



# **Interim Management Report of the Itway Group as of September 30 2017**

### **Board of Directors**

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

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

### **Board of Statutory Auditors**

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

<i>Name and last name</i>	<i>Position</i>
Alessandro Antonelli	Chairman
Daniele Chiari	Member
Silvia Caporali	Member

### **Manager mandated to draft corporate accounting documents**

The board of directors named Sonia Passatempi (Administrative Manager of the Group) as the manager in charge of drafting corporate accounting documents for the Itway Group.

#### **Auditing firm**

PricewaterhouseCoopers S.p.A.

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

## **Interim Management Report as of September 30, 2017**

In a bid to give continuity with the past and following the indications of Borsa Italiana's Exchange Notice No. 7587 addressed to STAR Issuers (STAR Issuers': information on interim management statements), Itway has drafted and published the interim consolidated financial statements as of September 30, 2016 despite the recent changes to the Issuers' Regulations that have eliminated the obligation to publish such statements.

The publication of the current interim management report, which has not been audited, was approved by the Board of Directors on November 14, 2017.

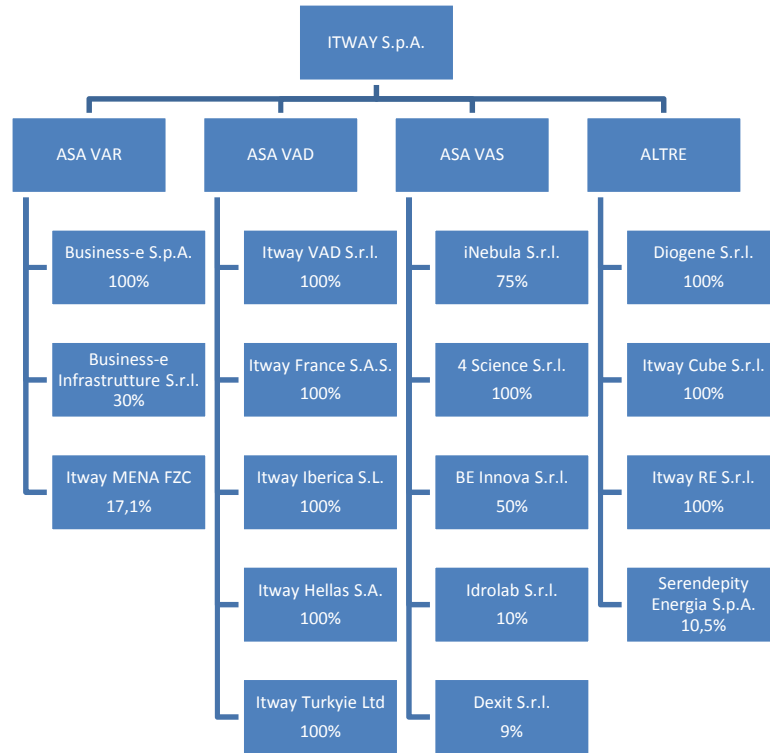
In the current interim management Report as of September 30, 2017, the analysis of the economic performance was carried out with reference to the nine months between January 1-September 30, 2017 and in the quarter from July to September, 2017 compared with the equivalent periods of 2016. The net financial position is provided with reference to September 30, 2017, June 30, 2017 and compared with the one in consolidated financial statements as of December 31, 2016.

The accounting statements to September 30, 2017 were drafted before taxes and of the fiscal impact on the result for the period.

The accounting principles, the evaluation criteria, the forecasts made, and the consolidation principles that are referred to in preparing the attached interim management report to September 30, 2017 are, as in the previous fiscal period, the international accounting principles defined by IFRS. In particular, these principles require forward looking statements. In the context of economic uncertainty illustrated below, please note that these forecasts have a component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecast.

### **Activities and Structure of the Group**

The Interim Management report includes the accounting situation of the companies of the Itway Group which at September 30, 2017 had the following structure:



Following is the list of fully consolidated companies on which Itway S.p.A. exercises, directly or indirectly, control through the majority of voting rights:

NAME	HEADQUARTERS	SHARE CAPITAL	% of direct ownership	% indirect ownership	% of overall ownership
Itwayvad S.r.l.	Via L. Braille,15- Ravenna	10,000	100%	-	100%
Itway Iberica S.L.	Argenters 2, Cerdanyola del Vallès - Barcellona	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 - Atene	846,368	100%	-	100%
Itway Turkiye Ltd.	Eski Uscudar Yolu NO. 8/18 - Istanbul	1,500,000 *	100%	-	100%
Itway Cube S.r.l.	Via L. Braille,15 - Ravenna	10,000	100%	-	100%
Diogene S.r.l.	Via V. Mazzola, 66 - Roma	78,000	100%	-	100%
Business-e S.p.A.	Via A. Papa, 30 - Milano	1,001,084	100%	-	100%
iNebula S.r.l.	Via A. Papa, 30 - Milano	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 - Milano	10,000	100%	-	100%

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

The subsidiaries, assessed with the equity method are:

NAME	HEADQUARTERS	SHARE CAPITAL	% of direct ownership	% indirect ownership	% of overall ownership
BE Innova S.r.l.	Via Cesare Battisti 26 - Trento (TN)	20,000	-	50%	50%
Be Infrastrutture S.r.l.	Via Trieste, 76 - Ravenna	100,000	-	30%	30%

List of minority investments, assessed with the equity method

NAME	HEADQUARTERS	SHARE CAPITAL	% of direct ownership	% indirect ownership	% of overall ownership
Serendipity Energia S.p.A.	Piazza Bernini 2 – Ravenna	1,117,758	-	10.5%	10.5%
Dexit S.r.l.	Via G. Gilli 2 - Trento	700,000	9%	-	9%
Idrolab S.r.l.	Via dell'Arrigoni, 220 - Cesena FC	52,500	-	10%	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35,000*	-	17.1%	17.1%

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

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

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

The VAD SBU also offers services for training, technical assistance and certification developed by Itway Academy, which is aimed at Value Added Resellers and System Integrators. The strong points of Itway are in its capability of offering, in a complementary manner, a broad array of software products and the consultancy support necessary to guarantee their use and integration. Furthermore, the Group has an excellent capability on focusing on and interacting with the client (accounting) and on offering excellent training that is tailor-made for the specific needs of each client. The VAR SBU manages all Value Added Reseller, System Integration and Engineering activities. The VAS SBU is in a start—up phase and handles the Value Added Services activities.

## Performance of the Group and the reference market

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

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

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

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

The proceeds from the sale will be used to strengthen Group capital and to reduce the fiscal and financial exposure as well as exposure towards suppliers.

In light of this transaction, the economic and financial impact of which will be included in the prospectus that will be made available to the public within the terms of CONSOB regulations, pursuant to the IFRS 5 accounting principle that governs among other things “Non current assets held for sale” in the tables included in the current Interim Management Report the economic data subject to the transaction is reported separately in a column headed “Business-e Transaction” while for the 2016 data they are reported separately and the data related to last year’s sale transaction are highlighted in the column “Italy, Iberica VAD Transaction”.

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

During the period, investments continued in Cybersecurity, Cloud Computing, IoT and Big Data, all of which are connected and correlated. Furthermore, the repositioning on new product lines continued, with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital.

Group's industrial policy: The industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS SBU.

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

Thousands of Euro	Nine months to September 30, 2017			Nine months to September 30, 2016			
	Total Itway Group	Business-e Transaction	Net Itway Group	Total Itway Group	Business-e Transaction	Italy, Iberica VAD transaction	Net Grupp o Itway
<b>Revenue</b>							
Revenue	29,135	12,911	16,224	58,753	14,959	27,482	16,312
Other operating revenue	2,035	495	1,540	796	424	260	112
<b>Total revenue</b>	<b>31,170</b>	<b>13,406</b>	<b>17,764</b>	<b>59,549</b>	<b>15,383</b>	<b>27,742</b>	<b>16,424</b>
<b>Operating costs</b>							
Costs for products	20,677	6,615	14,062	45,225	7,177	24,302	13,746
Personnel costs	6,774	4,774	2,000	7,722	4,811	1,432	1,479
Other costs and operating charges	4,196	2,563	1,633	5,752	2,630	1,382	1,740
<b>Total operating costs</b>	<b>31,647</b>	<b>13,952</b>	<b>17,695</b>	<b>58,699</b>	<b>14,618</b>	<b>27,116</b>	<b>16,965</b>
<b>EBITDA</b>	<b>(477)</b>	<b>(546)</b>	<b>69</b>	<b>850</b>	<b>765</b>	<b>626</b>	<b>(541)</b>
Amortization	751	269	482	326	52	4	270
<b>EBIT</b>	<b>(1,228)</b>	<b>(815)</b>	<b>(413)</b>	<b>524</b>	<b>713</b>	<b>622</b>	<b>(811)</b>
Net financial charges	(960)	(460)	(500)	(1,366)	(464)	-	(902)
<b>Recurrent pretax result</b>	<b>(2,188)</b>	<b>(1,275)</b>	<b>(913)</b>	<b>(842)</b>	<b>249</b>	<b>622</b>	<b>(1,713)</b>
Non recurrent charges	(733)	(377)	(356)	(390)	(20)	-	(370)
<b>Pretax result</b>	<b>(2,921)</b>	<b>(1,652)</b>	<b>(1,269)</b>	<b>(1,232)</b>	<b>229</b>	<b>622</b>	<b>(2,083)</b>

Thousands of Euro	Quarter ended to September 30, 2017			Quarter ended to September 30, 2016			
	Total Itway Group	Business- Transaction	Net Itway Group	Total Itway Group	Business-e Transaction	Italy, Iberica VAD transaction	Net Itway Group
<b>Revenue</b>							
Revenue	7.282	2.539	4.743	18.439	4.221	8.732	5.486
Other operating revenue	198	157	41	87	41	60	(14)
<b>Total revenue</b>	<b>7.480</b>	<b>2.696</b>	<b>4.784</b>	<b>18.526</b>	<b>4.262</b>	<b>8.792</b>	<b>5.472</b>
<b>Operating costs</b>							
Costs for products	5.163	1.065	4.098	14.275	1.826	7.801	4.648
Personnel costs	2.249	1.571	678	2.435	1.458	529	448
Other costs and operating charges	956	865	91	1.989	913	394	682
<b>Total operating</b>	<b>8.368</b>	<b>3.501</b>	<b>4.867</b>	<b>18.699</b>	<b>4.197</b>	<b>8.724</b>	<b>5.778</b>
<b>EBITDA</b>	<b>(888)</b>	<b>(805)</b>	<b>(83)</b>	<b>(173)</b>	<b>65</b>	<b>68</b>	<b>(306)</b>
Amortization	279	92	187	119	23	1	95
<b>EBIT</b>	<b>(1.167)</b>	<b>(897)</b>	<b>(270)</b>	<b>(292)</b>	<b>42</b>	<b>67</b>	<b>(401)</b>
Net financial charges	(259)	(110)	(149)	(435)	(203)	-	(232)
<b>Recurrent pretax result</b>	<b>(1.426)</b>	<b>(1.007)</b>	<b>(419)</b>	<b>(727)</b>	<b>(161)</b>	<b>67</b>	<b>(633)</b>
Non recurrent charges	(89)	(89)	-	-	-	-	-
<b>Pretax result</b>	<b>(1.515)</b>	<b>(1.096)</b>	<b>(419)</b>	<b>(727)</b>	<b>(161)</b>	<b>67</b>	<b>(633)</b>

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

#### Performance by segment of business: Value Added Distribution

Through the Value Added Distribution sector, the Group operates, in Greece and Turkey, in the distribution of specialized software and hardware products, certification products on the software technologies distributed, and pre- and post-sales technical assistance services. The clients are “System Integrators” and “Value Added Resellers” who sell products to the end user.

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



Thousands of Euro	Nine months to September 30, 2017		Nine months to September 30, 2016		
	Net Itway Group		Net Itway Group	Italy, Iberica VAD Transaction	Total
Revenue	15,767		15,553	27,742	43,295
EBITDA	913		905	626	1,531
EBIT	864		841	622	1,463

Thousands of Euro	Quarter ended to September 30, 2017		Quarter ended to September 30, 2016		
	Net Itway Group		Net Itway Group	Italy, Iberica VAD Transaction	Total
Revenue	4,645		5,210	8,792	14,002
EBITDA	282		261	68	329
EBIT	266		240	67	307

Following is the analysis by Country:

The Turkish subsidiary once again confirmed the development prospects of the Country and ended the period as of September 30, 2017 with growth in volumes compared with the previous year. The results of the period were however impacted by the performance of the Turkish Lira that lost some 23% of its value against the Euro compared with September 30, 2017. This brought to a significant increase in prices for the public with a resulting pressure on the margins of the distribution channel, leading to results broadly in line with the previous fiscal period.

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

#### **Performance by segment of business: Value Added Reseller SBU**

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

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

Following is the brief income statement of the VAR SBU, compared with the values of the previous fiscal year: The data refer to the Business-e subsidiary that has been sold, as previously commented.

Thousands of Euro	Business-e S.p.A. transaction			
	Nine months ended		Quarter ended	
	30/09/17	30/09/16	30/09/17	30/09/16
Revenue	13,406	15,383	2,696	4,262
EBITDA	(546)	765	(805)	65
EBIT	(815)	713	(897)	42
Pretax result	(1,652)	229	(1,096)	(160)

The operational VAS and VAR SBUs were the ones that most suffered the lack of liquidity declared and communicated to the market at the close of 2016 fiscal year .

In order to preserve the value of Business-e S.p.A., the order portfolio of which was not weakened despite the situation described above, it was decided to accelerate on the industrial project undertaken with Maticmind S.p.A. going towards a valuing of the asset and its sale, with the details defined in greater detail in the next paragraph “Ongoing Concern Assessment”. Starting from a valuation of Euro 16.1 million, corresponding to a multiple on adjusted Ebitda of 10.2 the consideration for the sale was for Euro 12.3 million, since it was agreed to deduct the conventional adjusted Net Financial Position. This industrial value highlights the quality of the “Business-e project” confirming, considering present and future values, that the financial stress to which the Group was subject from the outside has maybe been excessive.

Business-e, an Italian group active in the field of Cybersecurity, in the month of November 2017 will continue its growth path within Maticmind S.p.A. and Itway will sign with Maticmind industrial agreements for the future on Cybersecurity but also with 4Science (Data Curation and Big Data), still part of the VAR SBU, and iNebula (Cloud Computing and IoT) in the VAS SBU.

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

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

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

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

- **Cloud information services:** Managed Services for SMEs in network in cloud environment in the areas of Security, Storage Management, Business Continuity, Internet of Things platform. During the period further services were developed that relate to more administrative aspects and that were thought for professional and accounting firms. This expansion was made possible thanks to the introduction in iNebula S.r.l. of the specific know how of some professional and technical experts that came from the cloud services for professionals sector and who had gained important experience specialized companies. This also allowed to expand, in addition to the previously described sectors, to the area of Process Governance with proprietary and high value added services and know-how.
- **Assisted services in N+SOC and MSSP** solutions to check networks
- **Information Technology for Science:** ICT for Cultural Heritage and Data Curation services, in the start-up phase. The reference market is worth Euro 4 billion in Europe and there are slightly more than 10 players specialized in this sector at a global level.

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

Thousands of Euro	Nine months ended		Quarter ended	
	30/09/17	30/09/16	30/09/17	30/09/16
Revenue	1,997	871	139	262
EBITDA	(844)	(1,446)	(365)	(567)
EBIT	(1,277)	(1,652)	(536)	(641)

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

- 4Science S.r.l. has been fully operational since September 2016 with highly specialized personnel to carry out its objectives: become the reference company in the emerging Big Data (Data) Curation and Digitalization of Cultural Assets (Digital Library) market. Its industrial plan foresees four products in part realized and in part being developed: 4SDL (distro 4Science based on Codex): Management of digital objects: acquisition, normalization, metadatation, classification, conservation, visualization, dissemination, sales;
- Image Viewer (distro 4Science based on IIPImage): Image visualization, segmentation, zooming, resizing, rotating, segmentation, zooming, resizing, rotation;
- DSpace-CRIS (distro 4Science, based on DSpace): Digital object management: acquisition, normalization, metadatation, classification, conservation, dissemination;
- CKAN (integration 4Science): Interpretation and visualization of tabular data of research: Grid, graph, map.

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

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

- iNebula Connect: an all Made in Italy platform to manage in the Cloud Internet of Things devices: a sensor connects to the Internet with a series of advantages in many industrial and/or product groups. Some 10 Proof of Concepts are under construction with clients that go from companies that manage heating/cooling to anti-pollution control units;
- iNebula RECO: A SaaS platform for the management of active and passive cycle accounting documents for accounting firms and private companies with an automatic registration of the prime entry. The accounting market is the main target;
- Growth of Vidio and Safe continues

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

In the period the results were lower than those budgeted both due to the reasons described in the analysis of the VAR SBU and the lack or delayed development of certain products and services.

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

### 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):

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

The net financial position of the Group as of September 30, 2017 improved by Euro 865 thousand mainly due to the payment of a significant part of the trade receivables in force as of December 31, 2016 regarding the unit sold in 2016 that allowed paying back the related bank advances. The trend of the current net financial position is also tied to the working capital performance in the period that was influenced by both factors that do not depend directly from the Group (including timing of payments from clients) and, as a deduction, from the degree of use of non-recourse factoring for trade receivables totalling Euro 2.2 million as of September 30, 2017 (compared with Euro 4.7million as of December 31, 2016)

The current liabilities include also an Iccrea medium term financing, totalling Euro 794 thousand, the related covenants of which have not been respected and therefore are currently classified as short term, even if the redefinition of these parameters is currently underway in order to maintain the original medium term classification

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

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

#### Net financial position of the Parent Company

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

The Net Financial Position of the Company as of September 30 2017 is broadly in line with that at June 30, 2017 and improved by approximately Euro 7.9 million compared with December 31, 2016 mainly due to the payment of a significant part of the account receivables owed to the

business units sold in force as of December 31, 2016 that allowed to repay the related existing bank advances.

The current liabilities include also an Iccrea medium term financing, totalling Euro 163 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.

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

As of September 30, 2017 expired financial positions of the Company totalled Euro 5.2 million. At the same date expired financial positions of the Itway Group totals Euro 6.3 million. In this context, the Company and the Group have begun talking to financial bodies in order to define the terms and conditions to remodulate financial indebtedness.

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

The Itway Group as of September 30, 2017 had an expired commercial indebtedness towards suppliers of the Company and of the Group totalling Euro 17.3 million (of which approximately Euro 2.9 million for amounts being contested by debtors also through legal means) and an indebtedness towards tax authorities for VAT payables of the parent company expired as of September 30, 2017 totalling Euro 3.9 million related to debts not paid at their natural expiry during the 2016 fiscal year and that are expected to be paid back by the month of December 2017, pursuant to terms foreseen by the regulations in force on the matter.

In reference to the expired commercial and fiscal debt of Itway S.p.A. and of the Itway Group, indicated above, please note that to date some solicitations have been received by some creditors but there are no legal disputes or judicial actions and none of the related services have been interrupted. In particular, with reference to the expired financial debt, the Company and the Group have begun talks with financial bodies aimed at defining the terms and conditions to remodulate indebtedness.

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

## **Subsequent events**

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

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

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

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

On November 9, 2017, Itway S.p.A. approved the guide lines of the industrial plan of the Group for the 2017-2021 period and the financial plan of Itway S.p.A. until all of 2019, in a scenario following the sale of Business-e S.p.A.

## **Foreseeable evolution of operations**

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

The VAD activities in Greece and Turkey continue with their positioning as leaders in the security sector in their respective countries, continuing with the forecast growth rates and becoming a support for the international development also in the MEA area. Furthermore, the development implemented and underway in the Middle East Africa area (MEA) regards the VAR and VAS SBU; in fact, the type of distinctive products and skills can be exported.

On November 9, 2017 the Board of Directors approved the Industrial Plan for the Itway Group for the five years from 2017-2021 and the financial plan of Itway S.p.A until all of 2019.

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

#### **VAR SBU**

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

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

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

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

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

#### **VAS SBU**

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



An important change comes from the commercial agreement between iNebula and Maticmind for the exclusive distribution of MSS managed security services (Cerbero Security Services) to Italian SMEs and on the international market.

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

Cerbero Cyber Security Services™ is the technological platform that allows to monitor, thanks to a single control panel, the state of information security of companies; Itway is ISO 9001:2008 and ISO 27001:2013 certified; certifications that certify the quality of our services, including the monitoring of functioning and security of clients' IT infrastructures, including NOC (Networking Operation Center), SOC (Security Operation Center) services and assistance in terms of information security.

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

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

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

## **VAD SBU**

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

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

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

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

### **Relationship with related parties**

In the period ended September 30, 2017 the Group had commercial and financial relationships with related parties. These relationships were part of normal management activity, regulated at market conditions that are established by contract by the parties in line with the standard procedures.

Following is a summary

Thousands of Euro	Receivables	Payables	Costs	Revenue
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	399	-	-	2
Itway S.p.A. vs Be Innova S.r.l.	211	-	-	94
Business-e S.p.A. vs Be Innova S.r.l.	2.362	7	-	98
<b>TOTAL</b>	<b>2.972</b>	<b>7</b>	<b>-</b>	<b>194</b>

Itway directs and coordinates its subsidiaries in Italy. This activity consists in indicating the general strategic and operational direction of the Group, defining and adjusting the Organizational Model and elaborating the general policies to manage human and financial resources.

No company directs or controls Itway S.p.A.

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

### **Research and Development activities**

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

### **Own shares**

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

During the first nine months of 2017, as authorized by the meeting of Shareholders of Itway S.p.A., a total of No. 200 own shares (equal to 0.00% of share capital) were purchased for a nominal value of Euro 100 and 77,600 own shares (equal to 0.98% of share capital) were sold for a nominal value of Euro 38,800..

Ravenna, November 14, 2017

**FOR THE BOARD OF DIRECTORS**

President and Chief Executive

G. Andrea Farina

