

Il Consiglio di Amministrazione ha approvato Il CDA il bilancio al 31 dicembre 2018 NAV pari a Euro 5,5 milioni. Ebitda pari a Euro - 0,5 milioni. Risultato netto pari a Euro - 14,4 milioni.

- I ricavi ammontano a Euro 1,7 milioni (Euro 25,5 milioni nel bilancio consolidato)
- L'EBITDA pari a Euro -0,5 milioni (Euro 0,65 milioni nel bilancio consolidato)
- L'EBIT è pari a Euro -12,2 milioni (Euro -22,3 milioni nel bilancio consolidato)
- L'EBT ammonta a Euro -17,1 milioni (Euro -28,1 milioni nel bilancio consolidato)
- Risultato netto pari a Euro -14,4 milioni (Euro -25,8 milioni nel bilancio consolidato)
- Patrimonio netto pari a Euro 13,3 milioni (Euro 1,6 milioni nel bilancio consolidato)
- PFN di Euro 17,8 milioni (Euro 84,1 milioni nel bilancio consolidato)
- NAV pari a Euro 5,5 milioni circa; NAV per azione Euro 0,32

Il consiglio di amministrazione di Italeaf, holding di partecipazione e primo company builder italiano, attiva nei settori cleantech e smart innovation, quotata al Nasdaq First North, ha approvato oggi la Relazione Finanziaria Annuale al 31 dicembre 2018.

Dati economici e finanziari di sintesi*

Financial highlights*

| | Al 31 dicembre 2018 | Al 31 dicembre 2017 | Variazione % |
|---|------------------------|--------------------------------|----------------|
| <i>In Euro</i> | | | |
| Ricavi netti delle vendite e delle prestazioni | 1.778.430 | 3.709.545 | (52,1)% |
| EBITDA | (514.203) | 724.510 | (171)% |
| EBIT | (12.211.072) | (152.390) | n.a. |
| EBT (Risultato ante imposte) | (17.140.878) | (1.091.899) | n.a. |
| Risultato netto | (14.449.706) | (936.122) | n.a. |
| | | Al 31 dicembre 2017 | |
| Patrimonio netto | 13.354.259 | 27.803.967 | n.a. |
| Posizione finanziaria netta complessiva | 17.776.227 | 16.878.275 | 5,3% |

*Relazione Finanziaria Annuale redatta secondo i principi contabili ITALIAN GAAP

Il NAV di Italeaf è pari a Euro 5,5 milioni al 31 dicembre 2018 (Euro 24,1 milioni al 31 dicembre 2017); Nav per azione Euro 0,32.

Piano di Risanamento e rilancio di Italeaf e continuità aziendale

Il risultato netto negativo della Società registrato al 31 dicembre 2018, pari a Euro 14,4 milioni, risulta influenzato in gran parte dalle svalutazioni e dalla rettifiche di valore apportate alle immobilizzazioni materiali e alla partecipazioni, al fine di allineare il loro valore contabile al valore di realizzo in coerenza con le linee guida del Piano di Risanamento che la società ha predisposto con l'ausilio di KPMG in qualità di advisor industriale e finanziario e dello studio legale Orrick in qualità di advisor legale e lungamente negoziato con i suoi creditori finanziari e che il management ritiene possa essere finalizzato a breve. Tale Piano di Risanamento è stato approvato dal Consiglio di Amministrazione il 28 marzo 2019 e successivamente modificato il 30 ottobre 2019, come comunicato al mercato, in funzione delle negoziazioni con il ceto creditorio.

Allo stato attuale sono in fase di conclusione le interlocuzioni con gli istituti di credito per l'approvazione della proposta di ristrutturazione. Il management di Italeaf ritiene ragionevole prevedere che, dopo una trattativa di oltre 1 anno, tali interlocuzioni si possano concludere positivamente a breve, considerato che:

- (a) le parti hanno raggiunto un accordo su tutti i temi sostanziali della manovra finanziaria grazie anche alla disponibilità di Italeaf di accogliere le richieste sollevate dal ceto bancario; e
- (b) il management non è a conoscenza di tematiche o circostanze che possano impedire la finalizzazione a breve dell'accordo di ristrutturazione del Piano di Risanamento.

Considerata la prevista formalizzazione a breve del Piano di Risanamento e dell'accordo con il ceto bancario e la capacità di tale piano di risolvere le difficoltà finanziarie attuali di Italeaf, il Consiglio di Amministrazione, sulla base di tutte le informazioni a oggi disponibili, ha quindi adottato il presupposto della continuità aziendale nella preparazione del bilancio 2018, confidente che la situazione di tensione finanziaria in cui versa il Gruppo potrà essere superata tramite le suddette azioni intraprese e da intraprendere.

Il Consiglio di Amministrazione terrà comunque strettamente monitorata la prosecuzione delle negoziazioni del Piano di Risanamento al fine di adottare tempestivamente le azioni necessarie ove, per ragioni allo stato non ragionevolmente prevedibili, detto Piano di risanamento si dimostri non più fattibile.

La Relazione Finanziaria Annuale al 31/12/2018 in versione completa e in lingua inglese è pubblicata sul sito internet della Società www.italeaf.com e diffuso su GlobeNewswire Intrado | Release Publishing.

Il presente comunicato stampa è disponibile anche sul sito internet della Società: www.italeaf.com.

Italeaf S.p.A. è tenuta a rendere pubbliche queste informazioni ai sensi del regolamento sugli abusi di mercato UE. Tali informazioni sono state fornite per la pubblicazione, attraverso i referenti di seguito indicati, alle ore 19.00 CET del 21 Febbraio 2020.

Certified Adviser

Mangold Fondkommission AB, +46 (0)8 5030 1550, email: ca@mangold.se è il Certified Adviser di Italeaf SpA su Nasdaq First North.

Per maggiori informazioni:

Claudio Borgna CFO – Italeaf S.p.A.
E-mail: borgna@italeaf.com

Italeaf S.p.A., costituita nel dicembre 2010, è una holding di partecipazione e un acceleratore di business per imprese e startup nei settori dell'innovazione e del cleantech. Italeaf opera come company builder, promuovendo la nascita e lo sviluppo di startup industriali nei settori cleantech, smart energy e dell'innovazione tecnologica.

Italeaf ha sedi operative in Umbria a Terni e Nera Montoro nel Comune di Narni, e a Milano. La società controlla la smart energy company TerniEnergia, quotata sul MTA di Borsa Italiana, Skyrobotic, azienda di sviluppo e produzione di droni civili e commerciali nelle classi mini e micro per il mercato professionale, Numanova, attiva nella produzione di polveri metalliche per la manifattura additiva e l'industria metallurgica avanzata e Italeaf RE, società immobiliare. Italeaf detiene, inoltre, tra le altre, una partecipazione di minoranza in Vitruviano Lab, organismo di ricerca attivo nei settori dei materiali speciali, della chimica verde e del cleantech.



**CONSOLIDATE FINANCIAL
REPORT
AS AT DECEMBER 31, 2018
ITALEAF GROUP**

 **Nasdaq** First North

Italeaf in brief

Vision

We turn technological start-ups into successful global companies, through a “company builder” business model.

Business concept

Italeaf selects or creates new initiatives in cleantech and innovative industrial sectors. We offer to technological start-ups and innovative companies an integrated approach that puts together services, mentoring, expertise, instruments, and facilities, and namely, everything aimed transforming business ideas into real business. We provide initial equity and corporate assistance to launch our start-ups, making it possible for them to become sizeable businesses generating revenues, sharing profits, while operating within acceptable risk parameters.

Objective

The Company's investment policy is to generate returns, in the form of both capital appreciation and income to shareholders, through investing in a portfolio of businesses. While not limited geographically, the Company, in view of the background and experience of its management, is focused on investing the majority of capital in businesses operating in Europe, with a particular emphasis on Italy.

Investments outside Europe are considered where the board believes the opportunities are particularly attractive. The Company is interested in investing in businesses with underlying themes of strategic market position and strong growth.

Building net asset value

The net asset value amounted to Euro 5.5 million at the end of December 2018.

CORPORATE DETAILS

Italeaf SPA

Registered Office:
Strada dello Stabilimento 1,
05035 Narni (TR)
Authorised, issued and paid-up
share capital: Euro 17,144,000
Terni Register of Companies: n.
01456730553

BRANCHED AND OFFICES

Narni - Strada dello
Stabilimento, 1
Milan - Corso Magenta, 85
Terni - Via Casale, 4
London - 78/79 New Bond
Street, United Kingdom
Hong Kong - Unit 905-6, 9th
Floor, Fook Yip Building - 53-57
Kwai Fung Crescent, Kwai Chung
- N.T. Hong Kong S.A.R.

BOARD OF DIRECTORS

Chairman
Stefano Neri
Managing directors
Monica Federici
Independent directors
Domenico De Marinis

Board of Statutory Auditors

Fausto Sciamanna (Chairman)
Andrea Bellucci
Caterina Brescia

Independent Auditors

EY SPA

Certified Adviser

Mangold Fondkommission AB

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MANAGEMENT REPORT

BUSINESS AND MISSION

Italeaf is an Italian investment company and company builder that aims to transform technological start-ups into global companies. Italeaf identifies industrial initiatives within the cleantech sector and within the sphere of innovative industrial production, where the Company can leverage its strong expertise and track record.

In supporting new start-ups, Italeaf aims to replicate the success of TerniEnergia, a company established in 2005 and listed on the Italian Stock Exchange in 2008. Since the IPO after its start-up, TerniEnergia has become a leading global company in the field of renewable energy, waste management, and energy efficiency, with a market cap of over Euro 80 million.

With the creation of subsidiaries in London and Hong Kong, Italeaf intends to give an international flavor to its business, broadening the spectrum of the activity of scouting and looking for innovative companies.

The company has invested in three new industrial initiatives: GreenLed Industry, operating in innovative industrial lighting production; Skyrobotic, active in the production of commercial and civil drones; and WiSave, a producer of smart devices for the remote control of energy consumption.

Italeaf strives to develop an ideal environment to foster creation and growth of new companies, through three lines of business:

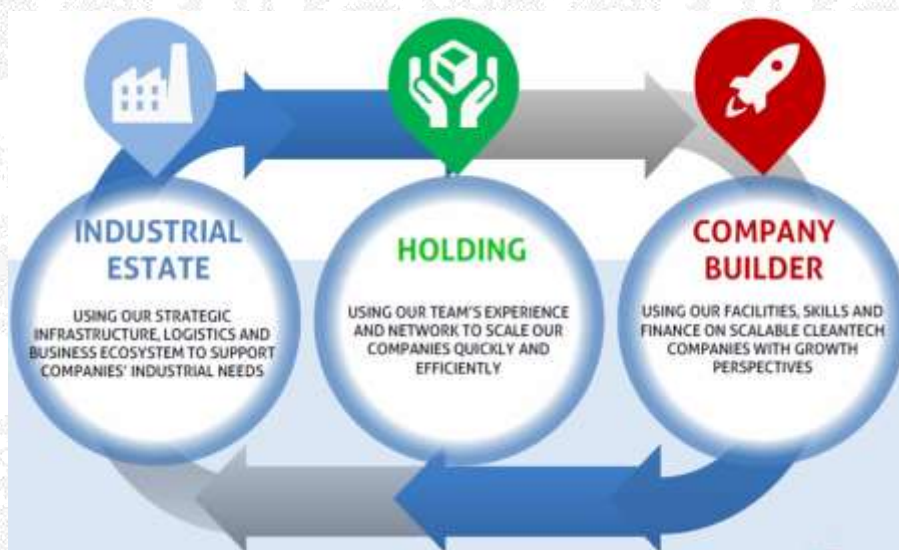
1. **Company Builder:** we co-found start-ups with direct investments, a proven business model and a strong focus on execution. Italeaf concentrates its activities on clearly defined market segments, such as the cleantech sector. We provide innovative incubation services with seed investments to create a breeding ground for a highly skilled company network.

2. **Holding:** we manage our investment portfolio and we provide centralized service activities to our Group companies (finance, treasury, IT, legal, corporate communication and logistics for administrative, managerial and commercial support) to facilitate value creation and growth for the portfolio companies.

3. **Real Estate:** we use our strategic infrastructure, logistics and business eco-system to support the companies' industrial needs. In particular, we are creating (with the consultative input of the Politecnico di Milano University) an eco industrial park in our facilities in the center of Italy. We own and manage an industrial area with a total area of about 24 hectares and co-working space of 1,800 square meters.

Each of these activities is functional to the others; our approach is something completely new compared to traditional incubators and other venture capital firms. The track record gained over the years (with the listing of TerniEnergia and TerniGreen on the Italian Stock Exchange and the constant value creation for shareholders) is proof of our passion and expertise.

The Company capitalization and its majority stake in TerniEnergia, listed on the Borsa Italiana's STAR segment (which entails rigorous requirements), are factors to mitigate the risk that is normally associated with start-up businesses. Value creation through industrial innovation is what we have achieved in recent years. Now, we intend to offer our vision to the market with a strong international expansion project. The listing of Italeaf on NASDAQ OMX First North is therefore an important starting point for innovatively responding to the new challenges of global change.



NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY

NET ASSET VALUE

At the end of December 2018, net asset value amounted to Euro 5,4 million.

| NAV ITALEAF | (Euro/000) | Notes |
|-------------|------------|-------|
|-------------|------------|-------|

Tangible Assets:

REAL ESTATE PROPERTY (Nera Montoro & Maratta) 10,806 Book Value

Controlling stake in:

42.19% stake in TerniEnergia* 6,357 Calculated on the share price as at December 31, 2018 (Euro 0.32)

68.61% stake in Skyrobotic 933 Book value

75,00% stake in Numanova 3,125 Based on the price of latest funding round

Minority stake** 2,021 Book value

| | | |
|--------------------------|---------------|--|
| GROSS ASSET VALUE | 23,243 | |
|--------------------------|---------------|--|

Net Financial Indebtedness (17,776) As at december 31, 2018

| | | |
|---|--------------|--|
| NET ASSET VALUE AS DECEMBER 31, 2018 | 5,467 | |
| NAV PER SHARE AS DECEMBER 31, 2018 (€) | 0.32 | |

* 45,44% of voting rights

** 50% stake in Opera Power (JV), the value the business unit of industrial water management in Italeaf RE and 10.67% stake in Vitruviano Lab

The NAV of Italeaf primarily consists of the investments in TerniEnergia and in the start-stup companies (Skyrobotic and Numanova). NAV at December 31, 2018 amounted to Euro 5,46 million.

The value of the equity investment in TerniEnergia corresponds to the share value as at December 31, 2018, considering that the company is listed on Borsa Italiana (STAR segment). At the end of December 2018, Italeaf owned 19,867,102 ordinary shares, corresponding to 42.19% of the share capital and the 45.44% of the voting rights.

The balance of “real estate property” includes the value of the Nera Montoro factory and the Maratta building. The values are aligned with the appraisal reports drawn up by an independent expert.

STATEMENTS FOR THE ITALEAF PARENT COMPANY

The separate financial statements of the parent company Italeaf were prepared according to the rules applicable to an Italian company listed on a multi-lateral trading platform (MTF), such as NASDAQ OMX First North (First North). Hence, while the Italeaf consolidated financial statements were prepared according to international accounting standards, considering that said financial statements include the consolidated data of TerniEnergia Group, listed on the STAR segment of Borsa Italiana, and therefore, prepared according to IFRS. The Italeaf separate financial statements were prepared in accordance with Italian accounting standards.

The table below shows the data of the separate financial statements prepared according to Italian accounting standards as at December 31, 2018:

| <i>in €</i> | As at December, 31 2018 | As at December, 31 2017 | Change | Change % |
|--|----------------------------|----------------------------|---------------------|----------------|
| Intangible assets | 42,090 | 391,547 | (349,457) | (89.3)% |
| Tangible assets | 10,133,448 | 21,480,860 | (11,347,412) | (52.8)% |
| Financial assets and other att. | 24,224,214 | 28,177,524 | (3,953,310) | (14.0)% |
| Fixed Assets | 34,399,752 | 50,049,931 | (15,650,179) | (31.3)% |
| Inventories | | | | n.a. |
| Trade receivables | 267,376 | 517,123 | (249,747) | (48.3)% |
| other activities | 2,362,309 | 2,756,438 | (394,129) | (14.3)% |
| Trade payables | (1,315,718) | (1,751,271) | 435,553 | (24.9)% |
| Other liabilities | (2,327,909) | (1,930,647) | (397,262) | 20.6% |
| Net working capital | (1,013,942) | (408,357) | (605,585) | n.a. |
| Provisions and other non-commercial | (2,255,324) | (4,959,332) | 2,704,008 | (54.5)% |
| Net Invested Capital | 31,130,486 | 44,682,242 | (13,551,756) | (30.3)% |
| Shareholders' Equity | 13,354,259 | 27,803,967 | (14,449,708) | n.a. |
| Net current financial position | 17,776,227 | 16,878,275 | 897,952 | 5.3% |
| Non-current net financial position | | | | n.a. |
| Total net financial position | 17,776,227 | 16,878,275 | 897,952 | n.a. |
| Net Invested Capital | 31,130,486 | 44,682,242 | (13,551,756) | (30.3)% |

Tangible assets represents the value of the industrial site at Nera Montoro, the incubator at Maratta, as well as a some industrial plants present at the Nera Montoro site. Financial assets include the book value of the controlling interests in TerniEnergia (Euro 17.81 million), in Skyrobotic (Euro 0.9 million), in Numanova (Euro 2.8 million) and Italeaf RE (Euro 4.56 million); the account also includes the value of a Joint Venture called Opera Power Srl which holds of a PV plant of of about 1 MWp and the value of 10.67% in Vitruviano Lab Srl.

The Net Financial Position amounted to Euro 17.776 million. The current financial position includes a short-term credit line, amounting to Euro 6.0 million, collateralized by the pledge of TerniEnergia shares; the rest of the debt relates mainly to mid term loans. The increase compared to 2017 is mainly due to 2018 accrued interests.

| <i>in €</i> | 2018 | 2017 | Change | Change % |
|--|---------------------|--------------------|---------------------|-----------------|
| Net revenues from sales and services | 1,778,430 | 3,709,545 | (1,931,115) | (52.1)% |
| Production costs | (1,998,250) | (2,252,879) | 254,629 | (11.3)% |
| Added value | (219,820) | 1,456,666 | (1,676,486) | (115.1)% |
| Personnel costs | (294,383) | (732,156) | 437,773 | (59.8)% |
| EBITDA | (514,203) | 724,510 | (1,238,713) | (171.0)% |
| Amortization, depreciation, provisions and write-downs | (11,696,869) | (876,900) | (10,819,969) | n.a |
| EBIT | (12,211,072) | (152,390) | (12,058,682) | n.a |
| Financial income and charges | (814,948) | (939,509) | 124,561 | (13.3)% |
| Extraordinary item | (4,114,858) | | (4,114,858) | n.a. |
| Pre-tax result | (17,140,878) | (1,091,899) | (16,048,979) | n.a |
| Income taxes | (2,691,172) | (155,777) | (2,535,395) | n.a |
| Net Result for the period | (14,449,706) | (936,122) | (13,513,584) | n.a. |

The net result of 2018 amounted to Euro -14.449 million. The decreased compared to the 2017 result is mainly due to write-downs recorded on real estate property.

Revenues refer to service contracts between Italeaf and subsidiaries for availability of offices and industrial buildings, and other services.

Financial income and expenses includes: cost of financial debt (Euro 0.8 million). The extraordinary item mainly refer to the write-downs on the equity investments held in Italeaf RE and Skyrobotic.

STATEMENTS FOR THE ITALEAF GROUP

| <i>in Euro</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|--|----------------------------|----------------------------|---------------------|----------------|
| Intangible assets | 27,556,207 | 30,957,885 | (3,401,678) | (11.0)% |
| Tangible assets | 18,133,886 | 91,525,482 | (73,391,596) | (80.2)% |
| Financial assets and other att. | 28,047,944 | 33,073,035 | (5,025,091) | (15.2)% |
| Fixed Assets | 73,738,037 | 155,556,402 | (81,818,365) | (52.6)% |
| Inventories | 11,701,656 | 13,941,717 | (2,240,061) | (16.1)% |
| Trade receivables | 17,648,808 | 36,026,900 | (18,378,092) | (51.0)% |
| other activities | 5,708,267 | 18,205,019 | (12,496,752) | (68.6)% |
| Trade payables | (28,031,785) | (54,406,392) | 26,374,606 | (48.5)% |
| Other liabilities | (21,834,955) | (21,407,977) | (426,978) | 2.0% |
| Net working capital | (14,808,010) | (7,640,733) | (7,167,277) | 93.8% |
| Provisions and other non-commercial | (14,767,346) | (52,880,323) | 38,112,977 | (72.1)% |
| Net Invested Capital | 44,162,681 | 95,035,345 | (50,872,665) | (53.5)% |
| Shareholders' Equity | 1,624,041 | 26,246,382 | (24,622,341) | (93.8)% |
| Net current financial position | 82,229,578 | 90,210,127 | (7,980,549) | (8.8)% |
| Non-current net financial position | 1,840,396 | 2,949,730 | (1,109,334) | (37.6)% |
| Total net financial position | 84,069,975 | 93,159,857 | (9,089,882) | (9.8)% |
| (Assets) Net liabilities held for sale | (41,531,335) | (24,370,894) | (17,160,441) | 70.4% |
| Net Invested Capital | 44,162,681 | 95,035,345 | (50,872,664) | (53.5)% |

| <i>in Euro</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|--|----------------------------|----------------------------|---------------------|-----------------|
| Net revenues from sales and services | 25,514,642 | 28,145,780 | (2,631,138) | (9.3)% |
| Production costs | (9,983,269) | (13,948,486) | 3,965,217 | (28.4)% |
| Added value | 15,531,373 | 14,197,294 | 1,334,079 | 9.4% |
| Personnel costs | (14,890,326) | (16,936,301) | 2,045,974 | (12.1)% |
| EBITDA | 641,047 | (2,739,007) | 3,380,054 | (123.4)% |
| Amortization, depreciation, provisions and write-downs | (23,364,025) | (13,428,123) | (9,935,901) | 74.0% |
| EBIT | (22,722,978) | (16,167,131) | (6,555,848) | 40.6% |
| Financial income and charges | (5,421,099) | (5,305,281) | (115,818) | 2.2% |
| Portions of results attributable to the JV | | (103,098) | 103,098 | n.a. |
| EBT | (28,144,077) | (21,575,509) | (6,568,568) | n.a. |
| Income taxes | 7,768,533 | 11,425,884 | (3,657,351) | (32.0)% |
| Ongoing activities result | (20,375,544) | (10,149,625) | (10,225,919) | 100.8% |
| Asset for sales net result | (5,486,230) | (31,614,154) | 26,127,923 | (82.6)% |
| Net Result for the period | (25,861,774) | (41,763,779) | 15,902,004 | (38.1)% |

OUR INVESTMENTS



TERNIENERGIA

OVERVIEW

Italeaf has a 42.19% shareholding in TerniEnergia and 45.44% of the voting rights.

TerniEnergia established in September 2005, and part of Italeaf Group, is the first Italian smart energy company, committed to bring worldwide integrated and sustainable energy solutions. Organized into four business lines (Technical services, Energy management, Energy efficiency and Cleantech), with about 300 employees and a geographic presence in almost the continents, with operational and sales offices, TerniEnergia develops solutions, innovative products and services based on digital and industrial technologies for the energy sector.

TerniEnergia, also through its subsidiaries, shall pursue the objectives of increasing energy production from renewable sources, energy efficiency and emissions reduction, as laid down by European environmental policy, and participates actively in the distributed power generation revolution and energy smart grids.

TerniEnergia is the ideal partner for large utilities, distributors and grid operators, power producers, public authorities, industrial customers and investors who intends to carry out large projects for the production of renewable energy plants and modern systems with high energy efficiency, solutions for the management and maintenance of the infrastructure and the electrical systems. TerniEnergia, through a complete technological and commercial offer, develops and provides technologies, turn-key services and solutions for energy consumers in the public and private sectors. The company is listed on the STAR segment of the Italian Stock Exchange.

KEY FIGURES FOR THE TERNIENERGIA GROUP AS AT DECEMBER 31, 2018

| <i>(in Euro)</i> | As at December, 31 2018 | As at December, 31 2017 | Change | Change % |
|--|----------------------------|----------------------------|---------------------|----------------|
| Intangible assets | 25,684,937 | 27,561,721 | (1,876,784) | (6.8)% |
| Property, plant and equipment | 7,855,947 | 68,241,071 | (60,385,125) | (88.5)% |
| Financial fixed assets and other intangible assets | 25,343,986 | 30,840,061 | (5,496,075) | (17.8)% |
| Fixed Assets | 58,884,870 | 126,642,853 | (67,757,984) | (53.5)% |
| Inventories | 11,587,744 | 13,843,569 | (2,255,825) | (16.3)% |
| Trade receivables | 19,431,088 | 35,350,555 | (15,919,467) | (45.0)% |
| Other assets | 4,920,833 | 17,758,446 | (12,837,613) | (72.3)% |
| Trade payables | (27,243,743) | (54,257,183) | 27,013,440 | (49.8)% |
| Other liabilities | (20,072,849) | (19,714,936) | (357,913) | 1.8% |
| Net working capital | (11,376,928) | (7,019,549) | (4,357,378) | 62.1% |
| | | | | 0.0% |
| Provisions and other non-trade liabilities | (12,509,686) | (18,083,559) | 5,573,873 | (30.8)% |
| Net Invested Capital | 34,998,255 | 101,539,745 | (66,541,489) | (65.5)% |
| Shareholders' Equity | 11,428,344 | 21,337,714 | (9,909,370) | (46.4)% |
| Current net financial position | 64,282,133 | 72,688,897 | (8,406,764) | (11.6)% |
| Non-current net financial position | 933,185 | 31,656,027 | (30,722,842) | (97.1)% |
| Total net financial position | 65,215,318 | 104,344,924 | (39,129,606) | (37.5)% |
| (Assets) Net liabilities held for sale | (41,645,407) | (24,142,893) | (17,502,514) | 72.5% |
| Net Invested Capital | 34,998,255 | 101,539,745 | (66,541,489) | (65.5)% |

| <i>(in Euro)</i> | As at December, 31 2018 | As at December, 31 2017 | Change | Change % |
|--|----------------------------|----------------------------|-------------------|----------------|
| Net revenues from sales and services | 24,512,657 | 28,506,790 | (3,994,133) | (14.0)% |
| Production costs | (8,501,201) | (14,486,546) | 5,985,345 | (41.3)% |
| Added value | 16,011,457 | 14,020,244 | 1,991,213 | 14.2% |
| Personnel costs | (14,289,302) | (15,892,377) | 1,603,075 | (10.1)% |
| EBITDA | 1,722,154 | (1,872,133) | 3,594,288 | n.a. |
| Amortization, depreciation, provisions and write-downs | (5,754,758) | (12,109,194) | 6,354,436 | (52.5)% |
| EBIT | (4,032,603) | (13,981,327) | 9,948,724 | (71.2)% |
| Financial income and charges | (4,581,358) | (6,073,488) | 1,492,130 | (24.6)% |
| Portions of results attributable to the JV | | (103,098) | 103,098 | (100.0)% |
| Pre-tax result | (8,613,961) | (20,157,913) | 11,543,952 | (57.3)% |
| Income taxes | 3,882,576 | 11,252,328 | (7,369,752) | (65.5)% |
| Result of ongoing activities | (4,731,385) | (8,905,585) | 4,174,200 | (46.9)% |
| Net result from assets held for sale | (5,319,230) | (31,614,154) | 26,294,923 | (83.2)% |
| Net Result for the period | (10,050,615) | (40,519,739) | 30,469,124 | (75.2)% |

SKYROBOTIC



OVERVIEW

As at December 31 2018, Italeaf owns 68.61% of the share capital of Skyrobotic.

The company was established on 20 December 2013 as a limited liability company, between the shareholders of Siralab Robotics S.r.l. and Italeaf S.p.A. The company combines the know-how and decades of experience in the sector of Siralab Robotics S.r.l., an advanced technology company, and the track record, operating experience and financial capacity of Italeaf S.p.A., a leading group in the cleantech and innovative industrial sectors.

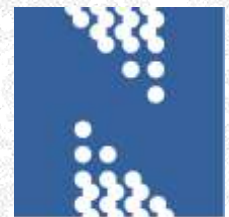
Skyrobotic is active in the planning, development and industrial production of systems for UAV and UAS remote piloting, becoming, in just more than one year from its creation, the reference Italian company for the remote piloting systems sector.

From an industrial perspective, the company has recognised turnover of Euro 535 thousand through the sale of 16 remote piloting systems to leading operators in the sector, continuing at the same time to develop and engineer the product. The company achieved EN9100:2009 certification (equivalent in technical terms to AS 9100C and JISQ 9100:2009) for the facility at Nera Montoro, Italy, in the field of “planning, production, and post-sales assistance of remote aircraft piloting systems”.

This is the result of a two-year investment in the processes of preparation and auditing performed by the business, which qualifies Skyrobotic as the first independent company to produce drones under 25 kg in Italy to be certified based on the strict criteria of European regulations that form a system for ensuring quality in the aeronautics sector. It is similar to AS 9100 in America and JISQ 9100 in Asia.

The EN ISO 9100 qualification is specific to the aeronautics and space industry and fully encapsulates ISO 9001:2008 (certification obtained by Skyrobotic at the same time), but includes 30% more requirements and measurements that include documented control systems for processes used in developing, manufacturing and selling the products, and is applicable to manufacturers of aircraft and, increasingly, to their suppliers.

NUMANOVA



NUMANOVA

OVERVIEW

As of the drafting date of this report, Italeaf had an equity investment of 75% in Numanova.

Numanova was established on 25 January 2016. The new start-up was created from the sharing of know-how and economic-financial resources between the co-founders of Italeaf S.p.A. and Paolo Folgarait, physicist and holder of various patents in the metallurgical sector, as well as a manager with many years of experience in Lucchini Group, Allied International Group, Franchini Acciai and in the Materials Development Centre. Numanova was set up as a limited liability company with a share capital of Euro 2.35 million. It will have a governance model with a Board of Directors composed of Stefano Neri, Chairman, Paolo Folgarait, Executive Director and General Manager, and Corrado Giancaspro, CEO.

BUSINESS SECTORS

Numanova will produce high quality metallic powders of iron and other metal alloys for additive manufacturing (3D printing), metal injection moulding (MIM), hot isostatic pressing (HIP), and other more advanced uses in sectors such as aerospace, energy, mechanical and biomedical. The company will have the most advanced production technologies for

metallic powders based in the principles of vacuum induction furnaces and ceramic-free inert gas atomisers. Plasma atomisation will also be introduced. The development phases for the company, whose production units will be located in the Italeaf industrial area of Nera Montoro (TR) are as follows: in the very short term, initiation of the authorisation process with the competent authorities; purchase of the production assets and systems; their enhancement and development of certification and quality activities; production go-live with the international marketing of products.

INVESTMENTS, PRODUCTION CAPACITY AND EMPLOYMENT IMPACTS

The Numanova investment plan envisages two-year commitments for a total of Euro 12 million, with full production employment (three shifts) for a total of 50 operations professionals, including human resources used for production, staff activities, commercial and marketing, testing, quality, logistics, purchasing, administration, HR and HSE. Production capacity is expected to be approximately 500 tonnes/year of metal powders for the additive manufacturing sector and for more advanced uses in sectors such as aerospace, energy, mechanics, and biomedical.

GLOBAL VISION

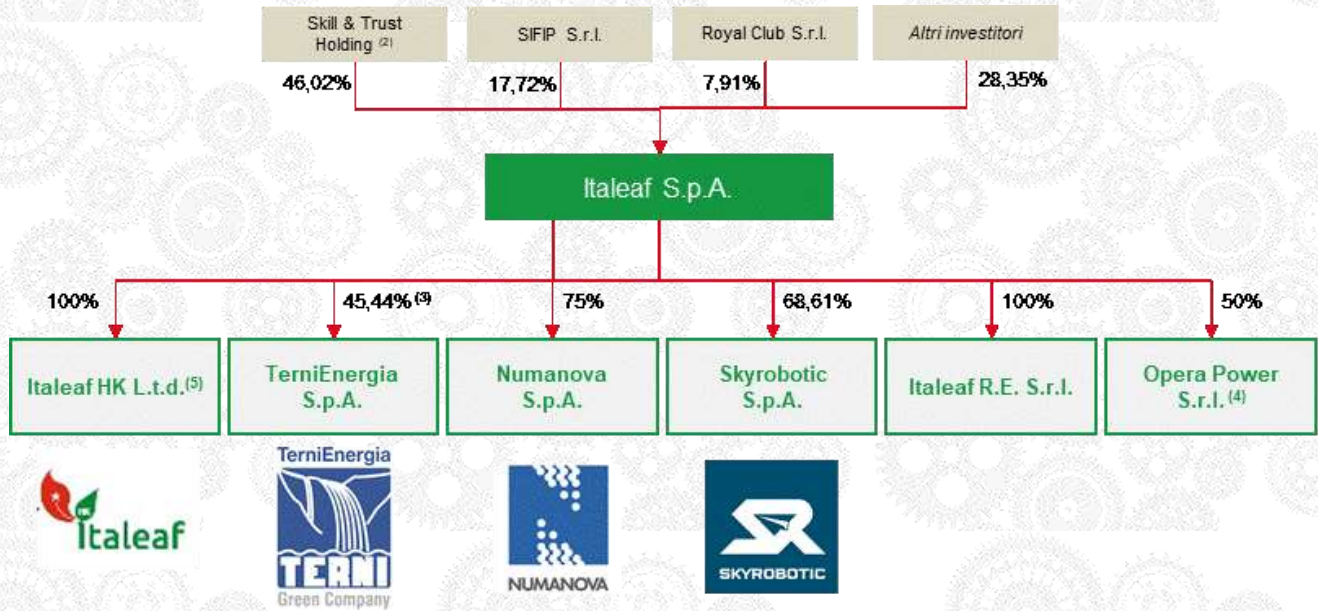
The new production initiative can use the opportunities offered by the corporate role of Italeaf, a company listed on the NASDAQ, the most technological international market, and by the Group's global presence, thereby allowing Numanova to have, from the very beginning, operations offices, branches and/or research centres in Milan, London, and Hong Kong, from the Italeaf Science and Technology Park. The mechanical engineering facilities of Italeaf are one of the strengths to be leveraged, through which the Group will bring to bear its decades of expertise, which can be re-positioned in an innovative environment with high growth prospects. Finally, Numanova has already signed framework agreements for commercial and technical-scientific collaboration with leading global companies in planning and producing systems for additive manufacturing of metallic powders and with businesses in the metallurgical sector, and has signed contracts with Italian and international universities and research centres.

INNOVATION AND SUSTAINABILITY

The agreement between Italeaf and Paolo Folgarait will lead to the opening in Nera Montoro of a research and development centre through the localisation of the innovative start-up Seamthesis. The operating unit in Nera Montoro will be specifically focused on R&D activities in the areas of alloy design, metallurgy product and process, modelling of processes and products, development and implementation of innovative production technologies for metallic powders for advanced manufacturing environments (e.g., additive manufacturing, MIM, HIP, laser cladding) and surface engineering (e.g., PTA).

From the perspective of sustainability and environmental contribution, Numanova will assist in confirming a highly improved industrial model. In particular, with respect to traditional metallurgy activities, Numanova products will allow for a reduction in internal processing times for prototyping of up to 70%, a drastic reduction in waste (metal powder not used for printing can be re-used after the powders have been re-conditioned) and, most importantly, the development of metal parts that were not possible under traditional methods. Furthermore, Numanova products will have a marked contribution in reducing energy consumption.

GROUP'S ORGANIZATION



KEY EVENTS FOR 2018

SOLD BY TERNIENERGIA TWO ENERGY EFFICIENCY INTERVENTIONS TO FOSTER THE STRATEGIC REPOSITIONING

On 8 January 2018, TerniEnergia, a company listed on the Star segment of the Italian Stock Exchange and part of the Italeaf Group, has finalised and signed all the deeds relating to the sale of two energy efficiency interventions to Genera SpA, a 51% subsidiary of Genera Group Holdings B. V. and 49% owned by the IKAV Investments fund) active in investments in the energy efficiency sector. The disposals provide for a consideration of Euro 480 thousand (Sicily) and Euro 1.7 million (Turin), including Euro 1 million in trade payables and Euro 170 thousand for work still to be carried out

RESIGNATION OF THE GROUP CFO, MR CLAUDIO BORGNA APPOINTED AS NEW CFO

On 12 January 2018, Filippo Calisti, the Group CFO, has decided to leave Italeaf to join TerniEnergia, listed on STAR segment of Borsa Italiana, as new CFO and manager responsible for preparing the company's financial reports. The board of directors of Italeaf has appointed today Mr. Claudio Borgna as new CFO.

SOFTECO SISMAT (TERNIENERGIA GROUP) UNDERWRITES CONTRACT FOR TICKETING AND SMART PAYMENT SOLUTIONS FOR CARONTE & TOURIST

On 30 January 2018, Softeco Sismat (a subsidiary of TerniEnergia) has signed a contract with Caronte & Tourist, leader in maritime connections to and from Sicily to Central Italy, for the development of a project to reorganise the Villa San Giovanni port terminal and the construction of a ticketing system at Villa Agip and connected automation. The contract provides solutions for ticketing, payment of tolls (smart payment) and access control for vehicle routing for a total amount of approximately Euro 2 million.

SKYROBOTIC DRONES GET ENAC CERTIFICATION FOR OVERFLYING CITIES AND CONGESTED AREAS AND GIANCARLO GRASSO APPOINTED AS CHAIRMAN

On 20 February 2018, Skyrobotic, a company leader in the production of drones under 25 kilograms entirely Made in Italy, part of the Italeaf Group, announced that the company has obtained "project certification pursuant to art. 10.6 of the SAPR regulation" from the Italian National Civil Aviation Authority (ENAC) for the SR-SF6c system. The certification requires a primary control and control system whose software complies with the aeronautical standards specified in the EUROCAE ED-12 specification at least at design reliability level D.

The Board of Directors of Skyrobotic appointed Giancarlo Grasso as the new Chairman of the Company. Mr. Grasso took the place of Stefano Neri, Chairman of the Italeaf Group and reference shareholder of the company, who has taken on the office of Vice Chairman.

TERNIENERGIA RE-ENTERED INTO POSSESSION OF ALL THE SHARES OF THE JVS ENERGIA ALTERNATIVA AND SOLTER AND OF THE 50% OF THE JV SOL TARENTI

On 12 March 2018, TerniEnergia, part of the Italeaf Group, announced that it has returned into its possession of 100% of the share capital of the Joint Ventures Energia Alternativa and Solter and of the 50% of the JV Sol Tarenti, owners of photovoltaic plants in Italy for a total of approximately 21 MW. It should be noted that the return of the above shares in the Group's full availability represented a favourable condition for the sale of the assets owned by the above mentioned companies.

TERNIENERGIA SIGNED AN AGREEMENT FOR THE SALE OF 10 PHOTOVOLTAIC PLANTS FOR A TOTAL OF 11 MW

On 17 March 2018, TerniEnergia, a company part of the Italeaf Group, and a leading international investment operator (the "Purchasers"), have signed an agreement for the sale by TerniEnergia, through its subsidiaries Energia Alternativa S.r.l. and Solter S.r.l., of n. 10 photovoltaic plants in Italy with a total installed capacity of around 11 MW. Transaction price of approximately Euro 6.2 million, Enterprise Value of the assets of approximately Euro 35 million. The tax credits relating to the plants involved in the transaction will remain within the TerniEnergia Group for an amount of approximately Euro 3.7 million. The transaction envisages the acquisition by the buyer of financial debts related to the plants for approximately Euro 27.8 million. The closing date is expected to be no later than 31 October 2018.

POSTPONED TO APRIL 27TH 2018 THE RELEASE OF FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2017

On 30 March 2018, Italeaf announced that the Company has obtained authorisation from Nasdaq to approve the 2017 consolidated financial statements and the separate financial statements of the Parent Company beyond the three months from the end of the year as required by market regulations. As a result of this exemption, the Board of Directors for the approval of the yearly financial statements, previously scheduled for today's date, was held on 27 April 2018. The Company underlined that the postponement was determined by the decision taken by TerniEnergia, the main

company of the Italeaf Group, to use the faculty, provided for by Italian regulations, to approve the draft of the separate financial statements as at 31 December 2017 and the consolidated financial statements on 27 April 2018, within four months of the end of the period.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE RESULTS AS AT 31 DECEMBER 2017

On 27 April 2018, the Board of Directors of TerniEnergia S.p.A., smart company part of the Italeaf Group, approved the draft financial statements for the year ended as at December 31, 2017 and the consolidated financial statements of the Group. Revenues of Euro 64 million, -24 % (Euro 84.1 million as at 31/12/2016)

EBITDA amounted to Euro 2.2 million, -87.1% (Euro 17.3 million as at 31/12/2016) with EBITDA margin of 3.5% (20.6% as at 31/12/2016). EBIT of Euro -33.5 million, (Euro 8.1 million as at 31/12/2016), EBT of Euro -42.3 million (Euro 2.4 million as at 31/12/2016). Net result amounted to -39.6 million, (Euro 1.15 million as at 31/12/2016). Net Financial Position of Euro 89.8 million (Euro 93.9 million as at 31/12/2016). Net equity amounted to Euro 21 million (Euro 57.5 million as at 31/12/2016).

The Board of Directors resolves to request the exit from the Star segment and the transition to the MTA in order to concentrate the management's efforts on the Recovery and relaunch plan.

THE BOARD OF DIRECTORS APPROVED THE YEAR END REPORT FOR 2017

On 27 April 2018, The Board of Directors of Italeaf has approved its financial report for 2017. Following significant events has occurred during the year, and in particular in the second half:

Net asset value (NAV) of Euro 24.1 million (Euro 1.41 per share) as at 31 December 2017; Core shareholdings contributed to the Gross Asset Value during 2017 for Euro 21 million, of which Euro 12 million related to TerniEnergia (listed on the STAR segment of the Italian Stock Exchange).

Financial information: Consolidated net loss of Euro 40.8 million (a loss of Euro 0.9 million for Italeaf, the Group's Parent Company); Consolidated revenues of Euro 64.3 million (Euro 3.7 million for Italeaf, the Group's Parent Company); Consolidated NFP of Euro 107.2 million (Euro 16.9 million for the Parent Company Italeaf); Consolidated shareholders' equity of Euro 25.9 million (Euro 27.9 million for the Parent Company Italeaf).

Chairman of the Board of Statutory Auditors Paolo Sebastiani resigned from his office. Caterina Brescia appointed new auditor. Andrea Bellucci appointed Chairman of the Board of Statutory Auditors.

Examined the strategic guidelines of the Group's business and recovery plan. Extraordinary transactions are planned to reduce and accelerate the repayment of the current bank exposure, business continuity and optimisation and rationalisation of Italeaf's operating and structural costs.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE INTERIM FINANCIAL REPORT AS AT 31 MARCH 2018

On 14 May 2018, the Board of Directors of TerniEnergia S.p.A., smart company part of the Italeaf Group, approved the interim financial report as at 31 March 2018. The principal results are as follows:

Revenues equal to Euro 8.5 million, -71.7% (Euro 29.9 million as at 31/3/2017); EBITDA of Euro 1.5 million, -55.3% (Euro 3.4 million as at 31/3/2017) with Ebitda Margin at 18% (11.4% as at 31/3/2017); EBIT of Euro -0.9 million (Euro 1.4 million as at 31 March 2017), Result before taxes (EBT) of Euro -3.1 million (Euro 0.1 million as at 31 March 2017); Net result equal to Euro -2.4 million (Euro 0.2 million as at 31 March 2017).

Net Financial Position equal to Euro 97 million (Euro 89.8 million as at 31/12/2017); Net equity equal to Euro 19.7 million (Euro 21 million as at 31/12/2017).

The Board of Directors resolved to propose to the Shareholders' Meeting the reduction of the share capital to cover losses, the revocation of the "2017-2019 Stock Grant Plan", the reduction of the maximum compensation for the Board of Directors and the appointment of a new independent director.

SOFTECO SISMAT (TERNIENERGIA GROUP) WON CONTRACT FOR INNOVATIVE SMART MOBILITY SYSTEM AT VICENZA

On 15 May 2018, Softeco Sismat, the digital company of the TerniEnergia Group, has signed a contract for the supply of the flexible transport management and control system to SVT Società Vicentina Trasporti. The agreement for a total value of approximately Euro 280 thousand provides for the implementation of an innovative integrated platform for planning rides at the request of users.

INTERIM REPORT JANUARY-MARCH 2018

On 31 May 2018, The Board of Directors approved the results as at 31 March 2018. The principal results are as follows: Revenues amounted to € 763 thousand (€ 8.6 million for the Italeaf Group consolidated); EBITDA equal € 361 thousand (€ 1.35 million for the Italeaf Group consolidated); EBIT amounted to € 219 thousand (€ -1.35 million for the Italeaf Group consolidated); EBT equal to € 6 thousand (€ -3.3 million for the Italeaf Group consolidated); Net result amounted to € 41 thousand (€ -2.68 million for the Italeaf Group consolidated). Shareholders' Equity amounted to € 27.7 million (€ 24.8 million for the Italeaf Group consolidated), NFP of € 5 million (€ 114.5 million for the Italeaf Group consolidated). NAV equal to € 22.7 million; NAV per share equal to € 1.32.

RESIGNATION OF THE VICE-PRESIDENT OF TERNIENERGIA MR GIULIO GALLAZZI

On 11 June 2018, The Board of Directors of TerniEnergia, smart company part of the Italeaf Group, took note of the resignation with immediate effect of the board member and vice-president of the Company, Mr. Giulio Gallazzi.

TERNIENERGIA SHAREHOLDERS' MEETING APPROVED 2017 FINANCIAL STATEMENTS; APPOINTMENT OF PAOLO PICCINI AS INDEPENDENT DIRECTOR

On 14 June 2018, The ordinary and extraordinary Shareholders' Meeting of TerniEnergia S.p.A., smart company part of the Italeaf Group, reviewed and approved the draft financial statements and took note of the presentation of the consolidated financial statements as at December 31, 2017. The Shareholders' Meeting also ratified the co-opting of Paolo Allegretti (executive director) and Stefania Bertolini (independent director) as Directors, who will remain in office until the expiry of the current Board of Directors and therefore until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2018. The Company's Ordinary Shareholders' Meeting appointed eng. Paolo Piccini as a new independent director. Finally, the Ordinary Shareholders' Meeting approved a reduction in the maximum total compensation payable to the Board of Directors from 720,000 euros to 330,000 euros, and the elimination of the provision for variable compensation for executive Directors and Executives with Strategic Responsibilities. The Extraordinary Shareholders' Meeting, considering the Company's assets, liabilities, financial position and profit or loss of current financial position and the provisions of art. 2446 of the Italian Civil Code, resolved to revoke the 2017-2019 Stock Grant Plan, approved on 2 May 2017 by the same Shareholders' Meeting, and to release the profit reserve serving the said Plan and called "restricted capital increase reserve serving the 2017-2019 Stock Grant Plan" for the corresponding amount to be allocated to the available equity reserve. Finally, the Extraordinary Shareholders' Meeting of TerniEnergia S.p.A., in light of the relevant situation pursuant to art. 2446 of the Italian Civil Code resolved:

(a) to approve the financial statements of the Company as at 31 March 2018, which show a loss of €913,274 for the first quarter of 2018;

(b) to cover the total losses and negative reserves resulting from the balance sheet as at 31 March 2018 of Euro 49,828,229 (including the losses as at 31 December 2017 of Euro 42,189,512) and Euro 22,801,198, respectively, as follows:

- Euro 25,713,516 by the full utilization of all available reserves resulting from the same balance sheet;
- and the remaining amount of Euro 46,915,910 by reducing the Company's share capital by a corresponding amount and, therefore, from Euro 59,197,230 to Euro 12,281,320.

REPORTS OF THE INDEPENDENT AUDITORS

On 15 June 2018, the reports of the Independent Auditors EY SpA have been issued to accompany the Consolidated Annual Financial Report as at 31 December 2017 and the Separate Financial Statements as at 31 December 2017 of Italeaf SpA.

The reports of the independent auditors EY concluded that it was impossible to express an opinion on the financial statements as at 31 December 2017.

2018 ANNUAL ORDINARY SHAREHOLDERS' MEETING

On 29 June 2018, The Annual Ordinary Shareholders' Meeting of Italeaf SpA resolved in favour of all the items on the agenda, in compliance with the proposals described in the notice of call. The most significant resolutions are described below:

The financial statements for the year ended as at 31 December 2017 have been approved, as the Shareholders' Meeting took note of the consolidated financial statements for the year ended as at 31 December 2017; The Shareholders' Meeting resolved to carry forward the 2017 loss of Euro 0.9 million.

The Shareholders' Meeting resolved that the Board of Directors should be composed of three members. Stefano Neri, Monica Federici and Domenico De Marinis (independent director) were re-elected as members of the Board of Directors for the three-year period 2018-2020; The Shareholders' Meeting resolved that the members of the Board of Directors receive a total annual gross emolument of Euro 12,000.

The Shareholders' Meeting resolved to appoint the members of the Board of Statutory Auditors. Andrea Bellucci, as Chairman; Fausto Sciamanna, as Statutory Auditor; Caterina Brescia, as Statutory Auditor; Marco Chieruzzi, as Alternate Auditor; Andrea Sattin, as Alternate Auditor, for the three-year period 2018-2020.

The Shareholders' Meeting resolved as the gross annual emolument due to the Board of Statutory Auditors the amount of Euro 10,500.00, of which Euro 4,500 to the Chairman and Euro 3,000 to each standing auditor.

TERNIENERGIA SOLD TWO ENERGY EFFICIENCY PROJECTS TO ESTRA CLIMA SRL

On 23 July 2018, TerniEnergia, a smart company part of the Italeaf Group, has finalized and signed all the deeds relating to the sale of two business units relating to energy efficiency interventions to Estra Clima Srl, a company of Estra Group, one of the leading player in the distribution and sale of natural gas in Central Italy, active in the sale and procurement of electricity, as well as in telecommunications, in the design and management of energy services and in the power generation from renewable sources. The value of the two branches sold is equal to Euro 1.4 million gross of the debt relating to the financial lease on the plant of one of the two municipalities for Euro 0.45 million (inclusive of VAT) and

trade debts for approximately Euro 0.25 million, as well as the value of some works to be carried out at charge of Estra Clima for approximately Euro 0.17 million

THE BOARD OF DIRECTORS ASSIGNED OPERATIONAL POWERS TO THE CEO

On 31 July 2018, Italeaf's Board of Directors appointed Stefano Neri as Chairman and Monica Federici as CEO. The structure of proxies was also confirmed:

to the Chairman the powers granted by law and the bylaws, the coordination of the Board of Directors and that of the Group's strategic activities;

to the Chief Executive Officer, in brief, all the powers necessary to carry out acts pertaining to ordinary company business, with the exception of the powers reserved by law, and the bylaws to the Board of Directors, with a limit of Euro 500 thousand per individual transaction.

The composition of the Board of Directors is completed by Domenico De Marinis, an independent director.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED HALF YEAR FINANCIAL REPORT AS AT JUNE 30, 2018

On 3 August 2018, The Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the half-year financial report as at June 30, 2018. The principal results are as follows: EPC and O&M business units, photovoltaic and Cleantech plants and energy efficiency financial assets were classified as "Assets held for sale" and sold for the purpose of supporting the industrial turnaround project.

Revenues equal to Euro 10.5 million, -26.1% (Euro 14.2 million as at 30 June 2017); EBITDA equal to Euro 0.7 million (Euro -0.3 million as at 30 June 2017) with Ebitda Margin at 6.65%; EBIT equal to Euro -1.5 million, +56.1% (Euro -3.4 million as at 30 June 2017), Result before taxes (EBT) equal to Euro -3.8 million, +32.8% (Euro -5.6 million as at 30 June 2017); Net result equal to Euro -3.5 million, +47% (Euro -6.5 million as at 30/6/2017).

Net Financial Position of Euro 60 million, -33.15% (Euro 89.8 million at 31/12/2017); Net equity equal to Euro 17.4 million (Euro 21 million as at 31/12/2017).

The board member Mr. Mario Marco Molteni was appointed Lead Independent Director and it was defined the compensation for the directors.

TERNIENERGIA SIGNED AN AGREEMENT WITH REI III FOR THE ENHANCEMENT OF PV ASSETS

On 19 September 2018, TerniEnergia, smart company part of the Italeaf Group, and Renewable European Investment Italy 3 - REI III Srl, a company belonging to the Radiant Clean Energy Fund, signed a deed of sale for the purchase and sale of companies owning photovoltaic plants in operation, held as joint ventures by the two companies. The agreement, in the form of an exchange of shares, provided for the following: Acquisition of 50% of the JV Società Agricola Fotosolara Oristano Srl and Società Agricola Fotosolara Bonnanaro Srl, owners of photovoltaic plants for a total of approximately 1.7 MW; sale of 50% of the JV Investimenti e Infrastrutture Srl and Infocaciucci Srl, owners of photovoltaic plants for a total of approximately 1.6 MW. Price of the acquisition transaction of approximately Euro 0.9 million. Consideration for the sale of approximately Euro 1.2 million. A balance in favour of TerniEnergia of about Euro 0.3 million is expected.

GREEN LIGHT FROM THE BOARD OF DIRECTORS OF TERNIENERGIA TO THE 2018-2022 RELAUNCH AND RECOVERY PLAN AND THE RELATED FINANCIAL PACKAGE

On 25 October 2018, the Board of Directors of TerniEnergia, smart company part of the Italeaf Group, approved the main contents of a recovery and relaunch plan, aimed at restoring the financial and equity balance of the Company in the long term, the reasonableness of which must be certified by a professional advisor pursuant to art. 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022 (the "Plan"). Planned measures to dispose of assets, the merger by incorporation of Softeco into TerniEnergia to complete the industrial turnaround process, a financial package for debt rescheduling, continuation of negotiations with the main creditors.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE RESULTS AS AT SEPTEMBER 30, 2018

On 5 November 2018, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the Interim Financial Report as at September 30, 2018. The principal results are as follows: Revenues equal to Euro 15.7 million, -20.1% (Euro 19.6 million as at 30/09/2017); EBITDA equal to Euro 1.4 million (Euro 0.04 million as at 30/09/2017) with Ebitda Margin at 8.72%. EBIT equal to Euro -1.75 million, +54.7% (Euro -3.9 million as at 30/09/2017), Result before taxes (EBT) equal to Euro -4.9 million, +31.5% (Euro -7.2 million as at 30/09/2017); Net result equal to Euro -4 million, +50.4% (Euro -8.1 million as at 30/9/2017).

Net Financial Position of Euro 59.85 million (Euro 89.8 million as at 31/12/2017); Net equity equal to Euro 18.7 million (Euro 21 million as at 31/12/2017).

The BoD took note of the appointment of Massimo Mannori as general manager of Softeco.

TERNIENERGIA SOLD AN ENERGY EFFICIENCY PLANT TO ESTRA CLIMA SRL AS PART OF THE GROUP'S RECOVERY AND RELAUNCH PLAN

On 23 November 2018, has been signed, following the fulfilment of the conditions precedent provided for in the agreement signed with Estra Clima Srl, a company of the Estra Group. The final consideration for the transaction is

therefore approximately €0.7 million, gross of trade payables of approximately Euro 0.27 million and the value of some works to be carried out by Estra Clima for approximately Euro 0.17 million.

THE BOARD OF DIRECTORS APPROVED THE RESULTS AS AT 30 SEPTEMBER 2018

On 30 November 2018, The Board of Directors of Italeaf approved the Interim report as at 30 September 2018. The principal results are as follows: Revenues amounted to Euro 2.1 million (Euro 16.4 million in the consolidated financial statements); EBITDA amounted to Euro 83 million (Euro 1.2 million in the consolidated financial statements). EBIT amounted to Euro 0.5 million (Euro 2.5 million in the consolidated financial statements); EBT amounted to Euro 0.5 million (Euro 2.5 million in the consolidated financial statements); Net result of Euro 0.1 million (Euro 4.5 million in the consolidated financial statements). Shareholders' equity of Euro 27.7 million (Euro 24 million in the consolidated financial statements); NFP of Euro 17.6 million (Euro 77.5 million in the consolidated financial statements). NAV equal to approximately Euro 17.4 million; NAV per share Euro 1.01.

BONDHOLDERS' MEETING OF THE LOAN "TERNIENERGIA EURO 25,000,000.00 NOTES DUE 2019 - ISIN CODE: IT0004991573" APPROVED POSITIVELY ALL ITEMS ON THE AGENDA

On 14 December 2018, the Bondholders' Meeting of the bond "TerniEnergia Euro 25,000,000,00 notes due 2019 - ISIN Code: IT0004991573", met in second call, under the chairmanship of Stefano Neri and in the deeds of the Notary Adele Cesàro of Milan, was attended by 133 bondholders representing 53,2% of the bond issue. The Meeting voted in favour of all the items on the agenda.

FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

| <i>in Euro</i> | Notes | As at December 31, 2018 | As at December 31, 2017 (Restated) | As at January 1, 2017 (Restated) |
|---|-----------|----------------------------|---------------------------------------|-------------------------------------|
| Intangible assets | 1 | 27,556,207 | 30,957,885 | 35,996,040 |
| Tangible assets | 2 | 18,133,886 | 91,525,482 | 162,077,809 |
| Equity Investments | 3 | 778,906 | 5,657,312 | 3,402,413 |
| Deferred tax assets | 4 | 27,036,862 | 21,974,008 | 20,723,239 |
| Non-current financial receivables | 5 | 232,175 | 5,441,714 | 10,053,914 |
| Total non-current assets | | 73,738,037 | 155,556,402 | 232,253,415 |
| Inventories | 6 | 11,701,656 | 13,941,717 | 20,640,130 |
| Trade receivables | 7 | 17,648,808 | 36,026,900 | 32,918,528 |
| Other current assets | 8 | 5,708,267 | 18,191,302 | 36,199,286 |
| Derivatives | | | 13,717 | |
| Financial receivables | 9 | 187,312 | 636,074 | 4,519,705 |
| Cash and cash equivalents | 10 | 2,699,013 | 5,911,693 | 12,269,547 |
| Total current assets | | 37,945,056 | 74,721,402 | 106,547,199 |
| Asset held for sale | 11 | 118,300,120 | 71,243,251 | |
| TOTAL ASSETS | | 229,983,212 | 301,521,055 | 338,800,611 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Share capital | | 17,144,000 | 17,144,000 | 15,444,000 |
| Stocks | | 2,218,242 | 11,668,853 | 19,169,718 |
| Profit for the period | | (19,044,990) | (18,783,453) | (4,279,646) |
| Total Group equity | 12 | 317,252 | 10,029,400 | 30,334,072 |
| Minority interests | | 8,123,573 | 39,197,300 | 32,753,388 |
| Profit for the minority interest | | (6,816,784) | (22,980,318) | 884,424 |
| Total equity | 12 | 1,624,041 | 26,246,382 | 63,971,884 |
| Provision for employee benefits | 13 | 5,974,778 | 6,311,594 | 6,649,733 |
| Deferred tax liabilities | 14 | 7,847,732 | 12,466,986 | 16,044,987 |
| Non-current financial payables | 15 | 933,185 | 31,752,049 | 132,767,393 |
| Provision for risk and charges | 16 | 1,840,396 | 2,949,730 | 193,086 |
| Other non-current liabilities | 17 | 23,698 | 46,741 | 108,616 |
| Derivatives | 18 | 11,651 | 2,349,693 | 7,862,159 |
| Total non-current liabilities | | 16,631,440 | 55,876,794 | 163,625,974 |
| Trade payables | 19 | 28,031,785 | 54,406,392 | 48,271,592 |
| Payables and other financial liabilities | 20 | 85,115,904 | 96,757,894 | 47,076,312 |
| Taxes payable | 21 | 574,381 | 538,684 | 899,253 |
| Other current liabilities | 22 | 21,236,875 | 20,822,552 | 14,955,596 |
| Total current liabilities | | 134,958,946 | 172,525,522 | 111,202,753 |
| Liabilities associated with assets held for sale | 23 | 76,768,785 | 46,872,357 | |
| TOTAL LIABILITIES | | 228,359,171 | 275,274,673 | 274,828,727 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 229,983,212 | 301,521,054 | 338,800,611 |

CONSOLIDATED INCOME STATEMENT

| <i>in Euro</i> | Notes | As at December 31, 2018 | As at December 31, 2017 |
|---|-------|----------------------------|----------------------------|
| Revenues | 24 | 20,874,171 | 24,461,580 |
| Other operating income | 24 | 4,700,642 | 4,311,627 |
| Costs for raw materials, consumables and goods for resale | 25 | (1,362,988) | (1,438,659) |
| Costs for services | 26 | (7,186,867) | (10,469,939) |
| Personnel costs | 27 | (14,890,326) | (16,936,301) |
| Other operating costs | 28 | (1,493,585) | (2,667,314) |
| Amortisation, depreciation, provisions and writedowns | 29 | (23,364,025) | (13,428,123) |
| Operating result | | (22,722,978) | (16,167,131) |
| Financial income | 30 | 209,571 | 1,088,510 |
| Financial charges | 30 | (5,630,670) | (6,393,791) |
| Portion of result attributable to the joint venture | | | (103,098) |
| Net Result before taxes | | (28,144,077) | (21,575,509) |
| Taxes | 31 | 7,768,533 | 11,425,884 |
| Ongoing activities result | | (20,375,544) | (10,149,625) |
| Asset for sales net result | | (5,486,230) | (31,614,154) |
| Net Result for the period | | (25,861,774) | (41,763,779) |
| - of which: attributable to the Group | | (19,044,990) | (18,783,453) |
| - of which: attributable to non-controlling interests | | (6,816,784) | (22,980,318) |
| Earnings per share - Basic and diluted | | (1,233) | (1,147) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>(in Euro)</i> | Notes | As at December 31, | |
|---|-------|---------------------|---------------------|
| | | 2018 | 2017 (Restated) |
| Net Profit for the Period | | (25,861,774) | (41,763,771) |
| Change in cash flow hedge reserve | | 1,352,273 | 1,080,212 |
| Difference of Translation | | 536,793 | 169,549 |
| Tax effect of expenses / (income) recognized in equity | | (324,545) | (259,251) |
| Total other comprehensive income for the period to be subsequently released to the Income Statement | | 1,564,520 | 990,510 |
| Actuarial Income / (loss) | | | (264,932) |
| Tax effect of expenses / (income) recognized in equity | | | 63,584 |
| Total other comprehensive income for the period not to be subsequently transferred to the Income Statement | | 0 | (201,348) |
| Total comprehensive income / (loss) for the period | | (24,297,254) | (40,974,609) |
| • of which: attributable to the Group | | (18,340,017) | (18,427,857) |
| • of which: attributable to non-controlling interests | | (5,957,237) | (22,546,752) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Description (in Euro) | Corporation Stock | Reserves | | | | Total reserves | Profit of the period | Total shareholders' equity Group | Equity | |
|--|----------------------|------------------------------|----------------|---------------|--------------------|--------------------|-------------------------|--|---|---------------------|
| | | Extra- Charge Reserves | Legal reserves | Extraordinary | Other Reserves | | | | attributable to non-controlling interests | Total equity |
| As at January 1, 2017 (Reported) | 15,444,000 | 666,000 | 258,969 | | 17,199,553 | 18,124,521 | (4,851,015) | 28,717,506 | 32,830,058 | 61,547,563 |
| IAS 8 effects | | | | | 1,616,567 | 1,616,567 | | 1,616,567 | 807,754 | 2,424,321 |
| As at January 1, 2017 (Restated) | 15,444,000 | 666,000 | 258,969 | | 18,816,119 | 19,741,088 | 4,851,015 | 30,334,072 | 33,637,812 | 63,971,884 |
| Appropriation of the previous year's profit (loss) | | | | | (4,851,015) | (4,851,015) | 4,851,015 | - | | - |
| Capital Increase | 1,700,000 | | | | (57,500) | (57,500) | | 1,642,500 | | 1,642,500 |
| Other entries | | | | | (3,519,316) | (3,519,316) | | (3,519,316) | 5,125,922 | 1,606,606 |
| Other movements | 1,700,000 | | 0 | 0 | (8,427,831) | (8,427,831) | 4,851,015 | (1,876,816) | 5,125,922 | 3,249,106 |
| Result of the period | | | | | | | (17,713,457) | (17,713,457) | (23,087,138) | (40,800,594) |
| IAS 8 effects "Impairment" | | | | | | | (3,256,951) | (3,256,951) | | (3,256,951) |
| IAS 8 effects "JV" | | | | | | | 2,186,955 | 2,186,955 | 106,820 | 2,293,775 |
| Other comprehensive | | | | | 355,596 | 355,596 | 0 | 355,596 | 433,565 | 789,161 |
| Total profit for the period | | | | | 355,596 | 355,596 | (18,783,453) | (18,427,857) | (22,546,752) | (40,974,609) |
| Value as at December 31, 2017 | 17,144,000 | 666,000 | 258,969 | 0 | 10,743,884 | 11,668,853 | (18,783,453) | 10,029,400 | 16,216,981 | 26,246,381 |

| Description (in Euro) | Corporation Stock | Reserves | | | | Total reserves | Profit of the period | Total shareholders' equity Group | Equity | |
|---|----------------------|--------------------------|-------------------|-------------------|---------------------|---------------------|-------------------------|--|---|---------------------|
| | | Extra Charge Reserves | Legal reserves | Extraor dinary | Other Reserves | | | | attributable to non- controlling interests | Total equity |
| As at December 31, 2017 (Reported) | 17,144,000 | 666,000 | 258,969 | | 12,288,135 | 13,213,103 | (17,713,450) | 12,643,654 | 13,299,144 | 25,942,798 |
| IAS 8 Effects | | | | | (1,544,251) | (1,544,251) | (1,070,003) | (2,614,254) | 2,917,838 | 303,584 |
| As at December 31, 2017 (Restated) | 17,144,000 | 666,000 | 258,969 | | 10,743,884 | 11,668,853 | (18,783,453) | 10,029,400 | 16,216,981 | 26,246,381 |
| Appropriation of the previous year's profit (loss) | | | | | (18,783,453) | (18,783,453) | 18,783,453 | - | | - |
| Other entries | | | | | 8,627,870 | 8,627,870 | | 8,627,870 | (8,952,956) | (325,086) |
| Other movements | | | | | (10,155,583) | (10,155,583) | 18,783,453 | 8,627,870 | (8,952,956) | (325,086) |
| Result of the period | | | | | | | (19,044,990) | (19,044,990) | (6,816,784) | (25,861,774) |
| Other comprehensive | | | | | 704,973 | 704,973 | 0 | 704,973 | 859,547 | 1,564,520 |
| Total profit for the period | | | | | 704,973 | 704,973 | (19,044,990) | (18,340,017) | (5,957,237) | (24,297,254) |
| Value as at December 31, 2018 | 17,144,000 | 666,000 | 258,969 | | 1,293,274 | 2,218,243 | (19,044,990) | 317,253 | 1,306,788 | 1,624,041 |

*

CONSOLIDATED STATEMENT OF CASH FLOWS

| <i>(in Euro)</i> | As at 31 December, | |
|---|---------------------|---------------------|
| | 2018 | 2017 (Restated) |
| Pre-tax profit Ongoing Activities Result | (28,144,077) | (21,575,509) |
| Pre-tax profit Asset for Sale Result | (5,486,230) | (31,614,154) |
| Amortisation/depreciation | 7,202,645 | 8,474,154 |
| Write-downs of fixed assets and receivables | 21,676,549 | 35,326,014 |
| Allocations to the employee benefits fund | - | (2,701,576) |
| Result of joint ventures accounted for at equity and reversal of margin | 416,838 | - |
| Gains/Revaluations | - | 103,098 |
| Change in inventories | 2,295,061 | (1,315,641) |
| Change in trade receivables | 5,389,767 | 996,919 |
| Change in other assets | 9,573,430 | 5,131,886 |
| Change in trade payables | (10,046,935) | 208,573 |
| Change in other liabilities | 125,320 | 7,439,993 |
| Payment of employee benefits | (298,512) | (280,892) |
| Net cash flow (used in)/generated by operating activities | 2,703,855 | 192,866 |
| Investments in tangible fixed assets | 1,022,351 | 4,076,172 |
| Disposals of tangible fixed assets | - | - |
| Investments in intangible fixed assets | (989,730) | (3,001,239) |
| Disposals of intangible fixed assets | - | - |
| Disposals of AFS | 409,880 | - |
| Income from equity investments/(Equity investments) | (0) | 403,525 |
| Change in receivables and other financial assets | (808,925) | (6,664) |
| Net cash flow (used in)/generated by investing activities | (366,425) | 1,471,794 |
| Change in payables and other financial assets | 1,266,043 | (919,077) |
| Change in non-current financial payables | (6,816,152) | (11,256,266) |
| Other changes in shareholders' equity | 0 | 2,094,308 |
| Share capital increase | - | 2,058,520 |
| Dividends paid | - | (926,640) |
| Net cash flow (used in)/generated by financing activities | (5,550,109) | (8,022,515) |
| Comprehensive cash flow for the period | (3,212,679) | (6,357,855) |
| Cash and cash equivalents at the beginning of the period | 5,911,693 | 12,269,547 |
| Cash and cash equivalents at the end of the period | 2,699,013 | 5,911,693 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

GENERAL INFORMATION

Italeaf S.p.A (“Italeaf”, “Company” o “Group Leader”) is a limited company domiciliated in Narni (Italia), Strada dello Stabilimento, 1.

Italeaf SpA, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong and a research and development centre in the Hong Kong Science and Technology Park. The company controls TerniEnergia, listed on the STAR segment of the Italian Stock Exchange and active in the fields of renewable energy, energy efficiency and waste management, WiSave in the “internet of things” field, for the development and production of thermostats and smart technologies for the remote control of electrical and heating items of buildings managed through a cloud infrastructure, and Skyrobotic, in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market, Numanova, operating in the field of innovative metallurgy and additive manufacturing and Italeaf RE, a real estate company.

From September 4 2014, Italeaf is listed on NASDAQ OMX First North in Stockholm.

FORM, CONTENT AND ACCOUNTING POLICIES ADOPTED

These consolidated financial statements have been prepared on a premise of Italeaf continuing as a going concern, with the directors having verified the absence of any financial or business indicators, or indicators of other kind, that might suggest that the Group might face difficulty in meeting its obligations in the foreseeable future and, in particular, in the next 12 months.

The consolidated financial statements of the Italeaf Group at December 31, 2018 have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.).

Please note that the international accounting principles applied are consistent with those used for the Consolidated Financial Statements at December 31, 2018.

These consolidated financial statements are expressed in euros which is the functional currency based on the primary economic environment in which the Group companies operate. Unless otherwise indicated, all data presented in the notes to the financial statements are in euros.

The Group has elected to present the income statement according to the nature of the accounts, while the assets and liabilities in the balance sheet are classified as current or non-current. The cash flow statement has been prepared using the indirect method.

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. The estimates and related assumptions are based on historical experience and other factors considered reasonable in the context of the applicable financial reporting framework, and have been used when the carrying amount of assets and liabilities cannot be readily determined from other sources. The actual results could differ from those expressed or implied by the estimates and assumptions used. The estimates and underlying assumptions are reviewed periodically and the effects of any changes affecting the current period are reflected in the income statement. In the event that the revision affects both current and future periods, the change is recognized in the period in which the revision is made and in future years.

The actual results may differ, even materially, from the estimates as a result of possible changes in the factors considered in determining the estimates.

These consolidated financial statements were approved by the Company's board of directors on February 21, 2020. It should be noted that the delay in the approval of these financial statements is due to the timing of completion of the restructuring procedure in place with the banks.

GOING CONCERN ASSESSMENTS

Italeaf Recovery Plan

The financial statements for the year ended December 31, 2018 shows that Italeaf is in a situation of financial tension.

The Company's net loss of Euro 14.5 million at December 31, 2018 was largely affected by write-downs and adjustments made to property, plant and equity investments, in order to align their book value to their realisable value, in accordance with the guidelines of the Recovery Plan that the company has prepared with the help of KPMG as industrial and financial advisor and Orrick law firm as legal advisor, and which was negotiated at length with its financial creditors and which, as indicated below, management believes may be finalised shortly. This Recovery Plan, approved by the Board of Directors on March 28, 2019 and subsequently amended on October 30, 2019 in accordance with negotiations with the creditors, is structured as follows:

Extraordinary transactions functional to the reduction and acceleration of the return from the current banking exposure

- Sale of property and buildings located at the Nera Montoro (TR) site and related management activities by the end of 2021. The negotiation activities, to date, although no letters of commitment have been signed, have led to initial expressions of interest in the purchase of the Nera Montoro site;
- Sale of shares in Italeaf RE srl relating to the goodwill connected to the contract for the provision of services to third party companies by 2021;
- the disposal of the shares of TerniEnergia in a reduced and variable extent depending on the average price of the shares and the outcome of the extraordinary transactions;
- Disposal of all movable and immovable property remaining of Italeaf;
- Financing towards start-ups to be carried out during the two-year period 2019-20, aimed at satisfying the primary cash requirements and the activities of the same subsidiaries;
- Search for third party investors interested in investing with Italeaf in the investee company Numanova with the aim of ensuring a sufficient capital contribution to the definitive take-off of the company, currently in the initial "expansion" phase.

Business Continuity

The Recovery Plan provides that Italeaf S.p.A., in addition to maintaining the activity of holding company, will continue its activity providing until the end of 2020 services (management, full service, utilities, etc.) to the Group and/or to any third parties taking over the disposal process started by the subsidiary TerniEnergia. To date, in fact, it is considered reasonable to assume that third parties who will purchase the plants of TerniEnergia will take over the former TerniEnergia service contracts, as it is assumed that the sale of the area of Nera Montoro takes place with different timing than the sale of TerniEnergia plants.

Rationalization

In order to ensure the maintenance of economic and financial equilibrium to cope with current operating activities, from 2018 the Management has launched a process of optimisation and rationalisation of Italeaf S.p.A.'s operating and structural costs. Starting from 2021, with the sale of the Nera Montoro site in execution of the Recovery Plan, a further significant reduction in costs is expected, primarily due to the lower cost of utilities, the reduction in the organisational structure and lower taxes linked to the property sold.

Financial Measures

In order to overcome its situation of financial tension Italeaf S.p.A. has undertaken a financial restructuring process based on a Recovery plan that it intends to implement in the forms set forth in Article 182-bis of the L.F.. The proposed financial restructuring is based on data and provides for the rescheduling of the bank debt with an amortisation plan based on the cash flows generated by the Company and assumptions of early repayment in correspondence with the realisation of the extraordinary transactions and cash flows deriving from the subsidiary TerniEnergia.

The proposal to creditors participating in the Recovery Plan is based on the following guidelines as amended by the Board of Directors on 30 October 2019 at the request of the banks:

- moratorium on the principal and interest on bank debt until 31 December 2019;
- Interest 2018: calculation at historical rates and payment PIK ("Payment in kind");
- Interest 2019: reduction from 1/01/2019 to a 6-month Euribor rate + 100bps and PIK ("Payment in kind");
- Interest 2021: rate equal to Euribor 6 months + 100bps and payment on PIYC ("Pay if you Can") basis;
- Repayment of bank exposure, as well as financial charges 2018 and 2019 capitalised in two stages: (a) early repayment during 2021 through the collection of the sale of Nera Montoro (TR) and property located in Terni; (b) balance by 2022 with the realisation of the sale of the investments.

At present, discussions with the credit institutions for the approval of the above restructuring proposal are nearing completion. Italeaf's management believes it is reasonable to expect that, after negotiations lasting more than 1 year, these discussions can be concluded in the short term, considering that (a) the parties have reached an agreement on

all the substantive issues of the financial measures, also thanks to Italeaf's willingness to accept the requests raised by the banking industry; and (b) the management is not aware of any issues or circumstances that could prevent the restructuring agreement of the Restructuring Plan from being finalized in the near future.

Considering the expected formalisation of the Recovery Plan and the agreement with the banking sector in the near future and the ability of this plan to resolve Italeaf's current financial difficulties, the Board of Directors, on the basis of all the information available to date, has therefore adopted the assumption that the Group will continue as a going concern in the preparation of these consolidated financial statements, confident that the financial tensions in which the Group finds itself can be overcome through the above actions taken and to be taken.

The Board of Directors will in any case closely monitor the continuation of the negotiations of the Recovery Plan in order to promptly take the necessary actions if, for reasons not reasonably foreseeable at present, the Recovery Plan proves to be no longer feasible.

RESTATEMENT OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017

Restatement in accordance with Consob procedure 96916/19

The subsidiary TerniEnergia in accordance with the procedure no. 96916/19 filed by Consob in relation to the hypothesis of non-compliance with the international accounting standards of the consolidated financial statements as at December 31, 2017 and the half-yearly financial report as at June 30, 2018 has proceeded in a voluntary way to the restatement of the financial statements as at December 31, 2017 and, as required by par. 42 of IAS 8, also of the comparison as at January 1, 2017.

In particular, TerniEnergia following the request of the Commissione Nazionale per le Società e la Borsa - Divisione Informazione Emittenti, Ufficio Vigilanza Informazione Emittenti- (hereinafter also referred to as "Consob" or the "Authority") dated July 17, 2019, formulated pursuant to article 114, paragraph 5, of Legislative Decree no. 58/1998 (the "Communication 17.07.2019") - with reference to the procedure 96916/19 filed on April 11, 2019 (the "Procedure") aimed at the adoption of the measure referred to in art. 154-ter, paragraph 7, or referred to in art. 157, paragraph 2 of Legislative Decree no. 58/1998, in relation to the hypothesis of non-compliance with the international accounting standards approved by the European Commission (the "IAS/IFRS") of the consolidated financial statements as at 31 December 2017 (the "2017 Financial Statements") and the half-yearly financial report as at 30 June 2018 (the "2018 Half-Yearly Financial Report") of TerniEnergia S.p.A. ("TerniEnergia" or the "Company"), as well as the subsequent mailing and meetings with the Company - has made public, by means of a press release issued on July 23, 2019, the following.

1. With regard to the shortcomings and critical issues detected by Consob in the context of the Procedure and the outcome of the latter - referred to in point a) of the previous list - it should be noted that with a communication sent to TerniEnergia on April 11, 2019, the Authority formulated some remarks regarding the fact that the 2017 Financial Statements and the 2018 Half-Yearly Financial Statements would not comply with IAS/IFRS with reference to the following profiles:

- (i) 'non-application of IAS 36 in relation to certain items of intangible assets'; and
- (ii) 'non-application of IFRS 10 in the consolidation of investments' (see Communication 11.04.2019, p. 2).

In particular, in the Communication dated 11.04.2019, it was contested:

i) the choice of TerniEnergia not to carry out the impairment test, for the purposes of preparing the 2017 Financial Statements and the 2018 Half-Yearly Financial Statements, in relation to intangible assets consisting of software and customer relationship;

ii) the choice of TerniEnergia to evaluate, for the purposes of the preparation of the Financial Statements 2017 and Half-Yearly 2018, the investments held in EnergiaAlternativa S.r.l. and Solter S.r.l. at that time jointly controlled (50%) with L&T City Real Estate Limited (the "L&T JVs"), as well as the investments held in Società Agricola Fotosolara Bonnanaro S.r.l., Società Agricola Fotosolara Oristano S.r.l., Investimenti Infrastrutture S.r.l. and Infocaciucci S.r.l. at that time jointly controlled (at 50%) with Renewable European Investment Italy 3 - REI III S.r.l. (the "REI III JVs" and, jointly with the L&T JVs, the "Joint Ventures"), by applying the equity method.

With a note sent by TerniEnergia to Consob on July 5, 2019, the Company, in a voluntary logic aimed at overcoming the diversity of orientations expressed by the Authority, deemed it appropriate to proceed, also on the basis of elements and information that emerged subsequently, to the restatement - within the Company's financial statements for the year 2018 - of the financial statements referring to the date of December 31, 2017 for the items that are included in the Procedure.

Considering the decision of TerniEnergia to proceed with the restatement of the financial statements referring to the date of December 31, 2017, Consob considered that the conditions to conclude the Procedure with the activation of the power to ask the Company for the publication of additional information provided for by art. 154-ter, paragraph 7, of Legislative Decree no. 58/1998 have failed.

Therefore, in its Communication of 17.07.2019 the Authority announced the closing of the Proceedings without the application of this power.

2. With regard to the effects of the application of IAS 8 with reference to the errors connected with the recognition, measurement and presentation in the 2017 Financial Statements of the items "Intangible assets" and "Investments in equity investments" - referred to in point b) of the previous list - the following should be noted:

2.1. With regard to "Intangible fixed assets", Communication 11.04.2019 contested the following, also in the light of the provisions of IAS 36 "Impairment of Assets" (the "IAS 36"), the choice of TerniEnergia not to carry out the impairment test, for the purposes of the preparation of the 2017 Financial Statements, in relation to the intangible assets consisting of Software and Customer Relationship included among the assets acquired by the Company within the Transaction.

In the communication sent by the Company to the Authority on 14 June 2019, among other things, other intangible assets - other than Software and Customer Relationship - that are relevant to the issues in question were identified, consisting of development expenses (represented almost exclusively by capitalised personnel costs) (the "Development Expenses" and, together with Software and Customer Relationship, the "Intangible Assets" or "Assets").

It should be noted that, in line with the requests made by the Authority, an impairment test was carried out on the Intangible Assets as at 31 December 2017 considering Softeco Sismat as the only Cash Generating Unit (CGU) relating to these assets.

For the purposes of estimating the recoverable value of the Assets, the value in use configuration was adopted, using the fundamental methodology of the Discounted Cash Flow model ("DCF"), in line with valuation practices, considering the flows envisaged in Softeco Sismat's business plan for the five-year period 2018-2022 in force at the time of approval of the 2017 Financial Statements (the "2018 Plan") ().

The discount rate considered for the purposes of the analysis was estimated at 12.9%, adding to the base estimate of the WACC of the Acquired companies at 31 December 2017 (10.9%) an additional spread of two percentage points as execution risk of the forecasts in the 2018-2022 Plan.

The estimated value of the Intangible Assets as at 31 December 2017 resulting from the analyses carried out is approximately Euro 16,556 thousand.

The value in use of the intangible assets thus determined (approximately Euro 16,556 thousand) is lower than the related book value (expressed net of accumulated depreciation and deferred tax liabilities) in the 2017 Financial Statements (approximately Euro 19,813 thousand), with a differential of approximately Euro 3,257 thousand. This resulted in a negative outcome of the impairment test, with the consequent need to proceed with an impairment of the value of the Intangible Assets reported in the company accounts as at 31 December 2017. Gross of tax effects, the write-down of the Intangible Assets amounts to a total of approximately Euro 4,548 thousand.

2.2. With regard to "Investments in equity investments", in the Communication 11.04.2019 it was contested, also in accordance with IFRS 10 "Consolidated Financial Statement" (the "IFRS 10"), the choice of TerniEnergia to evaluate, for the purposes of the preparation of the Financial Statements 2017 and the Half-Yearly 2018, the Joint Ventures through the application of the equity method.

In line with the requests made by the Authority, the book values of the Joint Ventures in the 2017 Financial Statements and in the opening balance at January 1, 2017 have been restated by adopting the line-by-line consolidation method.

Restatement in accordance with IFRS 5

Assets available for sale

The Board of Directors of TerniEnergia approved, on March 9, 2018, the strategic guidelines and approved, on April 16, 2018, the Group Recovery and Relaunch Plan for the period 2018 - 2022. Subsequently, the Board of Directors approved on October 25, 2018 and June 27, 2019 some updates to the Recovery and Relaunch Plan and on August 7, 2019 the final version of the Plan itself. The various updates of the Plan were necessary to take into account the process of negotiations with the banks and Bondholders, as well as the affidavit process.

The Plan approved by the Board of Directors to overcome the current financial stress, provides for the complete divestiture of the entire ASSET SBU, which includes the management of all facilities owned or participated in by the Group:

The two ELT treatment plants of Borgo Val di Taro (PR) and Nera Montoro (TR);

- The shareholding in the company Purify Srl (50% TerniEnergia and 50% ATP Srl) owner of the groundwater treatment and purification plant located in Nera Montoro (TR), currently being expanded with a new liquid waste treatment plant;
- Biodigestion and composting plant in Nera Montoro (TR) owned by TerniEnergia and managed by GreenASM Srl (50% TerniEnergia and 50% ASM Terni);
- Pyrogasification plant of Borgosesia (VC) fed by biomass (virgin wood).

For all the above mentioned plants TerniEnergia has given a mandate to a specialized advisor for the research of potential buyers (see also what reported in note 3.3.1 of the Explanatory Notes).

The other plants of the ASSET SBU that will be sold are the following:

- 3 photovoltaic plants held directly by TerniEnergia for a capacity of 2.3 MWp;
- 7 photovoltaic plants held by Terni Solar Energy (100% TerniEnergia) for the power of 5.7 MWp;
- 1 photovoltaic plant held by Società Agricola Fotosolara Cheremule Srl (100% TerniEnergia) for the power of 2.7 MWp;
- 1 photovoltaic plant held by the company Alchimia Energy 3 Srl (100% TerniEnergia) for the power of about 1 MWp;
- 1 photovoltaic plant held by Società Agricola Fotosolara Oristano Srl (100% TerniEnergia) for the power of 1 MWp;
- 1 photovoltaic plant held by Società Agricola Fotosolara Bonnanaro Srl (100% TerniEnergia) for the power of 0.7 MWp;
- 4 photovoltaic plants held by Energia Alternativa (100% TerniEnergia) with a capacity of 4.7 MWp.
- 2 photovoltaic plants held by Solter (100% TerniEnergia) for the power of 2 MWp
- the stake in the company Girasole Srl (50% TerniEnergia and 50% Errenergia) owner of 1 photovoltaic plant with a power of 1 MWp;
- the stake in the company Next Power II Prima Srl (50% TerniEnergia and 50% Errenergia) owner of 2 photovoltaic plants with a power of 2 MWp;
- the stake in the company Soltarenti Srl (50% TerniEnergia and 50% Ferreto Elettra) owner of 4 photovoltaic plants with a power of 3.7 MWp;

- the stake in the company Guglionesi Srl (50% TerniEnergia and 50% Sifip) owner of 2 photovoltaic plants with a power of 1 MWp;

Finally, the Plan provides for the disposal of financial assets relating to energy efficiency projects.

Continuing operations relate exclusively to the subsidiary Softeco, the new energy efficiency projects business and the O&M contracts still operational in South Africa, while the EPC business is to be discontinued.

Management believes that the above activities have the characteristics to be classified as assets held for sale.

For details of the state of disposal, please refer to note 3.3.1 "Assessments on going concern".

The Management has assessed that the sale of the above assets represents a discontinued operation within the meaning of IFRS 5, and to this end the income statement at 31 December 2017 has been adjusted, in accordance with IFRS 5, to reflect the effects of the classification of the assets included in the scope of consolidation as discontinued operations.

Restatement Effects

The table below shows the balance sheet formats of the consolidated financial statements at 31 December 2017, together with the balance sheet formats at 1 January 2017, in which they are shown:

- the values as reported in the 2017 Financial Statements (first column);
- the component of change - with respect to that reported in the 2017 Financial Statements - in the value of each accounting item related to the changes made to the valuation criteria of the Joint Ventures (second column);
- the component of change - compared to the amounts reported in the 2017 Financial Statements - in the value of each accounting item related to the changes made to the criteria for carrying out the impairment test on Intangible Assets (third column);
- the restated values of the 2017 Financial Statements that incorporate the effects of the changes made to each accounting item following the restatement of the values relating to both Intangible Assets and Joint Ventures (fourth column).
- as reported values of opening balances at 1 January 2017 (fifth column)
- the component of change - with respect to that reported in the Financial Statements at 1 January 2017 - in the value of each accounting item related to the changes made to the valuation criteria of the Joint Ventures (sixth column);
- the restated values of the opening balances at 1 January 2017 that incorporate the effects of the changes made to each accounting item following the restatement of the values relating to the Joint Ventures (sixth column).

| Financial Statements | 31/12/2017 Reported | Restatement JV (*) | Restatement Impairment (*) | 31/12/2017 Restated | 01/01/2017 Reported | Restatement JV (*) | 01/01/2017 Restated |
|---|--------------------------------|-------------------------------|---|--------------------------------|--------------------------------|-------------------------------|--------------------------------|
| (in Euro) | | | | | | | |
| ATTIVITÀ | | | | | | | |
| Intangible assets | 35,488,340 | 17,789 | (4,548,245) | 30,957,884 | 35,896,679 | 99,361 | 35,996,040 |
| Tangible assets | 82,875,372 | 8,650,109 | | 91,525,481 | 103,138,831 | 58,938,978 | 162,077,809 |
| Equity Investments | 6,130,251 | (472,939) | | 5,657,312 | 4,371,089 | (968,676) | 3,402,413 |
| Deferred tax assets | 22,088,173 | (114,165) | | 21,974,008 | 15,771,342 | 4,951,897 | 20,723,239 |
| Non-current financial receivables | 6,502,286 | (1,060,571) | | 5,441,715 | 20,132,824 | (10,078,910) | 10,053,914 |
| Total non-current assets | 153,084,423 | 7,020,224 | (4,548,245) | 155,556,402 | 179,310,765 | 52,942,650 | 232,253,415 |
| Inventories | 13,941,717 | | | 13,941,717 | 20,640,130 | | 20,640,130 |
| Trade receivables | 35,965,999 | 60,901 | | 36,026,900 | 33,167,360 | (248,832) | 32,918,528 |
| Other current assets | 16,509,296 | 1,682,005 | | 18,191,301 | 27,612,774 | 8,586,514 | 36,199,288 |
| Derivatives | 13,717 | | | 13,717 | 0 | | 0 |
| Financial receivables | 1,104,041 | (467,967) | | 636,074 | 6,013,152 | (1,493,447) | 4,519,705 |
| Cash and cash equivalents | 5,461,627 | 450,066 | | 5,911,693 | 11,190,383 | 1,079,164 | 12,269,547 |
| Total current assets | 72,996,397 | 1,725,005 | | 74,721,402 | 98,623,799 | 7,923,399 | 106,547,198 |
| Asset held for sale | 22,243,024 | 49,000,227 | | 71,243,251 | | | 0 |
| TOTAL ASSETS | 248,323,844 | 57,745,455 | (4,548,245) | 306,069,299 | 277,934,564 | 60,866,049 | 338,800,613 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | 0 |
| Share capital | 17,144,000 | | | 17,144,000 | 15,444,000 | | 15,444,000 |
| Stocks | 13,213,104 | (1,544,251) | | 11,668,853 | 18,124,521 | 1,616,566 | 19,741,087 |
| Profit for the period | (17,713,457) | 2,186,955 | (3,256,951) | (18,783,453) | (4,851,015) | | (4,851,015) |
| Total Group equity | 12,643,647 | 642,704 | (3,256,951) | 10,029,400 | 28,717,506 | 1,616,566 | 30,334,072 |
| Minority interests | 36,386,281 | 2,811,018 | | 39,197,299 | 32,517,002 | 807,755 | 33,324,757 |
| Profit for the minority interest | (23,087,138) | 106,820 | | (22,980,318) | 313,055 | | 313,055 |
| Total equity | 25,942,791 | 3,560,542 | (3,256,951) | 26,246,382 | 61,547,563 | 2,424,321 | 63,971,884 |
| Provision for employee benefits | 6,311,594 | | | 6,311,594 | 6,649,733 | | 6,649,733 |
| Deferred tax liabilities | 13,758,280 | | (1,291,293) | 12,466,987 | 16,044,987 | | 16,044,987 |
| Non-current financial payables | 25,231,687 | 6,520,362 | | 31,752,049 | 85,023,288 | 47,744,105 | 132,767,393 |
| Provision for risk and charges | 2,949,730 | | | 2,949,730 | 193,086 | | 193,086 |
| Other non-current liabilities | 46,741 | | | 46,741 | 108,616 | | 108,616 |
| Derivatives | 2,349,693 | | | 2,349,693 | 3,027,447 | 4,834,712 | 7,862,159 |
| Total non-current liabilities | 50,647,726 | 6,520,362 | (1,291,293) | 55,876,795 | 111,047,157 | 52,578,817 | 163,625,974 |
| Trade payables | 54,247,907 | 158,485 | | 54,406,392 | 47,396,630 | 874,962 | 48,271,592 |
| Payables and other financial liabilities | 96,314,496 | 443,398 | | 96,757,894 | 43,269,062 | 3,807,250 | 47,076,312 |
| Taxes payable | 406,353 | 132,332 | | 538,685 | 890,586 | 8,667 | 899,253 |
| Other current liabilities | 20,764,571 | 57,981 | | 20,822,552 | 13,783,566 | 1,172,030 | 14,955,596 |
| Total current liabilities | 171,733,327 | 792,195 | | 172,525,522 | 105,339,844 | 5,862,909 | 111,202,753 |
| Liabilities associated with assets held for sale | | 46,872,357 | | 46,872,357 | | | 0 |
| TOTAL LIABILITIES | 222,381,054 | 54,184,914 | (1,291,293) | 275,274,675 | 216,387,001 | 58,441,726 | 274,828,727 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 248,323,844 | 57,745,456 | (4,548,244) | 301,521,056 | 277,934,564 | 60,866,047 | 338,800,611 |

(*) IAS 8, par. 42, Restatement

The table below shows the income statement formats of the consolidated financial statements at 31 December 2017 in which they are shown:

- the amounts reported in the 2017 Financial Statements (first column);
- the component of change - with respect to that reported in the 2017 Financial Statements - in the value of each accounting item related to the changes made to the valuation criteria of the Joint Ventures (second column);
- the component of change - compared to the amounts reported in the 2017 Financial Statements - in the value of each accounting item related to the changes made to the criteria for carrying out the impairment test on Intangible Assets (third column);
- the component of change - compared to that reported in the 2017 Financial Statements - in the value of each accounting item related to the changes made in application of IFRS 5, to include the effects of the classification of the assets included in the scope of consolidation subject to disposal in discontinued operations (fourth column);
- the restated amounts in the 2017 Financial Statements that incorporate the effects of the changes made to each accounting item following the restatement of the amounts relating to both Intangible Assets and Joint Ventures (fifth column).

| Income Statement | 31/12/2017 Reported | Restatement JV (*) | Restatement Impairment (*) | Restatement AFS (**) | 31/12/2017 Restated |
|---|--------------------------------|-------------------------------|---|---------------------------------|--------------------------------|
| (in Euro) | | | | | |
| Revenues | 57,285,364 | 7,131,216 | | (39,955,000) | 24,461,580 |
| Other operating income | 7,653,176 | 2,381,271 | | (5,722,820) | 4,311,627 |
| Costs for raw materials, consumables and goods for resale | (19,279,460) | (14,744) | | 17,855,544 | (1,438,660) |
| Costs for services | (21,229,046) | (702,892) | | 11,461,999 | (10,469,939) |
| Personnel costs | (20,198,860) | (9,600) | | 3,272,159 | (16,936,301) |
| Other operating costs | (2,868,243) | (698,624) | | 899,552 | (2,667,315) |
| Amortisation, depreciation, provisions and writedowns | (40,881,440) | (1,302,138) | (4,548,245) | 33,303,700 | (13,428,123) |
| Operating result | (39,518,508) | 6,784,488 | (4,548,245) | 21,115,135 | (16,167,130) |
| Financial income | 1,625,279 | (315,942) | | (220,827) | 1,088,510 |
| Financial charges | (8,943,366) | (2,791,778) | | 5,341,353 | (6,393,791) |
| Portion of result attributable to the joint venture | (333,519) | (113,991) | | 344,412 | (103,098) |
| Net result before taxes | (47,170,114) | 3,562,777 | (4,548,245) | 26,580,072 | (21,575,510) |
| Taxes | 6,369,512 | (1,269,002) | 1,291,293 | 5,034,081 | 11,425,884 |
| Ongoing activities result | (40,800,602) | 2,293,775 | (3,256,952) | 31,614,153 | (10,149,626) |
| Asset for sales net result | | | | (31,614,153) | (31,614,153) |
| Net result for the period | (40,800,602) | 2,293,775 | (3,256,952) | 0 | (41,763,779) |
| - of which: attributable to the Group | (17,713,464) | 2,186,955 | (3,256,952) | | (18,783,461) |
| - of which: attributable to non-controlling interests | (23,087,138) | 106,820 | | | (22,980,318) |

(*) IAS 8, par. 42, Restatement

(**) IFRS 5, par. 40, Restatement

In the notes that follow, all the comparative information presented relating to the income statement and balance sheet have therefore been restated in line with the above.

SIGNIFICANT ASSUMPTIONS IN DETERMINING CONTROL IN ACCORDANCE WITH IFRS 10

IFRS 10 provides a new definition of control: an entity controls an investee when it is exposed, or has rights, to the investee's returns from the entity's involvement and has the ability to affect those returns through its power over the investee. With regard to this principle it is worth noting that the Italeaf Group fully consolidates the TerniEnergia Group, even though it does not hold the majority interest; more specifically, Italeaf holds 42.19% of the share capital of TerniEnergia (45.44% of the voting rights), but it has concurrently the power to direct the investee company's relevant decisions, it is exposed to the investee's future performance and it can use its power to influence the investee's performance.

SCOPE OF CONSOLIDATION

The consolidated financial statements of Italeaf Group at December 31, 2018 include the financial statements of the parent company, Italeaf S.p.A., and the financial statements of all the companies, which the parent directly or indirectly controls.

The following table lists the entities included in the consolidation, and the respective percentage held directly or indirectly by the Group at December 31, 2018:

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS:

| Company | Location | % held by the Group | | % contribution at the | Share Capital as at 31 December 2018 |
|--|--|---------------------|----------|-----------------------|--------------------------------------|
| | | Direct | Indirect | Group | |
| Skyrobotic S.p.A. | Narni - Via dello Stabilimento, 1 | 68,61% | | 68,61% | |
| Numanova S.p.A. | Narni - Via dello Stabilimento, 1 | 75% | | 75% | |
| Italeaf UK L.t.d. | 1, Cornhill EC3V 3ND - London | 100% | | 100% | |
| Italeaf RE Stl | Narni - Via dello Stabilimento, 1 | 100% | | 100% | |
| Italeaf HK L.t.d. | Unit 905-6, 9th Floor, Fook Yip Building - 53-57 Kwai Fung Crescent, Kwai Chung - N.T. Hong Kong S.A.R.- Hong Kong | 100% | | 100% | |
| TerniEnergia S.p.A. | Narni - Via dello Stabilimento, 1 | 42.19% | | 42.19% | |
| List of Ternienergia subsidiaries | | | | | |
| Newcoenergy S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 100,000 |
| Capital Solar S.r.l. | Nardò- Via Don Milani, n.4 | | 100% | 42.19% | 10,000 |
| Rinnova S.r.l. | Nardò- Via Don Milani, n.4 | | 100% | 42.19% | 10,000 |
| Soc. Agr. Fotosolara Cheremule S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| Soc. Agr. Fotosolara Ittireddu S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| Soc. Agric. Fotosolara Bonannaro S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| Soc. Agric. Oristano S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| T.e.c.i. costruzioni & ingegneria S.r.l. | Gioia del Colle - Via Giosuè Carducci n. 122 | | 100% | 42.19% | 10,000 |
| Meet Green Italia S.r.l. | Nardò- Via Don Milani, n.4 | | 100% | 42.19% | 10,000 |
| LyteEnergy S.r.l. | Narni - Strada dello Stabilimento, 1 | | 70% | 42.19% | 50,000 |
| Soc. Agricola Padria S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| TerniEnergia. Hellas M.EPE. | Atene - 52, Akadimiasstreet | | 100% | 42.19% | 4,500 |
| TerniEnergia Polska Zoo | Varsavia - Sw. Krolewska 16, 00-103 | | 100% | 42.19% | 5,367 |
| Tevasa L.t.d. | Cape Town, 1 Waterhouse Place, Century City, 7441 | | 80% | 42.19% | 8 |
| Alchimia Energy 3 S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| TerniEnergia Romania Srl | Str. Popa Petre 5 - Bucarest | | 100% | 42.19% | 5,173 |
| TerniEnergia Solar South Africa L.t.d. | Woodstok, De Boulevard searle street | | 100% | 42.19% | 0 |
| TerniEnergia Project L.t.d. | Woodstok, De Boulevard searle street | | 80% | 42.19% | 7 |
| GreenAsm S.r.l. | Narni - Strada dello Stabilimento, 1 | | 50% | 42.19% | 10,000 |
| Terni SolarEnergy S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| Greenled Industry S.p.A. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 1,156,735 |
| Val di Tarò Tyre S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |
| Softeco Sismat S.r.l. | Genova - Via De Marini 1 | | 100% | 42.19% | 9,000,000 |
| Wisave S.r.l. | Narni - Strada dello Stabilimento, 1 | | 88,22% | 42.19% | 223,000 |
| Geoyes S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 300,000 |
| Energia Alternativa S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 20,000 |
| Solter S.r.l. | Narni - Strada dello Stabilimento, 1 | | 100% | 42.19% | 10,000 |

| | | | | |
|---------------------------|--------------------------------------|--------|--------|-----------|
| Vitruviano Lab S.r.l. | Narni - Strada dello Stabilimento, 1 | 89,21% | 42.19% | 3,000,000 |
| TerniEnergia Progetti Srl | Narni - Strada dello Stabilimento, 1 | 100% | 42.19% | 500,000 |

LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:

| Company | Location | % held by the Group | | % contribution ta the Group | Share Capital as at 31 December 2018 |
|-------------------------|--------------------------------------|---------------------|----------|-----------------------------|--------------------------------------|
| | | Direct | Indirect | | |
| Opera Power S.r.l. | Narni - Strada dello Stabilimento, 1 | 50% | | | 10,000 |
| Purify S.r.l. | Narni - Strada dello Stabilimento, 1 | | 50% | 50% | 6,850,000 |
| Girasole S.r.l. | Narni - Strada dello Stabilimento, 1 | | 50% | 50% | 10,000 |
| Guglionesi S.r.l. | Narni - Strada dello Stabilimento, 1 | | 50% | 50% | 10,000 |
| Ant Energy S.r.l. | Roma - Via Clitunno, 51 | | 50% | 50% | 10,000 |
| Next Power II Prima Srl | Milano - Corso Magenta, 85 | | 50% | 50% | 10,000 |

For companies with financial years that do not coincide with the calendar year, the financial statements used were annual financial statements that match the Group's financial year, approved by the respective Boards of Directors. The subsidiaries are consolidated line by line; the assets and liabilities, revenues and expenses of the consolidated companies are recognized in the consolidated financial statements at their full value. The carrying amount of equity investments is eliminated by offsetting it against the underlying interest in the respective shareholders' equity, and the individual assets and liabilities and contingent liabilities are measured at their fair value at the date when control of the investee company was established. Any residual value, if positive, is recognized as a non-current asset and posted to "Goodwill". If control is acquired in multiple steps, the entire interest held must be remeasured at fair value; transactions executed with minority shareholders subsequent to the acquisition of control, if control is maintained, are recognized in equity; the acquisition costs incurred are immediately recognized in profit or loss, as is any changes in contingent consideration.

The shareholders' equity and profit or loss amounts attributable to minority shareholders are shown separately in the balance sheet, income statement and comprehensive income statement, respectively.

Payables and receivables, expenses and revenues that arise from transactions between companies included in the scope of consolidation are eliminated. Gains resulting from transactions between the abovementioned companies and reflected in items still included in the shareholders' equity attributable to Parent Company shareholders are eliminated. Investee companies cease to be consolidated from the date when control is transferred to a third party; the sale of an equity interest that causes loss of control results in the recognition in the income statement of (i) any gain or loss determined as the difference between the proceeds from the sale and the corresponding pro rata interest in the shareholders' equity of the investee sold to a third party; (ii) any result attributable to the divested company carried among the other components of comprehensive income that can be reclassified into profit or loss; and (iii) the result from the adjustment to fair value, measured on the date of the loss of control, of any minority interest retained by Italeaf.

Companies managed through contractual agreements, pursuant to which two or more parties who share control through unanimous consent have the power to direct relevant decisions and govern exposure to future variable returns, that qualify as joint operations are recognized by the proportional method directly in the separate financial statements of the entities that are parties to the agreements. In addition to recognizing the attributable share of assets and liabilities, expenses and revenues, the corresponding obligations must also be evaluated. Other interests in joint ventures and affiliated companies over which a significant influence can be exercised, but which do not qualify as joint operations, are valued by the equity method, pursuant to which the carrying amount of the equity investments must be adjusted to take into account the investor company's pro rata interest in the profit or loss for the year of the investee company and any dividends it may have distributed.

COMMENTS ON THE MAIN BALANCE SHEET ASSET ITEMS

NON CURRENT ASSETS

1. INTANGIBLE ASSETS

The table below reports the analysis of changes relating to intangible assets as at December 31 2018, as at December 31 2017:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|-----------------------|----------------------|----------------------|--------------------|----------------|
| Software | 10,103,493 | 11,005,945 | (902,452) | (8.2)% |
| Goodwill | 2,979,171 | 3,151,623 | (172,452) | (5.5)% |
| Patents | 565,216 | 547,663 | 17,553 | 3.2% |
| Building lease | 317,324 | 317,324 | | 0.0% |
| Customer Relationship | 5,388,308 | 6,100,435 | (712,127) | (11.7)% |
| Others | 8,202,694 | 9,834,895 | (1,632,201) | (16.6)% |
| Total | 27,556,207 | 30,957,885 | (3,401,678) | (11.0)% |

Goodwill refers mainly to the acquisition of control in Lucos Alternatives Energies SpA, a company active in the energy efficiency business which was merged into TerniEnergia in 2015, for Euro 2,335 thousand, to the acquisition in 2015 of TerniEnergia Gas & Power, a company operating in the natural gas and liquefied natural gas sector, for 146 thousand euros, and the acquisition at 31 December 2016 of Wisave, a company operating in the Internet of Things (IoT) sector, for 513 thousand euros. These goodwill find justification in the synergies expected at the time of purchase from the integration of TerniEnergia's activities with the aforementioned companies.

The items "Software" and "Customer Relationship" include, at 31 December 2018, respectively for Euro 8.776 million and Euro 5.388 million, the residual value of the assets recorded in 2016 following the PPA process consequent to the acquisition of the Softeco companies and Selesoft. These items were subject to "restatement" with reference to 2017, with the recognition of a write-down of € 4,548 thousand. For more details, see the information in par. "Restatement of the financial statements at 31 December 2017" of this Explanatory Note.

IMPAIRMENT TEST ON INTANGIBLE ASSETS REFERRABLE TO SOFTECO

In line with the impairment carried out on the values as at 31 december 2017 in relation to the intangible assets referable to softeco, the management also carried out the impairment test on the values as at 31 december 2018.

The values subjected to impairment are made up of the software and customer relationship included among the assets acquired by the company as part of the acquisition of 100% of the share capital of softeco sismat s.r.l. and selesoft consulting s.r.l. (now merged into softeco), together with other intangible assets consisting of development expenses represented almost exclusively by capitalized personnel costs (the "development expenses" and, together with the software and customer relationship, the "intangible assets" or the "asset "). the details of the carrying amounts are shown below:

CARRYING AMOUNT (Euro/000):

| | |
|-------------------------------|----------------|
| SOFTWARE | 8,776 |
| CUSTOMER RELATIONSHIP | 5,388 |
| DEFERRED TAX PROVISION | (4,021) |
| OTHER IMMATERIAL ASSET | 5,625 |
| Tot, | 15,768 |

Given the above, it should be noted that, in line with what was done at the time of impairment on 2017 data, the impairment test was carried out on the Intangible Assets as at 31 December 2018 considering Softeco Sismat as the only Cash Generating Unit (CGU) referable to the Assets same.

This approach is motivated by the fact that, in order also to avoid double counting - or underestimation - effects of the forecast flows attributable to the individual Intangible Assets, taking into account the fact that the latter substantially constitute the set of activities on which the economic value of Softeco Sismat itself, for the purpose of estimating the recoverable value of the Assets, it was considered reasonable to adopt the configuration of the value in use, using the fundamental methodology of the Discounted Cash Flow model ("DCF"), considering the totality of the flows envisaged in the economic-financial plan of Softeco Sismat in force at the time of the approval of these 2018 financial statements for the five-year period 2018-2022 (the "2018 Plan").

The forecast data of the 2018 Plan have been subject to adjustments aimed at excluding flows not related to Softeco's operating activity. In particular, the flows deriving from the transfer of liquidity from TerniEnergia to Softeco Sismat scheduled for 2019 have been excluded.

In line with what was done in the impairment of 2017 data, the analyzes were carried out considering a limited time horizon of six years. Since the Plan ends in 2022, the forecast flows of revenues for the last period (2023 and 2024) have been estimated assuming growth in line with the CAGR calculated between 2020 and 2022.

The discounting rate considered for the purposes of the analysis was estimated at 12.9%, in line with that used for the 2017 impairment - adding a spread to the basic estimate of the wacc (equal to 10.9%) additional two percentage points as execution risk of the forecasts set out in the 2018-2022 Plan.

The results of the impairment test on the Intangible Assets referable to Softeco show a positive result, thus confirming the recoverability of the value at which these assets are recorded in the TerniEnergia Group financial statements at 31 December 2018.

2. TANGIBLE FIXED ASSETS

The table below reports the analysis of changes of "Net values" relating to tangible assets as at December 31, 2018, as at December 31, 2017:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|--------------------------|----------------------|----------------------|---------------------|----------------|
| Land and buildings | 10,678,028 | 21,208,084 | (10,530,056) | (49.7)% |
| Plant and machinery | 4,333,866 | 66,895,074 | (62,561,208) | (93.5)% |
| Industrial equipment | 286,133 | 146,849 | 139,284 | 94.8% |
| Other assets | 43,933 | 84,093 | (40,160) | (47.8)% |
| Construction in progress | 2,791,927 | 3,191,382 | (399,456) | (12.5)% |
| Total | 18,133,886 | 91,525,482 | (73,391,596) | (80.2)% |

Land and buildings mainly refer to the value of the industrial site in Nera Montoro (with an area of 24 hectares) and incubator in Maratta, both owned by Italeaf S.p.A.. The decrease is due to the devaluation of the Nera Montoro area to align the book value with that resulting from the appraisal drawn up by an independent expert.

The decrease in the plant and machinery item is due to the reclassified among assets held for sale specifically concern:

- photovoltaic plants for a total capacity of 12.5 MW;
- two ELT treatment plants (end-of-life tires) operating one in the Nera Montoro plant and one in the municipality of Borgo Val di Taro;
- the biodigestion plant present inside the Nera Montoro plant.
- The pyrogasification plant of Borgosesia;

3. EQUITY INVESTMENTS

The following table shows the balances of investments in joint ventures and investments carried with the equity method as at December 31, 2018 and December 31, 2017, along with the related changes:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|-----------------------|----------------------|----------------------|--------------------|----------------|
| Investments in JV | 668,776 | 5,657,312 | (4,988,536) | (88.2)% |
| Investments in Equity | 110,130 | | 110,130 | n.a |
| Total | 778,906 | 5,657,312 | (4,878,406) | (86.2)% |

The change in equity investments in associated companies as of December 31, 2018 compared to December 31, 2017 is due to the reclassification among the assets intended for the sale of the equity investments in JV concerning the companies owning photovoltaic plants and environmental plants. The balance at 31 December 2018 mainly includes the investments held in the company Rebis Power, Sundrone, Ant Energy and Opera Power.

4. DEFERRED TAX ASSETS

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related changes:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|---------------------|----------------------|----------------------|------------------|--------------|
| Deferred tax assets | 27,036,863 | 21,974,008 | 5,062,854 | 23.0% |
| Total | 27,036,863 | 21,974,008 | 5,062,854 | 23.0% |

Deferred tax assets refer, for € 19.4 million, to the company TerniEnergia, mainly referring to tax losses and deferred tax assets recorded on write-downs made in 2017 and 2018. The change recorded in the year under examination is mainly attributable to taxes advance payments recorded in 2018.

The tax losses on which deferred tax assets were recognized have been assessed as fully recoverable in light of the prospects and the new Group Plan. As regards the significant uncertainties relating to the Plan, reference should be made to paragraph 3.3.1 "Business continuity assessments". In this regard, it should be noted that the company Softeco adheres to the tax consolidation of TerniEnergia and in the Recovery and Relaunch Plan the merger of Softeco into TerniEnergia is expected by the first half of 2020.

5. NON CURRENT FINANCIAL RECEIVABLES

The following table provides details of the account balance as at September 30, 2018 and December 31, 2017, respectively, and the related changes:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|-----------------------------|----------------------|----------------------|--------------------|----------------|
| Purfy S.r.l. | | 177,312 | (177,312) | (100.0)% |
| Financial asset | | 4,258,769 | (4,258,769) | (100.0)% |
| Security deposits | 219,114 | 950,512 | (731,398) | (76.9)% |
| Other receivables Financial | 13,061 | 55,122 | (42,061) | (76.3)% |
| | | | | n.a. |
| Total | 232,175 | 5,441,715 | (5,209,540) | (95.7)% |

The change, equal to € 5,209 thousand, is mainly attributable to the reclassification in the assets available for the sale of the residual financial credits deriving from the energy saving activity, as well as most of the guarantee deposits of the companies owning photovoltaic plant.

CURRENT ASSETS

6. INVENTORIES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related changes:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|---------------------|----------------------|----------------------|--------------------|----------------|
| Raw materials | 2,393,334 | 2,794,923 | (401,589) | (14.4)% |
| Finished Products | 1,046,644 | 873,098 | 173,546 | 19.9% |
| Products in process | 8,261,677 | 10,273,696 | (2,012,019) | (19.6)% |
| Total | 11,701,656 | 13,941,717 | (2,240,062) | (16.1)% |

The raw materials item mainly refers to spare materials, essentially cables and carpentry and other various materials used for the maintenance of photovoltaic systems in South Africa and in Italy. These assets are not included in the assets held for sale.

The finished products as at 31 December 2018 mainly refer to the LED lamps used for energy efficiency projects.

The contract work, equal to Euro 8.3 million, at 31 December 2018, mainly refers to the progress of the orders relating to the company Softeco Sismat. For the latter work in progress attributable to the company Softeco Sismat, it should be noted that the progress of some orders was carried out on the basis of the work actually carried out at 31 December 2018.

7. TRADE RECEIVABLES

The following table provides details of the account balance as at September 30, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|--|----------------------|----------------------|---------------------|----------------|
| Resceivables from customers | 17,380,589 | 39,527,878 | (22,147,289) | (56.0)% |
| Resceivables from joint venture | 528,983 | 1,279,986 | (751,003) | (58.7)% |
| | | | | n.a. |
| Resceivables from affiliated companies | 32,044 | 32,044 | () | (0.0)% |
| Provision for doubtful | (292,808) | (4,813,008) | 4,520,200 | (93.9)% |
| Total | 17,648,808 | 36,026,900 | (18,378,092) | (51.0)% |

Trade receivables, mainly from customers, at 31 December 2018 amounted to € 19,431 thousand. The change in trade receivables compared to 31 December 2017 is essentially attributable to the credits reclassified among assets held for sale.

The amount of trade receivables is adjusted by a specific allowance for doubtful accounts of € 4,813 thousand to cover the risk of insolvency of some credit positions which arose in previous years. A part of this provision was reclassified among assets held for sale.

8. OTHER CURRENT ASSETS

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|-----------------------|----------------------|----------------------|---------------------|----------------|
| VAT Credit | 1,627,487 | 2,855,613 | (1,228,126) | (43.0)% |
| Advances to suppliers | 687,386 | 1,456,054 | (768,668) | (52.8)% |
| Prepayments | 504,210 | 2,460,436 | (1,956,226) | (79.5)% |
| Other credits | 2,889,183 | 11,419,199 | (8,530,015) | (74.7)% |
| Total | 5,708,267 | 18,191,302 | (12,483,035) | (68.6)% |

The change is due to the reclassification made in assets available for sale.

9. FINANCIAL RECEIVABLES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|--|----------------------|----------------------|------------------|----------------|
| Financial receivables from joint venture | | 275,556 | (275,556) | (100.0)% |
| Financial receivables from MPS | | | | n.a |
| Financial receivables from others | 187,312 | 360,518 | (173,206) | (48.0)% |
| Total | 187,312 | 636,074 | (448,762) | (70.6)% |

Financial receivables from joint ventures referred to shareholder loans disbursed by the Parent Company in favor of the JVs in previous years. The balance was reclassified among assets held for sale at December 31, 2018

10. CASH AND CASH EQUIVALENTS

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|------------------|----------------------|----------------------|--------------------|----------------|
| Bank accounts | 2,643,776 | 5,871,433 | (3,227,657) | (55.0)% |
| Cash | 55,237 | 40,259 | 14,978 | 37.2% |
| Total | 2,699,013 | 5,911,693 | (3,212,679) | (54.3)% |

For an analysis of the above variation, please refer to the Cash Flow Statement. The change is mainly due to the reclassification made among the assets available for sale of the assets mainly linked to the photovoltaic plants held by the Group.

With reference to any restrictions that make the balances of cash and cash equivalents that cannot be freely used by the TernEnergia, it should be noted that the cash and cash equivalents present in the South African subsidiaries TerniEnergia Project Ltd, TerniEnergia Solar South Africa Ltd, Tevasa Ltd, equal to approximately Euro 1.1 million at December 31, 2018, can be used outside the aforementioned country only after merit checks on the existence of the contractual conditions underlying the transaction by the SARB (South African Reserve Bank), while they can be freely used for needs financial institutions within South Africa itself.

11. ASSET FOR SALE

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|------------------|----------------------|----------------------|-------------------|--------------|
| Asset for sale | 118,300,120 | 71,243,251 | 47,056,869 | 66.1% |
| Total | 118,300,120 | 71,243,251 | 47,056,869 | 66.1% |

The assets available for sale at 31 December 2018 are represented by the entire SBU Asset (all the Group's photovoltaic and environmental plants, with the exception of the photovoltaic plant in Magliano and the composting plant in Calimera) and by the activities of EPC and financial assets relating to energy efficiency projects. Specifically, photovoltaic plants are represented by:

- 4 photovoltaic plants for a power of 4.7 MWp held by Energia Alternativa Srl (100% TerniEnergia); it should be noted that on 14 September 2018 the Alternative Energy sold to Sonnedix 8 photovoltaic plants with a capacity of approximately 9 MWp, as part of the Group's Recovery and Relaunch Plan;
- 2 photovoltaic plants for a power of 2 MWp held by Solter Srl (100% TerniEnergia); it should be noted that on September 14, 2018, Solter sold 2 plants with a capacity of approximately 2 MWp to Sonnedix, as part of the Group's Recovery and Relaunch Plan;
- 3 photovoltaic plants held directly by TerniEnergia for the power of 2.3 MWp
- 7 photovoltaic plants held by Terni Solar Energy (100% TerniEnergia) for a power of 5.7 MWp
- 1 photovoltaic plant held by the Agricultural Company Fotosolara Cheremule Srl (100% TerniEnergia) for a power of 2.7 MWp

- 1 photovoltaic plant held by the Agricultural Company Fotosolara Oristano Srl (100% TerniEnergia) for a power of 1 MWp;
- 1 photovoltaic plant held by the Agricultural Company Fotosolara Bonnanaro Srl (100% TerniEnergia) for a power of 0.7 MWp;
- 1 photovoltaic plant held by Alchimia Energy 3 Srl (100% TerniEnergia) for the power of approximately 1 MWp

Equity investments in the following companies owning photovoltaic systems have also been classified among the assets available for sale at 31 December 2018:

- Girasole Srl (50% TerniEnergia and 50% Errenergia), owner of 1 photovoltaic plant with a capacity of 1 MWp;
- Next Power II Prima Srl (50% TerniEnergia and 50% Errenergia) owner of 2 photovoltaic plants with a power of 2 MWp;
- Soltarenti Srl (50% TerniEnergia and 50% Ferreto Elettra) owner of 4 photovoltaic plants with a power of 3.7 MWp;
- Guglionesi Srl (50% TerniEnergia and 50% Sifip) owner of 2 photovoltaic plants with a capacity of 1 MWp;

For all the aforementioned photovoltaic plants (with the exception of 2 plants held by Soltarenti with a total power of 1.7 MWp), on June 6, 2019, a preliminary purchase contract was signed with Mareccio Energia Srl, a platform for the aggregation of photovoltaic plants. in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, through the vehicle company Italy T1 Roncolo.

As regards the two plants held by Next Power II Prima Srl, on 2 August 2019 the contract was signed for the sale to NextPower II Alpha S.r.l., an investment vehicle managed by the London merchant bank NextEnergy Capital.

The industrial plants operating in the environmental sector are represented by:

- The two ELT treatment plants in Borgo Val di Taro (PR) and Nera Montoro (TR);
- the biodigestion and composting plant of Nera Montoro (TR) owned by TerniEnergia and managed by GreenASM Srl (50% TerniEnergia and 50% ASM Terni)
- the pyrogasification plant of Borgosesia (VC) powered by biomass (virgin wood)

The equity investment in Purify Srl (50% TerniEnergia and 50% ATP Srl), owner of the groundwater treatment and purification plant located in Nera Montoro (TR), was also classified among the assets available for sale at 31 December 2018, currently being expanded with a new liquid waste treatment plant. In the preparation of the Plan, the Management has envisaged the disposal of this participation during the year 2020, in order to try to maximize the enhancement of the project, taking into account that the entry into operation is expected by the end of 2019 of the new liquid waste treatment plant.

For all the aforementioned environmental plants, the Company has given a mandate to a specialized advisor to search for potential buyers and there are some advanced negotiations.

COMMENTS ON THE PRINCIPAL LIABILITIES

12. EQUITY

As at December 31, 2018, the subscribed and paid share capital amounted to Euro 17,144,000 divided into 17,144,000 ordinary shares.

As at December 31, 2018, other reserves incorporate the decrease of the cash-flow hedge, which had a negative balance Euro 2,476 thousand. The reserve mainly reflects the negative fair value, offset by related tax effects, of derivatives booked by joint ventures and subsidiaries to hedge exposure to variability in cash flows, related to the fluctuation of interest rates on certain medium-/long-term loans. The derivative contracts meet the criteria set out by IFRS to classify for hedge accounting, and therefore the changes in the fair value of the derivatives are booked to a specific equity reserve (cash-flow hedge reserve) with regard to the effective portions of the derivatives.

The equity of minority interests refers mainly to the capital and reserves accruing to the minority shareholders of the Group, the TerniEnergia Group, Skyrobotic SpA and Numanova SpA.

As at December 31, 2018, the Company did not own any treasury shares.

13. EMPLOYEE BENEFITS

The following table provides details of the account balance as at September 30, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|---------------------------------|----------------------|----------------------|------------------|---------------|
| Provision for employee benefits | 5,974,778 | 6,311,594 | (336,816) | (5.3)% |
| Total | 5,974,778 | 6,311,594 | (336,816) | (5.3)% |

14. DEFERRED TAXATION

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|------------------------|----------------------|----------------------|--------------------|----------------|
| Deferred tax provision | 7,847,732 | 12,466,986 | (4,619,254) | (37.1)% |
| Total | 7,847,732 | 12,466,986 | (4,619,254) | (37.1)% |

The balance of deferred tax liabilities mainly refers, for approximately Euro 4 million, to the recognition of deferred taxes under the PPA on the acquired companies Softeco Sismat and Selesoft Consulting.

The change is mainly due to the reversal of deferred tax liabilities recognized on the values of the real estate property of Italeaf which were written down in 2018.

15. FINANCIAL NON CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|---------------------------------|----------------------|----------------------|---------------------|----------------|
| Debts. due to financial leasing | 912,182 | 17,428,569 | (16,516,387) | (94.8)% |
| Other financial liabilities | 21,003 | 549,722 | (528,719) | (96.2)% |
| Non-current borrowings | - | 13,773,758 | (13,773,759) | (100.0)% |
| Debt. Issue | | | () | (100.0)% |
| Total | 933,185 | 31,752,049 | (30,818,864) | (97.1)% |

The change recorded compared to the previous year is attributable to the reclassification of the financial debt referred to the assets reclassified among assets available for sale. The financial payables for leasing at December 31, 2018 only indicate the debt relating to the leasing relating to the photovoltaic plant of Magliano, held directly by TerniEnergia. This is the only photovoltaic plant not included in those intended for sale.

In particular, the reclassification involved the leasing relating photovoltaic plants.

16. PROVISION FOR RISKS AND CHARGES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|---------------------------------|----------------------|----------------------|--------------------|----------------|
| Provision for risks and charges | 1.840.396 | 2.949.730 | (1.109.334) | (37,6%) |
| Total | 1.840.396 | 2.949.730 | (1.109.334) | (37,6%) |

The provision for risks and charges at 31 December 2018 mainly refers to:

- € 978 thousand for a provision relating to the subsidiary Terni Energia Project for a tax risk on taxes to be paid on Italian personnel posted to South Africa during the construction of some large photovoltaic plants;
- for Euro 300 thousand, to a provision for a dispute with a financial advisor for the early termination of a contract;
- for Euro 498 thousand, to provisions made by Softeco to cover the risk on some contracts;

17. OTHER NON-CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|-------------------------------|----------------------|----------------------|-----------------|----------------|
| Other non-current liabilities | | | | n.a |
| Deferred Margins | 23,698 | 46,741 | (23,043) | (49.3)% |
| Total | 23,698 | 46,741 | (23,043) | (49.3)% |

Other non-current liabilities reflect the long-term portion of deferred margins that were booked upon the elimination of investments in joint ventures in order to recognize the additional reduction generated from the equity method.

18. DERIVATIVES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|-------------------------------------|----------------------|----------------------|--------------------|----------------|
| Hedging Derivatives | 11,651 | 2,349,693 | (2,338,042) | (99.5)% |
| Other derivatives on interest rates | | | | n.a |
| Total | 11,651 | 2,349,693 | (2,338,042) | (99.5)% |

On December 31, 2018 the Group does not hold any derivative instruments listed. The fair value of not listed derivatives is measured by reference to financial valuation techniques: in particular, is calculated by discounting future cash flows according to the parameters of the market. The change recorded compared to the previous year is attributable to the reclassification of assets available for sale.

19. TRADE PAYABLES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|----------------------|----------------------|----------------------|---------------------|----------------|
| Due to suppliers | 27,980,908 | 54,201,647 | (26,220,739) | (48.4)% |
| Due to Joint venture | 50,878 | 204,744 | (153,867) | (75.2)% |
| Total | 28,031,786 | 54,406,392 | (26,374,606) | (48.5)% |

Trade payables amounted to Euro 27,678 thousand as at December 31, 2018 are referred to the supply of materials as well as the acquisition of goods and services. The increase is mainly due to debtors towards suppliers for gas trading activities. The reduction is mainly due to the reclassification made among liabilities related to assets available for sale.

20. DEBT AND OTHER FINANCIAL LIABILITIES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|---|----------------------|----------------------|---------------------|----------------|
| Current bank debt (current account overdraft) | 28,773,119 | 48,297,396 | (19,524,277) | (40.4)% |
| Loans | 4,701,578 | 5,544,059 | (842,481) | (15.2)% |
| leasing | 86,023 | 12,660,584 | (12,574,561) | (99.3)% |
| Other financial liabilities | 48,772,861 | 27,966,774 | 20,806,088 | 74.4% |
| Total | 85,115,904 | 96,757,894 | (11,641,990) | (12.0)% |

The item mainly refers to payables to credit institutions for bank overdrafts, cash lines and the advance account on contracts and invoices, as well as short-term portions of payables for loans to banks and bondholders.

The change is due to the reclassification of financial liabilities at 31 December 2018 among liabilities related to assets available for sale. The reclassification concerned the leasing contracts for the financing of the owned plants. In particular, this relates mainly to the FORSU (Organic Solid Waste Fraction) treatment plant of the Nera Montoro plant, as well as to the PFU (Discarded Tires) treatment plant of Nera Montoro and Borgo Val di Taro.

The item "Other financial liabilities" mainly refers to the bond issue made by TerniEnergia in February 2014. The bond issue, called "TernEnergia 2019", is equal to Euro 25 million, with an original five-year duration (expiring in February 2019) and gross fixed rate of 6.875% with annual coupon, and is traded on ExtraMOT PRO, the professional segment of the ExtraMOT bond market managed by Borsa Italiana. It should be noted that the coupon maturing in February 2018 has been duly paid. On 30 July 2019, the Bondholders' Meeting approved the bondholders' participation in the Group Recovery and Relaunch Plan and the adoption of the new bond loan regulation which incorporates the changes necessary to bring it into compliance with the provisions of the Recovery and Relaunch Plan also in order to allow TerniEnergia to reach the signing of the agreement pursuant to art. 67. In particular, the amendments to the regulation provide for the extension of the final maturity of the Bond Loan from September 30, 2019 to December 31, 2027 in order to allow the Company to fully repay the Bond Loan, compatibly with the financial flows generated in part by the process of disposal of the assets beyond that of the Company's current activity (post merger with Softeco) and the introduction of a variable interest rate, equal to the six-month Euribor increased by 150 basis points (with retroactive effect from 1 July 2018), to replace the original fixed rate of 6.875%.

Italeaf S.p.A. has provided bank guarantees to the TerniEnergia for a total amount of approximately Euro 58.2 million at the reference date of these financial statements.

21. TAX LIABILITIES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|------------------|----------------------|----------------------|---------------|-------------|
| Direct Taxex | 574,381 | 538,684 | 35,697 | 6.6% |
| Total | 574,381 | 538,684 | 35,697 | 6.6% |

22. OTHER CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|--|----------------------|----------------------|----------------|-------------|
| Due to personnel | 2,599,133 | 3,815,735 | (1,216,602) | (31.9)% |
| Payables to social security institutions and welfare | 8,242,024 | 6,838,758 | (3,070,726) | (44.9)% |
| Other current liabilities | 10,395,718 | 10,163,558 | 209,117 | 2.1% |
| Total | 21,236,875 | 20,822,552 | 414,323 | 2.0% |

23. LIABILITIES RELATED TO ASSETS HELD FOR SALE

The following table provides details of the account balance as at December 31, 2018 and December 31, 2017, respectively, and the related change:

| <i>(in Euro)</i> | December 31, 2018 | December 31, 2017 | Change | Change % |
|--|----------------------|----------------------|-------------------|--------------|
| Liabilities associated with assets held for sale | 76,768,785 | 46,872,357 | 29,896,428 | 63.8% |
| Total | 76,768,785 | 46,872,357 | 29,896,428 | 63.8% |

COMMITMENTS AND GUARANTEES GIVEN

GUARANTEES

In some cases, customers of the TerniEnergia have funded the purchase of the photovoltaic system through lease agreements with leasing companies. For some of these customers, the Parent company has signed with the leasing company for a takeover agreement to the customer in the lease in the event of, and subordinate to, the failure by its customers. Customers are also involved in this case, to transfer to TerniEnergia the lease agreement and any debt outstanding at the date of transfer, if generated by power plant under contract.

TerniEnergia administrators believe that the probability of occurrence of transfer is extremely remote, since, in practice and with the exception of the initial maxi tranche of leasing contract. Whereas the existence of a maxi initial paid by the customer to the leasing company, the values in effect at time of a takeover, based on current development plans for the cash flows of photovoltaic systems affected, would see a future excess flows generated by energy production compared to outflows for royalties due.

CONTINGENT LIABILITIES

DISPUTES, INVESTIGATIONS AND JUDICIAL PROCEEDINGS IN PROGRESS

On December 31, 2018 there were no legal or fiscal proceedings or disputes pending against Italeaf or other companies of the Group, except as outlined below.

Terni Energia Spa / Ing. Franco Diomedi

This is an out-of-court dispute for disputes advanced by Eng. Diomedi relating to unpaid professional services for approximately € 141 thousand as well as non-quantified emoluments and contributions deriving from the request for the requalification of the collaboration relationship as subordinate work. Regarding this last request, Eng. Diomedi turned to the Territorial Labor Inspectorate. The Company, in turn, has also filed claims, out of court, for damages against counterparties for alleged design errors. Negotiations between the parties aimed at reaching a settlement agreement have not had a negative outcome. The lawyer who assisted the Company in the negotiations highlights that "the outcome of the dispute, where it led to a legal dispute, is not foreseeable". The reference accounting situation at 31.12.2018 highlights the registration of payables to Eng. Diomedi equal to Euro 70 thousand, or equal to the fees

invoiced by the latter while there is no provision for risks, as this is still an out-of-court dispute, without a concrete formalization of the counterparty requests.

Terni Energia Spa // Board of Statutory Auditors (Dr. Santaniello, Dr. Pellegrini, Dr. Magni) // CONSOB (resolution n.19482 of 23.12.2015)

This is the judgment that concerns the appeal at the Court of Appeal of Perugia of CONSOB resolution n.19482 of 23.12.2015 (notified on 13.04.2016) and of the attached deed of assessment, with which CONSOB imposed the then members of the Board of Statutory Auditors of Terni Energia administrative fines as a consequence of the alleged failure to exercise the control functions due to them in relation to the following aspects:

- i. the compliance with the discipline of transactions with related parties in reference to two consultancy contracts entered into by the Company with Eng. Ricci during the period in which he held the position of director of the Board of Directors;
- ii. compliance by the Company with the code regulations on the powers and responsibilities of directors, in relation to the power of attorney issued to Eng. Ricci on 22.10.2013.

The CONSOB resolution imposed sanctions equal to a total of Euro 128 thousand in relation to point i. and Euro 113 thousand in relation to point ii. distributed among the individual members of the Board of Statutory Auditors.

On 7.03.17 the Court of Appeal of Perugia issued a sentence with which:

- canceled the sanctions of the CONSOB in relation to the preceding observation (ii.);
- confirmed the sanctions for the relief (i.);
- declared the costs of the proceedings compensated between the parties.

CONSOB filed an appeal with the Court of Cassation against the aforementioned sentence on 12 October 2017. The Company has filed a defense in the interest of Dr. Santaniello, Magni and Pellegrini.

It should be noted that pending the proceedings, the Tax Revenue Agency issued four payment cards to the statutory auditors, notified as co-obliged also to Terni Energia SpA, for a total amount of Euro 240 thousand plus penalties. The amount of the notified files included all the pecuniary administrative sanctions imposed by CONSOB in the provision 19482, including those referred to in point (ii.) Above, equal to Euro 113 thousand, then canceled by the Court of Appeal of Perugia. As can be seen from the company's role extract, the statutory auditors requested and obtained the payment of the aforementioned amounts. The statutory auditors are proceeding with the regular payment of the installments themselves.

The lawyer who assists the Company, the statutory auditors and former statutory auditors of the same highlights that:

- in the event that the Cassation deems the CONSOB resolution entirely legitimate, the risk of losing would be limited to the outstanding debt not yet paid in relation to the payment slips received by the members of the board of statutory auditors and also notified to the Company as co-obliged (equal to the date of 21.05.2019 to Euro 79 thousand). However, this amount can be repeated to the statutory auditors (art.195, paragraph 9, Legislative Decree no. 58/98);
- in the event that the Court of Cassation annuls the sentence of the Court of Appeal of Perugia, it seems reasonable to hypothesize a referral to the Court of Appeal for there to be a new ruling on the merits of the matter.

The lawyer also notes that: "the risk of losing however appears, despite the difficulty of making forecasts of this type, all in all remote".

Finally, it should be noted that Terni Energia's financial statements at 31.12.2018 do not show any provisions relating to the position in question.

Terni Energia Spa // Board of Statutory Auditors (Dr. Santaniello, Dr. Pellegini, Dr. Magni) // CONSOB (resolution n.19809 and n.19810 of 13.12.2016)

This is the judgment concerning the appeal at the Court of Appeal of Perugia of CONSOB resolutions n.19809 and n.19810 of 13.12.2016 (notified on 20.01.2017) and of the attached deed of assessment, with which CONSOB imposed

administrative fines on the actual members of the Board of Statutory Auditors and at Terni Energia, totaling Euro 150 thousand (Euro 120 thousand towards the Board Statutory Auditors and Euro 30 thousand from Terni Energia) as a consequence of the alleged failure to exercise the control functions due to them in relation to an alleged related party transaction.

On 04.07.18 the Court of Appeal of Perugia issued a ruling rejecting CONSOB's sanctioning claim, ordering CONSOB to reimburse the costs of the proceedings. On 08.02.2019, CONSOB filed an appeal against the aforementioned judgment by the Court of Cassation. The Company has filed a defense in the interest of Dr. Santaniello, Magni, Pellegrini and Terni Energia. The date of the hearing has not yet been set.

The lawyer who assists the Company and its auditors highlights that:

- in the event that the Court of Cassation considers the CONSOB resolution entirely legitimate, the risk of losing would amount to Euro 150 thousand plus legal costs. However, this amount may be partially repaid to the statutory auditors for € 120 thousand (Article 195, paragraph 9. of Legislative Decree 58/98) while € 30 thousand would be borne by Terni Energia;
- in the event that the Court of Cassation annuls the sentence of the Court of Appeal of Perugia, it seems reasonable to hypothesize a referral to the Court of Appeal for there to be a new ruling on the merits of the matter.

The lawyer also notes that: "the risk of losing must be considered possible".

Finally, it should be noted that Terni Energia's financial statements at 31.12.2018 do not show any provisions relating to the position in question.

Terni Energia Spa / Next Energy Capital Ltd

This is a case brought by Next Energy Capital Ltd (hereinafter "Next Energy") before the Court of Milan aimed at obtaining the payment of compensation / compensation (quantified to the maximum extent in Euro 632 thousand) for the early termination of the contract of the Financial Advisory Agreement stipulated between the parties on 14.11.2014 in addition to fees due and unpaid for Euro 35 thousand.

The Company promptly appeared in court highlighting the legitimacy of the withdrawal and the absence of justifications for the plaintiff's requests.

The first hearing was held on 20.12.16 and was postponed for discussion until 03.10.17 with terms to the parties for the briefs pursuant to art. 183 cpc. At the hearing of 3 October, the judge postponed the hearing to 22.01.19 for the clarification of the conclusions. On 29.05.19 a sentence was issued in which the first degree judge accepted Next Energy's request, ordering Terni Energia to pay:

- 250 thousand euros as a penalty for withdrawal;
- Euro 30 thousand for services performed by the actress in the period October - December 2014 and never paid
- Euro 18 thousand as reimbursement of counterparty litigation costs.

Equal to a total of Euro 298 thousand. The terms for a possible opposition are still pending.

Terni Energia's financial statement Terni Energia Spa // Milis Energy Soc. Agricola Srl

This is a dispute that arose in relation to a contract signed between the parties on 06.08.2010. The dispute ended with the signing on 10.04.2018 of a transaction agreement which provides for the payment, in balance and excerpt, of the matter of the dispute, to be borne by Terni Energia of the sum of Euro 500 thousand divided as follows:

- € 200 thousand already paid by 31.12.2018;
- Euro 100 thousand by 30.06.2019;
- € 100 thousand by 31.12.2019;
- Euro 100 thousand by 30.06.2020.

The financial statements at 31.12.2018 show provision for risks of Euro 300 thousand.

COMMENTS ON THE MAIN INCOME STATEMENT ACCOUNTS

24. REVENUES

The following table provides details of the account for December 31, 2018 and December 31, 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|---|-------------------------------|-------------------------------|--------------------|----------------|
| Revenues Sbu Asset | 132,042 | 3,992,112 | (3,860,070) | (96.7)% |
| Revenues Sbu Smart Solution and Service | 24,080,615 | 23,512,210 | 568,405 | 2.4% |
| Revenues Drones | | 399,569 | (399,569) | (100.0)% |
| Other Revenues | 1,362,156 | 869,315 | 492,841 | 56.7% |
| Total | 25,574,813 | 28,773,206 | (3,198,393) | (11.1)% |

For the first nine months ended at December 31, 2018, the Group realized consolidated revenues from sales and services in the amount of Euro 25,514 thousand.

The revenues refer exclusively to the "SBU SMART SOLUTION AND SERVICE", taking into account that the economic results of the SBU Asset (with the exception of the revenues of the photovoltaic plant of Magliano) have been classified among the results of the activities available for sale, together with the EPC results.

Therefore, revenues, as of December 31, 2018 of Euro 24,512 thousand, refer to the activity of the subsidiary Softeco Sismat, the Energy Saving activity and the O&M activity carried out in Italy and South Africa.

25. COSTS OF RAW MATERIALS, SUPPLIES AND GOODS

The following table provides details of the account for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|---|-------------------------------|-------------------------------|-----------------|---------------|
| Purchase of materials | 1,361,013 | 14,888,413 | (13,527,399) | (90.9)% |
| Materials consumption | | | | n.a. |
| Fuels and lubricants | 53,657 | 59,917 | (6,260) | (10.4)% |
| Change in inventories of raw materials, consumables | (51,682) | (980,916) | 929,234 | (94.7)% |
| Purchase of Energie | | (12,528,754) | 12,528,754 | (100.0)% |
| Total | 1,362,988 | 1,438,659 | (75,671) | (5.3)% |

26. COSTS FOR SERVICES

The following table provides details for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|--|--|--|--------------------|-----------------|
| Outwork | 256,867 | 1,378,585 | (1,121,718) | n.a. |
| Consultancy and external collaborators | 2,215,620 | 3,308,981 | (1,093,361) | (49.3)% |
| Rental and hire | 328,699 | 455,308 | (126,609) | (38.5)% |
| Services | | | | n.a. |
| Renting property | | 801,962 | (801,962) | n.a. |
| Transport | 42,767 | 114,703 | (71,936) | n.a. |
| Services Energy/Gas | | | | n.a. |
| Maintenance and repairs and assistance | 490,122 | 1,337,104 | (846,982) | n.a. |
| Supervision and Insurance | 393,241 | 631,141 | (237,900) | (37.7)% |
| Other costs for services | 3,459,551 | 2,442,155 | 1,017,396 | 41.7% |
| Total | 7,186,867 | 10,469,939 | (3,283,072) | (31.4)% |

This item includes primarily costs for external work, consulting and collaboration, supervision and transportation insurance and other benefits.

27. PERSONNEL COSTS

The following table provides details of the account for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|---------------------------------|--|--|--------------------|-----------------|
| Wages and salaries | 9,335,149 | 10,694,766 | (1,359,617) | (12.7)% |
| Social Security Contribution | 3,265,006 | 3,831,981 | (566,976) | (14.8)% |
| Remuneration of Directions | 385,750 | 813,167 | (427,417) | (52.6)% |
| Provision for employee benefits | 777,063 | 962,762 | (185,699) | (19.3)% |
| Temporary Staff | 1,127,359 | 633,625 | 493,734 | 77.9% |
| Total | 14,890,326 | 16,936,301 | (2,045,974) | (12.1)% |

The change in personnel expenses is mainly attributable to the increase of employees due to the acquisition of Softeco Sismat and Selesoft Consulting.

28. OTHER OPERATING COSTS

The following table provides details of the account for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|----------------------|-------------------------------|-------------------------------|--------------------|----------------|
| Taxes not on incomes | 627,089 | 493,754 | 133,335 | 27.0% |
| Penalties | | | | n.a. |
| Other costs | 866,496 | 2,173,560 | (1,307,064) | (60.1)% |
| Total | 1,493,585 | 2,667,314 | (1,173,729) | (44.0)% |

29. AMORTIZATION, DEPRECIATION, PROVISIONS AND WRITEDOWNS

The following table provides details of the account for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|-----------------------------------|----------------------------|----------------------------|------------------|--------------|
| Amortization of intangible assets | 4,348,449 | 4,051,278 | 297,170 | 7.3% |
| Amortization of tangible assets | 914,584 | 1,090,237 | (175,652) | (16.1)% |
| Provision for doubtful | 1,181,599 | 1,781,831 | (600,232) | (33.7)% |
| Writedown non current activities | 16,919,393 | 6,504,778 | 10,414,616 | n.a. |
| Total | 23,364,025 | 13,428,123 | 9,935,902 | 74.0% |

The change compared to the corresponding figure of the previous year is attributable to the write-down recorded in 2018 by the Parent Company Italeaf to align the value of the real estate properties with the evaluation made by an independent expert.

30. FINANCIAL INCOME AND CHARGES

The following table provides details of the account for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|----------------------------------|-------------------------------|-------------------------------|------------------|----------------|
| Interest expense on debt | (3,527,480) | (4,224,921) | 697,441 | (16.5)% |
| banking Commission | (212,070) | (290,795) | 78,725 | (27.1)% |
| Interests on bonds | (1,891,120) | (1,878,075) | (13,045) | 0.7% |
| Total finance costs | (5,630,670) | (6,393,791) | 763,121 | (11.9)% |
| Interest earned on bank accounts | | | | n.a. |
| Interest income / joint venture | 12,857 | 269,365 | (256,508) | (95.2)% |
| Other financial income | 196,713 | 819,145 | (622,431) | (76.0)% |
| Total financial incomes | 209,571 | 1,088,510 | (878,939) | (80.7)% |
| Total | (5,421,099) | (5,305,281) | (115,818) | 2.2% |

Financial charges primarily relate to the financing of industrial plants owned by the TerniEnergia Group, as well as the bond issue, which also refers to TerniEnergia.

31. TAXES

The following table provides details of the account for 2018 and 2017, respectively:

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|------------------------|----------------------------|----------------------------|------------------|----------------|
| Current Taxes | 204,514 | 199,699 | 4,815 | 2.4% |
| Deferred tax asset | (6,137,484) | (9,116,644) | 2,979,160 | (32.7)% |
| Deferred tax provision | (1,835,563) | (2,508,939) | 673,377 | (26.8)% |
| Total | (7,768,533) | (11,425,884) | 3,657,352 | (32.0)% |

| <i>(in Euro)</i> | As at December 31, 2018 | As at December 31, 2017 | Change | Change % |
|------------------|----------------------------|----------------------------|--------------|-------------|
| Current Taxes | | | | |
| - IRES | 156,530 | 65,036 | 91,494 | 140.7% |
| - IRAP | 47,984 | 134,663 | (86,679) | (64.4)% |
| Total | 204,514 | 199,699 | 4,815 | 2.4% |

TRANSACTION WITH RELATED PARTIES

The following table summarizes financial transactions with related parties:

| (in Euro) | As At December 31 2018 | | | | As At December 31 2018 | | | | |
|-----------------------------------|------------------------|---------------|---------------|----------------|------------------------|----------------|-----------|----------|----------------|
| | Receivables | Payables | Other credits | Other Payables | Costs | | | Revenues | |
| | | | | | Goods | Service Cost | Personnel | Goods | Service Cost |
| Description | | | | | | | | | |
| Joint venture | | | | | | | | | |
| Girasole S.r.l. | 71,039 | 50,878 | 46,587 | | | | | | 34,952 |
| Guglionesi S.r.l. | 32,766 | | | | | | | | 26,857 |
| Purify S.r.l. | 307,486 | | | | | 234,944 | | | 62,000 |
| Soltarenti S.r.l. | 69,566 | | | | | | | | 70,400 |
| Opera Power S.r.l. | 15,260 | | | | | | | | |
| Imprese Collegate | | | | | | | | | |
| Sundrone S.r.l. | 24,949 | | | | | | | | |
| Spid S.r.l. | 7,918 | | | | | | | | |
| Imprese consociate | | | | | | | | | |
| T.E.R.N.I. Research S.p.A. | 32,044 | | 22,889 | | | | | | |
| Altre parti correlate | | | | | | | | | |
| Lizzanello S.r.l. | 9,211 | | | | | | | | 7,000 |
| Royal Club S.r.l. | | 36,600 | | | | | | | 120,000 |
| Alta direzione | | | | 69,650 | | | 340,833 | | |
| Totale | 570,238 | 87,478 | 69,476 | 69,650 | 234,944 | 340,833 | | | 321,210 |

The following table summarizes commercial transactions with related parties:

| <i>(in Euro)</i> | As At December 31 2018 | | | As At December 31 2018 | | | |
|-------------------------------------|------------------------|-------------|------------|------------------------|----------------------|---------|---------------|
| | Description | Receivables | Guarantees | Guarantees given | Takeover Commitments | Charges | Income |
| <i>Joint venture</i> | | | | | | | |
| Girasole S.r.l. | 410,752 | | | | 753,864 | | 10,752 |
| Guglionesi S.r.l. | 370,052 | | | | | | 9,228 |
| Sol Tarenti S.r.l. | 717,747 | | | | 6,682,635 | | 41,398 |
| Purify S.r.l. | 239,116 | | | | | | |
| NextPower II Prima S.r.l. | 888,352 | | | | | | 13,424 |
| <i>Altre parti correlate</i> | | | | | | | |
| Opera Power S.r.l. | | | | | 1,573,276 | | |
| Camene S.r.l. | | | | | 2,134,981 | | |
| Royal Club Snc | | | | | 2,094,243 | | |
| Totale | 2,626,020 | | | | 13,238,999 | | 74,802 |

SUBSEQUENT EVENTS

TERNIENERGIA WONS THE LAWSUITS AT THE TAR FOR SARDINIA FOR THE REVOCATION OF THE SINGLE AUTHORIZATIONS OF TWO PHOTOVOLTAIC PLANTS FOR 1.6 MW

On 5 February 2019, TerniEnergia, smart company part of the Italeaf Group, announced that the Regional Administrative Court for Sardinia has received in the merits, in two separate judgments, the appeals presented by the Company for the annulment of the measures revoking the authorisations for two photovoltaic systems on greenhouses, owned respectively by Società Agricola Fotosolara Bonnanaro Srl (with a capacity of approximately 0.7 MWp) and Società Agricola Fotosolara Oristano Srl (with a capacity of approximately 0.9 MWp), wholly owned by TerniEnergia S.p.A..

GREEN LIGHT FROM THE BOARD OF DIRECTORS OF TERNIENERGIA TO THE UPDATE OF THE RECOVERY AND RELAUNCH PLAN AND THE RELATED FINANCIAL MEASURES

On 26 February 2019, The Board of Directors of TerniEnergia approved the update of the proposed Relaunch and recovery plan, compared to the version approved on 25 October 2018, the reasonableness of which must be certified by a professional pursuant to art. 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022 (the "Plan"), who has been identified in Dr. Massimiliano Bonamini (subject of proven experience in the field).

The Plan, prepared with the help of KPMG as industrial and financial advisor, in its updated version, unequivocally represents a further step forward in the recovery process undertaken by the Company and provides for the following main strategic guidelines: (a) a reshaping of the assets disposal; (b) confirmation of the merger by incorporation of Softeco into TerniEnergia to complete the turnaround process, with the introduction of industrial targets in the digital O&M sector; (c) the adjustment of the financial measures for debt rescheduling.

THE BOARD OF DIRECTORS APPROVES THE RECOVERY AND RELAUNCH PLAN AND THE RELATED FINANCIAL MANOUVRE AND THE POSTPONEMENT OF THE APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

On 28 March 2019, the Board of Directors of Italeaf resolved to postpone the approval of the separate and consolidated financial statements to 31 December 2018. The Board of Directors also approved the proposed Plan for the recovery and relaunch of Italeaf, The main terms of which are set out below:

- (a) Extraordinary transactions to reduce and accelerate the return from the current bank exposure;
- (b) Business continuity;
- (c) Rationalisation
- (d) Financial Measures

The Board of Directors of Italeaf therefore resolved to continue negotiations with the creditors on the basis of the proposed Plan approve, reserving the right to closely monitor the work in progress of negotiations with the aim of concluding them and defining the Plan by 30 June 2019.

NUMANOVA ACHIEVED SIGNIFICANT INDUSTRIAL RESULTS. PRODUCED PURE COPPER POWDERS FOR THE INFN GRAN SASSO LABORATORIES AND TI-AL POWDERS FOR THE MOTOR RACING SECTOR

On 29 March 2019, Numanova, part of the Italeaf Group, announced that it has produced, for the National Laboratories of Gran Sasso (LNGS) of INFN, a supply of 10 kg of pure copper powder, one of the most difficult metals to process because of its chemical-physical properties characterized by a high thermal and electrical conductivity. The total quantity of material produced by Numanova is equal to 60 Kg.

On the same date the Shareholders' Meeting of Numanova unanimously approved a divisible capital increase to be offered as an option to shareholders, of Euro 0.3 million, through the issue for cash of 300,000 shares with no par value to be subscribed within five months. At the end of the capital increase, which will be used to support the growth of production activities and the commercial goodwill of Numanova, the Company will have a maximum share capital of Euro 4.085 million. Numanova currently has 23 shareholders; the company's shareholding structure is as follows: Italeaf S.p.A. 85%, other shareholders 15%.

The Shareholders' Meeting of Numanova approved at the same time the Company's 2018 financial statements, which closed with a substantial break-even. The Shareholders' Meeting appointed the members of the Board of Directors, who will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2021, the number of which has been determined as 5 members, as follows: Stefano Neri (Chairman), Marco Paura (Managing Director), Andrea Balestrino (Managing Director for marketing and marketing), Vittorio Pellegrini and Clelia Zunino (Independent Directors).

TERNIENERGIA SIGNED AGREEMENT FOR THE SALE OF 22 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 23.875 MILLION

On 16 May 2019, TerniEnergia, smart company part of Italeaf Group, and Italia T1 Roncolo S.r.l., a platform for the aggregation of photovoltaic plants in Italy, in partnership with the sponsor LCF Alliance, reached an agreement, with the promise of the third party pursuant to art. 1381 of the Italian Civil Code, for the sale by TerniEnergia, also through some subsidiaries and SPV, of 22 photovoltaic plants in Italy with a total installed capacity of 19.3 MW. Amount of the

transaction equal to Euro 23.875 million (Equity Value for 100% of the assets to be sold), of which approximately Euro 0.5 million (corresponding to 50% of the Equity value of no. 1 JV) will be paid to the shareholder of the vehicle company owning 2 plants and approximately Euro 4.5 million will be paid to the 2 JVs owning 3 plants for the transfer of the business branch to 2 Newcos. Total value of the transaction (Enterprise Value) equal to approximately Euro 59 million.

TERNIENERGIA SIGNED THE CONTRACTS FOR THE SALE OF 22 PHOTOVOLTAIC PLANTS WITH MARECCIO ENERGIA

On 6 June 2019, TerniEnergia, smart company part of Italeaf Group, has signed all the contracts relating to the sale of 22 photovoltaic plants for a total price of Euro 23.875 million with Mareccio Energia S.r.l., a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance, through the SPV Italia T1 Roncolo, following the approval of the transaction by the Investment Committee of the Buyers.

TERNIENERGIA SIGNED A PRELIMINARY CONTRACT WITH NEXTPOWER II ALPHA FOR THE SALE OF 50% OF THE SHARES OF A JV OWNER OF TWO PHOTOVOLTAIC PLANTS FOR 1.9 MW

On 7 June 2019, TerniEnergia, smart company part of Italeaf Group, announced that a preliminary contract has been signed for the sale to NextPower II Alpha S.r.l., an investment vehicle managed by the London merchant bank NextEnergy Capital, of 50% of the shares of the company NextPower II Prima Srl. The joint venture between TerniEnergia and Errenergia, which simultaneously signed the preliminary contract for the sale of its shares to the Purchasers, owns two photovoltaic plants in Puglia for a total installed capacity of about 1.9 MW. The consideration for the sale of the company's shares amounts to approximately Euro 1.3 million, while the transaction also provides for the assumption by the Purchasers of financial debts linked to the plants for approximately Euro 4 million.

TERNIENERGIA TRANSFERRED ENERGY EFFICIENCY PROJECT, DEBT REDUCTION OF AROUND EURO 0.5 MILLION

On 11 June 2019, TerniEnergia, smart company part of Italeaf Group, announced that it has transferred to a leading national consortium, active in the construction, maintenance and management of real estate and industrial plants, an energy efficiency project, built in Tuscany with the formula of project financing, and related contracts. The agreement signed provides for the assumption by the Consortium of financial debts linked to the plants (leasing contracts and power supply) for approximately Euro 0.5 million.

TERNIENERGIA'S DIGITAL COMPANY SOFTECO OBTAINS CONTRACT FROM EU COMMISSION FOR AIR, MARINE AND RAIL TRANSPORT SAFETY SYSTEM

On 13 June 2019, TerniEnergia, smart company part of Italeaf Group, announced that the digital company Softeco Sismat has obtained from the European Commission, through the Joint Research Centre (JRC) of Ispra, the renewal of the contract for the services relating to the ECCAIRS project, a system for the analysis of transport accidents developed by Softeco Sismat. The duration of the new contract will be 2 years, plus 2 renewable ones for an equivalent value of Euro 0.3 million per year.

THE BOARD OF DIRECTORS OF TERNIENERGIA RESOLVED ON THE UPDATE OF THE 2018-2022 RELAUNCH AND RECOVERY PLAN AND THE RELATED FINANCIAL MEASURES

On 27 June 2019, TerniEnergia, smart company part of Italeaf Group, has resolved upon the approval of the update of the relaunch and recovery plan compared to the version previously approved on October 25, 2018, aimed at the rebalancing of the Company's financial situation in the medium term, it being understood that the feasibility of the aforementioned plan is still subject to the certification of Mr. Massimiliano Bonamini in its quality as expert who has been appointed by the Company for such purposes, according to article 67, paragraph 3, letter d) of the Italian insolvency law (the "Plan").

The update of the Plan which has been prepared with the help of KPMG (in its quality as industrial and financial advisor of the Company) and DLA Piper (in its quality as legal advisor of the Company) confirms the main goal of strategic repositioning based on:

- the disposal of assets related to (a) the construction and sale of photovoltaic plants and those related to the management such plants which represented as of today the core business of the group, (b) the business unit Clean Tech, to be completed within 31 December 2020. In addition to the above, the Company aims at focusing on the business unit related to the "digital energy";
- the merger by incorporation of Softeco into TerniEnergia, 100% owned by the latter, to be completed within 31 December 2019, in order to accelerate the development of TerniEnergia in the "hi tech" and "digital energy" sector;
- a financial maneuver the amendments of which (compared to the previous version thereof approved on 25 October 2019) are rather the consequence of an activity carried out by the expert, dott. Massimiliano Bonamini, appointed by the Company to carry out the analysis required by the law in order to ascertain mainly the truthfulness of the Company's financial data and the feasibility of the Plan.

As part of these analysis, the assumptions of the Plan were in fact subjected to important stress tests that led to amendments of the financial maneuver. In detail, the sensitivity analysis carried out by the expert are of a different nature and, in particular: industrial sensitivity: sensitivity disposals; other sensitivities.

As specified it is worth mentioning that the contents of the Plan and of the related financial maneuver are still subject to negotiation and could be subject to additional amendments also as a result of the analysis of the expert which is still ongoing as its opinion related to the feasibility of the Plan is essential for the completion of the restructuring transaction. Considering the above the Board of Directors has resolved to keep on negotiating the Plan with the financial creditors and the noteholders, on the basis of the contents mentioned above, reserving the right to follow closely the development of such negotiations with the aim of concluding such negotiations and defining the contents of the Plan within 31 August 2019.

THE BOARD OF DIRECTORS RESOLVED THE POSTPONEMENT OF THE APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

On 27 June 2019, the Board of Directors of Italeaf resolved to postpone the approval of the separate and consolidated financial statements to 31 December 2018.

THE TERNIENERGIA'S DIGITAL COMPANY SOFTECO ENFORCES ITS PARTNERSHIP WITH ATM IN THE RADIOBUS ON-CALL TRANSPORT SERVICE

On 3 July 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that ATM (Azienda trasporti milanese) has integrated some important features of the Personalbus technological platform developed by the Group's digital company, Softeco Sismat, into the official App to move in the city of Milan.

THE TERNIENERGIA'S DIGITAL COMPANY SOFTECO LAUNCHES A ENERGY CONSUMPTION ANALYSIS SERVICE FOR ENAV, WITH A DEDICATED PLATFORM

On 22 July 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company Softeco obtained a contract from ENAV, the company that manages civil air traffic in Italy, for the supply of a platform dedicated to the analysis of the consumption data of the individual sites where power is delivered to the customer (POD) and of the cost data connected to the contract stipulated with energy suppliers.

THE BONDHOLDERS' MEETING RELATING TO THE "TERNIENERGIA EURO 25,000,000.00 NOTES DUE 2019 - ISIN CODE IT0004991573" HAS RESOLVED UPON THE BONDHOLDERS' PARTICIPATION TO THE PLAN AND UPON THE AMENDMENTS TO THE BOND REGULATION

On 30 July 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the meeting of the bondholders (the "Bondholders' Meeting") of the "TerniEnergia Euro 25,000,000.00 notes due 2019 - ISIN code IT0004991573" bond (the "Bond"), was held before the Chairman Stefano Neri and the Notary Adele Cesàro in Milan at the first convening, today, 30 July 2019 at 11,00 a.m., with the participation of the bondholders representing 62,80 % of the Bond.

The Bondholders' Meeting resolved, with the majorities requested by the law, upon the participation of the bondholders to the Plan and the adoption of a new bond regulation (the "Bond Regulation"), which includes the amendments necessary to make the Bond Regulation consistent with the provisions of the Plan, in order for TerniEnergia S.p.A. (the "Company" or "TerniEnergia") to execute an agreement in accordance with article 67, paragraph 3, letter d), of Italian Royal Decree number 267 of 16 March 1942 (the "Plan").

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 50% OF THE SHARES OF A JV OWNING TWO PHOTOVOLTAIC PLANTS FOR 1.9 MW

On 2 August 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that was signed the closing for the sale to NextPower II Alpha S.r.l., an investment vehicle managed by the London merchant bank NextEnergy Capital, of 50% of the shares of the company NextPower II Prima Srl. The joint venture between TerniEnergia and Errenergia, which simultaneously signed the preliminary contract for the sale of its shares to the Purchasers, owns two photovoltaic plants in Puglia for a total installed capacity of about 1.9 MW. The consideration for the sale of the company's shares amounts to approximately Euro 1.3 million, while the transaction also provides for the assumption by the Purchasers of financial debts linked to the plants for approximately Euro 2 million (relating to the share of TerniEnergia). NextPower II Italia S.r.l., parent company of the vehicle company that acquired the plants, has given a guarantee of performance by the Buyer. The consideration will be paid in cash on the effectiveness of the certification of the TerniEnergia Recovery and Relaunch Plan, as well as to the fulfilment of certain conditions typical for this type of transaction.

APPROVED BY TERNIENERGIA THE FINAL DRAFT OF THE RECOVERY AND RELAUNCH PLAN

On 7 August 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the final draft of the Recovery and relaunch plan for the period 2018-2022, aimed at restoring the financial and equity balance of the Company, pursuant to Article 67, paragraph 3, letter d) r.d. 267/42 (the "Plan").

THE DIGITAL COMPANY SOFTECO (TERNIENERGIA GROUP) OBTAINED TWO FRAMEWORK CONTRACTS WITH LEONARDO FOR THE DESIGN OF SCADA SYSTEMS AND SOFTWARE APPLICATIONS FOR AIRPORT SORTING

On 8 August 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat obtained two framework contracts for a period of 24 months, between 30/7/2019 and 29/7/2021, and which can be renewed for a further 12 months, respectively for the SCADA area and for the software applications area on behalf of Leonardo S.p.A., an Italian company leader in the defence, aerospace and security sectors.

THE BOARD OF DIRECTORS RESOLVED THE POSTPONEMENT OF THE APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018 AND OF THE HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2019

On 28 August 2019, The Board of Directors of Italeaf resolved to postpone the approval of the separate and consolidated financial statements as at 31 December 2018 and the half-yearly financial report as at 30 June 2019.

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 11 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 10.3 MILLION

On 20 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the sale (by TerniEnergia itself, also through subsidiaries and SPVs) to the special purpose vehicle Italia T1 Roncolo, headed by Mareccio Energia S.r.l., platform for the aggregation of photovoltaic plants in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, of 11 photovoltaic plants in Italy with a total installed capacity of 9.4 MW has been completed. The plants are part of the total perimeter subject to preliminary contracts represented by 22 photovoltaic plants for a total installed capacity of 19.3 MW. Net proceeds for TerniEnergia of approximately Euro 9.5 million, including a trade receivable from an SPV (net of the Escrow account and minority interests in the JV). Total countervalue of the transaction (Enterprise Value) of approximately Euro 29.1 million. Part of the purchase price, equal to Euro 1 million, will be paid into an Escrow account as a guarantee of Seller's obligations and indemnity obligations. The transaction involves the assumption by the purchaser of financial debts linked to the plants for approximately Euro 17.9 million, of which approximately Euro 0.7 million relating to the Joint Venture. The deal carried out as part of the Recovery and Relaunch Plan of the TerniEnergia Group.

SOFTECO (TERNIENERGIA GROUP) AND FINCONS AWARDED A FRAMEWORK CONTRACT TO EASA FOR NEW AVIATION SAFETY PLATFORM

On 23 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat, in partnership with Fincons S.p.A., has won the tender launched by EASA (European Aviation Safety Agency) based in Cologne (DEU) for the development of a new platform for aviation transport safety based on the refactoring of the ECCAIRS system. The three-year framework contract (2019-2021) provides for the assignment of works to three different groups, for a total amount of Euro 3.5 million. The consortium formed by Softeco and Fincons S.p.A., an international IT consulting firm, will develop and implement the new platform to be called ECCAIRS 2.0 (in short E2).

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVES THE RESULTS AS AT 31 DECEMBER 2018

On 24 September 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the draft financial statements and the consolidated financial statements as at 31 December 2018 with significant improvement in margins due to strong structural cost reduction actions. The principal results are as follows: Revenues equal to Euro 24.5 million, -14% (Euro 28.5 million at 31/12/2017); EBITDA equal to Euro 1.7 million, (Euro -1.8 million at 31/12/2017) with Ebitda Margin equal to 7%; EBIT equal to Euro -4 million; +71.2% (Euro -14 million as at 31/12/2017), Earnings before taxes (EBT) of ongoing activities equal to Euro -8.6 million; +57.3% (Euro -20.2 million as at 31/12/2017); Net result equal to Euro -10 million +75.2% (Euro -40.5 million at 31/12/2017). Net Financial Position of Euro 65.2 million (Euro 104.3 million at 31/12/2017); Shareholders' equity equal to Euro 11.4 million (Euro 21.3 million at 31/12/2017). Going concern basis on the assumption of effectiveness of the Recovery and Relaunch Plan, together with the Financial Agreement in execution of the same, by September 30, 2019.

THE FINANCIAL AGREEMENT AND THE RECOVERY AND RELAUNCH PLAN OF TERNIENERGIA BECOME EFFECTIVE

On 30 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that it has been accomplished the conditions precedent to the effectiveness of the financial agreement entered into, inter alia, between TerniEnergia S.p.A. itself were fulfilled today ("Company" or "TerniEnergia") and its creditor banks (the "Financial Agreement"), in execution of the recovery and relaunch plan drawn up pursuant to Article 67, paragraph 3, letter d), of the L.F. (the "Recovery and Relaunch Plan"), the final version of which was approved by the Board of Directors on 7 August 2019 (for a description of the main terms and conditions of this Recovery Plan please refer to the press release published on 27 June 2019).

EFFECTIVENESS OF THE CLOSING OF THE SALE OF 11 PV PLANTS AND COLLECTION OF THE CONSIDERATION OF EURO 8.65 MILLION BY TERNIENERGIA

On 30 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that has been fulfilled the resolutive conditions of the closing for the transfer (by TerniEnergia itself, also through investee companies) to the special purpose vehicle Italia T1 Roncolo, headed by Mareccio Energia S.r.l., platform for the aggregation of photovoltaic plants in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, of 11 photovoltaic plants in Italy with a total installed capacity of 9.4 MW, of the total perimeter subject to preliminary contracts represented by 22 photovoltaic plants for a total installed capacity of 19.3 MW. Therefore, TerniEnergia received a cash payment from the Buyers of approximately Euro 8.65 million (net of the Escrow account of Euro 1 million and minority interests in a JV, subject to sale). The transaction also involves the assumption by the Purchasers of financial debts related to the plants for approximately Euro 17.9 million, of which Euro 0.7 million related to a plant held in JV.

SOFTECO (TERNIENERGIA GROUP) DELIVERS TO CARONTE & TOURIST THE FIRST MARITIME CONNECTION TERMINAL VILLA SAN GIOVANNI-MESSINA

On 10 October 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat, has completed and delivered to Caronte & Tourist, a leading company in maritime connections to and from Central Italy, the first terminal (Villa Agip) planned in an extensive project of digital reorganization of the activities of the port terminal of Villa San Giovanni for maritime transport to Sicily.

THE DIGITAL COMPANY SOFTECO (TERNIENERGIA GROUP) SIGNS A STRATEGIC ALLIANCE WITH AILUX FOR VIRTUAL POWER PLANTS (UVAM)

On 24 October 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat, has signed a partnership agreement with Ailux Srl, a digital connection company, to develop innovative solutions for flexible aggregation services of electrical resources (UVAM). The strategic alliance provides for the development and distribution of a platform for the management of Virtual Mixed Aggregated Units (UVAM) called LIBRAX, to participate in the Dispatching Services Market (MSD) of the Electric System as envisaged by Terna's pilot projects.

APPROVED THE MERGER BY INCORPORATION OF SOFTECO SISMAT SRL INTO TERNIENERGIA S.P.A.

On 24 October 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Board of Directors of TerniEnergia and the Board of Directors of Softeco Sismat Srl, the Group's digital company, approved the proposal for the merger by incorporation of the wholly owned subsidiary Softeco Sismat Srl into the parent company TerniEnergia S.p.A., as well as the related merger plan.

APPROVED BY THE BOARD OF DIRECTORS THE UPDATE OF THE 2019-2022 RECOVERY PLAN AND THE RELATED FINANCIAL PACKAGE

On 30 October 2019, the Board of Directors of Italeaf in light of the advanced state of negotiations underway with financial creditors, approved the update of the recovery plan and the financial package that forms part of it (the "Plan"). Following this update, the Plan will have a time horizon of 2019-2022 and will result in a restructuring agreement pursuant to Article 182 bis r.d. 267/42, which Italeaf will sign with the financial creditors.

For the purposes of certifying the feasibility of the Plan, the following shall remain in office Dr. Massimiliano Bonamini (a person with proven experience in the sector), a professional appointed by Italeaf pursuant to art. 182 bis r.d. 267/42 for some time, remains appointed for the purpose of certifying the feasibility of the Plan, while Italeaf's legal advisor is Orrick.

The Plan, prepared with the help of KPMG as industrial and financial advisor, aims to achieve the recovery of the Company.

The updated Plan reflects the strategic guidelines approved by the Board of Directors and communicated to the market on 28 March 2019 and the changes essentially concern:

- the horizon of the Plan, which was limited to the period 2019-2022;
- extraordinary transactions;
- the form of the reorganisation process for which, as mentioned above, a procedure was opted for pursuant to Article 182 bis r.d. 267/42.

Italeaf's Board of Directors decided to postpone any decision regarding the approval of the draft financial statements, the consolidated financial statements as at 31 December 2018 and the half-yearly report as at 30 June 2019 until a date to be defined after the completion of negotiations with the banking community.

THE SHAREHOLDERS' MEETING OF TERNIENERGIA APPROVED THE RESULTS AS AT 31 DECEMBER 2018. APPOINTMENT OF THE NEW BOARD OF DIRECTORS

On 6 November 2019, the Ordinary and Extraordinary Shareholders' Meeting of TerniEnergia, a smart company listed on the electronic share market (MTA) of Borsa Italiana and part of the Italeaf Group, met under the chairmanship of Stefano Neri. The Shareholders' Meeting examined and approved the draft financial statements and acknowledged the presentation of the consolidated financial statements as at 31 December 2018. The Ordinary Shareholders' Meeting of TerniEnergia S.p.A., in light of the relevant situation pursuant to Article 2446 of the Italian Civil Code as already communicated on 24 September 2019, resolved:

(a) to acknowledge the financial position, results of operations and cash flows of the Company at December 31, 2018, which resulted in a loss of Euro 6,337,444, thus reducing the Shareholders' Equity to Euro 4,364,936 compared with a share capital of Euro 12,281,320;

(b) to avail itself of the provisions of paragraph 2 of Article 2446 of the Italian Civil Code, and therefore to postpone any necessary capital reduction in proportion to the losses ascertained at the time of approval of the draft financial statements for the year ending 31 December 2019.

The Shareholders' Meeting appointed the members of the Board of Directors, which will remain in office for the financial years 2019, 2020 and 2021, until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2021, the number of which was determined as 5 members, compared to 9 of the previous Board of Directors. The directors proposed in the list submitted by the majority shareholder Italeaf S.p.A. and voted by the Shareholders' are: Stefano Neri; Laura Bizzarri; Stefania Bertolini; Mario Marco Molteni; Paolo Piccini. The 3 members of the Board of Statutory Auditors and the 2 alternate auditors appointed from list no. 1, which will remain in office for the years 2019, 2020 and 2021: Ernesto Santaniello, who assumed the position of Chairman of the Board of Statutory Auditors; Andrea Bellucci; Simonetta Magni; Marco Chieruzzi, elected alternate auditor; Caterina Brescia, elected alternate auditor.

The Extraordinary Shareholders' Meeting of TerniEnergia S.p.A. today approved the amendment of Article 4 of the By-laws. The amendment is limited to the integration of the above article with the object of the activities carried out by the subsidiary Softeco Sismat S.r.l., in view of the merger by incorporation between the latter and TerniEnergia S.p.A. in implementation of the sworn Recovery and Relaunch Plan pursuant to art. 67, third paragraph, letter d), of R.D. 267/42 and, in particular, the inclusion of the following activities: "the design, production, development, installation and maintenance of hardware, software and electronic and electromechanical equipment and components for Information Technology, automation and control".

FIRST MEETING OF THE BOARD OF DIRECTORS OF TERNIENERGIA TO CONFER THE EXECUTIVE POWERS

On 7 November 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, announced met for the first time since its appointment by the Shareholders' Meeting held on 6 November 2019. The Board of Directors made the assessment on the existence of the independence requirements for the three directors qualified as independent is confirmed. The Board appointed Director in charge of the Internal Control and Risk Management System, Laura Bizzarri. The Chairman, Mr. Neri, was appointed Chief Executive Officer, with the conferral of powers of ordinary and extraordinary administration, with specific powers to personnel and the environment. Laura Bizzarri has been appointed executive director with broad powers of ordinary and extraordinary administration.

The Board of Directors also confirmed the establishment of the Control and Risk Committee, the Committee for Transactions with Related Parties and the Remuneration Committee within the Board, appointing, in the persons of Stefania Bertolini, Mario Marco Molteni and Paolo Piccini, the directors called upon to be members of each committee. Director Mario Marco Molteni has been appointed Lead Independent Director.

CLOSING FOR THE SALE OF 5 PHOTOVOLTAIC PLANTS BY TERNIENERGIA FOR A TOTAL PRICE OF EURO 5 MILLION

On 14 November 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that a second tranche of 5 photovoltaic plants in Italy with a total installed capacity of 4.8 MW, of the total perimeter covered by preliminary contracts represented by 22 photovoltaic plants with a total installed capacity of 19.3 MW, was closed for sale (by TerniEnergia itself, also through subsidiaries). The plants involved in the transaction were sold to the vehicle company Italia T1 Roncolo, headed by Mareccio Energia, a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance. Total capacity of the plants subject to closing equal to 4.8 MW; Net collection of the second tranche for TerniEnergia of approximately Euro 2.7 million (net of the Escrow account, equal to Euro 1 million, and of the minority interests in the JV, equal to Euro 1.3 million); Total value of the transaction (Enterprise Value) of approximately Euro 15 million.

Part of the purchase price, equal to Euro 1 million, will be deposited into an Escrow account as a guarantee of Seller's performance and indemnity obligations. The transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 10 million, of which approximately Euro 4 million related to the JV.

Approved the merger by incorporation of the wholly owned company Softeco Sismat Srl into TerniEnergia S.p.A.

On 3 December 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Board of directors of TerniEnergia and the Shareholders' Meeting of Softeco Sismat Srl approved the merger by incorporation (hereinafter also referred to as the "Merger") into TerniEnergia of Softeco (a company wholly owned by TerniEnergia), by approving the relative merger plan drawn up pursuant to articles 2501-ter and 2505 of the Italian Civil Code and already made public pursuant to law.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2019

On 18 December 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the half-yearly financial report as at June 30, 2019 and reviewed the ongoing implementation of the Recovery and Relaunch Plan. The Board of Directors reviewed the Group's operating and financial position with regard to the progress made in implementing the Restoration and Relaunch Plan, the effectiveness of which was communicated to the market on September 30, 2019. An assessment of the performance indicators, the state of progress of the integration of Softeco Sismat into the TerniEnergia Group (which will be completed by the effectiveness of the merger at the beginning of 2020) and an analysis of the trend of the operational and industrial turnaround and of the process of disposing of assets that are no longer core, shows a trend of significant improvement in the business. For the second half of 2019, Softeco's EBITDA is therefore expected to grow to a higher level than in the previous year, which amounted to approximately Euro 3.2 million.

The principal results are as follows: Revenues for the half-year amount to Euro 11 million (Euro 11.2 million as at 30/6/2018); EBITDA equal to Euro 0.3 million (Euro 0.7 million as at 30/6/2018) with Ebitda Margin at 3.1%; EBIT equal to Euro -2.7 million (Euro -1.3 million as at 30/6/2018), Earnings before taxes (EBT) equal to Euro -4.4 million (Euro -3.6 million as at 30/6/2018); Net result of Euro -3.3 million (Euro -3.5 million as at 30/6/2018). Net Financial Position was of Euro 66.7 million (Euro 65.2 million at 31/12/2018); Shareholders' equity equal to Euro 8.5 million (Euro 11.4 million at 31/12/2018).

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 4 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 4.1 MILLION

On 23 December 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that a second tranche of 4 photovoltaic plants in Italy with a total installed capacity of around 4 MW, of the total perimeter covered by preliminary contracts represented by 22 photovoltaic plants with a total installed capacity of 19.3 MW, was closed for sale (by TerniEnergia itself, also through subsidiaries). The plants involved in the transaction were sold to the vehicle company Italia T1 Roncolo, headed by Mareccio Energia S.r.l., a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance. Net collection of the third tranche for TerniEnergia of approximately Euro 3.6 million (net of the Escrow account, equal to Euro 0.5 million); total value of the transaction (Enterprise Value) of approximately Euro 10.6 million. Part of the purchase price, equal to Euro 0.5 million, will be deposited into an Escrow account as a guarantee of Seller's performance and indemnity obligations. The transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 6.5 million. The transaction was carried out as part of the Recovery and Relaunch Plan of the TerniEnergia Group.

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 2 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 0.9 MILLION

On 24 December 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that a last tranche of 2 photovoltaic plants in Italy with a total installed capacity of around 1 MW, of the total perimeter covered by preliminary contracts represented by 22 photovoltaic plants with a total installed capacity of 19.3 MW, was closed for sale (by TerniEnergia itself, also through subsidiaries). The plants involved in the transaction were sold to the vehicle company Italia T1 Roncolo, headed by Mareccio Energia, a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance. Total capacity of the plants subject to closing equal to 1 MW; net collection of the fourth tranche for TerniEnergia of approximately Euro 0.4 million. Total value of the transaction (Enterprise Value) of approximately Euro 2.7 million; the transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 1.8 million. The transaction was carried out as part of the Recovery and Relaunch Plan of the TerniEnergia Group.

The Board of Directors reviewed the state of negotiations with financial creditors and postponed the approval of the financial statements as at 31 December 2018 and the half-yearly financial report as at 30 June 2019

On 30 December 2019, the Board of Directors of Italeaf met following the approval of the update of the 2019-2022 Reorganization Plan and the Financial Measures that is part of it, and examined the progress of negotiations underway with financial creditors, aimed at signing a restructuring agreement pursuant to Article 182 bis r.d. 267/42. Massimiliano Bonamini (a person with proven experience in the sector), a professional appointed by Italeaf pursuant to art. 182 bis r.d. 267/42, remains in charge of certifying the feasibility of the Plan, while Italeaf's legal advisor is the Orrick firm. The Plan, prepared with the assistance of KPMG as industrial and financial advisor, aims to achieve the Company's recovery.

The Board of Directors of Italeaf has therefore decided to continue negotiations with the creditors with the aim of concluding them and finalizing the agreements with creditors as soon as practicable.

Finally, following the announcement made on October 30, 2019, Italeaf's Board of Directors deemed it appropriate to postpone any decision regarding the approval of the draft financial statements, the consolidated financial statements as at December 31, 2018 and the half-yearly report as at June 30, 2019 to a date to be defined after the completion of negotiations with the banking sector.

TERNIENERGIA SIGNED A PRELIMINARY CONTRACT WITH BUTTOL SRL FOR THE SALE OF THE BIODIGESTION AND BIOMETHANE PRODUCTION PLANT UNDER CONSTRUCTION IN CALIMERA (LE)

On 7 January 2020, TerniEnergia, a smart company part of the Italeaf Group, announced that a preliminary contract was signed for the sale to Buttol Srl (the "Buyer"), a company operating in the high quality environmental services sector through a sustainable development path, of 100% of the shares of NewcoEnergy Srl, owner of the biodigestion and biomethane production plant under construction in Calimera (LE), of the land subject to the intervention and the related building and environmental authorizations. The amount for the sale of the company shares is Euro 2.9 million, while the transaction provides for the payment by the Buyer of a deposit of Euro 50 thousand upon signing the preliminary contract and an additional down payment of Euro 0.3 million to be paid into a trust account on 20 January 2020. The closing of the transaction, expected by the month of March 2020, is subject to the condition precedent of successful completion of the requirements for the inclusion of the transaction in the TerniEnergia Recovery and Relaunch Plan.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVES THE NEW NAME AND THE TRANSFER OF THE REGISTERED OFFICE

On 7 January 2020, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the proposal to be submitted to the Extraordinary Shareholders' Meeting to amend Articles 1 (company name) and 2 (registered office) of the Bylaws. Specifically, the proposal requires the Company to adopt, as from the date of filing of the shareholders' resolution in the Companies' Register, the company name "AlgoWatt S.p.A.", with registered office in Milan, Corso Magenta 85.

AGREEMENT BETWEEN SOFTECO AND SEA-SIDE FOR THE IMPLEMENTATION OF AN INTEGRATED SYSTEM OF "PREDICTIVE ENERGY ANALYTICS" FOR THE REDUCTION OF ENERGY CONSUMPTION OF A CEMENT FACTORY

On 7 January 2020, TerniEnergia, a smart company part of the Italeaf Group, announced that the digital company Softeco Sismat has signed an industrial and commercial partnership with Seaside, an Italgas Group company operating in the energy efficiency sector with an integrated offer of consulting, financing and proprietary technological solutions. The agreement provides for a synergy between "Savemixer", the proprietary software of Seaside, the energy management support platform for complex, multi-user and multi-site systems, which allows to perform Business Intelligence, Predictive and Big Data Analysis functions, and Softeco's solutions for the acquisition of production process data with energy meters, sensors and monitoring systems. The agreement is aimed at providing energy efficiency and automation solutions for a leading Italian cement group.

TERNIENERGIA WONS THE LAWSUITS AT THE TAR FOR SARDINIA FOR THE REVOCATION OF THE SINGLE AUTHORIZATIONS OF TWO PHOTOVOLTAIC PLANTS FOR 1.6 MW

On 5 February 2019, TerniEnergia, smart company part of the Italeaf Group, announced that the Regional Administrative Court for Sardinia has received in the merits, in two separate judgments, the appeals presented by the Company for the annulment of the measures revoking the authorisations for two photovoltaic systems on greenhouses, owned respectively by Società Agricola Fotosolara Bonnanaro Srl (with a capacity of approximately 0.7 MWp) and Società Agricola Fotosolara Oristano Srl (with a capacity of approximately 0.9 MWp), wolly owned by TerniEnergia S.p.A..

GREEN LIGHT FROM THE BOARD OF DIRECTORS OF TERNIENERGIA TO THE UPDATE OF THE RECOVERY AND RELAUNCH PLAN AND THE RELATED FINANCIAL MEASURES

On 26 February 2019, The Board of Directors of TerniEnergia approved the update of the proposed Relaunch and recovery plan, compared to the version approved on 25 October 2018, the reasonableness of which must be certified by a professional pursuant to art. 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022 (the "Plan"), who has been identified in Dr. Massimiliano Bonamini (subject of proven experience in the field).

The Plan, prepared with the help of KPMG as industrial and financial advisor, in its updated version, unequivocally represents a further step forward in the recovery process undertaken by the Company and provides for the following main strategic guidelines: (a) a reshaping of the assets disposal; (b) confirmation of the merger by incorporation of Softeco into TerniEnergia to complete the turnaround process, with the introduction of industrial targets in the digital O&M sector; (c) the adjustment of the financial measures for debt rescheduling.

THE BOARD OF DIRECTORS APPROVES THE RECOVERY AND RELAUNCH PLAN AND THE RELATED FINANCIAL MANOUVRE AND THE POSTPONEMENT OF THE APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

On 28 March 2019, the Board of Directors of Italeaf resolved to postpone the approval of the separate and consolidated financial statements to 31 December 2018. The Board of Directors also approved the proposed Plan for the recovery and relaunch of Italeaf, The main terms of which are set out below:

- (e) Extraordinary transactions to reduce and accelerate the return from the current bank exposure;
- (f) Business continuity;
- (g) Rationalisation
- (h) Financial Measures

The Board of Directors of Italeaf therefore resolved to continue negotiations with the creditors on the basis of the proposed Plan approve, reserving the right to closely monitor the work in progress of negotiations with the aim of concluding them and defining the Plan by 30 June 2019.

NUMANOVA ACHIEVED SIGNIFICANT INDUSTRIAL RESULTS. PRODUCED PURE COPPER POWDERS FOR THE INFN GRAN SASSO LABORATORIES AND TI-AL POWDERS FOR THE MOTOR RACING SECTOR

On 29 March 2019, Numanova, part of the Italeaf Group, announced that it has produced, for the National Laboratories of Gran Sasso (LNGS) of INFN, a supply of 10 kg of pure copper powder, one of the most difficult metals to process because of its chemical-physical properties characterized by a high thermal and electrical conductivity. The total quantity of material produced by Numanova is equal to 60 Kg.

On the same date the Shareholders' Meeting of Numanova unanimously approved a divisible capital increase to be offered as an option to shareholders, of Euro 0.3 million, through the issue for cash of 300,000 shares with no par value to be subscribed within five months. At the end of the capital increase, which will be used to support the growth of production activities and the commercial goodwill of Numanova, the Company will have a maximum share capital of Euro 4.085 million. Numanova currently has 23 shareholders; the company's shareholding structure is as follows: Italeaf S.p.A. 85%, other shareholders 15%.

The Shareholders' Meeting of Numanova approved at the same time the Company's 2018 financial statements, which closed with a substantial break-even. The Shareholders' Meeting appointed the members of the Board of Directors, who will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2021, the number of which has been determined as 5 members, as follows: Stefano Neri (Chairman), Marco Paura (Managing Director), Andrea Balestrino (Managing Director for marketing and marketing), Vittorio Pellegrini and Clelia Zunino (Independent Directors).

TERNIENERGIA SIGNED AGREEMENT FOR THE SALE OF 22 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 23.875 MILLION

On 16 May 2019, TerniEnergia, smart company part of Italeaf Group, and Italia T1 Roncolo S.r.l., a platform for the aggregation of photovoltaic plants in Italy, in partnership with the sponsor LCF Alliance, reached an agreement, with the promise of the third party pursuant to art. 1381 of the Italian Civil Code, for the sale by TerniEnergia, also through some subsidiaries and SPV, of 22 photovoltaic plants in Italy with a total installed capacity of 19.3 MW. Amount of the transaction equal to Euro 23.875 million (Equity Value for 100% of the assets to be sold), of which approximately Euro 0.5 million (corresponding to 50% of the Equity value of no. 1 JV) will be paid to the shareholder of the vehicle company owning 2 plants and approximately Euro 4.5 million will be paid to the 2 JVs owning 3 plants for the transfer of the business branch to 2 Newcos. Total value of the transaction (Enterprise Value) equal to approximately Euro 59 million.

TERNIENERGIA SIGNED THE CONTRACTS FOR THE SALE OF 22 PHOTOVOLTAIC PLANTS WITH MARECCIO ENERGIA

On 6 June 2019, TerniEnergia, smart company part of Italeaf Group, has signed all the contracts relating to the sale of 22 photovoltaic plants for a total price of Euro 23.875 million with Mareccio Energia S.r.l., a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance, through the SPV Italia T1 Roncolo, following the approval of the transaction by the Investment Committee of the Buyers.

TERNIENERGIA SIGNED A PRELIMINARY CONTRACT WITH NEXTPOWER II ALPHA FOR THE SALE OF 50% OF THE SHARES OF A JV OWNER OF TWO PHOTOVOLTAIC PLANTS FOR 1.9 MW

On 7 June 2019, TerniEnergia, smart company part of Italeaf Group, announced that a preliminary contract has been signed for the sale to NextPower II Alpha S.r.l., an investment vehicle managed by the London merchant bank

NextEnergy Capital, of 50% of the shares of the company NextPower II Prima Srl. The joint venture between TerniEnergia and Errenergia, which simultaneously signed the preliminary contract for the sale of its shares to the Purchasers, owns two photovoltaic plants in Puglia for a total installed capacity of about 1.9 MW. The consideration for the sale of the company's shares amounts to approximately Euro 1.3 million, while the transaction also provides for the assumption by the Purchasers of financial debts linked to the plants for approximately Euro 4 million.

TERNIENERGIA TRANSFERRED ENERGY EFFICIENCY PROJECT, DEBT REDUCTION OF AROUND EURO 0.5 MILLION

On 11 June 2019, TerniEnergia, smart company part of Italeaf Group, announced that it has transferred to a leading national consortium, active in the construction, maintenance and management of real estate and industrial plants, an energy efficiency project, built in Tuscany with the formula of project financing, and related contracts. The agreement signed provides for the assumption by the Consortium of financial debts linked to the plants (leasing contracts and power supply) for approximately Euro 0.5 million.

TERNIENERGIA'S DIGITAL COMPANY SOFTECO OBTAINS CONTRACT FROM EU COMMISSION FOR AIR, MARINE AND RAIL TRANSPORT SAFETY SYSTEM

On 13 June 2019, TerniEnergia, smart company part of Italeaf Group, announced that the digital company Softeco Sismat has obtained from the European Commission, through the Joint Research Centre (JRC) of Ispra, the renewal of the contract for the services relating to the ECCAIRS project, a system for the analysis of transport accidents developed by Softeco Sismat. The duration of the new contract will be 2 years, plus 2 renewable ones for an equivalent value of Euro 0.3 million per year.

THE BOARD OF DIRECTORS OF TERNIENERGIA RESOLVED ON THE UPDATE OF THE 2018-2022 RELAUNCH AND RECOVERY PLAN AND THE RELATED FINANCIAL MEASURES

On 27 June 2019, TerniEnergia, smart company part of Italeaf Group, has resolved upon the approval of the update of the relaunch and recovery plan compared to the version previously approved on October 25, 2018, aimed at the rebalancing of the Company's financial situation in the medium term, it being understood that the feasibility of the aforementioned plan is still subject to the certification of Mr. Massilimiano Bonamini in its quality as expert who has been appointed by the Company for such purposes, according to article 67, paragraph 3, letter d) of the Italian insolvency law (the "Plan").

The update of the Plan which has been prepared with the help of KPMG (in its quality as industrial and financial advisor of the Company) and DLA Piper (in its quality as legal advisor of the Company) confirms the main goal of strategic repositioning based on:

- the disposal of assets related to (a) the construction and sale of photovoltaic plants and those related to the management such plants which represented as of today the core business of the group, (b) the business unit Clean Tech, to be completed within 31 December 2020. In addition to the above, the Company aims at focusing on the business unit related to the "digital energy";
- the merger by incorporation of Softeco into TerniEnergia, 100% owned by the latter, to be completed within 31 December 2019, in order to accelerate the development of TerniEnergia in the "hi tech" and "digital energy" sector;
- a financial maneuver the amendments of which (compared to the previous version thereof approved on 25 October 2019) are rather the consequence of an activity carried out by the expert, dott. Massimiliano Bonamini, appointed by the Company to carry out the analysis required by the law in order to ascertain mainly the truthfulness of the Company's financial data and the feasibility of the Plan.

As part of these analysis, the assumptions of the Plan were in fact subjected to important stress tests that led to amendments of the financial maneuver. In detail, the sensitivity analysis carried out by the expert are of a different nature and, in particular: industrial sensitivity: sensitivity disposals; other sensitivities.

As specified it is worth mentioning that the contents of the Plan and of the related financial maneuver are still subject to negotiation and could be subject to additional amendments also as a result of the analysis of the expert which is still ongoing as its opinion related to the feasibility of the Plan is essential for the completion of the restructuring transaction. Considering the above the Board of Directors has resolved to keep on negotiating the Plan with the financial creditors and the noteholders, on the basis of the contents mentioned above, reserving the right to follow closely the development of such negotiations with the aim of concluding such negotiations and defining the contents of the Plan within 31 August 2019.

THE BOARD OF DIRECTORS RESOLVED THE POSTPONEMENT OF THE APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

On 27 June 2019, the Board of Directors of Italeaf resolved to postpone the approval of the separate and consolidated financial statements to 31 December 2018.

THE TERNIENERGIA'S DIGITAL COMPANY SOFTECO ENFORCES ITS PARTNERSHIP WITH ATM IN THE RADIOBUS ON-CALL TRANSPORT SERVICE

On 3 July 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that ATM (Azienda trasporti milanese) has integrated some important features of the Personalbus technological platform developed by the Group's digital company, Softeco Sismat, into the official App to move in the city of Milan.

THE TERNIENERGIA'S DIGITAL COMPANY SOFTECO LAUNCHES A ENERGY CONSUMPTION ANALYSIS SERVICE FOR ENAV, WITH A DEDICATED PLATFORM

On 22 July 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company Softeco obtained a contract from ENAV, the company that manages civil air traffic in Italy, for the supply of a platform dedicated to the analysis of the consumption data of the individual sites where power is delivered to the customer (POD) and of the cost data connected to the contract stipulated with energy suppliers.

THE BONDHOLDERS' MEETING RELATING TO THE "TERNIENERGIA EURO 25,000,000.00 NOTES DUE 2019 - ISIN CODE IT0004991573" HAS RESOLVED UPON THE BONDHOLDERS' PARTICIPATION TO THE PLAN AND UPON THE AMENDMENTS TO THE BOND REGULATION

On 30 July 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the meeting of the bondholders (the "Bondholders' Meeting") of the "TerniEnergia Euro 25,000,000.00 notes due 2019 - ISIN code IT0004991573" bond (the "Bond"), was held before the Chairman Stefano Neri and the Notary Adele Cesàro in Milan at the first convening, today, 30 July 2019 at 11,00 a.m., with the participation of the bondholders representing 62,80 % of the Bond.

The Bondholders' Meeting resolved, with the majorities requested by the law, upon the participation of the bondholders to the Plan and the adoption of a new bond regulation (the "Bond Regulation"), which includes the amendments necessary to make the Bond Regulation consistent with the provisions of the Plan, in order for TerniEnergia S.p.A. (the "Company" or "TerniEnergia") to execute an agreement in accordance with article 67, paragraph 3, letter d), of Italian Royal Decree number 267 of 16 March 1942 (the "Plan").

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 50% OF THE SHARES OF A JV OWNING TWO PHOTOVOLTAIC PLANTS FOR 1.9 MW

On 2 August 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that was signed the closing for the sale to NextPower II Alpha S.r.l., an investment vehicle managed by the London merchant bank NextEnergy Capital, of 50% of the shares of the company NextPower II Prima Srl. The joint venture between TerniEnergia and Errenergia, which simultaneously signed the preliminary contract for the sale of its shares to the Purchasers, owns two photovoltaic plants in Puglia for a total installed capacity of about 1.9 MW. The consideration for the sale of the company's shares amounts to approximately Euro 1.3 million, while the transaction also provides for the assumption by the Purchasers of financial debts linked to the plants for approximately Euro 2 million (relating to the share of TerniEnergia). NextPower II Italia S.r.l., parent company of the vehicle company that acquired the plants, has given a guarantee of performance by the Buyer. The consideration will be paid in cash on the effectiveness of the certification of the TerniEnergia Recovery and Relaunch Plan, as well as to the fulfilment of certain conditions typical for this type of transaction.

APPROVED BY TERNIENERGIA THE FINAL DRAFT OF THE RECOVERY AND RELAUNCH PLAN

On 7 August 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the final draft of the Recovery and relaunch plan for the period 2018-2022, aimed at restoring the financial and equity balance of the Company, pursuant to Article 67, paragraph 3, letter d) r.d. 267/42 (the "Plan").

THE DIGITAL COMPANY SOFTECO (TERNIENERGIA GROUP) OBTAINED TWO FRAMEWORK CONTRACTS WITH LEONARDO FOR THE DESIGN OF SCADA SYSTEMS AND SOFTWARE APPLICATIONS FOR AIRPORT SORTING

On 8 August 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat obtained two framework contracts for a period of 24 months, between 30/7/2019 and 29/7/2021, and which can be renewed for a further 12 months, respectively for the SCADA area and for the software applications area on behalf of Leonardo S.p.A., an Italian company leader in the defence, aerospace and security sectors.

THE BOARD OF DIRECTORS RESOLVED THE POSTPONEMENT OF THE APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018 AND OF THE HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2019

On 28 August 2019, The Board of Directors of Italeaf resolved to postpone the approval of the separate and consolidated financial statements as at 31 December 2018 and the half-yearly financial report as at 30 June 2019.

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 11 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 10.3 MILLION

On 20 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the sale (by TerniEnergia itself, also through subsidiaries and SPVs) to the special purpose vehicle Italia T1 Roncolo, headed by Mareccio Energia S.r.l., platform for the aggregation of photovoltaic plants in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, of 11 photovoltaic plants in Italy with a total installed capacity of 9.4 MW has been completed. The plants are part of the total perimeter subject to preliminary contracts represented by 22 photovoltaic plants for a total installed capacity of 19.3 MW. Net proceeds for TerniEnergia of approximately Euro 9.5 million, including a trade receivable from an SPV (net of the Escrow account and minority interests in the JV). Total countervalue of the transaction (Enterprise Value) of approximately Euro 29.1 million. Part of the purchase price, equal to Euro 1 million, will be paid into an Escrow account as a guarantee of Seller's obligations and indemnity obligations. The transaction involves the assumption by the purchaser of financial debts linked to the plants for approximately Euro 17.9 million, of which approximately Euro 0.7 million relating to the Joint Venture. The deal carried out as part of the Recovery and Relaunch Plan of the TerniEnergia Group.

SOFTTECO (TERNIENERGIA GROUP) AND FINCONS AWARDED A FRAMEWORK CONTRACT TO EASA FOR NEW AVIATION SAFETY PLATFORM

On 23 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat, in partnership with Fincons S.p.A., has won the tender launched by EASA (European Aviation Safety Agency) based in Cologne (DEU) for the development of a new platform for aviation transport safety based on the refactoring of the ECCAIRS system. The three-year frame-work contract (2019-2021) provides for the assignment of works to three different groups, for a total amount of Euro 3.5 million. The consortium formed by Softeco and Fincons S.p.A., an international IT consulting firm, will develop and implement the new platform to be called ECCAIRS 2.0 (in short E2).

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVES THE RESULTS AS AT 31 DECEMBER 2018

On 24 September 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the draft financial statements and the consolidated financial statements as at 31 December 2018 with significant improvement in margins due to strong structural cost reduction actions. The principal results are as follows: Revenues equal to Euro 24.5 million, -14% (Euro 28.5 million at 31/12/2017); EBITDA equal to Euro 1.7 million, (Euro -1.8 million at 31/12/2017) with Ebitda Margin equal to 7%; EBIT equal to Euro -4 million; +71.2% (Euro -14 million as at 31/12/2017), Earnings before taxes (EBT) of ongoing activities equal to Euro -8.6 million; +57.3% (Euro -20.2 million as at 31/12/2017); Net result equal to Euro -10 million +75.2% (Euro -40.5 million at 31/12/2017). Net Financial Position of Euro 65.2 million (Euro 104.3 million at 31/12/2017); Shareholders' equity equal to Euro 11.4 million (Euro 21.3 million at 31/12/2017). Going concern basis on the assumption of effectiveness of the Recovery and Relaunch Plan, together with the Financial Agreement in execution of the same, by September 30, 2019.

THE FINANCIAL AGREEMENT AND THE RECOVERY AND RELAUNCH PLAN OF TERNIENERGIA BECOME EFFECTIVE

On 30 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that it has been accomplished the conditions precedent to the effectiveness of the financial agreement entered into, inter alia, between TerniEnergia S.p.A. itself were fulfilled today ("Company" or "TerniEnergia") and its creditor banks (the "Financial Agreement"), in execution of the recovery and relaunch plan drawn up pursuant to Article 67, paragraph 3, letter d), of the L.F. (the "Recovery and Relaunch Plan"), the final version of which was approved by the Board of Directors on 7 August 2019 (for a description of the main terms and conditions of this Recovery Plan please refer to the press release published on 27 June 2019).

EFFECTIVENESS OF THE CLOSING OF THE SALE OF 11 PV PLANTS AND COLLECTION OF THE CONSIDERATION OF EURO 8.65 MILLION BY TERNIENERGIA

On 30 September 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that has been fulfilled the resolutive conditions of the closing for the transfer (by TerniEnergia itself, also through investee companies) to the special purpose vehicle Italia T1 Roncolo, headed by Mareccio Energia S.r.l., platform for the aggregation of photovoltaic plants in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, of 11 photovoltaic plants in Italy with a total installed capacity of 9.4 MW, of the total perimeter subject to preliminary contracts represented by 22 photovoltaic plants for a total installed capacity of 19.3 MW. Therefore, TerniEnergia received a cash payment from the Buyers of approximately Euro 8.65 million (net of the Escrow account of Euro 1 million and minority interests in a JV, subject to sale). The transaction also involves the assumption by the Purchasers of financial debts related to the plants for approximately Euro 17.9 million, of which Euro 0.7 million related to a plant held in JV.

SOFTECO (TERNIENERGIA GROUP) DELIVERS TO CARONTE & TOURIST THE FIRST MARITIME CONNECTION TERMINAL VILLA SAN GIOVANNI-MESSINA

On 10 October 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat, has completed and delivered to Caronte & Tourist, a leading company in maritime connections to and from Central Italy, the first terminal (Villa Agip) planned in an extensive project of digital reorganization of the activities of the port terminal of Villa San Giovanni for maritime transport to Sicily.

THE DIGITAL COMPANY SOFTECO (TERNIENERGIA GROUP) SIGNS A STRATEGIC ALLIANCE WITH AILUX FOR VIRTUAL POWER PLANTS (UVAM)

On 24 October 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Group's digital company, Softeco Sismat, has signed a partnership agreement with Ailux Srl, a digital connection company, to develop innovative solutions for flexible aggregation services of electrical resources (UVAM). The strategic alliance provides for the development and distribution of a platform for the management of Virtual Mixed Aggregated Units (UVAM) called LIBRAX, to participate in the Dispatching Services Market (MSD) of the Electric System as envisaged by Terna's pilot projects.

APPROVED THE MERGER BY INCORPORATION OF SOFTECO SISMAT SRL INTO TERNIENERGIA S.P.A.

On 24 October 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Board of Directors of TerniEnergia and the Board of Directors of Softeco Sismat Srl, the Group's digital company, approved the proposal for the merger by incorporation of the wholly owned subsidiary Softeco Sismat Srl into the parent company TerniEnergia S.p.A., as well as the related merger plan.

APPROVED BY THE BOARD OF DIRECTORS THE UPDATE OF THE 2019-2022 RECOVERY PLAN AND THE RELATED FINANCIAL PACKAGE

On 30 October 2019, the Board of Directors of Italeaf in light of the advanced state of negotiations underway with financial creditors, approved the update of the recovery plan and the financial package that forms part of it (the

“Plan”). Following this update, the Plan will have a time horizon of 2019-2022 and will result in a restructuring agreement pursuant to Article 182 bis r.d. 267/42, which Italeaf will sign with the financial creditors. For the purposes of certifying the feasibility of the Plan, the following shall remain in office Dr. Massimiliano Bonamini (a person with proven experience in the sector), a professional appointed by Italeaf pursuant to art. 182 bis r.d. 267/42 for some time, remains appointed for the purpose of certifying the feasibility of the Plan, while Italeaf’s legal advisor is Orrick.

The Plan, prepared with the help of KPMG as industrial and financial advisor, aims to achieve the recovery of the Company.

The updated Plan reflects the strategic guidelines approved by the Board of Directors and communicated to the market on 28 March 2019 and the changes essentially concern:

- the horizon of the Plan, which was limited to the period 2019-2022;
- extraordinary transactions;
- the form of the reorganisation process for which, as mentioned above, a procedure was opted for pursuant to Article 182 bis r.d. 267/42.

Italeaf’s Board of Directors decided to postpone any decision regarding the approval of the draft financial statements, the consolidated financial statements as at 31 December 2018 and the half-yearly report as at 30 June 2019 until a date to be defined after the completion of negotiations with the banking community.

THE SHAREHOLDERS’ MEETING OF TERNIENERGIA APPROVED THE RESULTS AS AT 31 DECEMBER 2018. APPOINTMENT OF THE NEW BOARD OF DIRECTORS

On 6 November 2019, the Ordinary and Extraordinary Shareholders’ Meeting of TerniEnergia, a smart company listed on the electronic share market (MTA) of Borsa Italiana and part of the Italeaf Group, met under the chairmanship of Stefano Neri. The Shareholders’ Meeting examined and approved the draft financial statements and acknowledged the presentation of the consolidated financial statements as at 31 December 2018. The Ordinary Shareholders’ Meeting of TerniEnergia S.p.A., in light of the relevant situation pursuant to Article 2446 of the Italian Civil Code as already communicated on 24 September 2019, resolved:

(a) to acknowledge the financial position, results of operations and cash flows of the Company at December 31, 2018, which resulted in a loss of Euro 6,337,444, thus reducing the Shareholders’ Equity to Euro 4,364,936 compared with a share capital of Euro 12,281,320;

(b) to avail itself of the provisions of paragraph 2 of Article 2446 of the Italian Civil Code, and therefore to postpone any necessary capital reduction in proportion to the losses ascertained at the time of approval of the draft financial statements for the year ending 31 December 2019.

The Shareholders’ Meeting appointed the members of the Board of Directors, which will remain in office for the financial years 2019, 2020 and 2021, until the date of the Shareholders’ Meeting called to approve the financial statements as at 31 December 2021, the number of which was determined as 5 members, compared to 9 of the previous Board of Directors. The directors proposed in the list submitted by the majority shareholder Italeaf S.p.A. and voted by the Shareholders’ are: Stefano Neri; Laura Bizzarri; Stefania Bertolini; Mario Marco Molteni; Paolo Piccini. The 3 members of the Board of Statutory Auditors and the 2 alternate auditors appointed from list no. 1, which will remain in office for the years 2019, 2020 and 2021: Ernesto Santaniello, who assumed the position of Chairman of the Board of Statutory Auditors; Andrea Bellucci; Simonetta Magni; Marco Chieruzzi, elected alternate auditor; Caterina Brescia, elected alternate auditor.

The Extraordinary Shareholders’ Meeting of TerniEnergia S.p.A. today approved the amendment of Article 4 of the By-laws. The amendment is limited to the integration of the above article with the object of the activities carried out by the subsidiary Softeco Sismat S.r.l., in view of the merger by incorporation between the latter and TerniEnergia S.p.A. in implementation of the sworn Recovery and Relaunch Plan pursuant to art. 67, third paragraph, letter d), of R.D. 267/42 and, in particular, the inclusion of the following activities: “the design, production, development, installation and maintenance of hardware, software and electronic and electromechanical equipment and components for Information Technology, automation and control“.

FIRST MEETING OF THE BOARD OF DIRECTORS OF TERNIENERGIA TO CONFER THE EXECUTIVE POWERS

On 7 November 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, announced met for the first time since its appointment by the Shareholders’ Meeting held on 6 November 2019. The Board of Directors made the assessment on the existence of the independence requirements for the three directors qualified as independent is confirmed. The Board appointed Director in charge of the Internal Control and Risk Management System, Laura Bizzarri. The Chairman, Mr. Neri, was appointed Chief Executive Officer, with the conferral of powers of ordinary and extraordinary administration, with specific powers to personnel and the environment. Laura Bizzarri has been appointed executive director with broad powers of ordinary and extraordinary administration.

The Board of Directors also confirmed the establishment of the Control and Risk Committee, the Committee for Transactions with Related Parties and the Remuneration Committee within the Board, appointing, in the persons of Stefania Bertolini, Mario Marco Molteni and Paolo Piccini, the directors called upon to be members of each committee. Director Mario Marco Molteni has been appointed Lead Independent Director.

CLOSING FOR THE SALE OF 5 PHOTOVOLTAIC PLANTS BY TERNIENERGIA FOR A TOTAL PRICE OF EURO 5 MILLION

On 14 November 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that a second tranche of 5 photovoltaic plants in Italy with a total installed capacity of 4.8 MW, of the total perimeter covered by preliminary

contracts represented by 22 photovoltaic plants with a total installed capacity of 19.3 MW, was closed for sale (by TerniEnergia itself, also through subsidiaries). The plants involved in the transaction were sold to the vehicle company Italia T1 Roncolo, headed by Mareccio Energia, a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance. Total capacity of the plants subject to closing equal to 4.8 MW; Net collection of the second tranche for TerniEnergia of approximately Euro 2.7 million (net of the Escrow account, equal to Euro 1 million, and of the minority interests in the JV, equal to Euro 1.3 million); Total value of the transaction (Enterprise Value) of approximately Euro 15 million.

Part of the purchase price, equal to Euro 1 million, will be deposited into an Escrow account as a guarantee of Seller's performance and indemnity obligations. The transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 10 million, of which approximately Euro 4 million related to the JV.

Approved the merger by incorporation of the wholly owned company Softeco Sismat Srl into TerniEnergia S.p.A.

On 3 December 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that the Board of directors of TerniEnergia and the Shareholders' Meeting of Softeco Sismat Srl approved the merger by incorporation (hereinafter also referred to as the "Merger") into TerniEnergia of Softeco (a company wholly owned by TerniEnergia), by approving the relative merger plan drawn up pursuant to articles 2501-ter and 2505 of the Italian Civil Code and already made public pursuant to law.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2019

On 18 December 2019, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the half-yearly financial report as at June 30, 2019 and reviewed the ongoing implementation of the Recovery and Relaunch Plan. The Board of Directors reviewed the Group's operating and financial position with regard to the progress made in implementing the Restoration and Relaunch Plan, the effectiveness of which was communicated to the market on September 30, 2019. An assessment of the performance indicators, the state of progress of the integration of Softeco Sismat into the TerniEnergia Group (which will be completed by the effectiveness of the merger at the beginning of 2020) and an analysis of the trend of the operational and industrial turnaround and of the process of disposing of assets that are no longer core, shows a trend of significant improvement in the business. For the second half of 2019, Softeco's EBITDA is therefore expected to grow to a higher level than in the previous year, which amounted to approximately Euro 3.2 million.

The principal results are as follows: Revenues for the half-year amount to Euro 11 million (Euro 11.2 million as at 30/6/2018); EBITDA equal to Euro 0.3 million (Euro 0.7 million as at 30/6/2018) with Ebitda Margin at 3.1%; EBIT equal to Euro -2.7 million (Euro -1.3 million as at 30/6/2018), Earnings before taxes (EBT) equal to Euro -4.4 million (Euro -3.6 million as at 30/6/2018); Net result of Euro -3.3 million (Euro -3.5 million as at 30/6/2018). Net Financial Position was of Euro 66.7 million (Euro 65.2 million at 31/12/2018); Shareholders' equity equal to Euro 8.5 million (Euro 11.4 million at 31/12/2018).

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 4 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 4.1 MILLION

On 23 December 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that a second tranche of 4 photovoltaic plants in Italy with a total installed capacity of around 4 MW, of the total perimeter covered by preliminary contracts represented by 22 photovoltaic plants with a total installed capacity of 19.3 MW, was closed for sale (by TerniEnergia itself, also through subsidiaries). The plants involved in the transaction were sold to the vehicle company Italia T1 Roncolo, headed by Mareccio Energia S.r.l., a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance. Net collection of the third tranche for TerniEnergia of approximately Euro 3.6 million (net of the Escrow account, equal to Euro 0.5 million); total value of the transaction (Enterprise Value) of approximately Euro 10.6 million. Part of the purchase price, equal to Euro 0.5 million, will be deposited into an Escrow account as a guarantee of Seller's performance and indemnity obligations. The transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 6.5 million. The transaction was carried out as part of the Recovery and Relaunch Plan of the TerniEnergia Group.

TERNIENERGIA SIGNED THE CLOSING FOR THE SALE OF 2 PHOTOVOLTAIC PLANTS FOR A TOTAL PRICE OF EURO 0.9 MILLION

On 24 December 2019, TerniEnergia, a smart company part of the Italeaf Group, announced that a last tranche of 2 photovoltaic plants in Italy with a total installed capacity of around 1 MW, of the total perimeter covered by preliminary contracts represented by 22 photovoltaic plants with a total installed capacity of 19.3 MW, was closed for sale (by TerniEnergia itself, also through subsidiaries). The plants involved in the transaction were sold to the vehicle company Italia T1 Roncolo, headed by Mareccio Energia, a platform for the aggregation of photovoltaic plants in Italy of a leading investment fund, in partnership with the sponsor LCF Alliance. Total capacity of the plants subject to closing equal to 1 MW; net collection of the fourth tranche for TerniEnergia of approximately Euro 0.4 million. Total value of the transaction (Enterprise Value) of approximately Euro 2.7 million; the transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 1.8 million. The transaction was carried out as part of the Recovery and Relaunch Plan of the TerniEnergia Group.

The Board of Directors reviewed the state of negotiations with financial creditors and postponed the approval of the financial statements as at 31 December 2018 and the half-yearly financial report as at 30 June 2019

On 30 December 2019, the Board of Directors of Italeaf met following the approval of the update of the 2019-2022 Reorganization Plan and the Financial Measures that is part of it, and examined the progress of negotiations underway with financial creditors, aimed at signing a restructuring agreement pursuant to Article 182 bis r.d. 267/42. Massimiliano Bonamini (a person with proven experience in the sector), a professional appointed by Italeaf pursuant to art. 182 bis r.d. 267/42, remains in charge of certifying the feasibility of the Plan, while Italeaf's legal advisor is the Orrick firm. The Plan, prepared with the assistance of KPMG as industrial and financial advisor, aims to achieve the Company's recovery.

The Board of Directors of Italeaf has therefore decided to continue negotiations with the creditors with the aim of concluding them and finalizing the agreements with creditors as soon as practicable.

Finally, following the announcement made on October 30, 2019, Italeaf's Board of Directors deemed it appropriate to postpone any decision regarding the approval of the draft financial statements, the consolidated financial statements as at December 31, 2018 and the half-yearly report as at June 30, 2019 to a date to be defined after the completion of negotiations with the banking sector.

TERNIENERGIA SIGNED A PRELIMINARY CONTRACT WITH BUTTOL SRL FOR THE SALE OF THE BIODIGESTION AND BIOMETHANE PRODUCTION PLANT UNDER CONSTRUCTION IN CALIMERA (LE)

On 7 January 2020, TerniEnergia, a smart company part of the Italeaf Group, announced that a preliminary contract was signed for the sale to Buttol Srl (the "Buyer"), a company operating in the high quality environmental services sector through a sustainable development path, of 100% of the shares of NewcoEnergy Srl, owner of the biodigestion and biomethane production plant under construction in Calimera (LE), of the land subject to the intervention and the related building and environmental authorizations. The amount for the sale of the company shares is Euro 2.9 million, while the transaction provides for the payment by the Buyer of a deposit of Euro 50 thousand upon signing the preliminary contract and an additional down payment of Euro 0.3 million to be paid into a trust account on 20 January 2020. The closing of the transaction, expected by the month of March 2020, is subject to the condition precedent of successful completion of the requirements for the inclusion of the transaction in the TerniEnergia Recovery and Relaunch Plan.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVES THE NEW NAME AND THE TRANSFER OF THE REGISTERED OFFICE

On 7 January 2020, the Board of Directors of TerniEnergia, a smart company part of the Italeaf Group, approved the proposal to be submitted to the Extraordinary Shareholders' Meeting to amend Articles 1 (company name) and 2 (registered office) of the Bylaws. Specifically, the proposal requires the Company to adopt, as from the date of filing of the shareholders' resolution in the Companies' Register, the company name "AlgoWatt S.p.A.", with registered office in Milan, Corso Magenta 85.

AGREEMENT BETWEEN SOFTECO AND SEA-SIDE FOR THE IMPLEMENTATION OF AN INTEGRATED SYSTEM OF "PREDICTIVE ENERGY ANALYTICS" FOR THE REDUCTION OF ENERGY CONSUMPTION OF A CEMENT FACTORY

On 7 January 2020, TerniEnergia, a smart company part of the Italeaf Group, announced that the digital company Softeco Sismat has signed an industrial and commercial partnership with Seaside, an Italgas Group company operating in the energy efficiency sector with an integrated offer of consulting, financing and proprietary technological solutions. The agreement provides for a synergy between "Savemixer", the proprietary software of Seaside, the energy management support platform for complex, multi-user and multi-site systems, which allows to perform Business Intelligence, Predictive and Big Data Analysis functions, and Softeco's solutions for the acquisition of production process data with energy meters, sensors and monitoring systems. The agreement is aimed at providing energy efficiency and automation solutions for a leading Italian cement group.