variation**
Managers	3	5	(2)	3	3	0
Mid-managers	7	5	2	5	8	(3)
Employees	35	150	(115)	36	34	2
Total	45	160	(115)	44	45	(1)

The average number of employee of the Group during the 2018 fiscal period was of 45 units, compared with 160 units in the previous fiscal period. The decrease in the working units compared with 2017 is due to the sale of Business-e S.p.A. in the previous fiscal year.

6. Other operating expenses

Following is a breakdown:

Thousands of Euro	Period ended 31/12/18 Net Itway Group	31/12/17 Net Itway Group	 Business-e transaction
Rent for lease, offices and vehicles	334	318	620
Writedowns of doubtful accounts	31	971	24
Other extraordinary	732	109	400
Other	503	347	78
Total	**1,600**	**1,745**	**1,122**

7. Depreciation and Amortization

Following is a breakdown:

Thousands of Euro	Period ended 31/12/18 Net Itway Group	31/12/18 Net Itway Group	 Business-e transaction
Depreciation of tangible assets	210	216	31
Amortization of intangible assets	206	467	268
Write-down of investment	-	117	-
Total	**416**	**800**	**299**

8. Interest income and expenses

Following is the breakdown:

Thousands of Euro	31/12/18 Net Itway Group	Period ended 31/12/17 Net Itway Group	Business-e transaction
Interest income from financial institutions	12	2	-
Income from investments	48	73	-
Other income	34	18	5
Total financial income	**94**	**93**	**5**
Financial charges towards financial Institutions	(652)	(922)	(404)
Bank commissions	(59)	(149)	(66)
Financial charges toward controlled companies	-	41	(41)
Profit/(Losses) on Exchange rates	346	(32)	-
Other charges	(20)	(133)	-
Total financial charges	**(385)**	**(1,195)**	**(511)**
Gain from disposal of investment net of directly attributable charges	-	3,525	-
Total	**(291)**	**2,423**	**(506)**

9. Income taxes

Following is a breakdown:

Thousands of Euro	31/12/18 Net Itway Group	Period ended 31/12/18 Net Itway Group	Business-e transaction
Current taxes	(589)	(446)	-
Deferred (prepaid) taxes	47	(216)	-
Other taxes and fines	(25)	(477)	-
Total	**(567)**	**(1,139)**	**-**

As of December 31, 2018 unused tax losses carried forward totalled Euro 3,105 thousand that, as foreseen by the current fiscal regulation, can be used in an unlimited way over the subsequent fiscal period for up to 80% of taxable income.

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

	Period ended			
	31/12/2018		31/12/2017	
Thousands of Euro	**Taxable income**	**Tax**	**Taxable Income**	**Tax**
Result before taxes Net Itway Group			1.428	
Result before taxes disposed assets			(2.072)	
Result before taxes	922		(644)	
Theoretical tax rate (24%)		221		(154)
Temporary differences to be made in successive fiscal periods	352	97	562	135
Differences that will not be carried over to future years	776	213	(3.038)	(729)
Carry forwards of temporary differences from previous fiscal periods	158	43	160	38
Taxable income and anticipated taxes not booked on fiscal losses	-	-	-	-
Tax rate 24%	2.208	530	(2.959)	427
Current taxes for the period		530		427
Deferred tax net of the use of taxes allocated in previous years		230		297
Anticipated tax net of use of anticipated taxes allocated in previous years		(278)		(81)
Net tax for the period		482		643

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

Thousands of Euro	Period ended 31/12/2018		31/12/2017	
	Taxable income	**Tax**	**Taxable income**	**Tax**
Result before taxes Net Itway Group			1,428	
Result before taxes disposed assets			(2,072)	
Result before taxes	**922**		**(644)**	
Results of foreign subsidiaries included in the consolidation perimeter not subject to IRAP	(1,336)		(1,597)	
Result subject to IRAP	(414)		(2,240)	
Undeductable costs for IRAP purposes	1,398		1,129	
Total	984		(1,111)	
Theoretical fiscal charge (3.9%)		38		(43)
Temporary differences to be realized in future years	--		--	
Differences that will not be carried forward to future years	(207)		(1,926)	
Carry forward of temporary differences from previous years	-		--	
Taxable income	778		(3,037)	
Tax rate 4.82%	21	1	171	8
Tax rate 4.97%		-		
Tax rate 3.90%	1,503	59	284	11
IRAP current fiscal period		**60**		**19**
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		**60**		**19**

10. Net result and earnings per share

The base result per share relative to the fiscal year that ended December 31, 2018 totalled Euro 0.05 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 7,035,906.

	Period ended 31/12/2018	31/12/2017
Group net result in thousands of Euro	355	(1,784)
Weighted average no. of shares outstanding	7,035,906	6,964,880
Net result per share in Euro:		
- basic	0,05,	(0,26),
- diluted	0,05,	(0,26),

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	258	13	4.307	8.811
Balance at 31.12.2016	4.233	258	13	4.307	8.811
Increases	-			11	11
Decreases for sale of Business-e	-	(16)	-	(71)	(87)
Balance at 31.12.2017	**4.233**	**42**	**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
Balance of amortization as of 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	3,668,	16	2	514	4,200,

Thousands of Euro	Property and offices	Equipment	Tools	Other goods	Total
Purchase cost	4,233	242	13	4,247	8,735
Balance at 31.12.2017	**4,233**	**242**	**13**	**4,247**	**8,735**
Increases	-	-	27	4	32
Decreases	-	-	(6)	(3)	(9)
Balance at 31.12.2018	**4,233**	**242**	**34**	**4,248**	**8,758**
Accumulated depreciation	657	242	12	3,917	4,828
Balance at 31.12.2017	**657**	**242**	**12**	**3,917**	**4,828**
Amortization for the period	92	-	4	114	210
Amortization balance at 31.12.2018	**749**	**242**	**16**	**4,031**	**5,038**
Net book value:					
As of December 31, 2017	3,576	-	1	330	3,907
As of December 31, 2018	**3,484**	**-**	**18**	**217**	**3,719**

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, 2018 totalled Euro 1,853 thousand, broadly steady from the previous fiscal year. This goodwill is allocated to the units generating cash flows (Cash Generating Units), represented by the subsidiary Itway Hellas to which goodwill was allocated.

	Period ended	
Thousands of Euro	**31/12/2018**	**31/12/2017**
Itway Hellas	1,843	1,843
Other minor	10	13
Total	**1,853**	**1,856**

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, 2023 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 2019-2023 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 14.9% 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, 2018, 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 furthermore confirmed by the sale values described 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	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)
Adjustment iNebula	1,152	**-**	**-**	(1,152)	-
Balance at historical cost as 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**

Thousands of Euro	Development costs	Patent rights	Other	Work in progress	Total
Purchase cost	1,947	1,556	4,366	425	8,294
Balance at 31.12.2017	**1,947**	**1,556**	**4,366**	**425**	**8,294**
Increases	319	19	1	329	668
Decreases	-	-	-	(319)	(319)
Decreases Inebula	(6)	(4)	(983)	(172)	(1,165)
Balance at 31.12.2018	**2,260**	**1,571**	**3,384**	**263**	**7,478**
Accrued amortization	1,142	1,556	3,115	-	5,813
Balance at 31.12.2017	**1,142**	**1,556**	**3,115**	**-**	**5,813**
Amortizations	78	-	129	-	207
Decreases iNebula	(331)	(2)	(103)		(436)
Amortization balance at 31.12.2018	**889**	**1,554**	**3,141**	**-**	**5,584**
Net value:					
As at December 31, 2017	931	-	1,251	425	2,607
As at December 31, 2018	**1,371**	**17**	**243**	**263**	**1,894**

The increase in "Work in Progress" refers to investments, the cost of which is deemed reliable, in the development of new products for the 4Science subsidiary, 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 2019 fiscal year. Development costs underway at the end of the 2017 fiscal year and completed in 2018 were capitalized.

14. Investments in minority interests

Following are the non-fully consolidated investments as at December 31, 2018:

- **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
Itway MENA FZC	29	29
Idrolab S.r.l.	195	195
Banca Centropadana		5
Tiche Foundation	5	-
Other investments	2,083	-
Investments in other companies valued at cost	**2,686**	**608**
Total investments	**3,141**	**1,063**

Other investments include the shares received during the fiscal year from Cyber 1 for the sale of the Greek and Turkish subsidiaries valued at fair value.

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	5,458	3,043	2,929	(1)
Be Infrastrutture Srl*	Italy	1,135	980	1,007	3

** Refer to December31,2017, the last available Financial Statements*

Other companies	**Country**	**Assets**	**Liabilities**	**Revenue**	**Result for the period**
Dexit srl*	Italy	4,772	1,980	7,164	708
Idrolab S.r.l.*	Italy	1,316	1,276	1,491	(9)
Itway MENA FZC**	United Arab Emirates	1,292	5,182	-	(54)

** Refer to December31,2017, the last available Financial Statements*
*** Refers to September 30, 2017, amounts in thousands of AED*

15. Prepaid taxes and deferred tax liabilities

Prepaid tax assets, net of deferred tax liabilities, as of December 31, 2018 totalled Euro 146 thousand (Euro 103 thousand as of December 31, 2017).
The prepaid taxes mainly represent deferred assets calculated on taxed accruals for Euro 464 thousand (Euro 453 thousand as of December 31, 2017), tax losses for Euro 21 thousand (Euro 267 thousand as of December 31, 2017) and other temporary differences for Euro 445 thousand (Euro 447 thousand as of December 31, 2017) that the Group expects to recover in future fiscal years, based on the expected taxable income. These prepaid taxes will be booked in the next fiscal year for a total of Euro 26 thousand and in subsequent years for Euro 905 thousand.

Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and as of December 31, 2018 total Euro 785 thousand (Euro 1,064 thousand as of December 31, 2017). 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 booked in the next fiscal year for a total of Euro 276 thousand and in subsequent ones for Euro 354 thousand.

16. Other non current assets

Other non current assets as of December 31, 2018 total Euro 34 thousand (Euro 128 thousand as of December 31, 2017) and mainly refer to security deposits paid to clients/suppliers as collateral for services supplied..

17. Inventories

Inventories as of December 31, 2018 total Euro 464 thousand (Euro 1,071 thousand at December 31, 2017) net of an allowance for obsolete inventory of Euro 145 thousand (unchanged compared with December 31, 2017).

18. Account receivables – Trade

Trade receivables as at December 31, 2018, all short-term, totalled Euro 17,834 thousand (Euro 17,397 thousand to December 31, 2017). The value is expressed net of the allowance for doubtful accounts that as at December 31, 2018 stood at Euro 2,961 thousand (Euro 2,774 thousand to December 31, 2017). 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 3,261 thousand (Euro 3,230 thousand as of December 31, 2017).

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 that it was rejecting the amount requested by the Company based on the progress in the work carried out. Trade payables at December 31, 2018 include approximately Euro 1,300 thousand, for liabilities to suppliers related to this work in progress. In 2016, with the support of its legal advisers, the company started a legal procedure

against 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 that was further delayed to May 15, 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, 2018. 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.

Trade receivables also include Euro 1,534 thousand towards the Itway MENA FZC subsidary company and Euro 695 thousand towards the affiliate BE Innova S.r.l.

Following are the movements in the allowance for doubtful accounts:

	Period ended	
Thousands of Euro	**31/12/2018**	**31/12/2017**
Initial allowance	**2,774**	**3,283**
Write-down for sale of Business-e	-	(809)
Provision for the period	217	1,005
Utilization	(30)	(705)
Final allowance	**2,961**	**2,774**

Following is the breakdown of trade receivables as at December 31, 2018 classified by maturity:

Thousands of Euro	**31/12/2018**	**31/12/2017**
Maturing	10,696	10,298
Expired up to 30 days	1,326	892
Expired up to from 30 to 60 days	153	472
Expired > 60 days	8,620	8,509
Total gross receivables	**20,795**	**20,171**
Allowance for doubtful accounts	(2,961)	(2,774)
Total net receivables	**17,834**	**17,397**

19. Other current assets

Following is the breakdown:

Thousands of Euro	Period ended 31/12/2018	31/12/2017	Variation
Tax receivables	1,271	1,505	(234)
Other receivables	501	3,244	(2,743)
Accruals and deferrals	40	44	(4)
Total	**1,812**	**4,793**	**(2,981)**

The reduction in "Other receivables" is due to the closing of the receivable towards Maticmind for the sale of the Business-e subsidiary that was booked in the balance sheet for the year ended December 31, 2017 for Euro 3,016 million .

20. Cash on hand

Following is the breakdown:

Thousands of Euro	Period ended 31/12/2018	31/12/2017	Variation
Bank and postal deposits in Euro	248	233	15
Bank deposits in US Dollars	701	205	496
Money and petty cash	2	2	-
Total	**951**	**440**	**511**

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, 2018, 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, 2018, 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, 2018 it stands at Euro 485 thousand, unchanged from the previous fiscal period.

Voluntary reserve

As of December 31, 2018, 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 time 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:

Thousands of Euro	31/12/2017	Financial charges	Increases	Actuarial (Profit) loss	Use	Payments pursuant to L. 296/2006	31/12/2018
Employee benefits	388	(3)	69	(21)	(112)	-	321
Total	**388**	**(3)**	**69**	**(21)**	**(112)**	**-**	**321**

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

Calculation date	**31/12/2018**
Mortality rate	INPS55 Tables
Invalidity rate	INPS-2000 Tables
Personnel rotation rate	3.00%
Discount rate	1.57%
Salary increase rate	3.00%
Rate of advances	2.00%
Inflation rate	1.50%

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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, therefore lay-offs or firing (the hypothesis used have to reflect the reality of the Company and therefore it hat to be based on information received by the Company itself);
   - 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 (the hypothesis are based on information received by the Company).
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; it has to consider inflation and the professional qualification (the hypothesis are based on information received by the Company) and can only be applied to the Companies that had less than 50 employees as of 31/12/2006:
   - 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, 2018 and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 14 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 15 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 14 thousand as of December 31, 2018 (Euro 103 thousand as at December 31, 2017) 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:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation	Maturity
Non-current residual leasing debt	1.862	1.899	(37)	November 2026
Total	**1.862**	**1.899**	**(37)**	

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. To support the company during a period of financial stress, as described in the management report, during 2018 a moratorium was granted on the capital quota of the leasing contact, so during the fiscal year only interest was paid.

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

Thousands of Euro	Period ended 31/12/2018	31/12/2017
Residual non current debt, net of interests:		
From 1 to 5 years	543	578
Over 5 years	1,319,	1,321,
Residual leasing debt, net of interests	**1,862**	**1,899**

25. Current financial liabilities

As at December 31, 2018 they total Euro 9,247 thousand (Euro 9,667 thousand to December 31, 2017) and are mainly represented by debt towards banks and unsecured loans. In addition, this item includes Euro 128 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 766 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, 2018 expired debt positions of the Parent Company totalled Euro 7.8 million. At the same date the expired debt positions of the Itway Group totalled Euro 8.6 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 banks were interrupted in June 2018 and bilateral talks with each institution are underway.

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 1,098 thousand euros.

26. Trade payables

Trade payables, including invoices not yet received, amount to Euro 14,500 thousand as of December 31, 2018 compared with Euro 15,997 thousand as of December 31, 2017 . The balance at December 31, 2018 includes an expired debt towards suppliers of approximately Euro 7.38 million (of which approximately Euro 2.2 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 to date, some reminders have been received from creditors and legal disputes or legal initiatives for 735 thousand euros exist, while no suspension of the related services has occurred.

Trade payables include, as in previous fiscal periods, some Euro 1.5 million of the Itway France S.a.s. subsidiary towards Cisco System Inc. (previously Sourcefire Inc., hereinafter also "Cisco"). Pursuant to an arbitration clause included in a frame contract, qualified as a distribution contract, signed by the parties, Cisco activated an arbitration procedure at the New York American Bar Association to which Itway decided not to take part by not participating at the hearings. This arbitration terminated with an award that granted Cisco's requests, recognizing the receivable towards Itway France S.a.s. and Itway SpA (as joint and several guarantor), in addition 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 May 2018 verdict rejected the claims of Itway France for lack of proof. The unfavourable verdict, however, ruled on an important principle: the US award, which had ordered Itway France and Itway SpA as joint and several guarantor to pay Euro 2 million, cannot be applied to any type of controversy between Itway France and Cisco as the latter was not part of the distribution contract signed in 2010 by Itway SpA and CISCO.
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 (not including interest) 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, 2018 total Euro 2,040 thousand (Euro 1,937 thousand as of December 31, 2017) and following is the breakdown:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation
Debt for income taxes	366	272	94
VAT	1,221	1,355	(134)
Withholding on personnel compensation	284	203	81
Other	169	107	62
Total	**2,040**	**1,937**	**103**

VAT payables as of December 31, 20178for Euro 327 thousand are due to debts not paid at the natural maturity (compared Euro 350 thousand as of December 31, 2017) 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.

28. Other current liabilities

Other current liabilities as of December 31, 2018 total approximately Euro 3,521 thousand (Euro 1,117 thousand as of December 31, 2017) with the following breakdown:

Thousands of Euro	Period ended 31/12/2017	31/12/2016	Variation
Debt towards personnel for remuneration	194	150	44
Other debt towards personnel	242	189	53
Debt towards directors and collaborators	519	439	80
Debt towards social security institutions	174	131	43
Accruals and deferrals	51	206	(155)
Advanced payments received and others	2,341	2	2,340
Total	**3,521**	**1,117**	**2,404**

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 “Advanced payments and others” item includes Euro 2,083 thousand that is equal to the value of Cyber 1 shares owned by the Parent Company, for a total of 16,666,666 shares valued at fair value.

29. Obligations and guarantees

Following are the obligations and guarantees as of December 31, 2018

- Third party guarantees in our favour for Euro 700 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 2018 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.	377	-	198	2
Itway S.p.A. vs Be Innova S.r.l.	4,441			125
Itway S.p.A. vs Fartech S.r.l	34	893	723	/
TOTAL	**4,482**	**893**	**921**	**127**

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	31/12/2018	31/12/2017
Cash on hand	951	440
Financial receivables	2,526	812
Current financial assets	1,268	1,428
Current financial liabilities	(9,247)	(9,667)
Current net financial position	**(4,502)**	**(6,987)**
Non current financial assets	2,098	2,098
Non current financial liabilities	(1,862)	(1,899)
Non current net financial position	**236**	**199**
Total net financial position	**(4,266)**	**(6,788)**

The net financial position of the Group as of December 31, 2018 improved by approximately Euro 2.5 million compared with December 31, 2017 mainly due to:

- the receipt of the guarantee deposit on the sale of the Greek and Turkish subsidiaries;
- the settlement of the transaction with Maticmind for the sale of the Business-e subsidiary that was reflected in financial receivables towards affiliate company BE Innova for Euro 1.6 milion;
- Removal of some debt positions.

Two banking institutions sold their respective payables to the related company Fartech, which then settled with Itway for the definitive closing of the position while Unicredit and Banco BPM sold their positions to Mercatoria S.p.A. (a company with a debt collection license pursuant to article 115 of the TULPS) which has Euro 2.1 million of financial receivables towards Itway S.p.A.

The current liabilities include also an Iccrea medium term financing, totalling Euro 766 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 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.;

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.

Net financial position of the Parent Company

Thousands of Euro	31/12/2018	31/12/2017
Cash on hand	468	129
Financial receivables	2,525	812
Current financial liabilities	(7,835)	(8,171)
Current net financial position	**(4,842)**	**(7,230)**
Non current financial assets	2,098	2,098
Non current financial liabilities	(1,862)	(1,899)
Non current net financial position	**236**	**199**
Total net financial position	**(4,606)**	**(7,031)**

The net financial position of the Parent Company as at December 31, 2018 improved by some Euro 2.4 million compared with December 31, 2017 due to the effects described in the previous paragraph regarding the financial position of the Group. Current financial liabilities for the time being include a medium-term Iccrea financing for Euro 194 thousand, for which the terms of the covenants were not observed and is therefore classified as short term. The parameters are currently being redefined in order to maintain the original status of medium term.

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 2018 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, 2018:

Thousands of Euro	**VAD businesses not sold**	**Parent company activity and other sectors**	**Consolidated total**
Turnover			
Sales revenue	27,081	1,860	28,941
Other revenue	138	3,977	4,115
Total Turnover	**27,219**	**5,837**	**33,056**
Operating costs			
Costs for products	(23,583)	(1,228)	(24,811)
Personnel costs	(992)	(1,368)	(2,360)
Other costs and operating expenses	(1,292)	(2,965)	(4,257)
Total operating costs	**(25,867)**	**(5,561)**	**(31,428)**
EBITDA	**1,352**	**276**	**1,628**
Amortization	(53)	(363)	(416)
EBIT	**1,299**	**(87)**	**1,212**
Financial income (charges)	202	(493)	(291)
Result before taxes	**1,501**	**(580)**	**921**

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 activity 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 gain from disposal of subsidiary	-	-	3,525	3,525
Result before taxes	**1,782**	**(2,072)**	**(354)**	**(645)**

Following are the main economic data regarding the identified segments for the fiscal year ended December 31, 2018:

Thousands of Euro		VAD	Parent Company and other sectors	Consolidated Total
Non current assets				
Property, plants and equipment		44	3,675	3,719
Goodwill		10	1,843	1,853
Other intangibile assets		371	1,523	1,894
Prepaid taxes assets		-	146	146
Investments		-	3,141	3,141
Non current financial assets		-	2,098	2,098
Other non current assets		10	24	34
	Total	**435**	**12,450**	**12,885**
Current assets				
Inventories		460	4	464
Account receivable - Trade		10,258	7,576	17,834
Other current assets		357	1,455	1,812
Cash on hand		420	531	951
Other financial receivable		-	2,526	2,526
Current financial assets		1,268	-	1,268
	Total	**12,763**	**12,092**	**24,855**
Total assets		**13,198**	**24,542**	**37,740**
Net equity		3,502	2,733	6,235
Non current liabilities				
Employee benefits		-	321	321
Provision for risks and charges		-	14	14
Non current financial liabilities		-	1,862	1,862
	Total	**-**	**2,197**	**2,197**
Current liabilities				
Current financial liabilities		-	9,247	9,247
Infra-sector payables/receivables		1,000	(1,000)	-
Account payables - Trade		6,799	7,701	14,500
Tax payables		1,612	428	2,040
Other current liabilities		285	3,236	3,521
	Total	**9,696**	**19,612**	**29,308**
Total liabilities		**13,198**	**24,542**	**37,740**

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

Thousands of		VAD	Parent Company and other sectors	Total consolidated
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 receivables		-	812	812
Current financial assets		1,428	-	1,428
	Total	**13,457**	**12,484**	**25,941**
Total assets		**15,875**	**21,829**	**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		**15,875**	**21,829**	**37,704**

34. Subsequent events

As already reported in the paragraph “Going Concern Assessment”, please note that to day Itway S.p.A. updated the industrial plan originally approved on May 30, 218 and the financial plan for Itway S.p.A. for all of 2020. In the month from January to April 2019 it continued negotiations for the sale of the Greek and Turkish subsidiaries.

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, 2018, 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 while the previous paragraph widely described the extraordinary and non-recurring transactions related to the sale of the Greek and Turkish subsidiaries and the settlement agreement with Maticmind for the sale of Business-e in 2017

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 IFRS 9:

ASSETS	**December 31, 2018**					
Thousands of Euro	*Carrying value*	*Assets for derivatives at FVTPL**	*Loans and receivables*	*Derivatives used for hedging*	*Financial instruments for FVTPL (+)*	*Financial instruments for FVTOCI (**)*
Other non current assets	34	-	34	-	-	-
Non current assets	**34**	**-**	**34**	**-**	**-**	**-**
Trade receivables	17,834	-	17,834	-	-	-
Other current assets	1,812	-	1,812	-	-	-
Cash on hand	951	-	951	-	-	-
Current assets	**20,597**	**-**	**20,597**	**-**	**-**	**-**

ASSETS	**December 31, 2017**					
Thousands of Euro	*Carrying value*	*Assets for derivatives at FVTPL**	*Loans and receivables*	*Derivatives used for hedging*	*Financial instruments for FVTPL (+)*	*Financial instruments for FVTOCI (**)*
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**	**-**	**-**	**-**

LIABILITIES	**December 31, 2018**			
Thousands of Euro	*Carrying value*	*Liabilities at FVTPL**	*Other financial liabilities*	*Derivatives used for hedging*
Non current financial liabilities	1,862	-	1,862	-
Non current liabilities	**1,862**	**-**	**1,862**	**-**
Current financial liabilities	9,247	-	9,247	-
Trade payables	14,500	-	14,500	-
Other current liabilities	3,521	**-**	3,521	-
Current liabilities	**27,268**	**-**	**27,268**	**-**

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	-
Tax payables	1,937	-	1,937	-
Other current liabilities	1,117	-	1,117	-
Current liabilities	**28,718**	**-**	**28,718**	**-**

*

Fair Value Trough Profit and Loss

** *Fair Value Through Other Comprehensive Income*

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 92 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.
In order to reduce the foreign exchange risk deriving from expected assets, liabilities cash flows in foreign currency the group uses hedging contracts.

Credit risk

The credit risk represents the Group's potential exposure to losses deriving from counterparties not fulfilling their obligations. The Group does not have significant concentrations of credit risk therefore it isn't deemed it opportune to highlight quantitative and detailed information, except for the details regarding account receivables per expiration breakdown in Note 18. In order to check such risk the Group implemented procedures and measures to assess the clientele and the possible recovery measures. Regarding other financial activities, including cash available and cash

equivalents, financial counter-parties are exclusively highly solvable financial institutions and pertinent policies were adopted to limit credit risk exposure to a single credit institution

Liquidity risk

The liquidity risk represents the risk that the financial resources available to the company are not enough to face the financial obligations in the preset terms and maturities. A punctual management of the optimization of financing of commercial activities at a central level by the parent company limits the liquidity risk of the Group. 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. These talks are continuing on a bilateral basis with each individual banking institution following the termination of collegiate negotiations.

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	***31/12/2018***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non current financial liabilities	1,862	1,862	131	412	1,319
Non current liabilities	**1,862**	**1,862**	**131**	**412**	**1,319**

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**

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

Description Thousand	Euro
Compensation for Analisi for the auditing activity of the financial statements of the fiscal year and the consolidated financial statements of Itway SpA	55
Compensation for Analisi for other services	-
Compensation for Analisi for auditing activities of subsidiaries	79
Total	**134**

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. at the April 15, 2019 meeting in which the mandate was given to the President to carry out formal fine tuning amendments or integrations should they be necessary or opportune for a better drafting and a more complete text, in all its elements.

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

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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.

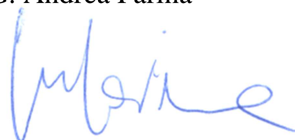
** The value is expressed in Dirham of the United Arab Emirates (AED)*

Ravenna, April 18, 2019

FOR THE BOARD OF DIRECTORS

President and Chief Executive

G. Andrea Farina



SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

OF ITWAY S.p.A.

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CONSOLIDATED INCOME STATEMENT

Euro	**Note**	**Fiscal year as of**	
		31 Dec 2018	**31 Dec 2017**
Revenues from sales	1	1,161,160	745,823
of which to Group companies		*403,127*	*745,823*
Other operating revenues *	2	3,863,137	3,180,148
of which to Group companies		*480,999*	*499,500*
Products	3	(1,156,150)	(763,469)
of which to Group companies		-	-
Costs of services	4	(1,976,719)	(2,914,887)
of which to Group companies		*(84,453)*	*(670,936)*
Costs of personnel	5	(435,698)	(495,544)
Other operating expenses	6	(330,869)	(1,511,650)
of which to Group companies		*(59,622)*	*(59,622)*
EBITDA **		**1,124,861**	**(1,759,579)**
Depreciations and amortisations	7	(254,058)	(422,416)
EBIT **		**870,803**	**(2,181,995)**
Financial proceeds	8	87,702	210,541
of which to Group companies		*18,021*	*119,219*
Financial charges	8	(580,320)	(972,066)
Result of subsidiaries evaluated using the equity method	8	900,258	(1,846,596)
Capital gain from the sale of equity investments net of direct financial charges indictment and loss Business-e S.p.A.		-	3,525,318
Adjustment of subsidiary company assets		(851,299)	-
Profit before taxes		**427,144**	**(1,264,798)**
Taxes	9	(255,170)	(518,341)
Result for the period		**171,974**	**(1,783,139)**

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Euro	*Note*	31 Dec 2018	31 Dec 2017
Net result		171,974	(610,391)
Components that cannot be reclassified to the income statement:	22		
Actuarial gain (losses) on defined-benefit plans		2,954	(30,718)
Components that can be reclassified to the income statement:	21		
Profits/(Losses) comprensive from evaluated using the equity method		(778,379)	(473,745)
Result of the period		**(603,451)**	**(1,114,854)**

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

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CONSOLIDATED FINANCIAL STATEMENT

Euro	Notes	31 Dec 18	31 Dec 17
ASSETS			
Net current assets			
Property, plans and machinery	10	2,786,088	2,927,956
Other intangible assets	11	1,307,400	220,208
Investments	12	8,275,733	6,248,499
Deferred tax assets	13	293,009	226,251
Non-current financial assets	14	7,002	49,457
Other non current assets	15	2,098,000	2,098,000
Total		**14,767,232**	**11,770,371**
Current assets			
Account receivables - Trade	16	5,816,444	5,153,058
Financial receivables from subsidiaries of a financial	17	8,610,261	9,532,714
Commercial receivables from subsidiaries of a financial	31	518,254	1,789,250
Other current assets	18	1,051,107	4,128,148
Other financial credits	19	2,525,818	812,187
Cash on hand	20	468,125	129,203
Total		**18,990,009**	**21,544,560**
Total assets		**33,757,241**	**33,314,931**
NET EQUITY AND LIABILITIES			
Share capital and other reserves			
Share capital		3,952,659	3,952,659
Own share reserve		(1,347,103)	(1,386,937)
Share premium reserve		17,583,874	17,583,874
Legal reserve		484,904	484,904
Retained earnings / (losses) reserve		(14,786,318)	(12,227,753)
Other reserves		171,974	(1,783,139)
Total Net Equity	21	**6,059,990**	**6,623,608**
Non current liabilities			
Severance indemnity	22	218,860	283,001
Provision for risks and charges	23	8,157,842	8,005,321
Non current financial liabilities	24	1,861,803	1,898,640
Total		**10,238,505**	**10,186,962**
Current liabilities			
Financial current liabilitites	25	7,835,096	8,171,163
Account payable – Trade	26	4,748,469	5,504,453
Payables to subsidiaries	31	1,748,856	1,880,422
Tax payable	27	69,779	252,441
Other current liabilities	28	3,056,549	695,882
Total		**17,458,746**	**16,504,361**
Total liabilities		**27,697,521**	**26,691,323**
Total Net Equity and Liabilities		**33,757,241**	**33,314,931**

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

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Consolidated statement of charges in equity

Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Cumulated profit (loss) Retained earning/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 plan:	-	-	-	-	8,591	-	8,591
Comprehensive result	**-**	**-**	**-**	**-**	**(601,409)**	**(1,783,139)**	**(2,384,548)**
Balance at December 31, 2017	**3,952,659**	**(1,386,937)**	**17,583,874**	**484,904**	**(12,227,753)**	**(1,783,139)**	**6,623,608**

Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Cumulated profit (loss) Retained earning/losses reserve	Result of the period	Net equity
Balance at January 1, 2018	**3,952,659**	**(1,386,937)**	**17,583,874**	**484,904**	**(12,227,753)**	**(1,783,139)**	**6,623,608**
Variations in own share	-	39.834	-	-	-	-	39.834
Total operations with shareholders	**-**	**39.834**	**-**	**-**	**-**	**-**	**39.834**
Allocation of the result for the year	-	-	-	-	(1,783,139)	1,783,139	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**171,974**	**171,974**
Other components of comprehensive results at 31 Dec 2018:							
Total profits / (losses) deriving from the application of IAS 27	-	-	-	-	(778,379)	-	(778,379)
Gain/(Losses) on defined benefit plan:	-	-	-	-	2,954	-	2,954
Comprehensive result	**-**	**-**	**-**	**-**	**(775,426)**	**171,974**	**(603,452)**
Balance at December 31, 2018	**3,952,659**	**(1,347,103)**	**17,583,874**	**484,904**	**(14,786,318)**	**171,974**	**6,059,990**

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CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	Notes	Fiscal year as of 31 Dec 2018	Fiscal year as of 31 Dec 2017
Results for the period		427	(1,264)
Adjustments of items not affecting liquiduty:			
Depeciations of tangible assets	6-10	143	149
Depeciations of intangible assets	6-11	111	156
Allowances for doubtful accounts	7-17	-	970
Provisions for severance indemnity, net of payments to social security bodies	22	28	23
Controlled results evaluated using the PN method	13	(900)	1,847
Devaluation of participation		852	117
Gains on sale of the company Business-e S.p.A.		-	(4,595)
Cash flow from operating activities, gross of the variation in working capital		**661**	**(2,597)**
Payments of secerance indemnity	22	(92)	(9)
Variation in trade receivable and other current assets	17-18	(663)	8,281
Variation in financial credits	18-19	1,341	4,472
Variation in inventories	16	-	-
Variation in trade payables and other current liabilitites	18-28-29	2,917	(3,040)
Variation in account payable	26-27	(888)	(6,954)
Cash flow from operations generated/(absorbed)by changes in NWC		**2,615**	**2,750**
Cash flow from operations (A)		**3,276**	**153**
Change in non-current assets / liabilities to subsidiaries and others	14-15-23-24-25	(61)	(850)
Investments in tangible assets (net of disinvestments)	10	(1)	-
Change in financial receivables		(1,714)	(79)
Payments in c / capital holdings		-	-
Sale Business-e S.p.A.		-	6,515
Dividends collected		325	651
Investment in other intangible assets (net of disinvestments)	12	(1,193)	(178)
Cash flow from investing activities (B)		**(2,644)**	**6.059**
IAS 19		3	9
Variations in own shares		40	148
Cash flow from financial activities (C)		**43**	**156**
Cash flow from asset sold (D)		**-**	**-**
Increase/(Decrease)cash available and cash equivalents (A+B+C+D)		**675**	**6,368**
Short term Net Financial Position at the beginning of the period	20-26	(8,042)	(14,410)
Short term Net Financial Position at the end of the period	20-26	(7,367)	(8,042)

Financial charges paid during the year amount to 370 thousand Euros (479 thousand Euros in the previous year).

EXPLANATORY NOTES OF THE SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

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.

Going concern assessment

The financial statements of the Parent Company as of December 31, 2018 ended with a net profit of Euro 172 thousand. From a financial point of view, as already reported in the financial statements to December 31, 2017, the sale on November 30, 2016 of the 20-year old distribution business by the Parent Company, due to delays with which it materialized, led the company in the month of December 2016 to a position of financial stress that is still underway.

As of December 31, 2018, the Itway Group had a current net financial indebtedness of approximately Euro 9.2 million, of which Euro 8.6 million already expired at the date of writing of the balance sheet, an indebtedness towards tax authorities and social security institutions of Euro 365 thousand (which will be paid with the terms foreseen by regulations in force) and an indebtedness towards suppliers of approx. Euro 7.3 million (of which approx. Euro 2.2 million for amounts being contested, also through legal means).

This financial stress is still present, given the lower proceeds derived from the sale of Business-e S.p.A. compared with what was foreseen in the sales contract. To face this tension the Company has for some time started talks to remodulate debt on a bilateral basis with each lender, following the termination of collective negotiations, and during the fiscal period this led to the definition of positions with two banking institutions that sold their receivables to related company Fartech, which in turn settled with Itway their definitive closing. Unicredit and Banco BPM sold their positions to Mercatoria S.p.A. (a company with a debt collection license pursuant to art. 115 of the TULPS) which has Euro 2.1 million of financial receivables towards Itway S.p.A. To date negotiations are still under way with Monte dei Paschi di Siena, Banca Intesa and other minor lenders while agreements are underway with Mercatoria to define the balance and the removal of the acquired positions.

In this context the Company deemed necessary to proceed with the sale of the stakes in Itway Hellas SA and Itway Turkyie Ltd to Cyber Security 1 AB and towards this end signed a Sale and Purchase agreement on June 19, 2018 for a total of Euro 10 million, of which Euro 2 million due at the closing that was scheduled by the end of September 2018 and Euro 8 million in Cyber 1 shares that could be sold as the same assignment price in five quarterly instalments starting from three months from the closing date.

The closing of the transaction, originally scheduled for July 2018, was delayed through three amending acts upon request of the buyer, to November 8, 2018 in exchange for a commitment to pay the total cash amount, which at that date was cashed in, and the release of the necessary guarantees to cash in the subsequent Euro 8 million. In case of delays in the closing, a penalty at the expense of the buyer of Euro 15 thousand per day kicked in that will be calculated until the effective date of the closing of the sale.

The third amendment signed on 26 October 2018, reaffirmed very clearly that only following a bank guarantee, issued by a leading credit company, could the proceeding be carried out with the sale of the shares of the Greek and Turkish subsidiaries. The deadline set by the contract was 31 January 2019. This date was further postponed at Cyber1's request as the share price did not allow the company to issue the necessary guarantees, while they accelerated some ongoing financial transactions that should allow to finance the acquisition of the subsidiaries Itway Hellas and Itway Turckyie.

Following these events, in the months from January to April 2019, the parties, at the request of Cyber1, negotiated a new agreement in good faith that will allow the subsidiaries to be sold at even more favorable conditions than those agreed with the original SPA.

Itway, following the sale of the companies that distribute high value added products and services (Value Added Distribution, or VAD) in Greece and Turkey, completes its disposal programs of VAD activities.

In light of all this and pending the finalization of the above mentioned disposal, the Board of Directors of Itway also approved the industrial plan for the period 2019-2022. These guidelines foresee that the Group does not exit from the security sector but that it re-positions itself on the basis of investments made by Itway S.p.A., the coverage of which will derive from financial proceeds from the sale of the Greek and Turkish subsidiaries, as well as a greater focus on the affiliate company Be Innova S.r.l. and 4Science S.r.l. There will also be a continuation of the development of foreign operations in the MENA area where the group is present through stakes in Itway Mena FZC.

The plan foresees the continuation of the above mentioned activities and from a financial point of view is based on two key premises:

- The payment of financial proceeds deriving from the al of the stakes in Itway Hellas SA and Itway Turkyie Ltd;
- The favourable outcome of negotiations, as indicated above, with the remaining banking institutions in order to allow remodulating maturities according to the forecasts 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, in particular with regards to the continuing of the debt restructuring process, drafted the balance sheet on a going concern basis.

ACCOUNTING PRINCIPLES

General principles

For a better reading, the financial statement, 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, 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 financial statement as at December 31, 2018 was compared with the balances of the previous fiscal year, which ended on December 31, 2017;
- In the income statement, the representation of the costs is carried out on the basis of their own nature. The balances of the income statement on December 31, 2018 were compared with those of December 31, 2017
- The indirect method was used for the 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.

In the Financial Statements and in the comparative data the Company 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, 2018. 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 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 income statement.

The Financial Statements item most subject to estimates 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 Note “Impairments”. As of December 31, 2018, 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 Note “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 Note "Impairment". Eventual 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 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.

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 the subsidiaries, as homogeneous groupings that autonomously generate independent 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 prepaid taxes

Assets for prepaid 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 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 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 “Financial Proceeds and Charges” line.

Accounts payable - Trade

Payables are recognized at their 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:

They refer to relationships of different nature and are recognized at their nominal value.

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 when these are 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.

Derecognition of financial assets and liabilities

A financial asset should be derecognized when:

- the entity's contractual rights to the asset's cash flows have expired
- the asset has been transferred to a third party, namely:
    - transfers the contractual rights to receive the cash flows of the financial assets (essentially all risks and reward of ownership of th financial asset are transferred or the control of the asset was not kept);
    - or maintains the contractual rights to receive the cash flows from the financial asset but assumes the contractual obligation to pay the cash flows to one or more beneficiaries in an agreement whereby (i) the entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset; (ii) the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; (iii) the entity

has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

A financial liability is removed from the balance sheet when it is extinguished – that is, when the obligation is discharged, cancelled or expired.
When an existing financial liability is replaced by a new one by the same lender with contractual terms that are substantially different, there is a derecognition of the original liability and the recognition of a new liability. In the same was a substantial modification of the terms of an existing financial liability or a part of it (whether or not it is attributable to the financial difficulties of the debtor) must be treated as a derecognition of the original liability and the recognition of a new one.

Revenue recognition

Following are the specific criteria that have to be respected before booking revenues to the income statement:

Sale of goods and services – pursuant to IAS 15. This principle comes into force for the fiscal years beginning from January 1, 2018 or subsequently and replaces the principles of IAS 18 – Revenue and IAS 11 – Work in Progress as well as the interpretations of IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfer of Assets from Customers) and SIC 31 (Revenue - barter transactions involving advertising services). IFRS 15 establishes a new model of revenue recognition that is applied to all contracts with customers except those regulated by the application of the IAS/IFRS principles including leasing, insurance contracts and financial instruments. The new model to recognize revenue foresees the following five steps:

1. Identify the contract with a customer.
2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price.
4. Allocate the price to the performance obligations.
5. Recognize revenue as the performance obligations are fulfilled.

The principle was applied retroactively but no adjustments on te opening balances emerged considering that the contracts signed with clients are independent from one another and do not include multiple performance obligation nor do they include variable considerations. In terms of costs to obtain the contract, the analysis carried out highlighted that the costs fall within the scope of “incremental cost” and therefore are recognized as assets. The “practical expedient” indicated in paragraph 63 of IFRS 15 was used that allows to not adjust the promised amount of consideration for the effects of a significant financing component since considering sector practices for consolidated relationships with clients the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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 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 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 Itway S.p.A. is the Euro. 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 criteria used to draft the Financial Statements for the 2018 fiscal year are not different from those used for the Financial Statements at December 31, 2017, except for the accounting principles, amendments and interpretations applicable from January 1, 2018, which did not have significant impact on the Company's Financial Statements. These include:

IFRS 15 – Revenue from contracts with customers

This principle comes into force for the fiscal years beginning from January 1, 2018 or subsequently and replaces the principles of IAS 18 – Revenue and IAS 11 – Work in Progress as well as the interpretations of IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfer of Assets from Customers) and SIC 31 (Revenue - barter transactions involving advertising services). IFRS 15 establishes a new model of revenue recognition that is applied to all contracts with customers except those regulated by the application of the IAS/IFRS principles including leasing, insurance contracts and financial instruments. The new model to recognize revenue foresees the following five steps:

1. Identify the contract with a customer.
2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price.
4. Allocate the price to the performance obligations.
5. Recognize revenue as the performance obligations are fulfilled.

The principle was applied retroactively but no adjustments on the opening balances emerged considering that the contracts signed with clients are independent from one another and do not include multiple performance obligation nor do they include variable considerations. In terms of costs to obtain the contract, the analysis carried out highlighted that the costs fall within the scope of "incremental cost" and therefore are recognized as assets. The "practical expedient" indicated in paragraph 6 of IFRS 15 was used allowing to not adjust the promised amount of consideration for the effects of a significant financing component since considering sector practices for consolidated relationships with clients the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

IFRS 9 – Financial Instruments

The new principle replaces IAS 39.

- It introduces new criteria to classify and measure financial assets and liabilities;
- The new principle introduces a new expected loss impairment model (and no longer the incurred loss model used in IAS 39), using reasonable and supportable information about past events, available without unreasonable charges or efforts, including historic, actual and future data.
- It introduces a new model of hedge accounting.

The new principle was applied since January 1, 2018 and there has been no significant impact on the balance sheet of the Company.

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 16 – Leases. This principle was published by IASB on January 13, 2016 and 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 payments transactions. This amendment shall be applicable from January 1, 2019 and aims to clarify the accounting of some types of share-based payments.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (applicable from January 1, 2019) 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 and coming into force for January 1, 2019) 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, 2019. 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 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.

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

In the notes to the annual financial statements as at December 31, 2018 that follow in each paragraph the following further information is reported.

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

Note 25, 27, 28: The expired debt position of the Company divided by nature (financial, trade, tax, social security and towards employees) and the eventual related initiatives in reaction by the creditors (reminders, injunctions, suspension of supply, etc);

Note 31: The main changes that took place in relations with related parties of this Company compared with the previous annual or half-year 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.

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1. Sales revenue

Sales revenue for the fiscal period ended December 31, 2018 totalled Euro 1,161 thousand and is comprised by:

Thousands of Euro	Period ended 31/12/18	31/12/17
Revenues from sale of products	1,118	746
Revenues from services	43	-
Total	**1,161**	**746**

The amount reflects for Euro 403 thousand a triangulation towards the company of the Group in Greece.

2. Other operating revenue

Other operating revenue for the period ended December 31, 2018 totalled Euro 3,863 thousand and was comprised of:

Thousands of Euro	Period ended 31/12/2018	31/12/2017
Advertising and Marketing Contributions	-	13
Non-operating income	925	659
Other revenues and various proceeds	942	1,018
Proceeds from the sale of the business units	-	1,490
Proceeds for extraordinary transactions	1,996	-
Total	**3,863**	**3,180**

Non-operating income refers mainly to the elimination of positions towards suppliers and financial institutions and for Euro 224 thousand the proceeds of the settlement agreement signed during the 2017 fiscal period with Maticmind for the sale of Business-e.

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

The proceeds from extraordinary transactions refer to a non-recurring proceed in nature of Euro 2 million realized by the Company following the collection of the guarantee deposits after the sale of the Greek and Turkish that the Company, supported by its legal advisers, booked in the 2018 Income Statement.

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

Following is the breakdown:

Thousands of Euro	Period ended 31/12/18	31/12/2017
Purchase of products	1,144	732
Cost for resold services	-	21
Other purchases	12	10
Total	**1,156**	**763**

4. Cost of services

Following is the breakdown:

Thousands of Euro	Period ended 31/12/18	31/12/2017
Directors' remunerations of the parent company and social charges	444	704
Compensation for statutory Auditors	69	78
Auditing company fees	55	179
Consultancy and collaborations	753	1,020
Advertising and Trade Fairs	30	85
Services, courses and client assistance	-	68
Telecom expenses	33	41
Insurance	75	123
Electricity, water and gas	30	33
Travel and representation	101	156
Specialist costs, IR and securities services	121	103
Other expenses and services	266	325
Total	**1,977**	**2,915**

Please note that:

- The overall "consultancy and collaborators" includes non-recurring charges related to the extraordinary transactions and the remodulation of financial debt for Euro 434 thousand.
- The table highlights the compensation due to the corporate bodies deliberated by the Shareholders' meeting including social security and accessory charges.

5. Personnel costs

Following is the breakdown, compared with the previous period:

Thousands of Euro	Period ended 31/12/18	31/12/2017
Salaries	306	368
Social charges	112	98
Severance pay	17	30
Other personnel costs	1	-
Total	**436**	**496**

The following table details the average number of employees:

	31/12/2018 *Avg. figure*	**31/12/2017** *Avg. Figure*	**Variation**	**31/12/2018** *Punctual figure*	**31/12/2017** *Punctual figure*	**Variation**
Managers	1	1	-	1	1	-
Mid-managers	1	-	1	-	2	(2)
Employees	4	6	(2)	4	6	(2)
Total	**6**	**7**	**(1)**	**5**	**9**	**(4)**

6. Other operating expenses

Following is a breakdown:

Thousands of Euro	Period ended 31/12/18	31/12/2017
Rent for lease, offices and vehicles	191	196
Writedowns of doubtful accounts	-	970
Other extraordinary	140	346
Total	**331**	**1,512**

Other extraordinary is non-recurring in nature.

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7. Depreciation and Amortization

Following is a breakdown:

Thousands of Euro	Period ended 31/12/18	31/12/2017
Depreciation of tangible assets	143	149
Amortization of intangible assets	111	156
Write-down of investment	-	117
Total	**254**	**422**

8. Interest income and expenses

Following is the breakdown:

Thousands of Euro	Period ended 31/12/2018	31/12/2017
Income from infra-group receivables	18	119
Income from investments	48	73
Other income	22	18
Total financial income	**88**	**210**
Financial charges towards financial Institutions	(552)	(749)
Bank commissions	(41)	(123)
Profit/(Losses) on Exchange rates	28	(100)
Other charges	(15)	-
Total financial charges	**(580)**	**(972)**
Result subsidiaries with equity method	**900**	**(1,847)**
Writedown on investments	(851)	-
Total	**(443)**	**(2,609)**

Financial proceeds refer mainly to dividends cashed in by the Dexit S.r.l. subsidiary. Please see Note 12 “Investments” for eventual details of the result of subsidiaries valued with the equity method.

The writedown on investments of Euro 851 thousand refers to the writedown on the Inebula subsidiary and the receivables towards this company following its liquidation in October 2018.

9. Income taxes

Following is a breakdown:

Thousands of Euro	Period ended 31/12/18	31/12/17	Variation
Current income taxes(Ires)	(242)	-	(242)
IRAP	(55)	-	(55)
Deferred (prepaid) taxes	67	41	26
Income from participation in tax consolidation	-	-	-
Other taxes and fines	(25)	477	(502)
Total	**(255)**	**518**	**(773)**

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.

Thousands of Euro	Period ended 31/12/2018		31/12/2017	
	Taxable income	**Tax**	**Taxable Income**	**Tax**
Result before taxes Net Itway Group	427		,(1,265)	
Theoretical tax rate (24%)		102		(304)
Temporary differences to be made in successive fiscal periods	339		486	
Differences that will not be carried over to future years	86		(1,615),	
Carry forwards of temporary differences from previous fiscal periods	158		160	
Tax rate 24%	1,010,		(2,234),	(614)
Current taxes (IRES) for the period		242		-
Deferred tax net of the use of taxes allocated in previous years		212		41
Anticipated tax net of use of anticipated taxes allocated in previous years		(278)		(82)
Net IRES tax for the period		176		(41)

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

Thousands of Euro	Period ended 31/12/2018		31/12/2017	
	Taxable income	Tax	Taxable income	Tax
Result before taxes	427		(1,265)	
Costs that are not relevant for IRAP purposes				
Total	1,065		(1,668)	
Theoretical fiscal charge (3.9%)		58		(65)
Temporary differences to be realized in future years	--		--	
Differences that will not be carried forward to future years	(80)		(1,090)	
Carry forward of temporary differences from previous years	-		--	
Taxable income	1,412		(2,758)	
Tax rate 4.90%	-	-	-	-
Tax rate 3.90%	1,412	55	-	-
IRAP current fiscal period		**55**		**-**
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		**55**		

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	1,684	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
Balance of amortization as of 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**

Thousands of Euro	Property and offices	Other goods	Total
Purchase cost	3,330	1,684	5,014
Balance at 31.12.2017	**3,330**	**1,684**	**5,014**
Increases	-	-	-
Balance at 31.12.2018	**-**	**-**	**-**
Decreases	-	-	-
Balance at 31.12.2018	**-**	**-**	**-**
Accumulated depreciation	607	1,479	2,086
Balance at 31.12.2017	**607**	**1,479**	**2,086**
Amortization for the period	69	74	143
Amortization balance at 31.12.2018	**69**	**74**	**143**
Net book value:			
As of December 31, 2017	2,723	205	2,928
As of December 31, 2018	**2,654**	**131**	**2,785**

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.
The related residual debt based on the purchase of these two properties is booked in the non current and current financing liabilities line (Note 27 and Note 28).

Investments in the “Other goods” category booked during the 2016 fiscal year mainly refer to the purchase of computers and network servers.

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11. Other intangible assets

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

Thousands of Euro	**Software licenses and Patent rights**	**Other**	**Total**
Purchase costs	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	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**

Thousands of Euro	Development costs	Software licenses and Patent rights	Other	Total
Purchase cost	-	1.455	1.699	3.154
Balance at 31.12.2017	**-**	**1.455**	**1.699**	**3.154**
Increases	1.198	-	-	1.198
Balance at 31.12.2018	**1.198**	**-**	**-**	**1.198**
Decreases	-	-	-	-
Balance at 31.12.2018	**-**	**-**	**-**	**-**
Accrued amortization	-	1.359	1.574	2.933
Balance at 31.12.2017	**-**	**1.359**	**1.574**	**2.933**
Amortizations	-	-	111	111
Amortization balance at 31.12.2018	**-**	**-**	**-**	**-**
Net value:				
As at December 31, 2017	-	96	125	221
As at December 31, 2018	**1.198**	**96**	**14**	**1.308**

The increases at the "Development costs" line total Euro 1,198 thousand and represent the value of the assets purchased from the Inebula subsidiary, under liquidation, in October 2018.

The purchased products comprise development software of products to be re-sold (Inebula Connect, Inebula Guardian, Safety, etc...) with the related intellectual property and commercialization rights in addition to the Inebula brand name with the right of use and the www.inebula.it Internet site. Based on the sales budget of the Inebula products included in the industrial plan of the company, the book value was deemed congruous.

12. Investments

Following is some information regarding the investments of the Company:

Name	Headquarters	Share capital in Euro	% ownership	Value at 31/12/18	Vaue at 31/12/17
Subsidiary					
Itway Iberica S.L.	Argenters 2, Cerdanyola del Vallès, Barcellona	560,040	100%	-	19
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18 – Istanbul	1,500,000 *	100%	2,273	2,516
Itway Hellas S.A.	Ag. Ioannu Str. 10, Athens	846,368	100%	2,682	2,512
4Science S.r.l.	Viale A. Papa, 30 Milano	10,000	100%	214	174
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	45
Be Innova S.r.l.	Piazza C. Battisti, 26 Trento	20,000	50%	409	409
Idrolab S.r.l.	Via Dell'Arrigoni, 120 Cesena	52,500	10%	195	195
Cyber Security 1 AB	E145NR, Floor 19, 40 Bank Street, London	77,332	5,64%	2,083	-
Other minor				-	5
Total				**8,275**	**6,249**

*The value is expresses 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, 2018 approved by the respective Board of Directors and rectified, where necessary, to adjust them to the accounting principles adopted by the Company.

		Al 31 dicembre 2018			
Denominazione (Euro)	**%**	**Patrimonio Netto**	**di cui Risultato d'esercizio**	**Quota Patrimonio Netto di pertinenza**	**Valore a bilancio**
Itway Iberica S.L.	100%	(59.603)	(79.591)	(59.603)	-
Itway France S.A.S.	100%	(7.928.251)	(85.808)	(7.928.251)	-
Itway Hellas S.A.	100%	824.546	170.385	824.546	2.682.450
Itway Turkiye Ltd.	100%	2.677.848	860.879	2.677.848	2.273.228
iNebula S.r.l.	75%	91.161	(661.338)	68.371	-
4Science S.r.l.	100%	204.169	40.149	204.169	214.112
Itway RE S.r.l.	100%	15.359	(5.757)	15.359	-
Dexit S.r.l. (*)	9,00%	2.792.134	707.819	251.292	373.544
Be Infrastrutture S.r.l. (*)	30,00%	155.133	3.360	46.540	45.330
Be Innova S.r.l. (*)	50,00%	2.415.129	(576)	1.207.565	408.718
Idrolab S.r.l. (*)	10,00%	40.738	(9.358)	4.074	195.000
Altre partecipazioni					2.083.333
Totale Partecipazioni					**8.275.716**

- financial statements as of December 31, 2017

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 Turkish subsidiary confirmed once again the development prospects of the Country and ended the fiscal year with a net profit of almost Euro 900 thousand with revenues and profitability in line with the previous fiscal period. The results for the period were however impacted by the performance of the Turkish Lira exchange rate, which lost approx. 33% of its value against the Euro compared with 2017. In local currency the results of the period would show an increase in revenue of almost 30%.

The Greek subsidiary ended the fiscal period with an increase in revenue of 25% compared with the previous year and with a result before taxes of over Euro 300 thousand. These results position us as the leading VAD in the security market in Greece.

The Other Investment line includes shares received during the fiscal period from Cyber 1 for the sale of the Greek and Turkish subsidiaries valued at fair value.

Developments in 2019

On April 4, 2018, Itway signed an exclusive agreement with Cyber Security 1 AB (formerly Cognosec), a company listed on the Nasdaq First North Stockholm (COGS OTC-Nasdaq Intl. Designation: CYBNY), a leading supplier 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. Following the completion of the due diligence, a Special Purpose Agreement (SPA) was signed on June 19, 2018 that can be summed up as follows:

- The agreed price paid by Cyber Security 1 AB to Itway for both stakes totals Euro 10 million and is made up of a cash deposit of Euro 2 million, to be paid at closing, of which Euro 500 thousand was cashed in at the signing of the SPA, and a component in nature comprising No 16,666,666 newly issued Cyber Security 1 shares.
- It will be possible to sell the shares in quarterly instalments during the first five quarters after the closing of the transaction and the value of these shares, equal to Euro 1.6 million for each instalment, will be guaranteed by a PUT option, released by a company that is owned by the reference shareholder of Cyber1, Kobus Paulsen, that will be able to allow the sale of these shares at the same assigned price.

The closing of the transaction, originally scheduled for the end of July 2018, was delayed, through three amending acts requested by the buyer, to November 8, 2018 in exchange for the commitment to pay the total cash part of the consideration, which at that date was cashed in, and the release of guarantees necessary for the cashing in of the subsequent Euro 8 million. In case of delay of the closing, a mechanism kicked in whereby the buyer had to pay a penalty of Euro 15 thousand per day until the effective closing of the transaction.

The third amendment signed on 26 October 2018, reaffirmed very clearly that only following a bank guarantee, issued by a leading credit company, could the proceeding be carried out with the sale of the shares of the Greek and Turkish subsidiaries. The deadline set by the contract was 31 January 2019. This date was further postponed at Cyber1's request as the share price did not allow the company to issue the necessary guarantees, while they accelerated some ongoing financial transactions that should allow to finance the acquisition of the subsidiaries Itway Hellas and Itway Turckyie.

Following these events, in the months from January to April 2019, the parties, at the request of Cyber1, negotiated a new agreement in good faith that will allow the subsidiaries to be sold at even more favorable conditions than those agreed with the original SPA.

Itway, with the sale of the companies that distribute high value added products and services (Value Added Distribution, or VAD) in Greece and Turkey, completed its VAD activities disposal program.

The French and Iberian subsidiaries, following the disposal in past fiscal periods of the VAD activities in the countries where they operate, are no longer operational and ended the period with a loss respectively of Euro 86 thousand and Euro 80 thousand.

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 Data Science, Data Management, Big Data (Data Curation) as well as Digital Repository and Preservation of cultural and artistic assets, the so-called Digital Library market. Its industrial plan foresees the realization of two key platforms and four add-on products, in part realized and in part being developed. The results of the period, even though lower than budget, showed a profit with a 10% rise in Ebitda and growth in the order portfolio compared with 2017 despite the financial stress that characterized the 2018 fiscal year. During the period, 4Science consolidated strongly its presence on international markets with the acquisition of important and prestigious clients in the scientific and university sectors. Unfortunately, due to the known economic hardships of national cultural institutions, the Italian cultural and scientific assets market does not represent the main reference for 4Science, despite its top-rated references.

iNebula S.r.l. was liquidated in October 2018. It was a necessary decision given the lasting strong losses of the unit, in particular in the iNebula RECO sector. The first objective of the liquidation was to interrupt operating costs that were no longer sustainable. The second objective was to sell assets for the most value, with particular focus on the developments carried out by iNebula in the past few years around the iNebula Connect platform.

All the assets of iNebula Connect (IoT market and of security solutions for work-safety ICOY) in addition to the iNebula portal were sold to Itway at a price of Euro 1,198 thousand, as described in Note 11. The balance sheet of the subsidiary had Euro 661 thousand of writedowns while in the Itway financial statements negative adjustments of Euro 851 thousand for all positions related to the iNebula subsidiary were made.

Following is a brief comment on the other subsidiaries:

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

- The associated company Dexit S.r.l continued its activities mainly in the Autonomous Province of Trento with a profit in the period ended December 31, 2017 of Euro 707 thousand. The results as of December 31, 2018 are still not available and will be approved within the terms foreseen by regulations.

- 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, 2018 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, 2018;

- 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.

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

	Attività Correnti	Attività non Correnti	Passività Correnti	Passività non Correnti	Ricavi	Utile/ Perdita esercizio	Totale conto economico complessivo
Dexit S.r.l.*	4.725	47	1.718	262	7.164	708	708
Be Infrastrutture S.r.l.*	1.135	-	855	125	1.007	3	3
Be Innova S.r.l.*	868	4.590	2.986	57	2.929	(1)	(1)
Idrolab S.r.l.*	829	487	1.015	261	1.491	(9)	(9)

** refers to financial statements ended December 31, 2017, the last available one*

13. Prepaid taxes and deferred tax liabilities

Prepaid tax assets, net of deferred tax liabilities, as of December 31, 2018 totalled Euro 293 thousand (Euro 226 thousand as of December 31, 2017) and refer partly to taxed accruals; 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, 2018 total Euro 628 thousand (Euro 906 thousand as of December 31, 2017). 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:

	31/12/2018		31/12/2017		
Thousands of Euro	**Amount**	**Deferred taxes**	**Amount**	**Deferred taxes**	**Variation**
Allowance for doubtful debt	2,197	527	2,197	527	-
Losses	61	15	991	238	(223)
Non deductible interests	1,468	352	1,468	352	-
Other	110	27	61	15	12
Total	**3,836**	**921**	**4,717**	**1,132**	**(211)**

Thousands of Euro	31/12/2018 Amount	31/12/2018 Deferred taxes	31/12/2017 Amount	31/12/2017 Deferred taxes	Variation
Gain from disposal	2,594	623	3,743	898	(275)
Discounting severance pay	21	5	32	8	(3)
Total debt for deferred taxes	**2,615**	**628**	**3,775**	**906**	**(278)**

14. Other non current assets

Other non current assets as of December 31, 2018 refer to security deposits paid .

15. Other non current financial assets

Other noncurrent financial assets, totalling Euro 2,098 thousand as of December 31,2018, 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. and purchased from Business-e, 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, 2018, all short-term, totalled Euro 5,816 thousand (Euro 5,153 thousand to December 31, 2017). The value is expressed net of the allowance for doubtful accounts that as at December 31, 2018 stood at Euro 2,229 thousand (unchanged from December 31, 2017). 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 2,750 thousand, relating to a contract in progress to order allocated in past fiscal years for which the client notified the Business-e subsidiary, from which the receivable was purchased prior to its sale to Maticmind, that it was rejecting the amount requested by the Company based on the progress in the work carried out. Trade payables at December 31, 2018 include approximately Euro 1,300 thousand, for liabilities to suppliers related to this work in progress. In 2016, with the support of its legal advisers, the company started a legal procedure against 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 that was further delayed to May 15, 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, 2018. 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	**31/12/2018**	**31/12/2017**
Initial allowance	**2,229**	**1,879**
Provision for the period	-	970
Utilization	.	(620)
Final allowance	**2,229**	**2,229**

Following is the breakdown of trade receivables as at December 31, 2018 classified by maturity:

Thousands of Euro	**31/12/2018**	**31/12/2017**
Maturing	1,630	565
Expired up to 30 days	33	-
Expired up to from 30 to 60 days	6	317
Expired > 60 days	6,376	6,500
Total gross receivables	**8,045**	**7,382**
Allowance for doubtful accounts	(2,229)	(2,229)
Total net receivables	**5,816**	**5,153**

Trade receivables also include Euro 1,453 thousand towards the Itway MENA FZC subsidary company and Euro 695 thousand towards the affiliate BE Innova S.r.l

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 8,610,thousand as of December 31, 2018 (Euro 9,533 thousand as of December 31, 2017).

18. Other current assets

Following is the breakdown:

Thousands of Euro	Period ended 31/12/2018	31/12/2017	Variation
Tax receivables	692	972	(280)
Other receivables	319	3,127	(2,808)
Accruals and deferrals	40	29	11
Total	**1,051**	**4,128**	**(3,077)**

"Other receivables" reflect the residual towards Maticmind for the sale of the Business-e subsidiary that was fully cashed in during the month of February 2019. The reduction is due to the closing of the transactions carried out in past fiscal years.

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, 2018 totaled Euro 377 thousand (Euro 374 thousand as of December 31, 2017);
- An interest-free receivable towards Be Innova initially purchased with the subsidiary and totaling as of December 31, 2018 Euro 2,149 thousand.

20. Cash on hand

Following is the breakdown:

Thousands of Euro	Period ended 31/12/2018	31/12/2017	Variation
Bank and postal deposits in Euro	50	127	(77)
Bank deposits in US Dollars	417	-	417
Money and petty cash	1	2	(1)
Total	**468**	**129**	**339**

21. Net equity

Share capital

The share capital of the parent company on December 31, 2018, 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/sale of own shares in the Parent Company‘s portfolio at the date of the current financial statements. As of December 31, 2018 the company owned 853,043 own shares, representing 10.79% of share capital, booked at an average cost of Euro 1.58 each.

Share premium

As of December 31, 2018, 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, 2018 it stands at Euro 485 thousand, unchanged from the previous fiscal period.

Earnings/(losses) forward reserve

As of December 31, 2018, it stands at Euro 14,786 thousand, (Euro 12,228 thousand as of December 31, 2017); in 2018 it increased by Euro 2,558 thousand as the net result of the previous fiscal year due to the actualization of employee benefits and due the writedowns of results of the subsidiaries controlled with the net equity method.

The reserve includes the effects on net equity deriving from the transition to international accounting standards carried out to September 30, 2004 as well as the exchange rate movements with regards to the stake owned in Itway Turkiye; the amount referred to the 2018 fiscal year included in the OIC (Italian Accounting Standard Setter) is Euro 778 thousand.

22. Employee benefits

This item highlights the provisions in favour of personnel for the severance indemnity due pursuant to the law, net of the advances given to employees. Following are the changes posted in the 2018 fiscal period:

Following are the variations:

Thousands of Euro	31/12/2017	Financial charges	Increases	Actuarial (Profit) loss	Use	31/12/2018
Employee benefits	283	15	28	(26)	(81)	219
Total	**283**	**15**	**28**	**(26)**	**(81)**	**219**

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

Calculation date	**31/12/2018**
Mortality rate	INPS55 Tables
Invalidity rate	INPS-2000 Tables
Personnel rotation rate	3.00%
Discount rate	1.57%
Salary increase rate	3.00%
Rate of advances	2.00%
Inflation rate	1.50%

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 is that 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, therefore the probability of lay-off or firing (the hypothesis has to reflect the reality of the Company and is therefore based on information received by the Company itself);
  - 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; it has to consider inflation and the professional qualification (the hypothesis are based on information received by the Company) and can only be applied to the Companies that had less than 50 employees as of 31/12/2006:
  - 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, 2018 and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 9 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 9 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	31/12/2017	Amortization	Use	31/12/2018
Investment loss provision	8,005	153	-	8,158
Total	**8,005**	**153**	**-**	**8,158**

The investment loss provision reflects for Euro 7,927,528, the negative net equity of the French subsidiary at December 31, 2018 (including the loss incurred in the 2018 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.

24. Non current financial liabilities

Following is the breakdown:

Thousands of Euro	31/12/2018	31/12/2017	Variation	Maturity
Non-current residual leasing debt	1.862	1.899	(37)	November 2026
Total	**1.862**	**1,899**	**(37)**	

This item represents the non current quota of the residual debt towards a leasing Institute for the 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. To support the company during a period of financial stress, as described in the management report, during 2018 a moratorium was granted on the capital quota of the leasing contact, so during the fiscal year only interest was paid.

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

	Period ended	
Thousands of Euro	**31/12/2018**	**31/12/2017**
Residual non current debt, net of interests:		
From 1 to 5 years	543	578
Over 5 years	1,319,	1,321,
Residual leasing debt, net of interests	**1,862**	**1,899**

25. Current financial liabilities

As at December 31, 2018 they total Euro 7,835 thousand (Euro 8,171 thousand to December 31, 2017) and are mainly represented by debt towards banks and unsecured loans. In addition, this item includes Euro 128 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 194 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, 2018 expired debt positions of the Parent Company totalled Euro 7.8 million. At the same date the expired debt positions of the Itway Group totalled Euro 8.6 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 banks were interrupted in June 2018 and bilateral talks with each institution are underway.

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 1,098 thousand euros.

26. Trade payables

Trade payables, including invoices not yet received, amount to Euro 4,748 thousand as of December 31, 2018 compared with Euro 5,504 thousand as of December 31, 2017. The balance at December 31, 2018 includes an expired debt towards suppliers of approximately Euro 3.1 million (of which approximately Euro 0.4 million for amounts being contested, possibly at court level).

With reference to the commercial expiration of the Company, it should be noted that to date, some reminders have been received from creditors and legal disputes or legal initiatives for 370 thousand euros exist, while no suspension of the related services has occurred.

27. Tax payables

Tax payables as of December 31, 2018 total Euro 70 thousand (Euro 252 thousand as of December 31, 2017) and following is the breakdown:

	Period ended		**Variation**
Thousands of Euro	**31/12/2017**	**31/12/2016**	
VAT	-	200	(200)
Withholding on personnel compensation	70	52	18
Total	**70**	**252**	**(182)**

The decrease in VAT payables, equal to Euro 200 million, is due to the full payment of the debt in force as of December, 2017.

28. Other current liabilities

Other current liabilities as of December 31, 2018 total approximately Euro 3,057 thousand (Euro 696 thousand as of December 31, 2017) with the following breakdown:

Thousands of Euro	Period ended 31/12/2018	31/12/2017	Variation
Debt towards personnel	16	4	12
Other debt towards personnel	114	112	2
Debt towards directors and collaborators	515	432	83
Debt towards social security institutions	60	64	(4)
Accruals and deferrals	50	83	(33)
Advanced payments received and others	2,302	1	2,301
Total	**3,057**	**696**	**2,361**

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 "Advanced payments and others" item includes Euro 2,083 thousand that is equal to the value of Cyber 1 shares owned by the Parent Company, for a total of 16,666,666 shares valued at fair value.

29. Obligations and guarantees

Following are the obligations and guarantees as of December 31, 2018

- Third party guarantees in our favour for Euro 700 thousand relative to bank guarantees on behalf of companies of the Company in favour of suppliers or to take part in public tenders.
- Company guarantees for Euro 1,200 thousand in favour of the Iway Re S.r.l. subsidiary as a collateral for a mortgage

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30. Information on related parties

During the 2018 fiscal period, the Company 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.	377	-	198	2
Itway S.p.A. vs Be Innova S.r.l.	4,441			125
Itway S.p.A. vs Fartech S.r.l	34	893	723	/
TOTAL	**4,482**	**893**	**921**	**127**

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

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

The following table sums up the relationships of the Company and the subsidiaries of the Itway Group

Thousands of Euro	Trade receivables	Financial receivables	Financial liabilities	Trade liabilities	Operating and financial costs	Revenue, other revenue and financial proceed
Itway Iberica S.L.	115	-	662	-	-	115
Itway France S.A.S.	-	6,326	-	42	-	-
Itway RE S.r.l.	9	-	-	(90)	60	-
4Science S.r.l.	12	1,666	-	1,134	84	12
Itway Hellas S.A.	330	619	-	-	-	469
Itway Turkiye Ltd.	52	-	-	-	-	306
Total	**518**	**8,611**	**662**	**1,086**	**228**	**902**

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 8,611 thousand as of December 31, 2018.

32. 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.

33. Net financial position

Pursuant to Consob Communication No. 6064293 of July 28 2006, following is the breakdown of the Company's net financial position (NFP), not inclusive of intercompany loans towards subsidiaries previously disclosed

Thousands of Euro	31/12/2018	31/12/2017
Cash on hand	468	129
Financial receivables	2,526	812
Current financial liabilities	(7,835)	(8,171)
Current net financial position	(4,841)	(7,230)
Non current financial assets	2,098	2,098
Non current financial liabilities	(1,862)	(1,899)
Non current net financial position	236	199
Total net financial position	(4,605)	(7,031)

Please see the Cash Flow Statement for the details of the movements that generated the variation in the Net Financial Position.
The non current net financial position reflects financings detailed in Note 25; the variation in the fiscal year reflects the drop in expiring quotas beyond the fiscal year of the financing granted in past fiscal years

34. Subsequent events

As already reported in the paragraph "Going Concern Assessment", please note that today Itway S.p.A. updated the industrial plan originally approved on May 30, 218 and the financial plan for Itway S.p.A. for all of 2020. In the month from January to April 2019 it continued negotiations for the sale of the Greek and Turkish subsidiaries.–

35. Non recurrent, atypical and/or unusual transactions

During the fiscal year that ended on December 31, 2018, 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 while the previous paragraphs widely described the significant and non-recurring transactions related to the sale of the Greek and Turkish subsidiaries and the settlement agreement reached with Maticmind for the sale of the Business-e subsidiary in 2017.

36. 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 *Thousands of Euro*	*Carrying value*	**December 31, 2018** *Assets for derivatives at FVTPL**	*Loans and receivables*	*Derivatives used for hedging*	*Financial instruments for FVTPL (+)*	*Financial instruments for FVTOCI (**)*
Other non current assets	7	-	7	-	-	-
Non current assets	**7**	**-**	**7**	**-**	**-**	**-**
Trade receivables	5,816	-	5,816	-	-	-
Financial receivables towards Subsidiaries	8,610	-	8,610	-	-	-
Account receivables from Subsidiaries	518	-	518	-	-	-
Other current assets	**1,051**	**-**	**1,051**	**-**	**-**	**-**
Cash on hand	**468**	**-**	**468**	**-**	**-**	**-**
Current assets	**16,463**	**-**	**14,463**	**-**	**-**	**-**

ASSETS	December 31, 2017					
Thousands of Euro	*Carrying value*	*Assets for derivatives at FVTPL**	*Loans and receivables*	*Derivatives used for hedging*	*Financial instruments for FVTPL (+)*	*Financial instruments for FVTOCI (**)*
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**	**-**	**-**	**-**

LIABILITIES	December 31, 2018			
Thousands of Euro	*Carrying value*	*Liabilities at FVTPL**	*Other financial liabilities*	*Derivatives used for hedging*
Non current financial liabilities	1,862	-	1,899	-
Non current liabilities	1,899	-	1,899	-
Current financial liabilities	7,835	-	8,171	-
Trade payables	4,748	-	5,504	-
Payables towards subsidiaries	1,749	-	1,045	-
Other current liabilities	3,057	-	696	-
Current liabilities	17,389	-	15,417	-

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	-
Payables towards subsidiaries	1,045	-	1,045	-
Other current liabilities	696	-	696	-
Current liabilities	15,417	-	15,417	-

**Fair Value Trough Profit and Loss*
*** Fair Value Through Other Comprehensive Income*

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 company 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 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 78 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 Company 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 cash flows in foreign currency hedging contracts are used.

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 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. These talks are continuing on a bilateral basis with each individual banking institution following the termination of collegiate negotiations.

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 Company's non current liabilities, grouped together on the basis of the contract expiration compared with the balance sheet date.

Thousands of Euro	***31/12/2018***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***over***
Non current financial liabilities	1,862	1,862	131	412	1,319
Non current liabilities	**1,862**	**1,862**	**131**	**412**	**1,319**

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**

Capital management

The main objective of capital management of the Company 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 s financial prospectus above.

37. 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 statements.

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

Description	Thousands of Euro
Compensation for Analisi for the auditing activity of the financial statements of the fiscal year and the consolidated financial statements of Itway SpA	55
Compensation for Analisi for other services	-
Compensation for Analisi for auditing activities of subsidiaries	79
Total	**134**

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

39. Publication of the Financial Statements

The financial statements were approved by the Board of Directors of Itway S.p.A. at the April 15, 2019 meeting, in which it also approved its publication and in which the mandate was given to the President to carry out formal fine tuning amendments or integrations should they be necessary or opportune for a better drafting and a more complete text, in all its elements.

40. 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, consolidation method and type of activity. 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

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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, April 18, 2019

FOR THE BOARD OF DIRECTORS

President and Chief Executive

G. Andrea Farina