Half-Year Management Report as of June 30, 2020

Board of Directors

(Until the approval of the December 31, 2022 Financial Statements)

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

Board of Satutory Auditors

(Until the approval of the December 31, 2022 Financial Statements)

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

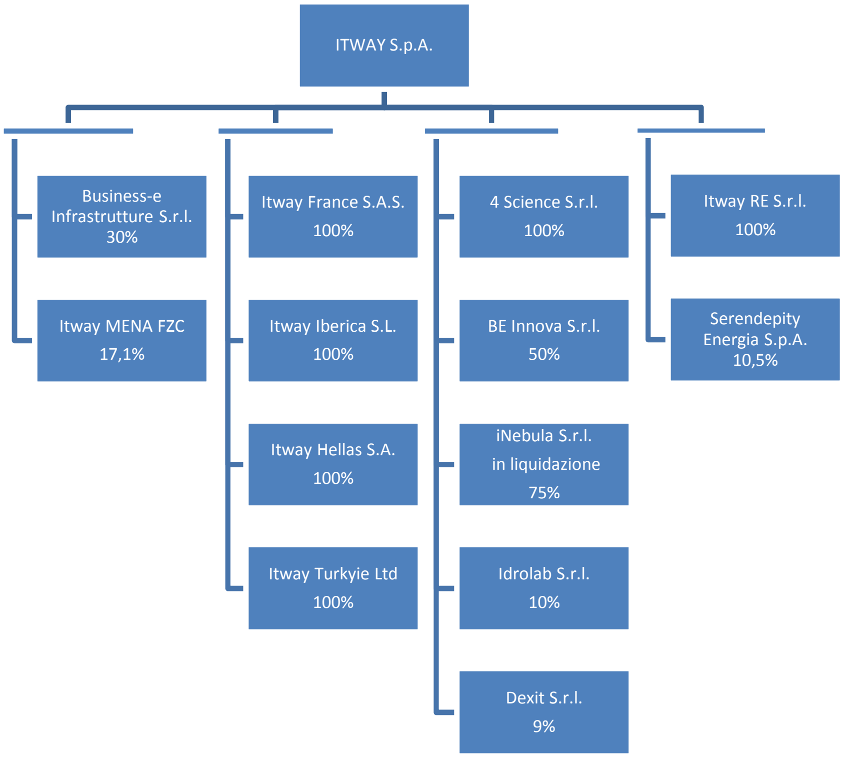
Auditing company

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.

Activities and Structure of the Group

Following is the structure of the Itway Group at June 30, 2020



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

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Half Year financial statements as of June 30, 2020 are, as in the previous fiscal year, the international accounting principles defined as IFRS. In particular, these principles require forward looking statements, as indicated in the continuation of the current report, in particular in the section “Foreseeable Evolution of operations” and in detail in the Explanatory Notes. In the context of the economic uncertainty illustrated below, please note that these forecasts have a component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecasted.

The Group continued also in the first half of 2020 its repositioning towards a digital product-oriented model focusing on higher value added business segments through three business units:
- Cybersecurity;
- Data Science;
- Safety.

The Itway Group during the first half of 2020 continued also through its subsidiaries to invest in the markets of Cybersecurity, IoT and Artificial Intelligence (AI) and Big Data, which are all connected and correlated.

Furthermore, during the period, as already announced to the market, the Group took back full control of its Itway Hellas and Itway Turkiye subsidiaries, which are active in the historical Value Added Distributor (VAD) segment.

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.** 4Science S.r.l. offers services and solutions for Big Science and Data Management 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. To date there are approximately 50,000 protected digital devices. 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 established with IBM, for which it is a Service Center for Information Security
- **Be Innova** also has in the commissioning phase with some Veneto region healthcare boards a product called Smartys, or the commercial name of the so-called ADAPT

project co-financed with the Ministry of Education (MIUR). The product regards the management of bed space in hospitals, nursing and assisted homes and most importantly home care through the help of wearable IoT sensors and the integration recently developed with the **Bruno Kesler Foundation** of Trento of a **Covid-19 App**. The project was developed with a Security by design logic fully respecting privacy regulations and GDPR. SMARTYS is part of the emerging Health Data Security (HSD) segment of Cybersecurity.

General context and performance of the ICT Market: There still are no projections for the sector for 2020 that conisder the change economic scenario following Covid-19. The forecasts for the Italian digital market for 2019 are confirmed with growth of 2.5% for the entire segment and those related to digital innovation, defined as Digital Enablers, continuing to grow at double-digit rates. Assinform 2019: Cybersecurity (+ 12.2%), Cloud Computing (+ 23.6 %), IoT (+19.2%), Big Data (+18.1%).

Market positioning: The Itway Group during the fiscal year continued to invest in Cybersecurity, IoT, Artificial Intelligence (AI) 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 June 30, 2020 compared with that of the same period a year earlier:

(Thousands of Euro)	June 30, 2020 Itway Group	June 30, 2019 Itway Group
Turnover		
Sales revenue	14,848	13,385
Other operating revenue	620	835
Total revenue	**15,468**	**14,220**
Operating costs		
Costs for products	(12,672)	(11,533)
Personnel costs	(1,192)	(1,147)
Other costs and operating charges	(1,252)	(1,468)
Total operating costs	**(15,116)**	**(14,148)**
EBITDA*	**352**	**72**
Amortization	(268)	(316)
EBIT*	**84**	**(244)**
Net financial proceeds/charges	206	(9)
Result before taxes	**290**	**(253)**
Income taxes	(81)	85
Net result	**209**	**(168)**

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

In the half-year ended June 30, 2020, revenue rose in terms of volume by approximately 9% while Ebitda totaled Euro 352 thousand compared with Euro 72 thousand in the same period of 2019. The net result after taxex totaled Euro 209 thousand, markedly better than the negative Euro -168 thousand in the same period of 2019.

Non-recurrent costs, related to the restructuring underway connected to the remodulation of financial debt and the management of extraordinary transactions, totaled Euro 200 thousand, improving compared the almost Euro 300 thousand in 2019.

As previously described considering the interesting double digit growth trend foreseen for emerging sectors of IoT, AI and Big Data, and the deep 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. Furthermore there were continued investments in the ICOYTM (I Care Of You) product that will position Itway as a leading company in the EHS sector.

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	30/06/2020	30/06/2019
Total revenue	14.069	12.992
EBITDA*	722	657
EBIT*	670	598
Result before taxes	927	732
Result for the period	801	631

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

Following is an analysis by country.

The results achieved confirm the growth trend of the value added distributions companies specialized in Cybersecurity that operate in Greece and Turkey with the pandemic that hit hard Europe but much less in Greece (*3,489 confirmed cases, 193 deaths) and, in proportion to the population of over 80 million people, less also in Turkey (*207,897 confirmed cases, 5,260 deaths), (* source: WHO).

The Turkish subsidiary achieved revenue that was slightly below the levels of the first half of 2019 but significantly improved profitability. Approximately one million of revenue that was supposed to be cashed in in June was delayed to the second half, while the margin on products increased 0.5% and the subsidiary recorded a greater efficiency in operating costs both because of its greater focus and the advantage deriving from the devaluation of the Turkish Lira. New product lines were added to the offer portfolio and these are starting to produce the first results.

The Greek subsidiary recorded in the half-year a significant increase in revenue (+41%) and market share. Our specialization is Cybersecurity and demand, also thanks to smart working and the need to protect public and private organizations, is expected to grow. In addition, new product lines were added and these are producing the hoped results, in particular the Imperva product line that in one year quadrupled revenue. Our subsidiary signed up for the Greek state aid to face the pandemic and was eligible to receive funding, at an extremely favorable interest rate, for a total of Euro 250 thousand that will be available in the fall.

Sector performance: Actvity of the Parent Company and other start-up phase sectors

Following the sale of the Italian distribution activities to Esprinet S.p.A, Itway 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 the new sectors described hereinafter that are investing in the realization of products and that are in an operational and commercial start-up phase. In addition, following the sale of Business-e, since mid-2018, Itway S.p.A. has become an operational holding company with production and system integration activities

- **Itway S.p.A.** returns to being an operational holding, dealing 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, during the liquidation process, part of the products developed and the brand name
- **4Science S.r.l.** offers Data Science and Data Management services and solutions for the scientific research and cultural heritage markets as well as Big Data.

Following is the condensed income statement, compared with the previous period including data from the ASA activities of the Parent Company and other sectors in the start-up phase:

(Thousands of €uro)	30/06/2020	30/06/2019
Revenue	1, 399	1.,228
Ebitda	(370)	(585)
Ebit	(586)	(842)
Result before taxes	(637)	(985)
Result for the period	(592)	(799)

Following is a brief comment on the performance of Itway and 4Science.

The repositioning of the two business units Cybersecurity and ICOY continued in Itway S.p.A. New technical and commercial personnel was hired and the growth pipeline is growing. The process to submit the patent in Italy and EU in the ICOY segment, assisted by Bugnion S.p.A. and we are now Patent Pending. The ICOY Mover Bridge Crane line has completed testing and is now ready to be launched on the market, while the FORKLIFT line is being tested with positive results. ICOY suffered a delay due to Covid-19 since the companies that it targets was hit by the lockdown that resulted from the pandemic. We think that a delay of nine months has been accumulated but the prospects for this very innovative line are still very positive.

4Science S.r.l. in 2019 ended its third fiscal year; it is now known as a reference player in the emerging market of Data Science, Data Management and Big Data (Data Curation) as well as Digital Repository and Preservation of the digital assets related to scientific research and Cultural and artistic assets, or the so-called Digital Libraries. 4Science developed two Open Source platforms, DSpace-CRIS and DSpace-GLAM in addition to five Add-On products, which as in all software products are in constant evolution and update.

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

- DSpace-GLAM (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 and Audio streaming (add-ons developed by 4Science): text and multimedia content viewer, recognition and search of texts in multi-language mode.

The results of the first half of 2020 of the 4Science subsidiary, in line with the forecast budget, showed a profit with an Ebitda of Euro 116 thousand and an increase in revenue of over 56% compared with the first half of 2019.

4Science posted a solid incrase in orders compared with the first half of 2019 thanks to the acquisition of important and prestigous clients in the scientific and university field. At the beginning of 2020 the Company won an important tender worth Euro 860 thousand from Peruvian client Concytec, the national consortium for research and science. The first half of 2020 also recorded a solid level of orders from cultural and sicentific institutions where 4Science has historically found more difficulties due to the tight budget of the sector.

iNebula S.r.l, posta in liquidazione nel 2018, prosegue il processo di liquidazione che ha visto il raggiungimento di accordi transattivi coi principali creditori.

iNebula S.r.l., liquidated in 2018, continues the process of liquidation that led to settlement agreementa with the main creditors.

Personnel

The average number of employees of the Group during period was of 47 units while the punctual number at the end of the fiscal period was of 51 units.
Following is the breakdown by professional category compared with the same year earlier period:

	30/06/2020 *Avg*	30/06/2019 *Avg*	30/06/2020 *Punctual*	30/06/2019 *Puncutal*
Executives	3	2	3	2
Mid-managers	6	6	6	6
Employees	38	36	42	35
Total	**47**	**44**	**51**	**43**

Net financial position

Following is the detail of the net financial position

Thousands of Euro	30/06/2020	31/12/2019
Cash on hand	1,105	608
Financial receivables	2,363	2,498
Current financial assets	1,212	1,210
Current financial liabilities	(7,755)	(7,985)
Current net financial position	**(3,075)**	**(3,669)**
Non-current financial assets	2,098	2,098
Non-current financial liabilities	(1,815)	(1,785)
Non-current net financial position	**283**	**313**
Total net financial position	**(2,792)**	**(3,356)**

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 of June 30, 2020 improved by over Euro 500 thousand compared with December 31, 2019.

Current liabilities at the moment include two medium-term loans from Iccrea, for a total of Euro 556 thousand the covenants of which have been breached and are therefore currently classified as short-term even though their parameters are currently being redefined in order to maintain the original status of medium-term.

Net financial position of the Parent Company

Thousands of Euro	30/06/2020	31/12/2019
Cash at hand	52	21
Financial receivables	2,363	2,498
Current financial liabilities	(6,878)	(7,161)
Current net financial position	**(4,463)**	**(4,642)**
Non-current financial assets	2,098	2,098
Non-current financial liabilities	(1,808)	(1,830)
Non-current net financial position	**290**	**268**
Total net financial position	**(4,173)**	**(4,374)**

The Net Financial Position of the Parent Company as of June 30, 2020 is broadly unchanged compared with December 31, 2019. Current liabilities at the moment include an Iccrea medium-term loans, for a total of Euro 100 thousand, the covenants of which have been breached and is therefore currently classified as short-term even though the redefinition of the parameters aimed at maintaining the original medium-term status are underway.
Furthermore, non-current liabilities include Euro 29 thousand due to the application of IFRS 16 “Leasing” which came into force from January 1, 2019.

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 analyse the financial risk management we refer to the half-year consolidated Financial Statements Explanatory Notes.

Going concern

The consolidated half-year financial statements as of June 30, 2020 show a positive result of Euro 209 thousand. From a financial point of view, as already described in previous fiscal years, the sale of the 20-year old distribution business by the Parent Company in 2016, due to delays with which it materialized, led the company in the month of December 2016 to a position of financial stress that while in the process of unwinding is still underway to the date of the writing of the current financial statements.

At June 30, 2020, the Itway Group had a current net financial indebtedness of Euro 7,76 million, of which Euro 6.7 million that had already expired at the date of the financial statements, expired tax and social security payables of some Euro 696 thousand (that will be paid within the terms foreseen by existing regulations) and an expired indebtedness towards suppliers of Euro 4.9 million (of which Euro 0.8 million for amounts being contested and some Euro 1.4 million towards suppliers that are no longer present on the market but that for prudential reasons are still booked in the balance sheet).

To face this tension, after the interruption of collegiate talks with banks, negotiations continued on a bilateral basis with each institute. The Company has progressively renegotiated and remodulated debt (over 90%) with most banks and during the fiscal period this led to define positions with three banking institutions that sold their receivables to related company Fartech that in turn then reached a final settlement with Itway while the main banking institutes sold their positions to Mercatoria S.p.A. (company that has a credit recovery license pursuant to article 115 of the TULPS) that has Euro 2.1 million of financial receivables towards Itway S.p.A. and to Socrate SPV (a company included in the Bank of Italy’s vehicle corporations register pursuant to Bank of Italy regulation dated October 1, 2014) which has financial receivables totalling approx. Euro 3.3 million towards Itway S.p.A. With these companies (Mercatoria S.p.A. and Socrate SPV S.r.l.), which belong to the same shareholder, negotiations are in an advanced stage to pay back the debt with its reduction by 67% in 36 instalments.

To date talks are in still underway for minor amounts with some financial institution or Companies (art. 115 TULPS) that purchased payables from some banks. The Company reasonably believes it can conclude the talks with agreements on how to repay the debt.

In this context the Company deemed necessary to regain full control of Itway Hellas and Itway Turkiye for their excellent profitability; this took place following the serious and persistent breach by Cyber 1 of the agreements underwritten for the purchase of the shares of the Subsidiaries in Greece and Turkey.

In this context, the Board of Directors on September 14, 2020 approved the industrial plan for the period 2020-2023 for which the certification pursuant to article 67 of the Bankruptcy Law is underway. The plan foresees that the Group continues to specialize in the security sector with a repositioning based on investments that will be carried out by Itway S.p.A. and that will be covered with the proceeds and cash flows from the Greek and Turkish subsidiaries, as well as a greater focus on the Be Innova S.r.l. and 4Science S.r.l. affiliates Furthermore, once the general situation will allow it, the Company will continue to develop its foreign businesses also in Africa and the Middle East where the Group is present through its investment in Itway Mena FZC.

The plan therefore foresees a continuation of activities as previously configured and from a financial point of view it is based on two fundamental assumptions:

- The receipt of proceeds and cash flows deriving from the Itway Hellas SA, Itway Turkyie Ltd and BE Innova subsidiaries;
- The successful negotiation, as reported above, with the subjects that own the payables purchased from financial institutions so as to allow to remodulate debt maturities according to the forecasts of the plan and to pay expired debt towards suppliers.

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, but also supported by the positive results achieved in the past two years, drafted the balance sheet on a going concern basis.

Subsequent events

On August 6, 2020 Itway S.p.A. announced that it signed an investment contract with Nice & Green SA, a Swiss institutional investor, for the issue of a Warrant and Convertible Notes Funding Program for an overall Euro 6.000.000. The transaction was finalized to support the working capital of the Company, to strengthen its financial structure and broaden its shareholding structure. The capital raise deriving from the transaction with N&G will give Itway further capital and financial resources that will be used to accelerate the development of growth and investment strategies of the Company in the market segments where Itway operates without any additional charge for the Company.

The Program foresees an overall issue period of 36 months from the date of signing of the contract that consists of:

(i) a tranche in warrants for the purchase of up to Euro 500,000 of Itway own shares already in portfolio ("Warrant")

(ii) Eleven tranches in bonds, each with a nominal value of Euro 500,000 convertible into newly issued Itway shares ("Bonds"), and contemplates the commitment of N&G to underwrite the various tranches following a specific request by Itway.

The Issuer, pursuant to the Agreement, has undertaken to grant N&G no. 650,000 treasury shares of the Company (shares already in portfolio) in order to ensure that N&G has available the securities to service the exercise of the the Warrant and has activated the first tranche that consists of No. 1 warrant corresponding to an amount equal to approximately Euro 650,000 aimed at ensuring N&G the availability of the securities to service the exercise of the Warrant; and has undertaken the commitment to activate within five days of signing the contract, the first tranche consisting of no. 1 warrant with a nominal amount of Euro 500,000. The Warrant will have a duration of 12 months from the issue date that took place in August 2020 and its exercise will be mandatory within 90 days from the end of the Program.

The exercise price of the Warrant will be equal to a percentage of the minimum price (defined as the VWAP – Volume Weighted Average Price) of the eight days before the request to exercise the Warrant. The Exercise Ratio (number of Itway treasury shares in case of exercise of the Warrant) will be determined on the basis of the value received from Itway divided by the Exercise Price. The Warrant will not be listed on any regulated market. To the date of the current report, N&G exercised the Warrant for an amount totaling Euro 150 thousand.

The contract provides that the loan is non-interest bearing and establishes that each Bond has a duration of 12 months from the issue date and that, in the event of failure to request a repayment by the due date, the Company is obliged to automatically convert the Bonds in circulation into newly issued shares. The Investor may request the conversion of bonds into shares at any time following the sending of the conversion requests. The Notes may be converted at a conversion price equal to a percentage of the price (defined as the VWAP – Volume Weighted Average Price) of the eight days preceding the request for conversion of the Notes

The conversion ratio – indicative of the number of Itway shares to be assigned to the Investor in case of conversion of the Bonds – will be determined on the basis of the value received by Itway for each tranche of Bonds divided by the Conversion Price.

Upon request for conversion, the Issuer may, in lieu of the issue of new shares, repay the Bonds in cash. The value of the redemption will be calculated by dividing the value of each tranche of Bonds by 0.97. The Bonds will be non-interest bearing and will not be listed on any regulated market.

The execution of the operation will have a certain, but variable and not conceivable diluting effect on the investments held by the current shareholders of the Company, which will depend in particular on the share of the capital of the Company to which N&G actually subscribes following the conversion of the bonds issued and therefore also by the number of the same and by the related subscription price.
The issue of the Convertible Bond Loan does not require the publication of any offer or listing prospectus by the Company

In order to start the issue of the Bond Loan, the Extraordinary Shareholders' Meeting of Itway will be called, in the manner and within the terms of the law, scheduled by the month of October 2020, in order to resolve on:

- The isssue of a bond of up to a maximum of Euro 5,500,000 convertible into Itway shares to be issued in one or more tranches, reserved for Nice & Green SA and
- Share capital increase pursuant to art. 2420-bis, paragraph 2, of the Italian Civil Code, in divisible manner, with the exclusion of the option right, pursuant to art. 2441, paragraph 5, civ. code, for a maximum amount of Euro 5,500,000, including share premium, to service the conversion.
- Related and consequent resolutions.

Foreseeable evolution of operations

Following the sale of Business-e S.p.A., which took place in the 2017 fiscal year, the Group did not exit the security market, as seen in the 2020-2023 Industrial Plan: there 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.

On September 14, 2020, the Board of Directors updated the Industrial Plan of the Group for the period 2020-2023 and the financial plan of Itway S.p.A. for all of 2021.

The guidelines foresee that the Group focus on the security sector that in the next five years is expected to grow over 12% and that there be a repositioning in the products and services sector. Furthermore there is expected to be a greater focus on the Be Innova S.r.l. and 4Science S.r.l. affiliates.

In light of the current situation regarding a possible impact on the business performance caused by the **Covid-19 pandemic**, it is difficult to assess to date if there will be significant effects. The activities of the Itway Group, mostly linked to cybersecurity, have proven to be essential also, and most importantly, in these moments of global emergency as Cybersecurity, which secures the core activities of businesses, can be considered non-cyclical compared with other market sectors. The measures adopted by almost all organizations in terms of smart working have made risks related to security multiply at exponential rates resulting in resorting to cybersecurity to mitigate these risks. Out activity is mainly made up of services and therefore our operability has remained broadly unchanged also in the work from home mode that the current situation imposed. As far as the Greek and Turkish subsidiaries are concerned, there don’t seem to be significant effects also due to the limited spread of the pandemic in these countries.

Following is the foreseeable evolution of operations, divided by company:

4Science s.r.l.

The company is fully operational 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.

The Big Data market is still growing with 48% of companies forecasting investments in the sector in the future and in the three year period between 2016-2019 it grew on average 23.1% (Assinform).

The services offered by 4Science place 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 on the other hand 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 so-called Business Analytics, Deep Learning and Artificial or Augmented Intelligence; this brings us to make some considerations on how to interact and 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. In this context, the company at the beginning of 2020 won an important tender worth Euro 860 thousand with a Peruvian client, CONCYTEC, the country's national research and science consortium; in light of what has been described above, the revenue trend of 4Science is projected to rise by 50% compared with 2019.

Itway S.p.A.

The company, which returned to being an operational holding, will deal 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.

Particular focus, on the Safety market, will be placed on the development and commercialization of ICOY solutions. The ICOY line is meant to offer Artificial Intelligence and Deep Learning support to operators who work in dangerous work environments, in order to prevent and avert accidents. ICOY is today available with the MOVER® product line.

- MOVER CRANE for Bridge Crane, Quay Crane, Container
- MOVER FORKLIFT for forklift that move in plants, quays and/or construction stites

ICOY MOVER Bridge Crane has been marked ready for sale, following the positive outcome of its testing, and its Prospect Pipeline is quite substantial.

The POC for the ICOY MOVER Forklift to date is being finalized and as previously described the testing of this product line is underway.

Itway Turkiye Ltd. and Itway Hellas S.A.

The value added activities continue their significant growth proving also in the first half that just ended a good expansion capability. In the first half our subsidiaries improved compared with the same year earlier period, especially in terms of revenue that in Greece rose 41%. These are promising figures that give us confidence on growth during the year of the value added distribution segment despite the delicate situation caused by the coronavirus the impact of which for now have not been relevant.

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

During the first half of 2020 there 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 transactions related to the taking back of control of the Greek and Turkish subsidiary as well as liquidation of some debt positions were broadly described.

Relationship with related parties

In the first half of 2020, 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.	332	-	99	1
Itway S.p.A. vs Be Innova S.r.l.	4,559	-	-	87
Itway S.p.A. vs Fartech S.r.l.	34	530	-	-
TOTAL	**4,925**	**530**	**99**	**88**

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 146 thousand (compared with Euro 60 thousand in the same period of the previous fiscal year) was invested in the research activities for new products and services, which were capitalized in intangible assets.

Own shares

The Parent Company as of June 30, 2020 had No, 853.043 own shares (equal to 10.79% of share capital), for a nominal value of Euro 426.522 and an overall purchase cost of the shares held in the portfolio of Euro 1,346 thousand (equal to the amount booked in the Own Share Reserve deducted from net equity of the fiscal period and at a consolidated level). On August 12, 2020 No 650 thousand shares were loaned to Nice & Green SA, as described in the "Subsequent Events" paragraph.

Ravenna, Septeber 30, 2020

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

GRUPPO ITWAY

HALF-YEAR CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2020

CONSOLIDATED INCOME STATEMEMT

Thousand of Euro	*Notes*	*Half-year as of*	
		30 June 2020	*30 June 2019*
		Net amount Itway Group	*Net amount Itway Group*
Revenues from sales	1	14,848	13,385
Other operating revenues	2	620	835
Products	3	(12,672)	(11,533)
Costs of services	4	(1,145)	(1,181)
Costs of personnel	5	(1,192)	(1,147)
Other operating expenses	6	(107)	(287)
EBITDA		**352**	**72**
Depreciations and amortisations	7	(268)	(316)
EBIT		**84**	**(244)**
Financial proceeds	8	61	5
Financial charges and currency management	8	145	(14)
Profit before taxes		**290**	**(253)**
Taxes	9	(81)	85
Result for the period		**209**	**(168)**
Attributable to:			
Sharedholders of parent company		210	(170)
Minorities		(1)	2
Result per share			
From operations:			
Basic	10	0.03	(0.02)
Diluted	10	0.03	(0.02)

** Note 31 highlights relations with related parties.*
*** The definition of EBITDA and EBIT is provided in the paragraph "Presentation of the financial statements".*

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Euro migliaia	*Half-year as of*	
	30 June 2020	*30 June 2020*
	Net amount Itway Group	*Net amount Itway Group*
Net result	209	(168)
Components that can be reclassified to the income statement:		
Profit/(Losses) from the conversion of the balance sheet of foreign subsidiaries	(343)	(206)
Components that cannot be reclassified to the income statement:		
Actuarial gain (losses) on defined-benefit plans	(45)	-
Comprehensive result	**(179)**	**(374)**
Attributable to:		
Sharedholders of parent company	(178)	(376)
Minorities	(1)	2

CONSOLIDATED FINANCIAL STATEMENT

Thousand of Euro		Notes	30 Jun 20	31 Dec 19
ASSETS				
Net current assets				
Property, plans and machinery		11	941	991
Goodwill		12	1,851	1,852
Other intangible assets		13	2,294	2,319
Rights of use		14	2,655	2,801
Investments		15	1,012	1,765
Deferred tax assets		16	860	791
Non-current financial assets		32	2,098	2,098
Other non current assets		17	27	34
	Total		**11,738**	**12,651**
Current assets				
Inventories		18	251	653
Account receivables - Trade		19	13,947	19,203
Other current assets		20	1,245	1,051
Cash on hand		21	1,105	608
Other financial credits		32	2,363	2,498
Current financial assets		32	1,212	1,210
	Total		**20,123**	**25,223**
Total assets			**31,861**	**37,874**
NET EQUITY AND LIABILITIES				
Share capital and other reserves				
Share capital and reserves			7,971	6,323
Net result of the period			209	2,041
Total Net Equity		22	**8,180**	**8,364**
Share capital and reserves of minorities			(351)	(357)
Total Group Net Equity			**7,829**	**8,007**
Non current liabilities				
Severance indemnity		23	431	406
Provision for risks and charges		24	-	-
Deferred tax liabilities		16	516	516
Non current financial liabilities		25	1,815	1,785
	Total		**2,762**	**2,707**
Current liabilities				
Financial current liabilitites		26	7,755	7,985
Account payable – Trade		27	9,998	14,158
Tax payable		28	1,767	2,447
Other current liabilities		29	1,750	2,570
	Total		**21,270**	**27,160**
Total liabilities			**24,032**	**29,867**
Total Net Equity and Liabilities			**31,861**	**37,874**

** Note 31 highlights relations with related parties.*

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, 2019	**3,953**	**(1,346)**	**17,584**	**485**	**4,792**	**(16,691)**	**(2,710)**	**520**	**6,587**	**(352)**	**6,235**
Variation in own shares	-	-	-	-	-	-	-	-	-	-	-
Total operations with shareholders	-	-	-	-	-	-	-	-	-	-	-
Allocation of the result for the year	-	-	-	-	-	520	-	(520)	-	-	-
Result of the period	-	-	-	-	-	-	-	**(171)**	**(171)**	**3**	**(168)**
Other operations	-	-	-	-	-	-	-	-	-	-	-
Other components of comprehensive results at 30 June 2019:											
Gain/(Losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-
Overall result	-	-	-	-	-	-	(206)	-	(206)	-	(206)
Comprehensive result	-	-	-	-	-	-	**(206)**	**(171)**	**(377)**	**3**	**(374)**
Balance at June30, 2019	**3,953**	**(1,346)**	**17,584**	**485**	**4,792**	**(16,171)**	**(2,916)**	**(171)**	**6,210**	**(349)**	**5,862**

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, 2020	**3,953**	**(1,346)**	**17,584**	**485**	**4,792**	**(16,171)**	**(2,975)**	**2,041**	**8,363**	**(356)**	**8,007**
Variation in own shares	-	-	-	-	-	-	-	-	-	-	-
Total operations with shareholders	-	-	-	-	-	-	-	-	-	-	-
Allocation of the result for the year	-	-	-	-	-	2,037	-	(2,041)	(4)	4	-
Result of the period	-	-	-	-	-	-	-	**209**	**210**	**(1)**	**208**
Other operations	-	-	-	-	-	-	-	-	-	2	2
Other components of comprehensive results at 30 June 2020:											
Gain/(Losses) on defined benefit plans	-	-	-	-	-	(45)	-	-	(45)	-	(45)
Overall result	-	-	-	-	-	-	(343)	-	(343)	-	(343)
Comprehensive result	-	-	-	-	-	**(45)**	**(343)**	**209**	**(178)**	**1**	**(178)**
Balance at June 30, 2020	**3,953**	**(1,346)**	**17,584**	**485**	**4,792**	**(14,179)**	**(3,318)**	**209**	**8,180**	**(351)**	**7,829**

CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	**Half-year as of** **30 Jun 20**	**30 Jun 19**
Results for the period "Net ampunt Itway Group"	209	(168)
Adjustments of items not affecting liquiduty:		
Depeciations of tangible assets	86	87
Depeciations of intangible assets	136	170
Depreciations of right of use	47	59
Allowances for doubtful accounts	-	-
Provisions for severance indemnity, net of payments to social security bodies	33	29
Variation in non current assets/liabilitites	(60)	(190)
Cash flow from operating activities, gross of the variation in working capital	**451**	**(13)**
Payments of secerance indemnity	(53)	(7)
Variation in trade receivable and other current assets	5,197	4,787
Variation in inventories	402	-
Variation in trade payables and other current liabilities	(5,664)	(3,359)
Cash flow from operations generated/(absorbed)by changes in NWC	**(118)**	**1,421**
Cash flow from operations (A)	**333**	**1,408**
Additions in tangible assets (net of assets sold)	(36)	26
Rights of use	99	(282)
Investments in other fixed assets (net of divestments)	643	(454)
Cash flow from investing activities (B)	**707**	**(710)**
Increases/(Remboursement) of current financial liabilities	(230)	(425)
Increases/(Remboursement) of net non-current financial liabilities	30	44
Variation of onw shares	-	-
Cash flow from financial activities (C)	**(200)**	**(381)**
Net impact of the variation in translation of non euro exchange rates of cash on hand	(343)	(206)
Cash flow from asset sold (D)	**-**	**-**
Increase/(Decrease)cash available and cash equivalents (A+B+C+D)	**497**	**111**
Cash and cash equivalents at the beginning of the period	608	951
Cash and cash equivalents at the end of the period	1,105	1,063

Please note that the current cash flow statement expresses cash flows deriving from operating, investment and funding activity of the Group that have determined changes in the cash on hand. Compared with the cash flow statement included in the previous financial statements to June 30, 2019, which represented cash flows that determined variations of the cash on hand net of current financial liabilities, we referred to cash on hand and cash equivalents as the financial resource explored in the cash flow statement as it is more in line with disclosure recommendations by IAS 7. Therefore, also the comparison data of the cash flow statement have been re-determined.

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, and its administrative headquarters in Ravenna in Via L. Braille 15.

Itway S.p.A. is the parent of a group that operates in the IT sector by planning, producing and distributing technologies and solutions in the cybersecurity, cloud computing, big data and Artificial Intelligence segments. For over 20 years the Group has represented a reference point in the solutions and services for digital transformation.

Going concern

The consolidated half-year financial statements as of June 30, 2020 show a positive result of Euro 209 thousand. From a financial point of view, as already described in previous fiscal years, the sale of the 20-year old distribution business by the Parent Company in 2016, due to delays with which it materialized, led the company in the month of December 2016 to a position of financial stress that while in the process of unwinding is still underway to the date of the writing of the current financial statements.

At June 30, 2020, the Itway Group had a current net financial indebtedness of Euro 7,76 million, of which Euro 6.7 million that had already expired at the date of the financial statements, expired tax and social security payables of some Euro 696 thousand (that will be paid within the terms foreseen by existing regulations) and an expired indebtedness towards suppliers of Euro 4.9 million (of which Euro 0.8 million for amounts being contested and some Euro 1.4 million towards suppliers that are no longer present on the market but that for prudential reasons are still booked in the balance sheet).

To face this tension, after the interruption of collegiate talks with banks, negotiations continued on a bilateral basis with each institute. The Company has progressively renegotiated and remodulated debt (over 90%) with most banks and during the fiscal period this led to define positions with three banking institutions that sold their receivables to related company Fartech that in turn then reached a final settlement with Itway while the main banking institutes sold their positions to Mercatoria S.p.A. (company that has a credit recovery license pursuant to article 115 of the TULPS) that has Euro 2.1 million of financial receivables towards Itway S.p.A. and to Socrate SPV (a company included in the Bank of Italy’s vehicle corporations register pursuant to Bank of Italy regulation dated October 1, 2014) which has financial receivables totalling approx. Euro 3.3 million towards Itway S.p.A. With these companies (Mercatoria S.p.A. and Socrate SPV S.r.l.), which belong to the same shareholder, negotiations are in an advanced stage to pay back the debt with its reduction by 67% in 36 instalments starting from the month of June 2020.

To date talks are in still underway for minor amounts with some financial institution or Companies (art. 115 TULPS) that purchased payables from some banks. The Company reasonably believes it can conclude the talks with agreements on how to repay the debt.

In this context the Company deemed necessary to regain full control of Itway Hellas and Itway Turkiye for their excellent profitability; this took place following the serious and persistent breach by Cyber 1 of the agreements underwritten for the purchase of the shares of the Subsidiaries in Greece and Turkey.

In this context, the Board of Directors on September 14, 2020 approved the industrial plan for the period 2020-2023 for which the certification pursuant to article 67 of the Bankruptcy Law is underway. The plan foresees that the Group continues to specialize in the security sector with a repositioning based on investments that will be carried out by Itway S.p.A. and that will be covered with the proceeds and cash flows from the Greek and Turkish subsidiaries, as well as a greater focus on the Be Innova S.r.l. and 4Science S.r.l. affiliates Furthermore, once the general situation will allow it, the Company will continue to develop its foreign businesses also in Africa and the Middle East where the Group is present through its investment in Itway Mena FZC.

The plan therefore foresees a continuation of activities as previously configured and from a financial point of view it is based on two fundamental assumptions:

- The receipt of proceeds and cash flows deriving from the Itway Hellas SA, Itway Turkyie Ltd and BE Innova subsidiaries;
- The successful negotiation, as reported above, with the subjects that own the payables purchased from financial institutions so as to allow to remodulate debt maturities according to the forecasts of the plan and to pay expired debt towards suppliers.

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, but also supported by the positive results achieved in the past two years, 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. In particular, the condensed half-year financial statements to June 30, 2020 was drafted according to the international accounting principle for interim financial reporting.

The Financial Statements items were assessed based on the general accrual basis.

For the purpose of book entries, prevalence was given to the economic substance of transactions rather than their legal form.

The accounting principles adopted are consistent with those adopted in the drafting of the consolidated Financial Statements as of December 31, 2019. These principles require estimates that, in the context of the current economic uncertainty, have their own component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecast.

Presentation of the Financial Statements

For a better reading, the presentation of the consolidated financial statements, 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 June 30, 2020 was compared with the balances of the previous fiscal year, which ended on December 31, 2019;

- In the income statement, the representation of the costs is carried out on the basis of their own nature. The income statement on June 30, 2020 was compared with that of the previous fiscal year;

- 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. It is defined as the Profit/Loss net of depreciation of material and immaterial assets and before 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 June 30, 2020, 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 of the acquired company are measured at the acquisition-date fair value at the date of purchase;
- The excess of cost of the acquisition in 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 for the purpose of 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:

	June 30, 2020		**December 31, 2019**		**June 30, 2019**	
	Avg	Punctual	Avg	Punctual	Avg	Punctual
New Turkish Lira	7.1492	7.6761	6.3578	6.6843	6.356	6.566

Consolidation area

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. in liquidation	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 Financial Lira (YTL)*

The following associates are valued with the net equity method:

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

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

NAME	HEADQUARTERS	SHARE CAPITAL Euro	% direct ownership	% indirect ownership	% 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 Dirham of the United Arab Emirates (AED)*

Use of estimates

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

The balance sheet item that is more subject to estimates is goodwill, intangible assets and work in progress.

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

Main accounting principles

Property, plant and equipment

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

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

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

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. 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 the other operating expenses.

Leasing

Starting from January 1, 2019, following the first application of IFRS 16 – 'Leases", the Group books short term and low value leasing contracts as a cost in the income statement throughout the lease term. The right of use is booked at cost, net of accrued depreciation and loss of value (impairment loss) and adjusted following each re-measurement of the lease liability. The value assigned to the right of use corresponds to the amount of the lease liability and it is amortized on a straight-line basis over the estimated useful life, or the term, of the contract, if lower. The financial lease liability is booked at the start of the contract for a value equal to the present value of the lease fee to be paid during the term of the contract, discounted using the incremental borrowing rate when the interest rate implicit in the leasing contract cannot be readily determined. Variable leasing costs are still booked to the income statement as a cost pertaining to the period. After the commencement date, the amount of liabilities for lease contracts increases to reflect the accrual of interest and decreases to reflect the payments made. Each lease payment is divided between repayment of principal portion of the liability and the financial cost. The financial cost is booked to the income statement for the term of the contract to reflect a constant interest rate on the residual debt of the liability for each period.

The lease term is calculated considering the non-cancellable period of the lease, along with the periods covered by an option to extend the agreement if it deemed reasonably certain that it will be exercised, or any period covered by an options to resolve the leasing contract, if it is deemed reasonably certain that it will not be exercised. The contracts are included or excluded from the application of the principle based on a detailed analysis conducted on each agreement and in line with the regulations foresees by the IFRS principles.

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, liabilities and potential liabilities 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 be immediately recognized in the income statement.

Such goodwill is allocated, when the acquisition takes place, to the 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 costs incurred 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 years
- Other intangible assets: 3 years

Impairment

At least once every balance sheet date, 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 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.

Investments

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

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

Inventories

Inventories are recognized as the lower of the purchase cost and presumable market value. Cost is determined, when possible, at the specific purchasing cost or otherwise, using the average weighted cost method. The purchase cost includes 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 on an accrual basis in the income statement.

  Sale of receivables transaction 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 a multi-year 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 criteria, so as to book revenues and the results on accrual basis in the different fiscal periods on stage of completion. The positive or negative difference between the value of the contracts and the advanced payments is booked respectively to the assets or liabilities in the balance sheet.

  When the result of an order cannot be reasonably estimated, it is valued at recoverable costs (zero profit method). The costs of the order are charged to income statement when incurred.

When it is probable that the total costs of the order are higher than the contractual revenues, the expected loss is immediately charged as a cost through a provision to a specific fund.

Cash on hand

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

Own shares

Own shares held by the Parent Company are stated at the purchase cost, 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.

Account payables - 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.

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

Other current liabilities

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 since formally documented and their effectiveness, periodically verified, is high.

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

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 flow of the financial assets (essentially all risks and reward of ownership of the 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 or when the obligation is discharged, cancelled or has 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 way 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 recognized as follows:

Sale of goods and services – pursuant to IFRS 15. This principle came 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 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 obligations nor do they include variable considerations. In terms of costs to obtain the contract, the analysis carried out highlighted that costs do not fall within the scope of "incremental cost" and therefore are not recognized as assets. The "practical expedient" in paragraph 63 of IFRS 15 was used. It allows to not adjust the promised 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 – 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 Parent Company 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 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 between the value of assets and liabilities posted in the balance sheet and the corresponding values recognized for tax purposes.

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

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

Foreign currency transactions

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

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

Earnings per share

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

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

Recently applied accounting principles

Accounting principles, amendments and interpretations effective since January 1, 2020 and adopted by the Group:

Amendment to IFRS 3 – Business Combinations: The amendment aims at helping to determine whether a transaction is an acquisition of a business or a group of assets that does not satisfy the definition of business under IFRS 3. The application of the new amendment did not entail adjustments to the balances of the equity balance of the Group but that could have an impact on future fiscal periods should the Group carry out business combinations.

Amendment to IAS 1 and IAS 8: The amendment aims at clarifying the definition of ‘material’ in order to help companies decide whether information should or should not be included in the financial statements. These changes have not had any impact on the consolidated financial statements and are not expected to have any impact on the Group in the future.

Amendments – ‘References to the Conceptual Framework in IFRS Standards”:
The objective of the amendment is to improve both the definition of assets and liabilities and the process to measure, remove and present them. The document furthermore clarifies important concepts including stewardship and the objectives that the balance sheet aims to achieve. It also addresses the these of prudence and uncertainty in the assessment of balance sheet disclosure.

Amendment to IFRS 16 - Lease Covid-19: IASB on May 28, 2020 published an amendment that clarifies the circumstance in which the lessees, as a practical expedient, can assess that specific rent concessions (as a direct consequence of Covid-19) should not be considered as lease modifications and accordingly be booked. The current amendment has been in force since June 1, 2020 (with approval by IASB by the end of 2020). Lessors however have the option to apply it retroactively. The group did not take advantage of that option.

Amendments to IFRSS, 9, IAS 39 and IFRS 7 - “Interest Rate Benchmark Reform”
These amendments foresee temporary benefits that allow to use again hedge accounting during periods of uncertainty that precede the reform related to the transition from the current benchmark interest rate to an alternative risk-free one. These amendments came into force on January 1, 2020 and did not have an impact on the economic, equity and financial situation of the Group

New accounting principles and amendments not yet applicable and not adopted in advance by the Group

- IFRS 17 – Insurance Contracts: IASB on May 18, 2017 published the new standard that replaces IFRS 4, issued in 2004. The objective of the new principle, among other things, is to increase the transparency for investors on the exposure to risk, profitability and financial position of insurers. It will come into force on January 1, 2021, but early application is permitted.

Amendment to IAS 1: IASB published on January 23, 2020 the current amendment in order to clarify the presentation of liabilities in the balance sheet. In particular:
It clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and in particular the right to defer settlement by at least twelve months.

- It clarifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- It clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The new amendment comes into force on January 1.

Amendment to IFRS 3 - "Business combinations", IAS 16 – "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", Annual Improvements 2018-2020: IASB published on May 14, 2020 a set of amendments that clarify and make minor changes to the following IFRS standards:

- IFRS 3: update in references to the Conceptual Framework of the IAS (no change in the accounting treatment of business combinations);
- IAS 16: the amendment clarifies the impossibility deducting from the cost of an item of property, plant and equipment any proceed from selling items produced while bringing the asset into operation. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- IAS 37: the amendment clarifies the costs to include in measuring losses generated from a contract.

The new amendments will come into force on January 1, 2022.

Amendment to IFRS 4 – "Insurance Contracts": IASB on June 25, 2020 published an amendment to support entities in implementing the new standard and making easier for them to explain financial performance. The new amendment will come into force on January 1, 2021.

To the date of the writing of the current 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.

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

In the notes to the annual financial statements as at June 30, 2020 that follow in each paragraph the following further information is reported:

Note 32: The net financial position of the Parent Company and the Group that controls it, highlighting short-term components separately from medium-to-long-term ones;

Notes 26-29/32: the expired debt positions of the Parent Company and the Group that control is, divided by nature (financial, trade, tax, social security and towards employees) and the eventual related reaction initiatives by creditors (reminders, injunctions, interruption of supply, etc.);

Note 31: The main changes that took place in relations with related parties of this Company and Group 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 and any other clause related to debt of the Group that limits the use of financial resources, with an updated indication of the level of compliance of these clauses;

Note 34: The state of implementation of eventual industrial and financial plans highlighting differences from the actual data from the budgeted ones.

1. Sales revenue

Sales revenue as of June 30, 2020 totalled Euro 14,848 thousand and following is the breakdown :

	Half-year ended		
Thousands of Euro	30/06/20 Itway Group	30/06/19 Itway Group	Variation
Revenues from sale of products	9,217	9,568	(351)
Revenues from services	5,631	3,817	1,814
Total	**14,848**	**13,385**	**1,463**

The results show an increase in revenue of the Group of approx. Euro 1.5 million mainly driven the Turkish and Greek subsidiaries.
Revenues include Euro 37 thousand of changes booked in the period for proceeds on the measurement of work in progress and orders not yet completed (pursuant to the measurement criteria foreseen by IFRS 15) and not yet invoiced.

2. Other operating revenue

Other operating revenue for the period ended June 30, 2020 totalled Euro 620 thousand and following is the breakdown:

	Half-year ended		
Thousands of Euro	30/06/20 Itway Group	30/06/19 Itway Group	Variation
Advertising and Marketing Contributions	24	82	(58)
Non-operating income	86	182	(96)
Other revenues and various proceeds	263	271	(8)
Proceeds from extraordinary transactions	247	300	(53)
Total	**620**	**835**	**(215)**

Non-operating income refers mainly to the liquidation of positions towards suppliers.

The proceeds from extraordinary transactions during the period refer to a non-recurring proceed in nature of Euro 247 thousand realized by the Parent Company following the collection of the guarantee deposit for the sale of the Greek and Turkish subsidiary that will not be returned after the transaction to buy back the subsidiaries that took place in the month of April 2020.

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

Following is the breakdown

Thousands of Euro	Half-year ended 30/06/20 Itway Group	30/06/19 Itway Group	Variation
Purchase of products	12,601	11,506	1,095
Cost for resold services	52	4	48
Additional purchasing charges (transportation)	14	15	(1)
Other purchases	5	8	(3)
Total	**12,672**	**11,533**	**1,139**

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

4. Cost of services

Following is the breakdown

Thousands of Euro	Half-year ended 30/06/20 Itway Group	30/06/19 Itway Group	Variation
Directors' remunerations of the parent company and social charges	214	214	-
Directors' remunerations of subsidiaries and social charges	-	-	-
Compensation for Statutory Auditors	34	34	-
Auditing company fees	28	49	(21)
Consultancy and collaborations	535	464	71
Commissions and agents' charges	6	11	(5)
Advertising and trade fairs	49	136	(87)
Services, courses and client assistance	-	3	(3)
Telecom expenses	23	20	3
Insurance	38	51	(13)
Electricity, water and gas	15	16	(1)
Travel and representation	55	36	19
Specialist costs, IR and securities services	27	22	5
Other expenses and services	121	125	(4)
Total	**1,145**	**1,181**	**(36)**

Please note that:

• "Consultancy and collaborations" includes non-recurring charges related to the management of extraordinary transactions underway and the financial debt remodulation for approx. Euro 200 thousand.

• The table includes the compensation agreed by social bodies deliberated at the Annual General Meeting of the Company and the Group, including social security charges and related accessories.

5. Personnel costs

Following is the breakdown, compared with the previous period:

	Half-year ended		
	30/06/20	30/06/19	Variation
Thousands of Euro	**Itway Group**	**Itway Group**	
Salaries	849	798	51
Social charges	243	240	3
Severance pay	33	30	3
Other personnel costs	67	79	(12)
Total	**1,192**	**1,147**	**45**

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

	30/06/2020 *Avg*	30/06/2019 *Avg*	Variation	30/06/2020 *Punctual*	30/06/2019 *Punctual*	Variation
Managers	3	2	1	3	2	1
Mid-managers	6	6	-	6	6	-
Employees	38	36	2	42	35	7
Total	**47**	**44**	**3**	**51**	**43**	**8**

The average number of employee of the Group during the first half of 2020 was of 47 units, up by three units in the same period a year ago. The punctual data at the end of the period is of 51 units, up eight units compared with June 30, 2019.

6. Other operating expenses

Following is a breakdown compared with the previous fiscal period:

	Half-year ended		
	30/06/20	**30/06/19**	**Variation**
Thousands of Euro	**Itway Group**	**Itway Group**	
Property lease, offices and vehicles	46	7	39
Extraordinary and contingent charges	37	190	(153)
Other charges	24	90	(66)
Total	**107**	**287**	**(180)**

7. Amortization

Following is a breakdown compared with the previous fiscal period:

	Half-year ended		
	30/06/20	**30/06/19**	**Variation**
Thousands of Euro	**Itway Group**	**Itway Group**	
Depreciation of tangible assets	86	87	(1)
Amortization of intangible assets	136	170	(34)
Amortization for right of use	46	59	(13)
Total	**268**	**316**	**(48)**

8. Financial income and expenses

Following is a breakdown:

	Half-year ended		
	30/06/20	**30/06/19**	
Thousands of Euro	**Itway Group**	**Itway Group**	**Variation**
Financial income from financial institutions	3	4	(1)
Income from investments	5	-	5
Other income	53	1	52
Total financial income	**61**	**5**	**56**
Financial charges towards financial institutions	(63)	(135)	72
Bank commissions	(32)	(30)	(2)
Profit/(loss) on exchange rates	244	163	81
Other charges	(4)	(12)	8
Total financial charges	**145**	**(14)**	**159**
Total	**206**	**(9)**	**215**

The main variations involve:

1) The improvement in the “Other income” item is mainly due to the payment, by the Greek state, of contributions to those who regularly paid tax payables despite the concession to defer payments due to the Covid-19 situation;
2) The improvement in the “Financial charges towards Financial Institutions” item is attributable to the sale to third companies of payables towards financial institutions on which interest payables are not paid;
3) The improvement of the total difference in exchange rates mainly realized by the Turkish subsidiary is related to the performance of the local currency.

9. Income taxes

Income taxes include the income taxes of the companies that closed the semester with a profit.

10. Net result per share

The base earnings per share in the first half of 2020 is a positive Euro 0.03 and is calculated dividing the result of the period of the Group by the outstanding weighted average number of Itway shares during the period, excluding own shares.

The weighted average number of shares outstanding is of 7,052,275.

	Half-year ended	
	30/06/2020	**30/06/2019**
Net result of the Group in thousands of Euro	209	(168)
Weighted average of outstanding shares	7,052,275	7,052,275
Net result per share in Euro:		
- base	0,03	(0,02)
- diluted	0,03	(0,02)

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

11. Property, plant and equipment

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

Thousands of Euro	Property and offices	Plant and equipment	Industrial and commercial tools	Other	Total
Acquisition cost	1,644	242	109	4,202	6,197
Balance at 31.12.2019	**1,644**	**242**	**109**	**4,202**	**6,197**
Increases	-	-	2	9	11
Decreases	-	-	-	-	-
Balance at 30.06.2020	**1,644**	**242**	**111**	**4,211**	**6,208**
Accumulated depreciation	841	242	24	4,099	5,206
Balance at 31.12.2019	**841**	**242**	**24**	**4,099**	**5,206**
Amortization for the period	12	-	6	34	52
Currency effect Itway Turkey	-	-	10	-	10
Amortization balance 30.06.2020	**853**	**242**	**40**	**4,133**	**5,268**
Net value:					
December 31, 2019	803	-	85	103	991
At June 30, 2020	**791**	**-**	**71**	**78**	**941**

12. Goodwill

The goodwill as of June 30 2020 totaled approximately Euro 1,851 thousand and is broadly in line with the value as of December 31, 2019. This goodwill is allocated to the units generating cash flows (Cash Generating Units), represented by the single companies that they refer to:

Thousands of Euro	30/06/2020	31/12/2019
Itway Hellas	1,843	1,843
Other minor	8	9
Total	**1,851**	**1,852**

In light of the transaction described in the Going Concern paragraph, the goodwill booked in the financial statements is fully recoverable.

13. Other intangible assets

Following is the breakdown:

Thousands of Euro	Development cost	Patent rights	Other	Work in progress	Total
Acquisition cost					
	2,260	1,595	3,386	1,026	8,267
Balance at 31.12.2019	**2,260**	**1,595**	**3,386**	**1,026**	**8,267**
Increases	-	3	-	146	149
Decreases	-	-	-	-	-
Balance at historical cost at 30.06.2020	**2,260**	**1,598**	**3,386**	**1,172**	**8,416**
Accumulated depreciation	1,145	1,566	3,235	-	5,946
Balance at 31.12.2019	**1,145**	**1,566**	**3,235**	**-**	**5,946**
Amortization for the period	107	6	21	-	134
Currency effect Itway Turkey	40	-	-	-	40
Amortization balance 30.06.2020	**1,292**	**1,572**	**3,256**	**-**	**6,120**
Net value:					
December 31, 2019	1,115	29	149	1,026	2,319
At June 30, 2020	**968**	**26**	**128**	**1,172**	**2,294**

The increase in “Work in progress” refers to investments, the cost of which has been identified in a reliable manner, for the development and improvement of new products that began in the 2018 fiscal year and that required further investments for the Parent Company and for the 4Science subsidiary. The Company expects significant returns in the near future from these investments and deems that it is possible and capable, technically and economically, to complete these activities in subsequent fiscal years.

14. Right of use

Right of use totaled Euro 2,655 thousand compared with 2,801 thousand as of December 31, 2019. The assets in question mainly comprise property and vehicles. In particular, this amount includes the book value of the Milan headquarters, purchased in 2008 through an 18-year financial leasing contract (that until the 2018 fiscal period was recorded in the “Property, plants and machinery” according to the regulation previously in force IAS 17), booked at a value that includes directly booked accessory charges. It also includes the book value of a property in Ravenna (administrative headquarters of the Parent Company and the Italian companies of the Group), which was purchased in 2015.

The related residual debt for the purchase of the two properties are booked in the Non-current and current financial liabilities item (Note 25 and Note 26).

15. Investment

Following are the fully consolidated subsidiaries as of June 30, 2020:

- **BE Innova S.r.l.** is 50% controlled. Itway S.p.A. purchased it from Business-e S.p.A. before its sale 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. During the last fiscal period there was a writedown on the investment as the results of the company were not positive and considering the ups and downs of the CMC Group, it is being liquidated.

- **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. bought a 10.5% stake from the Business-e S.p.A. subsidiary before it was sold to Maticmind with the aim of ensuring the development part of remote control over alternative energy plants that the subsidiary will build. Since this development is incurring delays compared with the original plans of the company, the Group prudently wrote down the value of the investment in the 2017 fiscal year.

- **Itway Mena FZC** is 17.1% controlled by 4Science S.r.l. The situation in the Middle East with the continuation of the bloody war in Syria impacted also Lebanon where the partner and majority shareholder, Libanica, is based. Over three million Syrians migrated to Lebanon and social tensions became financial tension and Lebanon is today in default. The economy of the EAU has suffered a slowdown since 2019 and to date, due to Covid-19, the 2020 Expo, on which Dubai was counting on, was cancelled. During 2018 and 2019 there was a commercial and technical expansion into West Africa (Nigeria) with developments in Nigeria, Kenya and the neighboring countries. The negotiation pipeline is interesting and the presence of **Itway Technologies LTD**, which is 49% owned by Itway Mena, will ensure in the future the continuation of operations in the Africa and the Middle East area.
- **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:

Thousands of Euro	30/06/2020	31/12/2019
BE Innova S.r.l.	409	409
Be Infrastrutture S.r.l.	-	-
Related investments consolidated at net equity	**409**	**409**
Dexit S.r.l.	374	374
Itway MENA FZC	29	29
Idrolab S.r.l.	195	195
Tiche Foundation	5	5
Other investments	-	753
Investments in other companies valued at cost	**603**	**1,356**
Total investments	**1,012**	**1,765**

"Other investments" in the previous fiscal year included the shares received from Cyber 1 in the context of the sale transaction, which failed to take place, of the Greek and Turkish subsidiaries. The sale transaction of the two subsidiaries was not concluded and the Group no longer owns these shares in the capital of Cyber 1.

16. Prepaid taxes and deferred tax liabilities

Prepaid taxes, net of deferred tax liabilities, as of June 30, 2020 total Euro 344 thousand (Euro 275 thousand as of December 31, 2019). Prepaid taxes comprise tax accruals for 518 thousand and other temporary differences for Euro 342 thousand for which the Group expects to recover in future fiscal years, based on the expected taxable income.

Deferred tax liabilities are booked against temporary differences taxable in future fiscal periods and as of June 30, 2020 total Euro 515 thousand (unchanged from December 31, 2019) and 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

17. Other non-current assets

Other non current assets as of June 30, 2020 total Euro 27 thousand (Euro 34 thousand at December 31, 2019) and mainly refer to security deposits paid to clients/suppliers as collateral for services supplied.

18. Inventories

Inventories as of June 30, 2020 total Euro 251 thousand (Euro 653 thousand at December 31, 2019) net of an allowance for obsolete inventory of Euro 145 thousand (unchanged compared with December 31, 2019).

19. Account receivables – Trade

Trade receivables as at June 30, 2020, all short-term, totalled Euro 13,947 thousand (Euro 19,203 thousand at December 31, 2019). The value is expressed net of the allowance for doubtful accounts that as at June 30, 2020 stood at Euro 2,552 thousand (unchanged from December 31, 2019). The allowances are deemed to be congruous compared with the insolvency risks of the existing receivable.

Account receivables also include work in progress on contracts for Euro 3,304 (Euro 3,307 thousand at December 31, 2019).

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 June 30, 2020 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, the verdict of which in the first degree was not favourable to the Group. It was therefore decided to file an appeal with the Rome Court of Appeal, as there are ample elements to support what Itway S.p.A. claims that were not considered by the judge in the first degree.

The above situation highlights the presence of uncertainty on the possibility of recovering Euro 2,750 thousand booked in trade receivables that could have a significant impact on the consolidated financial statements to June 30, 2020. Itway, 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, sees its demands founded and therefore did not make any writedown of this credit in the current financial statements.

Trade receivables also include Euro 1,582 thousand towards the Itway MENA FZC subsidiary and Euro 931 thousand towards the affiliate BE Innova S.r.l.

Following are the movements in the allowance for doubtful accounts:

Thousands of Euro	**30/06/2020**	**31/12/2019**
Initial allowance	**2,552**	**2,961**
Writedowns for the period	-	141
Utilization	-	(550)
Final allowance	**2,552**	**2,552**

Following is the breakdown of trade receivables as at June 30, 2020, classified by maturity

Thousands of Euro	30/06/2020	31/12/2019
Maturing	5,588	11,974
Expired up to 30 days	1,748	777
Expired between 30 to 60 days	554	55
Expired > 60 days	8,609	8,949
Total gross receivables	**16,499**	**21,755**
Allowance for doubtful accounts	(2,552)	(2,552)
Total net receivables	**13,947**	**19.203**

20. Other current assets

Following is the breakdown:

Thousands of Euro	30/06/2020	31/12/2019	Variation
Tax receivables	1,130	828	302
Other receivables	91	144	(53)
Accruals and Deferrals	24	79	(55)
Total	**1,245**	**1,051**	**194**

21. Cash on hand

This item, which as at June 30, 2020 totalled Euro 1,105 thousand (Euro 608 thousand as at December 31, 2019), is mainly represented by short-term deposits, remunerated at market rates and aimed at payments made after the close of the semester.
Please note that the accounts in foreign currencies are valued at the exchange rate of the end of the period.

22. Net equity

Share capital

The share capital of the parent company on June 30, 2020, 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, including accessory charges, of own shares in the Parent Company‘s portfolio at the date of the current financial statements. This reserve totals Euro 1,346 thousand and is booked as a reduction of share capital as prescribed by IAS 32.

At June 30, 2020 the Group had No. 853,043 own shares, representing 10.79% of share capital for a nominal value of Euro 426,522. As stated in the Subsequent Events paragraph, on August 12, 2020 No. 650 thousand shares were loaned to Nice & Green.

Share premium

At June 30, 2020, it totalled Euro 17,584 thousand unchanged compared with December 31, 2019.

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

At June 30, 2020, it stands at Euro 485 thousand, unchanged from December 31, 2019.

Voluntary reserve

At June 30, 2020 it stands at Euro 4,792 thousand, unchanged from December 31, 2019.

Other reserves

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.

23. Employee benefits

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

Following are the variations:

Thousands of Euro	31/12/2019	Financial charges	Increases	Actuarial (profit)/losses	Use	30/06/2019
Employee benefits	406	-	32	-	(7)	431
Total	**406**	**-**	**32**	**-**	**(7)**	**431**

24. Accruals for risks and charges

Accruals for risks and charges are equal to zero, like at December 31, 2019. At this date, the fund for accruals for charges for liabilities related to the settlement of litigation of the Itway France subsidiary was brought to zero as the dispute was definitively settled during 2019.

25. Non-current financial liabilities

Non-current financial liabilities as of June 30, 2020 totalled Euro 1,815 thousand (Euro 1,785 thousand as of December 31, 2019).
This item reflects:

- Euro 1,786 thousand for the non-current quota of the residual debt towards a leasing Institute for the offices in Milan as previously commented (Note 14) maturing in 2026. The contract in question was already classified as a financial leasing pursuant to the previous regulation in force IAS 17. With the entry into force of 1FRS 156 from January 1, 2019, this contract was treated with the financial method foreseen by the new standard that, in substance, is in line with the valuation criteria previously adopted for this contract. The main terms of the leasing contract are: cost of the property Euro 2,995 thousand, variable interest rate (3-month Euribor + 160 bps) convertible into a fixed rate at any moment chosen by the lessee.

- Euro 29 thousand for the non-current portion of financial debt for right of use deriving from the application of IFRS 16.

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

Thousands of Euro	**30/06/2019**	**31/12/2019**
Residual non-current debt, net of interests:		
From 1-5 years	551	556
Over 5 years	1,235	1,175
Residual leasing debt, net of interests	**1,786**	**1,731**

26. Current financial liabilities

As at June 30, 2020 they total Euro 7,755 thousand (Euro 7,985 thousand at December 31, 2019) and are mainly represented by debt towards banks and unsecured loans. In addition, this item includes Euro 76 thousand of the short-term portion of debt for leasing as per Note 25.

Current liabilities at the moment include two Iccrea medium-term financing totalling Euro 556 thousand the covenants of which 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 June 30, 2020, the Parent Company had expired positions totalling Euro 6.5 million. At the same date the expired positions of the Itway Group totalled euro 6.7 million. The talks between the Company and financial institutions for a consolidation of the debt have been continuing on a bilateral basis with the individual institutions following the interruption of collegiate negotiations in the month of June 2018.

27. Trade payables

Trade payables, including invoices not yet received, amount to Euro 9,998 thousand as of June 30, 2020 compared with Euro 14,158 thousand at December 31, 2019.
The balance at June 30, 2020 includes an expired debt towards suppliers of approximately Euro 4.9 million (of which approximately Euro 0.8 million for amounts being contested, possibly at a court level).

The Parent Company as of June 30, 2020 had expired debt towards suppliers of approx. Euro 2.7 million (of which Euro 0.5 million for amounts being contested, possibly at a 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 but no suspension of the related services has occurred so as to compromise the ordinary carrying out of corporate affairs.

28. Tax payables

Tax payables as of June 30, 2020 total Euro 1,767 thousand (Euro 2,447 thousand December 31, 2019) and following is the breakdown:

Thousands of Euro	30/06/2020	31/12/2019	Variation
Debt for income taxes	451	406	45
VAT	801	1,542	(741)
Withholding on personnel compensation	403	297	106
Other	112	202	(90)
Total	**1,767**	**2,447**	**(680)**

VAT payables as of June 30, 2020 for Euro 168 thousand are due to debts not paid at the natural maturity (compared with Euro 171 thousand as of December 31, 2019) and that Management expects to pay back within the terms foreseen by regulations in force.

The Group has expired debt towards tax authorities, including the expired VAT mentioned above, for Euro 582 thousand relating to debt not paid at their natural expiry and that are expected to be paid back within the terms foreseen by regulations in force.

29. Other current liabilities

Other current liabilities as of June 30, 2020 total approximately Euro 1,750 thousand (Euro 2,570 thousand at December 31, 2019) with the following breakdown:

Thousands of Euro	30/06/2020	31/12/2019	Variation
Debt towards personnel for remuneration	163	142	21
Other debt towards personnel	246	218	28
Debt towards directors and collaborators	585	544	41
Debt towards social security institutions	276	159	117
Accruals and deferrals	132	226	(94)
Advanced payments received and others	348	1,281	(933)
Total	**1,750**	**2,570**	**(820)**

Other debt towards personnel includes provisions for deferred remuneration (vacation and additional monthly payments).
Accruals and deferrals mainly include deferrals for services already invoiced that will be settled subsequently.

The most significant variation in the "Advanced payments and others" item, of Euro 753 thousand, refers to the settlement of the debt towards Cyber 1, correlated with the value of the shares that the group had received in the context of the transaction to sell the Turkish and Greek subsidiaries. This sale transaction was not sealed and the Group no longer owns share capital of Cyber 1.

Among current liabilities there is no debt towards personnel that was not paid at the natural maturity. However, the Parent Company had a debt towards Social Security institutions that expired as of June 30, 2020 for a total of approximately Euro 71 thousand, related to debt not paid at the natural expiry and that is foreseen to be paid within the terms foreseen by the regulations in force while as of the same date, the Itway Group had a debt towards Social Security institutions expired as of June 30 2020 for a total of Euro 114 thousand and related to debt not paid at the natural expiry but that is expected to be paid within the terms foreseen by the regulations in force. Debt towards social security institutions includes Euro 90 thousand that will be paid in instalments for another four years.

30. Obligations and guarantees

Obligations and guarantees in force as of June 30, 2020 reflect 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.

31. Information on related parties

During the first half of 2020, 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.	332	-	99	1
Itway S.p.A. vs Be Innova S.r.l.	4,559	-	-	87
Itway S.p.A. vs Fartech S.r.l.	34	530	-	-
TOTAL	**4,925**	**530**	**99**	**88**

The Group's relationship with its managers is summed up in the Remuneration Report of the Board of Directors published annually pursuant to the regulation in force.

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.

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	30/06/2020	31/12/2019
Cash on hand	1.105	608
Financial receivables	2.363	2.498
Current financial assets	1.212	1.210
Current financial liabilities	(7.755)	(7.985)
Net current financial position	**(3.075)**	**(3.669)**
Non-current financial assets	2.098	2.098
Non-current financial liabilities	(1.815)	(1.785)
Non-current net financial position	**283**	**313**
Total net financial position	**(2.792)**	**(3.356)**

The net financial position of the group as of June 30, 2020 improved by approx. Euro 560 thousand compared with December 31, 2019 mainly due to the increase in cash on hand, which is temporary in nature as it derives from the normal short term financial cycle with a concentration of inflows from clients at the end of the month, while payments to suppliers are less concentrated.

Please note that three banking institutions sold their receivables to related company Fartech that in turn then reached a final settlement with Itway while the main banking institutes sold their positions to Mercatoria S.p.A. (company that has a credit recovery license pursuant to article 115 of the TULPS) that has Euro 2.1 million of financial receivables towards Itway S.p.A. and to Socrate SPV (a company included in the Bank of Italy's vehicle corporations register pursuant to Bank of Italy regulation dated October 1, 2014) which has financial receivables totalling approx. Euro 3.3 million towards Itway S.p.A. To date talks are still underway with some minor financial institution while with Mercatoria S.p.A. and Socrate SPV S.r.l., which belong to the same shareholder, negotiations are in an advanced stage to pay back the debt with its reduction by 67% in 36 instalments.

Current liabilities at the moment include two Iccrea medium-term loans, for a total of Euro 556 thousand, for which the covenants were breached and that are therefore currently classified as short term, even though the parameters are currently being redefined in order to maintain the original status of medium-term.

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 for bank guarantees issued and maturing by 31/12/2021.

Non-current financial assets, totalling Euro 2,098 thousand, reflect:

- Cash on hand for Euro 500 thousand 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 starting from 2016; 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 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.;

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

Net financial position of the Parent Company

Thousands of Euro	30/06/2020	31/12/2019
Cash on hand,	52	21
Financial receivables	2.363	2,498
Current financial liabilities	(6,878)	(7,161)
Net current financial position	**(4,463)**	**(4,642)**
Non-current financial assets	2,098	2,098
Non-current financial liabilities	(1,808)	(1,830)
Non-current net financial position	**290**	**268**
Total net financial position	**(4,173)**	**(4,374)**

The Net financial position of the Parent Company at June 30, 2020 improved by approx. Euro 200 thousand compared with December 31, 2019.

Current financial liabilities for the time being include a medium-term Iccrea financing for Euro 110 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, certification services on software technologies distributed 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 first half of 2020 reported data that is not material as still in the development phase and has therefore been aggregated, for the purpose of sector reporting, in the 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 system integrator services and centralization of applications.

Following is the breakdown of the main economic data regarding the identified segments, in the period ended June 30, 2020:

Thousands of Euro	Greece, Turkey VAD operations	Parent Company activity and other sectors	Total consolidated
Turnover			
Sales revenue	14.037	811	14.848
Other revenue	31	589	620
Total revenue	**14.069**	**1.399**	**15.468**
Operating costs			
Costs of products	(12.560)	(112)	(12.672)
Costs of personnel	(522)	(670)	(1.192)
Other costs and operating expenses	(265)	(987)	(1.252)
Total operating costs	**(13.347)**	**(1.769)**	**(15.116)**
EBITDA	**722**	**(370)**	**352**
Amortization	(52)	(216)	(268)
EBIT	**670**	**(586)**	**84**
Financial income (charges)	257	(52)	206
Result before taxes	**927**	**(637)**	**290**

Following is the breakdown of the main economic data regarding the identified segments, in the first half of 2019

Thousands of Euro	Greece, Turkey VAD operations	Parent Company activity and other sectors	Total consolidated
Turnover			
Sales revenue	12.898	487	13.385
Other revenue	94	741	835
Total revenue	**12.992**	**1.228**	**14.220**
Operating costs			
Costs of products	(11.455)	(78)	(11.533)
Costs of personnel	(523)	(624)	(1.147)
Other costs and operating expenses	(357)	(1.111)	(1.468)
Total operating costs	**(12.335)**	**(1.813)**	**(14.148)**
EBITDA	**657**	**(585)**	**72**
Amortization	(59)	(257)	(316)
EBIT	**598**	**(842)**	**(244)**
Financial income (charges)	134	(143)	(9)
Result before taxes	**732**	**(985)**	**(253)**

34. Subsequent events

As already stated in the Half-Year Financial Report on September 14, 2020, the Board of Directors updated the Industrial Plan for the Group for the 2020-2023 period and the financial plan of Itway S.p.A. for all of 2021.

The guidelines foresee that the Group focus on the security sector that in the next five years is expected to grow over 12% and that there be a repositioning in the products and services sector. Furthermore there is expected to be a greater focus on the Be Innova S.r.l. and 4Science S.r.l. affiliates.

In light of the current situation regarding a possible impact on the business performance caused by the **Covid-19 pandemic**, it is difficult to assess to date if there will be significant effects. The activities of the Itway Group, mostly linked to cybersecurity, have proven to be essential also, and most importantly, in these moments of global emergency as Cybersecurity, which secures the core activities of businesses, can be considered non-cyclical compared with other market sectors. The measures adopted by almost all organizations in terms of smart working have made risks related to security multiply at exponential rates resulting in resorting to cybersecurity to mitigate these risks. Out activity is mainly made up of services and therefore our operability has remained broadly unchanged also in the work from home mode that the current situation imposed. As far as the Greek and Turkish subsidiaries are concerned, there don't seem to be significant effects also due to the limited spread of the pandemic in these countries.

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 24.

36. Non-recurrent, atypical and/or unusual transactions

During first half of 2020, 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 missed sale of the Greek and Turkish transaction as well as the liquidation of some debt positions.

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.

Account receivables, cash and cash on hand that directly derives from the operating activity represent the main financial activities of the Group. 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	**June 30, 2020**			
Thousands of Euro	***Carrying value***	***Financial instruments at amortized cost***	***Financial instruments at FVTPL (*)***	***Financial instruments at FVTOCI (*)***
Other non-current assets	27	27	-	-
Non-current financial assets	2.098	2.098		
Non-current assets	**2.125**	**2.125**	**-**	**-**
Trade receivables	13.947	13.947	-	-
Other current assets	1.245	1.245	-	-
Other financial assets	2.363	2.363		
Cash on hand	1.105	1.105	-	-
Current assets	**18.660**	**18.660**	**-**	**-**

ASSETS	**December 31, 2019**			
Thousands of Euro	***Carrying value***	***Financial instruments at amortized cost***	***Financial instruments at FVTPL (*)***	***Financial instruments at FVTOCI (*)***
Other non-current assets	34	34	-	-
Non-current financial assets	2.098	2.098		
Non-current assets	**2.132**	**2.132**	**-**	**-**
Trade receivables	19.203	19.203	-	-
Other current assets	1.051	1.051	-	-
Other financial assets	2.498	2.498		
Cash on hand	608	608	-	-
Current assets	**23.360**	**23.360**	**-**	**-**

LIABILITIES	**June 30, 2020**			
Thousands of Euro	***Carrying value***	***Derivative liabilities at FVTPL (*)***	***Other financial liabilities***	***Derivatives for hedging***
Non-current financial liabilities	1.815	-	1.815	-
Non-current liabilities	**1.815**	**-**	**1.815**	**-**
Current financial liabilities	7.755	-	7.755	-
Trade payables	9.998	-	9.998	-
Tax payables	1.767		1.767	
Other current liabilities	1.750	-	1.750	-
Current liabilities	**21.270**	**-**	**21.270**	**-**

LIABILITIES	**December 31, 2019**			
Thousands of Euro	***Carrying value***	***Derivative liabilities at FVTPL (*)***	***Other financial liabilities***	***Derivatives for hedging***
Non-current financial liabilities	1.785	-	1.785	-
Non-current liabilities	**1.785**	**-**	**1.785**	**-**
Current financial liabilities	7.985	-	7.985	-
Trade payables	14.158	-	14.158	-
Tax payables	2.447		2.447	
Other current liabilities	2.570	-	2.570	-
Current liabilities	**27.160**	**-**	**27.160**	**-**

**Fair Value Trough Profit and Loss*

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

Interest rate risk

The financial instruments of the Group include anticipated credits by banking institutes and sight deposits. Such instruments finance the Group's activities

Total 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 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 18 thousand per fiscal year.

Foreign exchange risk

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

Credit risk

The credit risk represents the Group's potential exposure to losses deriving from counterparties not fulfilling their obligations. The Group does not have significant concentrations of credit risk therefore it isn't deemed opportune to highlight quantitative and detailed information, except for the details regarding account receivables per expiration breakdown in Note 19. In order to check such risk the Group implemented procedures and measures to assess the clientele and the possible recovery measures. Regarding other financial assets, 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 pre-set 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 started in past fiscal periods 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. The company has progressively remodulated debt (over 90%) with most lenders and during the 2019 fiscal period it defined positions with three banking institutions that sold their receivables to related company Fartech, which then settled with Itway for their definitive closing, while the main financial institutions sold their positions to Mercatoria S.p.A. (company that has a credit recovery license pursuant to article 115 of the TULPS) that has Euro 2.1 million of financial receivables towards Itway S.p.A. and to Socrate

SPV (a company included in the Bank of Italy's vehicle corporations register pursuant to Bank of Italy regulation dated October 1, 2014), which has financial receivables totaling approx. Euro 3.3 million towards Itway S.p.A. With these companies (Mercatoria S.p.A. and Socrate SPV S.r.l.), which belong to the same shareholder, negotiations are in an advanced stage to pay back the debt with its reduction by 67% in 36 installments.

To date talks are in still underway for minor amounts with some financial institution or Companies (art. 115 TULPS) that purchased payables from some bank. The company reasonably believes it can conclude the talks with agreements on how to repay the debt.

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

Thousands of Euro	***30/06/2020***	***Contractual cash-flows***	***1-2 years***	***2-5 years***	***Other***
Non-current financial liabilities	1.815	1.815	162	418	1.235
Non current liabilities	**1.815**	**1.815**	**162**	**418**	**1.235**

Thousands of Euro	***31/12/2019***	***Contractual cash-flows***	***1-2 years***	***2-5 years***	***Other***
Non-current financial liabilities	1.785	1.785	188	422	1.175
Non current liabilities	**1.785**	**1.785**	**188**	**422**	**1.175**

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 maximize 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 do not diverge significantly from their fair value.

39. Publication of the Financial Statements

The Board of Directors of Itway S.p.A. approved the Condensed Half-Year Financial Statements as at June 30, 2020 at a September 30, 2020 meeting.

Ravenna, September 30, 2020

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

ITWAY
do IT your way

Certification of the condensed half-year financial statements pursuant to Consob regulation No. 11971 dated May 14, 1999, as amended and supplemented

1. The undersigned G. Andrea Farina in his capacity of chief executive and Sonia Passatempi in her capacity of the manager mandated to draft the accounting documents of Itway S.p.A. certify, also considering the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 dated February 24, 1998:

• The adequacy in terms of the characteristics of the company and

• The actual application of the administrative and accounting procedures for the preparation of the condensed half-year financial statements, during the first half from January 1, 2020 to June 30, 2020.

2. Regarding this, no significant facts need to be reported.

3. It is also certified that:

3.1 The condensed half-year financial statements:

a) Were drafted in compliance with the international accounting standards endorsed by the European Union pursuant to (EC) Regulation No. 1606/2002 of the European Parliament and the Council dated July 19, 2002;

b) Reflect the findings of the accounting records and books;

c) Are suitable to provide a truthful and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the consolidation.

The interim management includes a reliable analysis of the references to the important events that took place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year. The interim management report also includes a reliable analysis of the information on relevant transactions with related parties.

Ravenna, September 30, 2020

G.Andrea Farina
President and Chief Executive

Sonia Passatempi
Manager mandated to draft the documents

REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Translation from the original Italian text)

To the shareholders of
ITWAY S.p.A.
Via Braille, 15
48124 Ravenna (RA) – ITALY

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and related explanatory notes of ITWAY S.p.A. and its subsidiaries (the "ITWAY Group") as of 30 June 2020. The Directors of ITWAY S.p.A. are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the review standards recommended by CONSOB (the Italian Regulatory Commission for Listed Companies and the Stock Exchange) in its Resolution no. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the ITWAY Group as of 30 June 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Material Uncertainty Related to Going Concern

In the paragraph "Going concern" of the explanatory notes, the Directors described the Group's ongoing financial tensions that lead at 30 June 2020 to an overdue financial debt of Euro 6.7 million, to an overdue debt due to suppliers equal to Euro 4.9 million and to an overdue debt equal to Euro 0.8 million concerning tax and social security liabilities.

In order to respond on the ongoing financial tensions, the Directors report that they have progressively negotiated and rescheduled their debt with the main banks, most of which have meanwhile sold their loans to other financial entities, with whom negotiations are in progress in order to restructure that debt.

The Board of Directors approved the updated business plan of ITWAY Group, for the period 2020-2023, on 14 September 2020. The Directors prepared the condensed consolidated interim financial statements on a going concern basis taking into account the actions contained in the business plan, although Directors are aware some of its assumptions are uncertain.

That business plan, from a financial point of view, is based on two main assumptions:

- collecting cash flows from the subsidiaries Itway Hellas SA, Itway Turkyie Ltd and BE Innova S.r.l.;
- reaching an agreement with the assignee entities of the financial debt, in order to reschedule payments and satisfy creditors.

Furthermore, as described by the Directors in the paragraph Subsequent Events of the Report On Operation, the parent company Itway S.p.A. has signed an investment agreement with Nice & Green SA, a Swiss institutional investor, for an issue program of "Warrant and Convertible Notes Funding Program" for a total value of Euro 6 million, of which Euro 5.5 million constituted by a bond convertible into Itway SpA shares newly issued. This operation is aimed to support the company's working capital, strengthening its financial structure and expanding its shareholding structure, finding additional financial resources to support the growth strategy and investment of the Company and the Group.

This situation highlights the uncertainty of some future events, with particular reference to the negotiations with creditors in order to reschedule the payment of financial debt, according to business plan and also to realize adequate financial resources to support the business plan and the operations of Itway SpA and its subsidiaries.

The uncertainty described above, which could also have significant effects on the recoverability of some assets, including intangible assets and receivables from subsidiaries, indicate the existence of a material uncertainty on Itway Group to continue operating on a going concern basis.

Directors have considered going concern in the preparation of the financial statements and, due to the good performance of the last two years and to the strategies referred above and more fully described in the Notes and in the Report of Operation, they have overcome this uncertainty and they have prepared the financial statements on a going concern basis. Our opinion, taking into account the disclosure provided and the information obtained regarding business plans, is not modified in respect of this matter.

Emphasis of Matter

We draw attention on paragraph “Account receivables – Trade” into the Notes, concerning uncertainty on the recovering of Euro 2.750 million, related to a contract in progress and booked in trade receivables, that could have a significant impact on the consolidated financial statements as of 30 June 2020.

Directors have pointed out that a legal procedure is going on, and that the proceedings at first instance, in Court of Rome, was adverse for ITWAY. Directors indicated in the Notes that, supported by the opinion of their legal consultants and by an external technical assessment, they submitted an appeal against the Court of Appeal of Rome, due to their belief on elements in support of Itway requests.

Analisi S.p.A.

(signed on the original)

Renzo Fantini
(Partner)

Reggio Emilia, Italy
30 September 2020

This report has been translated into the English language solely for the convenience of International readers. The Italian original remains the definitive version.