

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.

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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.

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(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.