

Italeaf: The Board of Directors approves the Half-Yearly Financial Report as at 30 June 2019

NAV of Euro 6.2 million. Ebitda equal to 147 thousand Euro. Net result equal to -316 thousand Euro

- Revenues amount to Euro 1.1 million (Euro 11.8 million in the consolidated financial statements)
- EBITDA of Euro 147 thousand (Euro 0.2 million in the consolidated financial statements)
- EBIT is equal to 106 thousand Euro (-3 million Euro in the consolidated financial statements).
- EBT amounted to Euro -316 thousand (Euro -4.8 million in the consolidated financial statements).
- Net result of Euro -316 thousand (Euro -3.7 million in the consolidated financial statements)
- Shareholders' equity of Euro 13 million (Euro -1.5 million in the consolidated financial statements)
- NFP of Euro 18.2 million (Euro 84.8 million in the consolidated financial statements)
- NAV of approximately Euro 6.2 million; NAV per share Euro 0.36
- Update of the financial events agenda

The board of directors of Italeaf SpA, holding company and first Italian company builder active in the cleantech and smart innovation sectors, listed on the NASDAQ First North Growth Market of the Stockholm Stock Exchange, approved today the half-yearly financial report as at 30 June 2019.

Financial highlights*

	As at 30 June 2019	As at 30 June 2018	Change %
<i>In Euro</i>			
Revenues	1,151,904	1,447,528	(20.4)%
EBITDA	147,385	529,616	(72.2)%
EBIT	106,484	246,145	(56.7)%
EBT	(316,726)	(147,269)	51.4%
Net result	(316,726)	(147,269)	115.1%
		As at 31 december 2018	
Shareholders' Equity	13,037,531	13,354,259	n.a.
Net financial position	18,178,383	17,776,227	n.a.

* Half-Yearly Financial Report prepared in accordance with ITALIAN GAAP accounting principles

Italeaf's NAV was Euro 6.2 million as at 30 June 2019 (Euro 5.5 million as at 31 December 2018); Nav per share Euro 0.36.

Postponement of approval of the 2019 financial report

The Board of Directors of Italeaf has therefore decided to postpone the approval of the separate financial report and consolidated financial statements at December 31, 2019 until a later date to be defined and in any case by 31 May 2020.

The reasons for this postponement are mainly based on the following considerations:

- on 29 January 2020 the Board of Directors of the subsidiary algoWatt S.p.A. (formerly TerniEnergia), the main asset of the holding company, resolved to approve the draft financial

statements and the consolidated financial statements at December 31, 2019 in a period between April 21 and 24, 2020;

- in light of the worsening of the epidemiological emergency from COVID-19, the national public authorities have postponed the shareholders' meetings for the approval of the financial statements to June 30, 2020 for the companies that wish to benefit from it and the Board of Directors deemed it appropriate to make use of this postponement, also in view of the preparation of the consolidated financial statements and the ongoing restructuring process.

The full version of the Half-Yearly Financial Report as at 30/06/2019 in English is published on the Company's website www.italeaf.com and published on GlobeNewswire Intrado | Release Publishing.

This press release is also available on the Company website: www.italeaf.com

Italeaf SpA is obliged to make public this information pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 16.00 CET on 25 March 2020.

Certified Adviser

Mangold Fondkommission AB, +46 (0)8 5030 1550, email: ca@mangold.se, is the Certified Adviser of Italeaf SpA on Nasdaq First North.

For further information please contact:

Claudio Borgna CFO – Italeaf S.p.A.

Email: borgna@italeaf.com

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, and at Milano.

The company controls the smart energy company TerniEnergia, listed on the MTA of the Italian Stock Exchange, Skyrobotic, active 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. Italeaf holds, among others, a minority stake in Vitruviano LAB, a research center active in the R&D sector for special materials, green chemistry, digital transformation and cleantech.



**CONSOLIDATE FINANCIAL
REPORT
AS AT JUNE 30, 2019
ITALEAF GROUP**



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 6.2 million at the end of June 2019.

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
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

Andrea Bellucci (Chairman)
Fausto Sciamanna
Caterina Brescia

Independent Auditors

EY SPA

Italeaf SPA
Registered Office:

CONTENTS

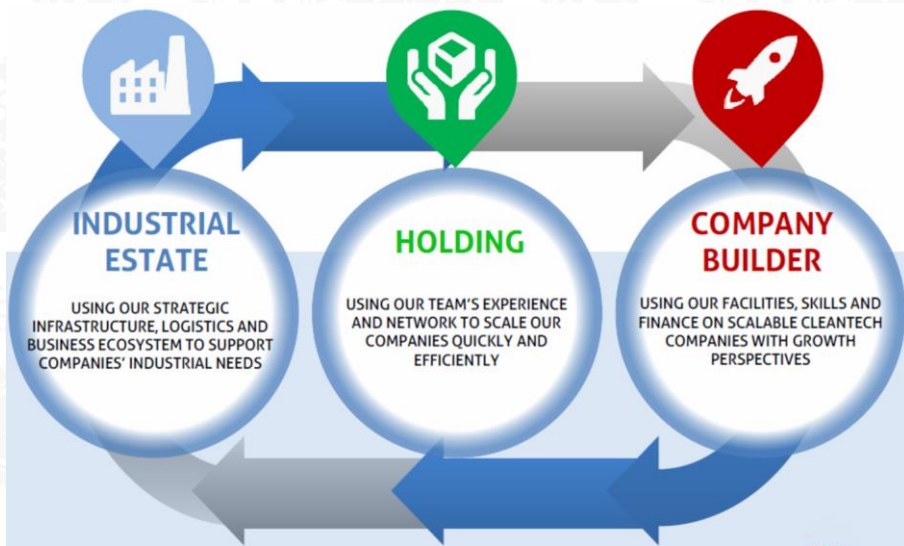
MANAGEMENT REPORT	4
BUSINESS AND MISSION	4
NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY	5
OUR INVESTMENTS	9
TERNIENERGIA	9
SKYROBOTIC	11
NUMANOVA	12
GROUP'S ORGANIZATION	13
KEY EVENTS FOR 2018	14
FINANCIAL STATEMENTS	17
STATEMENT OF CONSOLIDATED FINANCIAL POSITION	17
CONSOLIDATED INCOME STATEMENT	18
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	19
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
CONSOLIDATED STATEMENT OF CASH FLOWS	21
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT	22
SUBSEQUENT EVENTS	47

MANAGEMENT REPORT

BUSINESS AND MISSION

Italeaf is a holding company and the first Italian "company builder". It aims to transform technological start-ups into global companies. Italeaf identifies industrial initiatives in the cleantech and innovative technologies sector, where the Company can take advantage of its strong experience and track record. The Company has operating offices in Umbria, in Nera Montoro in the Municipality of Narni and in Milan.

Starting from the end of 2017, the company and the Group are involved in a restructuring process resulting from the situation of financial tension which first involved the main participation, TerniEnergia, then extending to the whole Group and its parent Italeaf. Below is some information relating to the Restructuring Plan of Italeaf and the TerniEnergia Group.



NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY

NET ASSET VALUE

At the end of June 2019, net asset value amounted to Euro 6,2 million.

NAV ITALEAF	(Euro/000)	Notes
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Tangible Assets:

REAL ESTATE PROPERTY (Nera Montoro & Maratta) 10,806 Book Value, in line with the value identified by an independent expert

Controlling stake in:

42.19% stake in TerniEnergia* 7,549 Calculated on the share price as at June 30, 2019 (Euro 0.38)

68.61% stake in Skyrobotic 933 Book value

85,58% stake in Numanova 3,125 Based on the price of latest funding round

Minority stake: 2,021 Book value

GROSS ASSET VALUE	24,435	
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Net Financial Indebtedness (18,178) As at June 30, 2019

NET ASSET VALUE AS JUNE 30, 2019	6,257	
NAV PER SHARE AS JUNE 30, 2019 (€)	0.36	

* 46,83% 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-up companies (Skyrobotic and Numanova). NAV at June 30, 2019 amounted to Euro 6,257 million.

The value of the equity investment in TerniEnergia corresponds to the share value as at June 30, 2019, considering that the company is listed on Borsa Italiana (MTA). At the end of June 30, 2019, Italeaf owned 19,867,102 ordinary shares, corresponding to 42.19% of the share capital and the 46.83% 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 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 June 30, 2019:

<i>in €</i>	As at June, 30 2019	As at December, 31 2018	Change	Change %
Intangible assets	1,189	42,090	(40,901)	(97.2)%
Tangible assets	10,133,448	10,133,448		0.0%
Financial assets and other att.	24,168,393	24,224,214	(55,821)	(0.2)%
Fixed Assets	34,303,030	34,399,752	(96,722)	(0.3)%
Inventories				n.a.
Trade receivables	381,249	267,376	113,873	42.6%
other activities	2,712,765	2,362,309	350,456	14.8%
Trade payables	(1,676,480)	(1,315,718)	(360,762)	27.4%
Other liabilities	(2,281,113)	(2,327,909)	46,796	(2.0)%
Net working capital	(863,579)	(1,013,942)	150,363	n.a.
Provisions and other non-commercial	(2,223,537)	(2,255,324)	31,787	(1.4)%
Net Invested Capital	31,215,914	31,130,486	85,428	0.3%
Shareholders' Equity	13,037,531	13,354,259	(316,728)	n.a.
Net current financial position	18,178,383	17,776,227	402,156	2.3%
Non-current net financial position				n.a.
Total net financial position	18,178,383	17,776,227	402,156	n.a.
Net Invested Capital	31,215,914	31,130,486	85,428	0.3%

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 1.6 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 17.916 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 2018 is mainly due to 2019 accrued interests.

<i>in €</i>	The first six months of 2019	The first six months of 2018	Change	Change %
Net revenues from sales and services	1,151,904	1,447,528	(295,624)	(20.4)%
Production costs	(903,915)	(702,652)	(201,263)	28.6%
Added value	247,989	744,876	(496,887)	(66.7)%
Personnel costs	(100,604)	(215,260)	114,656	(53.3)%
EBITDA	147,385	529,616	(382,231)	(72.2)%
Amortization, depreciation, provisions and write-downs	(40,901)	(283,471)	242,570	(85.6)%
EBIT	106,484	246,145	(139,661)	(56.7)%
Financial income and charges	(423,210)	(455,282)	32,072	(7.0)%
Extraordinary item				n.a.
Pre-tax result	(316,726)	(209,137)	(107,589)	51.4%
Income taxes		(61,868)	61,868	(100.0)%
Net Result for the period	(316,726)	(147,269)	(169,457)	115.1%

The net result of 2019 amounted to Euro -0,3 million.

Revenues refer to service contracts between Italeaf and subsidiaries for availability of offices and industrial buildings, and other services, as well as the remuneration of the guarantees granted in favor of the banks of TerniEnergia (Euro 0,3 million).

Financial income and expenses includes: cost of financial debt (Euro 0.4 million).

STATEMENTS FOR THE ITALEAF GROUP

<i>in Euro</i>	As at June 30, 2019	As at December 31, 2018	Change	Change %
Intangible assets	25,814,804	27,556,207	(1,741,403)	(6.3)%
Tangible assets	19,305,889	18,133,886	1,172,003	6.5%
Financial assets and other att.	27,923,189	28,047,944	(124,755)	(0.4)%
Fixed Assets	73,043,881	73,738,037	(694,155)	(0.9)%
Inventories	13,073,325	11,701,656	1,371,669	11.7%
Trade receivables	16,470,039	17,648,808	(1,178,769)	(6.7)%
other activities	5,270,000	5,708,267	(438,266)	(7.7)%
Trade payables	(26,001,165)	(28,031,785)	2,030,620	(7.2)%
Other liabilities	(25,730,345)	(21,834,955)	(3,895,390)	17.8%
Net working capital	(16,918,146)	(14,808,010)	(2,110,136)	14.2%
Provisions and other non-commercial	(15,852,558)	(14,767,346)	(1,085,212)	7.3%
Net Invested Capital	40,273,177	44,162,681	(3,889,504)	(8.8)%
Shareholders' Equity	(1,500,514)	1,624,041	(3,124,555)	(192.4)%
Net current financial position	82,960,731	82,229,578	731,152	0.9%
Non-current net financial position	1,840,396	1,840,396		0.0%
Total net financial position	84,801,127	84,069,975	731,152	0.9%
(Assets) Net liabilities held for sale	(43,027,436)	(41,531,335)	(1,496,101)	3.6%
Net Invested Capital	40,273,177	44,162,681	(3,889,504)	(8.8)%

<i>in Euro</i>	The first six months of 2019	The first six months of 2018	Change	Change %
Net revenues from sales and services	11,815,774	11,560,758	255,017	2.2%
Production costs	(4,015,239)	(3,919,762)	(95,476)	2.4%
Added value	7,800,536	7,640,995	159,540	2.1%
Personnel costs	(7,588,068)	(7,148,869)	(439,198)	6.1%
EBITDA	212,468	492,126	(279,658)	(56.8)%
Amortization, depreciation, provisions and write-downs	(3,251,370)	(2,430,172)	(821,198)	33.8%
EBIT	(3,038,902)	(1,938,046)	(1,100,856)	56.8%
Financial income and charges	(1,776,803)	(2,157,230)	380,427	(17.6)%
Portions of results attributable to the JV		(34,802)	34,802	n.a.
EBT	(4,815,705)	(4,130,078)	(685,627)	n.a.
Income taxes	665,788	889,414	(223,626)	(25.1)%
Ongoing activities result	(4,149,917)	(3,240,663)	(909,254)	28.1%
Asset for sales net result	396,881	(688,010)	1,084,891	(157.7)%
Net profit for the period	(3,753,036)	(3,928,673)	175,637	(4.5)%

OUR INVESTMENTS



TERNIENERGIA

OVERVIEW

Italeaf has a 42.19% shareholding in TerniEnergia and 46.83% of the voting rights.

The TerniEnergia Group recorded a significant loss during 2018, the reasons for which are explained in more detail in the "Business continuity assessments" section of the Explanatory Notes.

TerniEnergia, established in September 2005 and part of the Italeaf Group, is the first Italian global technological enabler, committed to bringing energy solutions and efficient, integrated and sustainable resource recovery to the world. Organized in two strategic business lines (Assets and Smart solutions and services), with over 300 employees and a geographical presence with operational and commercial offices in almost all continents, TerniEnergia develops innovative solutions, products and services based on digital and industrial technologies for the energy supply chain, networks, smart mobility, industrial automation, the recovery of marginal resources.

TerniEnergia, also through its subsidiaries (Softeco Sismat, Greenled Industry, GreenAsm, Purify, Wisave, Ant Energy), pursues the objectives of increasing the production of energy from renewable sources, saving energy and reducing emissions, as established by the policy environmental protection, and actively participates in the energy revolution of distributed electricity generation and smart grids, with innovative digital solutions.

TerniEnergia is the ideal partner for large utilities, distribution operators and network managers, energy producers, public administrations, industrial customers and investors who intend to carry out large projects for the production of renewable energy, modern systems and systems with high energy efficiency, solutions for the management and maintenance of infrastructure and electrical systems. TerniEnergia is listed on the Borsa Italiana (MTA).

TerniEnergia Recovery Plan

The TerniEnergia Recovery Plan is aimed at restoring the long-term financial and equity balance of the Company, a plan whose reasonableness has been certified by the professional identified by the Company in the person of dr. Massimiliano Bonamini, pursuant to art. 67, paragraph 3, lett. d) r.d. 267/42 for the period 2018-2022 (the "Plan"). The sworn statement by dr. Massimiliano Bonamini became effective on 30 September 2019, as well as the restructuring agreement with banks and bondholders, as better detailed in the following paragraphs.

A. Proposed divestment interventions

The disposal of photovoltaic and environmental assets is envisaged and, in particular (i) the sale of photovoltaic energy production plants, directly and indirectly held; (ii) the sale of two treatment and recovery plants for end-of-life tires; (iii) the sale of a liquid waste treatment plant and a biodigestor. As a result of these disposals, the Plan provides for an overall financial benefit of approximately Euro 90.7 million (of which approximately 39.5 million of Equity Value and approximately Euro 51.2 million of reduction of the Group's financial exposure due to the effect of the taking over part of the indebtedness by the buyers of the assets).

B. Merger by incorporation of Softeco into TerniEnergia

The company rationalization process of the TerniEnergia Group is expected to be completed through the merger by incorporation of Softeco Sismat Srl into TerniEnergia. The merger deed was signed on February 20, 2020. This transaction will allow TerniEnergia to complete the industrial turnaround process with entry into the hi-tech sector, qualifying the Company as a fully committed player in the emerging sectors of energy digitalization, thanks to the positive industrial results achieved by Softeco and to the reserve of its innovative prospects, guaranteed by research and development activities. The merger by incorporation will allow the control of the new "Digital Energy" market, allowing TerniEnergia to fully exploit Softeco's skills in the development of increasingly advanced digital technologies for the entire energy supply chain, affecting all phases, from production to sale, to final consumption. Finally, it is believed that the merger will simplify the corporate architecture, confirming the industrial vocation of TerniEnergia, optimize decision-making processes and management efficiency (corporate, accounting and administrative), with a consequent greater rationalization of cost costs at the level Group.

C. Financial maneuver

a) maintenance of the operations of the short-term lines within the limits of the credit lines existing on the Reference Date (to be understood net of the credit lines granted by Banca CariGe SpA and Credito Emiliano SpA on the Reference Date) between Softeco and the related financial institutions, without prejudice it being understood that the agreed amount relating to these lines will be reduced, starting from the financial year 2021 (included), by an amount equal to a total of Euro 976,000.00 relating to the portions of short-term lines granted by UniCredit (Euro 476,000.00) and from Banco BPM (Euro 500,000.00) (the BT Lines);

- b) consolidation and rescheduling of the exposures relating to the short-term lines (and no longer used as such) in existence on the Reference Date between the Group and the related financial institutions for a total amount of Euro 14.1 million (the Exposures Lines BT Consolidate).
- c) consolidation and rescheduling of the exposures relating to medium-long term loans (MLT) granted to TerniEnergia in effect on the Reference Date between the Group and the related financial institutions for a total amount of approximately Euro 55.9 million (MLT exposures).
- d) rescheduling of the bond outstanding at the Reference Date between TerniEnergia and the bondholders for a total amount of approximately Euro 25 million (the "Bond Loan").
- e) renegotiation of interest rates accrued and accrued starting from 1 July 2018, as follows:
 the. Exposures Consolidated LV lines, 6-month Euribor + 150 basis points;
 ii. MLT exposures exclusively relating to TerniEnergia, 6-month Euribor + 150 basis points; is
 iii. bonds exposure, Euribor 6 months + 150 basis points.

KEY FIGURES FOR THE TERNIENERGIA GROUP AS AT JUNE 30, 2019

<i>(in Euro)</i>	As at June, 30	As at December, 31	Change	Change %
	2019	2018		
Intangible assets	24,112,090	25,684,937	(1,572,847)	(6.1)%
Property, plant and equipment	8,998,065	7,855,947	1,142,118	14.5%
Financial fixed assets and other intangible assets	25,299,691	25,343,986	(44,295)	(0.2)%
Fixed Assets	58,409,847	58,884,870	(475,023)	(0.8)%
Inventories	12,920,565	11,587,744	1,332,822	11.5%
Trade receivables	18,223,831	19,431,088	(1,207,257)	(6.2)%
Other assets	4,876,317	4,920,833	(44,516)	(0.9)%
Trade payables	(25,785,608)	(27,243,743)	1,458,135	(5.4)%
Other liabilities	(23,958,171)	(20,072,849)	(3,885,321)	19.4%
Net working capital	(13,723,066)	(11,376,928)	(2,346,138)	20.6%
				0.0%
Provisions and other non-trade liabilities	(12,540,254)	(12,509,686)	(30,568)	0.2%
Net Invested Capital	32,146,527	34,998,255	(2,851,729)	(8.1)%
Shareholders' Equity	8,511,325	11,428,344	(2,917,019)	(25.5)%
Current net financial position	64,868,269	64,282,133	586,136	0.9%
Non-current net financial position	1,794,369	933,185	861,184	92.3%
Total net financial position	66,662,638	65,215,318	1,447,319	2.2%
(Assets) Net liabilities held for sale	(43,027,436)	(41,645,407)	(1,382,029)	3.3%
Net Invested Capital	32,146,527	34,998,255	(2,851,729)	(8.1)%

<i>(in Euro)</i>	As at June, 30 2019	As at June, 30 2018	Change	Change %
Net revenues from sales and services	11,015,543	11,157,787	(142,244)	(1.3)%
Production costs	(3,304,741)	(3,663,791)	359,050	(9.8)%
Added value	7,710,802	7,493,995	216,807	2.9%
Personnel costs	(7,371,715)	(6,796,763)	(574,952)	8.5%
EBITDA	339,087	697,232	(358,145)	(51.4)%
Amortization, depreciation, provisions and write-downs	(3,066,992)	(1,966,192)	(1,100,800)	56.0%
EBIT	(2,727,905)	(1,268,961)	(1,458,945)	115.0%
Financial income and charges	(1,628,285)	(2,259,529)	631,244	(27.9)%
Portions of results attributable to the JV		(34,802)	34,802	(100.0)%
Pre-tax result	(4,356,190)	(3,563,291)	(792,899)	22.3%
Income taxes	679,366	741,244	(61,878)	(8.3)%
Result of ongoing activities	(3,676,824)	(2,822,047)	(854,778)	30.3%
Net result from assets held for sale	396,881	(688,010)	1,084,891	n.a.
Net profit for the period	(3,279,944)	(3,510,057)	230,113	(6.6)%

SKYROBOTIC



OVERVIEW

As at June 30 2019, Italeaf owns 68.61% of the share capital of Skyrobotic.

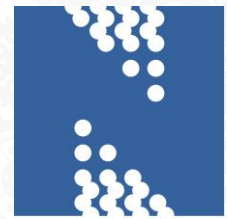
The company was established on 20 December 2013 as a limited liability company, between the shareholders of Siralab Robotics S.r.l. and Italeaf S.p.A. The company combines the know-how and decades of experience in the sector of Siralab Robotics S.r.l., an advanced technology company, and the track record,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



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.

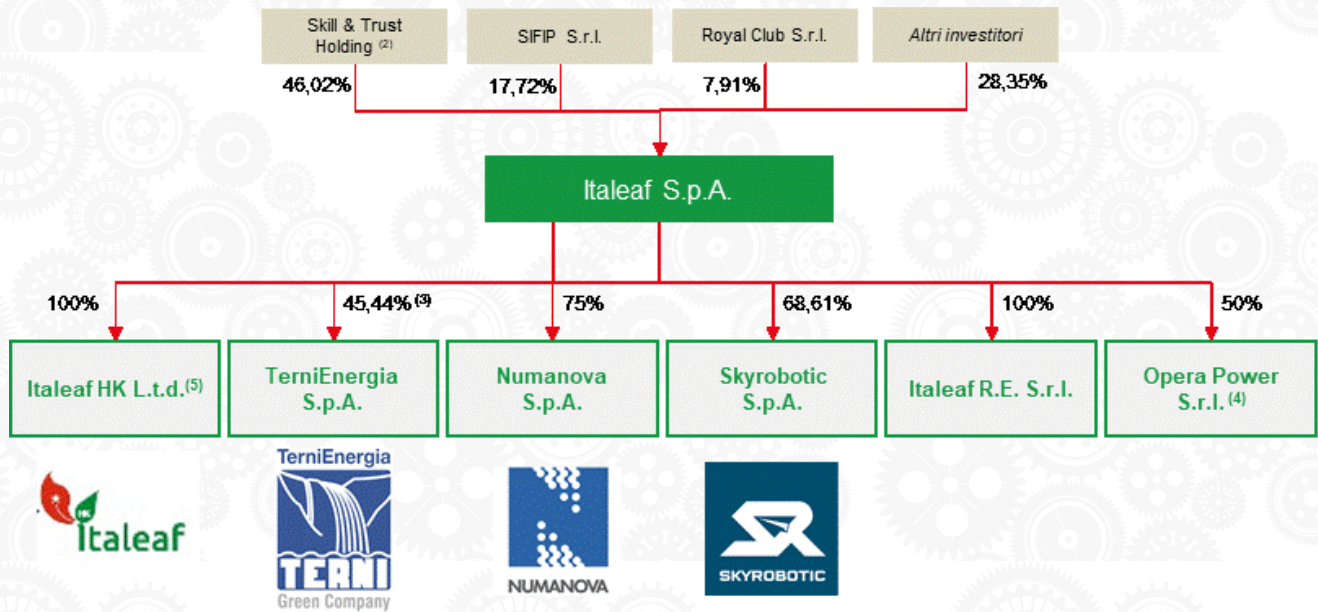
INNOVATION AND SUSTAINABILITY

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 FIRST HALF OF 2019

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 in 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.

FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<i>in Euro</i>	Notes	As at June 30, 2019	As at December 31, 2018
Intangible assets	1	25,814,804	27,556,207
Tangible assets	2	19,305,889	18,133,886
Equity Investments	3	783,670	778,906
Deferred tax assets	4	26,959,843	27,036,862
Non-current financial receivables	5	179,675	232,175
Total non-current assets		73,043,881	73,738,037
Inventories	6	13,073,325	11,701,656
Trade receivables	7	16,470,039	17,648,808
Other current assets	8	5,270,000	5,708,267
Derivatives			
Financial receivables	9	231,282	187,312
Cash and cash equivalents	10	3,159,632	2,699,013
Total current assets		38,204,278	37,945,056
Asset held for sale	11	120,267,480	118,300,120
TOTAL ASSETS		231,515,639	229,983,212
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		17,144,001	17,144,000
Stocks		(22,724,904)	2,218,242
Result for the period		(1,683,062)	(19,044,990)
Total Group equity	12	(7,263,965)	317,252
Minority interests		7,833,426	8,123,573
Result for the minority interest		(2,069,975)	(6,816,784)
Total equity	12	(1,500,514)	1,624,041
Provision for employee benefits	13	6,465,210	5,974,778
Deferred tax liabilities	14	7,581,328	7,847,732
Non-current financial payables	15	1,794,369	933,185
Provision for risk and charges	16	1,840,396	1,840,396
Other non-current liabilities	17	23,698	23,698
Derivatives	18	11,651	11,651
Total non-current liabilities		17,716,652	16,631,440
Trade payables	19	26,001,165	28,031,785
Payables and other financial liabilities	20	86,351,645	85,115,904
Taxes payable	21	540,648	574,381
Other current liabilities	22	25,165,999	21,236,875
Total current liabilities		138,059,457	134,958,946
Liabilities associated with assets held for sale	23	77,240,044	76,768,785
TOTAL LIABILITIES		233,016,153	228,359,171
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		231,515,639	229,983,212

CONSOLIDATED INCOME STATEMENT

<i>in Euro</i>	Notes	As at June 30, 2019	As at June 30, 2018
Revenues	22	8,584,587	9,081,575
Other operating income	22	3,231,188	2,479,182
Costs for raw materials, consumables and goods for resale	23	(262,781)	(678,684)
Costs for services	24	(3,178,552)	(2,899,909)
Personnel costs	25	(7,588,068)	(7,148,869)
Other operating costs	26	(573,906)	(341,170)
Amortisation, depreciation, provisions and writedowns	27	(3,251,370)	(2,430,172)
Operating result		(3,038,902)	(1,938,046)
Financial income	29	30,739	78,749
Financial charges	29	(1,807,542)	(2,235,979)
Portion of result attributable to the joint venture			(34,802)
Net result before taxes		(4,815,705)	(4,130,078)
Taxes	30	665,788	889,414
Ongoing activities result		(4,149,917)	(3,240,663)
Asset for sales net result		396,881	(688,010)
Net result for the period		(3,753,036)	(3,928,673)
- of which: attributable to the Group		(1,683,062)	(19,044,990)
- of which: attributable to non-controlling interests		(2,069,975)	(6,816,784)
Earnings per share - Basic and diluted		(0,098)	(0,140)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in Euro)</i>	Notes	as at June 30,	
		2019	2018
Net Result for the Period		(3.753.036)	(3.928.673)
Change in cash flow hedge reserve		(157.316)	(1.727.279)
Difference of Translation		(20.237)	(7.753)
Tax effect of expenses / (income) recognized in equity		37.756	414.547
Total other comprehensive income for the period to be subsequently released to the Income Statement		(139.796)	(1.320.485)
Actuarial Income / (loss)		(626.249)	
Tax effect of expenses / (income) recognized in equity		150.300	
Total other comprehensive income for the period not to be subsequently transferred to the Income Statement		(475.949)	
Total comprehensive income / (loss) for the period		(4.368.782)	(5.249.158)
• of which: attributable to the Group		(1.960.517)	(3.206.785)
• of which: attributable to non-controlling interests		(2.408.265)	(2.042.372)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Description (in Euro)	Reserves				Total reserves	Profit of the period	Equity		Total equity
	Corporation Stock						Total shareholders' equity Group	attributable to non-controlling interests	
		Extra Charge Reserves	Legal reserves	Extraordinary					
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

Description (in Euro)	Reserves				Total reserves	Profit of the period	Equity		Total equity		
	Corporation Stock						Total shareholders' equity Group	attributable to non-controlling interests			
		Extra-Charge Reserves	Legal reserves	Extraordinary						Other Reserves	
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
Appropriation of the previous year's profit (loss)					(19.044.990)	(19.044.990)	19.044.990	-	-	-	-
Other entries					(5.620.702)	(5.620.702)		(5.620.702)	6.864.928	1.244.226	
Other movements			0	0	(24.665.692)	(24.665.692)	19.044.990	(5.620.702)	6.864.928	1.244.226	
Result of the period							(1.683.062)	(1.683.062)	(2.069.975)	(3.753.036)	
Other comprehensive					(277.455)	(277.455)	0	(277.455)	(338.291)	(615.745)	
Total profit for the period					(277.455)	(277.455)	(1.683.062)	(1.960.517)	(2.408.265)	(4.368.782)	
Value as at June 30, 2019	17.144.000	666.000	258.969	0	(23.649.872)	(22.724.904)	(1.683.062)	(7.263.966)	5.763.451	(1.500.515)	

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in Euro)</i>	As at 30 June,	
	2019	2018
Profit before taxes from continuing operations	(4,815,705)	(4,357,490)
Profit before taxes from assets held for sale	396,881	
Amortisation/depreciation	2,846,001	2,401,044
Write-downs of fixed assets and receivables	405,369	256,539
Allocations to the employee benefits fund	111,227	
Result of joint ventures accounted for at equity and reversal of margin	-	34,802
Gains/Revaluations	(1,371,669)	1,628,194
Change in inventories	1,178,769	4,748,799
Change in trade receivables	1,064,968	1,000,623
Change in other assets	(2,030,620)	(8,203,399)
Change in trade payables	3,490,021	4,542,624
Change in other liabilities	(247,043)	(179,093)
Net cash flow (used in)/generated by operating activities	1,028,198	1,872,643
Investments in property, plant and equipment	(231,108)	
Investments in tangible fixed assets		405,962
Investments in intangible fixed assets	(730,187)	(972,314)
Income from equity investments/(Equity investments)	(1,892,982)	(1,957,574)
Change in receivables and other financial assets	3,766	(2,237,359)
Net cash flow (used in)/generated by investing activities	(2,850,512)	(4,761,285)
Change in payables and other financial assets	817,484	8,557,568
Change in non-current financial payables	(35,864)	(3,245,682)
Other changes in shareholders' equity	1,501,312	60,272
Net cash flow (used in)/generated by financing activities	2,282,932	5,372,158
Comprehensive cash flow for the period	460,618	2,483,516
Cash and cash equivalents at the beginning of the period	2,699,013	5,461,627
Cash and cash equivalents at the end of the period	3,159,632	3,176,504

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) and Milano; has international offices in Hong Kong.

The company controls TerniEnergia, listed on the MTA market of Borsa Italiana. Organized in two strategic business lines (Assets and Smart solutions and services), with over 300 employees and a geographical presence with operational and commercial offices in almost all continents, TerniEnergia develops innovative solutions, products and services based on digital and industrial technologies for the energy supply chain, networks, smart mobility, industrial automation, the recovery of marginal resources. The Company also controls Skyrobotic, a company developing and producing civil and commercial drones in the mini and micro classes for the professional market, Numanova, active in the production of metal powders for additive manufacturing and advanced metallurgical industry, and Italeaf RE, real estate company. As of September 4, 2014, Italeaf is listed on the 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 Intermediate consolidated financial statements of the Italeaf Group at June 30, 2019 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.), and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement article 9 of Legislative Decree n. 38/2005. In the framework of the options set out in IAS 34, the Group has chosen to publish this report for the consolidated Financial Statements, such as a condensed information.

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 June 30, 2019 shows that Italeaf is in a situation of financial tension.

The Company shows a net loss of Euro 0.3 million at June 30, 2019. The net loss of last year was equal to 14.5 million, and was largely affected by write-downs and write-downs made to property, plant and equipment 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.

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 (46.83% 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 June 30, 2019 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 June 30, 2019:

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

Company	Location	% held by the Group		% contribution at the Group
		Direct	Indirect	
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 RE Srl	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%
Vitruviano Lab S.r.l.	Narni - Strada dello Stabilimento, 1	10.79		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%
Capital Solar S.r.l.	Nardò- Via Don Milani, n.4		100%	42.19%
Rinnova S.r.l.	Nardò- Via Don Milani, n.4		100%	42.19%
Soc. Agr. Fotosolara Cheremule S.r.l.	Narni - Strada dello Stabilimento, 1		100%	42.19%
Soc. Agr. Fotosolara Ittireddu S.r.l.	Narni - Strada dello Stabilimento, 1		100%	42.19%

Soc. Agric. Fotosolara Bonannaro S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Soc. Agric. Oristano S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
T.e.c.i. costruzioni & ingegneria S.r.l.	Gioia del Colle - Via Giosuè Carducci n. 122	100%	42.19%
Meet Green Italia S.r.l.	Nardò- Via Don Milani, n.4	100%	42.19%
LyteEnergy S.r.l.	Narni - Strada dello Stabilimento, 1	70%	42.19%
Soc. Agricola Padria S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
TerniEnergia. Hellas M.EPE.	Atene - 52, Akadimiasstreet	100%	42.19%
TerniEnergia Polska Zoo	Varsavia - Sw. Krolewska 16, 00-103	100%	42.19%
Tevasa L.t.d.	Cape Town, 1 Waterhouse Place, Century City, 7441	80%	42.19%
Alchimia Energy 3 S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
TerniEnergia Romania Srl	Str. Popa Petre 5 - Bucarest	100%	42.19%
TerniEnergia Solar South Africa L.t.d.	Woodstok, De Boulevard searle street	100%	42.19%
TerniEnergia Project L.t.d.	Woodstok, De Boulevard searle street	80%	42.19%
GreenAsm S.r.l.	Narni - Strada dello Stabilimento, 1	50%	42.19%
Terni SolarEnergy S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Greenled Industry S.p.A.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Val di Taro Tyre S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Softeco Sismat S.r.l.	Genova - Via De Marini 1	100%	42.19%
Wisave S.r.l.	Narni - Strada dello Stabilimento, 1	88,22%	42.19%
Geoyes S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Energia Alternativa S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Solter S.r.l.	Narni - Strada dello Stabilimento, 1	100%	42.19%
Vitruviano Lab S.r.l.	Narni - Strada dello Stabilimento, 1	89,21%	42.19%
TerniEnergia Progetti Srl	Narni - Strada dello Stabilimento, 1	100%	42.19%

LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:

Company	Location	% held by the Group		% contribution to the Group
		Direct	Indirect	
Opera Power S.r.l.	Narni - Strada dello Stabilimento, 1	50%		
Soltarenti S.r.l.	Narni - Strada dello Stabilimento, 1		50%	50%
Purify S.r.l.	Narni - Strada dello Stabilimento, 1		50%	50%
Girasole S.r.l.	Narni - Strada dello Stabilimento, 1		50%	50%
Guglionesi S.r.l.	Narni - Strada dello Stabilimento, 1		50%	50%
Ant Energy S.r.l.	Roma - Via Clitunno, 51		50%	50%
Next Power II Prima Srl	Milano - Corso Magenta, 85		50%	50%

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 June 30 2019, as at December 31 2018:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Software	9,405,819	10,103,493	(697,674)	(6.9)%
Goodwill	2,947,397	2,979,171	(31,774)	(1.1)%
Patents	548,443	565,216	(16,773)	(3.0)%
Building lease	317,324	317,324		0.0%
Customer Relationship	5,032,245	5,388,308	(356,064)	(6.6)%
Others	7,563,576	8,202,694	(639,118)	(7.8)%
Total	25,814,804	27,556,207	(1,741,403)	(6.3)%

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 30 June 2019, respectively for Euro 8.193 million and Euro 5.032 million, the residual value of the assets recorded in 2016 following the PPA process consequent to the acquisition of the Softeco companies and Selesoft. Taking into account that the results achieved by Softeco in the first half of 2019 are not fully in line with the forecasts contained in the Plan, an impairment test was carried out on the aforementioned intangible values. The impairment test, which took into account not only this lower result but also the sensitivity carried out by the Plan asseverator, gave a positive result on the recoverability of these intangible assets.

2. TANGIBLE FIXED ASSETS

The table below reports the analysis of changes of "Net values" relating to tangible assets as at June 30, 2019, as at December 31, 2018:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Land and buildings	11,821,613	10,678,028	1,143,585	10.7%
Plant and machinery	4,188,827	4,333,866	(145,039)	(3.3)%
Industrial equipment	284,010	286,133	(2,123)	(0.7)%
Other assets	219,513	43,933	175,580	n.a.
Construction in progress	2,791,927	2,791,927		0.0%
Total	19,305,889	18,133,886	1,172,003	6.5%

Land and buildings mainly refer to the value of the industrial site in Nera Montoro (with an area of 24 hectares) and Maratta, both owned by Italeaf S.p.A.. The value of the Nera Montoro area is aligned the book value with that resulting from the appraisal drawn up by an independent expert. The increases are mainly attributable to the recognition of the right of use on leased assets in application of IFRS 16, equal to Euro 1,315 thousand, mainly attributable to office and company car leases.

In the previous year, the representative values of the following plants were reclassified among assets held for sale:

- 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 June 30, 2019 and December 31, 2018, along with the related changes:

<i>(in Euro)</i>	June 30, 2019	June 30, 2018	Change	Change %
Investments in JV	664,776	668,776	(4,000)	(0.6)%
Investments in Equity	118,894	110,130	8,764	8.0%
Total	783,670	778,906	4,764	0.6%

The balance at 30 June 2019 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 June 30, 2019 and December 31, 2018, respectively, and the related changes:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Deferred tax assets	26,959,843	27,036,863	(77,020)	(0.3)%
Total	26,959,843	27,036,863	(77,020)	(0.3)%

Deferred tax assets refer, for € 19.8 million, to the company TerniEnergia, mainly referring to tax losses and deferred tax assets recorded on write-downs made in 2017 and 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. In this regard, it is specified 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 March 2020.

5. NON CURRENT FINANCIAL RECEIVABLES

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related changes:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Security deposits	166,615	219,114	(52,500)	(24.0)%
Other receivables Financial	13,061	13,061		0.0%
				n.a.
Total	179,676	232,175	(52,501)	(22.6)%

CURRENT ASSETS

6. INVENTORIES

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related changes:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Raw materials	2,675,140	2,393,334	281,806	11.8%
Finished Products	722,292	1,046,644	(324,352)	(31.0)%
Products in process	9,675,893	8,261,677	1,414,216	17.1%
Total	13,073,325	11,701,656	1,371,668	11.7%

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 9.6 million, at 30 June 2019, 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 30 June 2019.

With reference to the work in progress by Softeco, a provision for risks of approximately € 0.5 million has been set aside in these half-year financial statements as at 30 June 2019, against losses to be completed for some orders.

7. TRADE RECEIVABLES

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Resceivables from customers	16,154,828	17,380,589	(1,225,761)	(7.1)%
Resceivables from joint venture	569,075	528,983	40,092	7.6%
Resceivables from affiliated companies	38,944	32,044	6,900	21.5%
Provision for doubtful	(292,808)	(292,808)		0.0%
Total	16,470,039	17,648,808	(1,178,769)	(6.7)%

Trade receivables, mainly from customers, at 30 June 2019 amounted to € 16,470 thousand.

8. OTHER CURRENT ASSETS

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
VAT Credit	897,300	1,627,487	(730,187)	(44.9)%
Advances to suppliers	687,136	687,386	(250)	(0.0)%
Prepayments	318,385	504,210	(185,824)	(36.9)%
Other credits	3,367,179	2,889,183	477,995	16.5%
Total	5,270,000	5,708,267	(438,266)	(7.7)%

9. FINANCIAL RECEIVABLES

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Financial receivables from others	231,282	187,312	43,970	23.5%
Total	231,282	187,312	43,970	23.5%

10. CASH AND CASH EQUIVALENTS

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Banl accounts	3,045,146	2,643,776	401,370	15.2%
Cash	114,485	55,237	59,248	107.3%
Total	3,159,632	2,699,013	460,618	17.1%

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 TerniEnergia, 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 1.8 million at June 30, 2019, 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

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Asset for sale	120,267,480	118,300,120	1,967,360	1.7%
Total	120,267,480	118,300,120	1,967,360	1.7%

The assets available for sale at 30 June 2019 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 fotovoltaic plant held by the Agricultural Company Fotosolara Oristano Srl (100% TerniEnergia) for a power of 1 MWp;
- 1 fotovoltaic plant held by the Agricultural Company Fotosolara Bonnanaro Srl (100% TerniEnergia) for a power of 0.7 MWp;
- 1 fotovoltaic plant held by Alchimia Energy 3 Srl (100% TerniEnergia) for the power of approximately 1 MWp

Equity investments in the following companies owning fotovoltaic systems have also been classified among the assets available for sale at 30 June 2019:

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

For all the aforementioned fotovoltaic 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 fotovoltaic 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 June 30, 2019, the subscribed and paid share capital amounted to Euro 17,144,000 divided into 17,144,000 ordinary shares.

As at June 30, 2019, other reserves incorporate the decrease of the cash-flow hedge, which had a negative balance Euro 2,595 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 June 30, 2019, the Company did not own any treasury shares.

13. EMPLOYEE BENEFITS

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Provision for employee benefits	6,465,210	5,974,778	490,434	8.2%
Total	6,465,210	5,974,778	490,434	8.2%

14. DEFERRED TAXATION

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Deferred tax provision	7,581,328	7,847,732	(266,405)	(3.4)%
Total	7,581,328	7,847,732	(266,405)	(3.4)%

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 June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Debts. due to financial leasing	881,473	912,182	(30,709)	(3.4)%
Other financial liabilities	15,848	21,003	(5,155)	(24.5)%
Liability for lease contracts (pursuant to IFRS 16)	897,048			
Total	1,794,369	933,185	(35,863)	(3.8)%

The change recorded compared to the previous year is mainly attributable to the recognition of the liabilities relating to lease contracts in application of IFRS 16, equal to June 30, 2019 at € 897 thousand.

The financial payables for leasing at June 30, 2019 show only the debt relating to the leasing loan relating to the photovoltaic plant of Magliano, held directly by the Parent Company. This is the only photovoltaic system not included in those intended for sale.

16. PROVISION FOR RISKS AND CHARGES

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Provision for risks and charges	1.840.396	1.840.396	23.698	1,3%
Total	1.840.396	1.840.396	23.698	1,3%

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 499 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 June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Other non-current liabilities				n.a
Deferred Margins	23,698	23,698		0.0%
Total	23,698	23,698		0.0%

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 June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Hedging Derivatives	11,651	11,651		0.0%
Other derivatives on interest rates				n.a
Total	11,651	11,651		0.0%

On June 30, 2019 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 June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Due to suppliers	25,953,447	27,980,908	(2,027,461)	(7.2)% n.a
Due to affiliated companies				n.a
Due to Joint venture	47,719	50,878	(3,159)	(6.2)%
Total	26,001,165	28,031,786	(2,030,620)	(7.2)%

Trade payables amounted to Euro 26,001 thousand as at June 30, 2019 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 June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Current bank debt (current account overdraft)	22,009,406	21,654,003	355,402	1.6%
Loans	4,694,147	4,701,578	(7,431)	(0.2)%
leasing	173,408	86,023	87,386	101.6%
Bond	27,321,762	26,462,387	859,375	3.2%
Short-term loans	29,246,029	29,429,590	(183,561)	(0.6)%
Liability for lease contracts (pursuant to IFRS 16)	418,257		418,257	
Total	86,351,645	85,115,904	1,235,741	1.5%

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 item "Bond" refers to the bond issue made by TerniEnergia in February 2014. The bond issue, called "TerniEnergia 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 June 30, 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 June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Direct Tax	540,648	574,381	(33,734)	(5.9)%
Total	540,648	574,381	(33,734)	(5.9)%

22. OTHER CURRENT LIABILITIES

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Due to personnel	3,232,694	2,599,133	633,561	24.4%
Payables to social security institutions and welfare	9,891,557	3,768,032	510,011	13.5%
Deferred Margin	23,043	23,043		0.0%
Other current liabilities	12,041,747	10,372,675	1,646,029	15.9%
Total	25,165,999	21,236,875	3,929,123	18.5%

The expired tax liability of the TerniEnergia Group at 30 June 2019 was equal to Euro 7.5 million

23. LIABILITIES RELATED TO ASSETS HELD FOR SALE

The following table provides details of the account balance as at June 30, 2019 and December 31, 2018, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2019	December 31, 2018	Change	Change %
Liabilities associated with assets held for sale	77,240,044	76,768,785	29,896,428	63.8%
Total	77,240,044	76,768,785	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 June 30, 2019 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. Diomedì 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 30.06.2019 highlights the registration of payables to Eng. Diomedì 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 30.06.2019 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, Pellegini 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 repeated 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 30.06.2019 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 statemen 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 30.06.2019 show provision for risks of Euro 200 thousand.

COMMENTS ON THE MAIN INCOME STATEMENT ACCOUNTS

22. REVENUES

The following table provides details of the account for June 30, 2019 and June 30, 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Revenues Sbu Asset	51,018		51,018	n.a.
Revenues Sbu Smart Solution and Service	10,964,525	11,157,787	(193,261)	(1.7)%
Other Revenues	800,231	402,971	397,260	98.6%
Total	11,815,774	11,560,758	255,017	2.2%

For the first nine months ended at June 30, 2019, the Group realized consolidated revenues from sales and services in the amount of Euro 11,815 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 June 30, 2019 of Euro 11,815 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.

23. COSTS OF RAW MATERIALS, SUPPLIES AND GOODS

The following table provides details of the account for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Purchase of materials	195,703	660,983	(465,280)	(70.4)%
Fuels and lubricants	67,078	26,472	40,606	n.a.
Change in inventories of raw materials, consumables		(22,874)	22,874	(100.0)%
Purchase of Energie		14,104	(14,104)	(100.0)%
Total	262,781	678,684	(415,903)	(61.3)%

24. COSTS FOR SERVICES

The following table provides details for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Outwork	442,892	177,515	265,377	59.9%
Consultancy and external collaborators	942,159	1,098,217	(156,058)	(16.6)%
Rental and hire	108,652	162,162	(53,510)	(49.2)%
Services		(284,711)	284,711	n.a.
Renting property		6,042	(6,042)	n.a.
Transport	18,346	14,831	3,516	19.2%
Services Energy/Gas				n.a.
Maintenance and repairs and assistance	227,088	36,942	190,146	83.7%
Supervision and Insurance	237,599	129,284	108,316	83.8%
Other costs for services	1,201,815	1,559,627	(357,812)	(22.9)%
Total	3,178,552	2,899,909	278,643	9.6%

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

25. PERSONNEL COSTS

The following table provides details of the account for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Wages and salaries	5,040,000	4,323,747	716,253	16.6%
Social Security Contribution	1,476,268	1,800,319	(324,052)	(18.0)%
Remuneration of Directions	198,243	198,750	(507)	(0.3)%
Provision for employee benefits	363,350	372,863	(9,513)	(2.6)%
Temporary Staff	510,208	453,191	57,017	12.6%
Total	7,588,068	7,148,869	439,198	6.1%

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

26. OTHER OPERATING COSTS

The following table provides details of the account for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Taxes not on incomes	294,286	131,444	162,842	123.9%
Penalties				n.a.
Other costs	279,620	209,726	69,894	33.3%
Total	573,906	341,170	232,736	68.2%

27. AMORTIZATION, DEPRECIATION, PROVISIONS AND WRITEDOWNS

The following table provides details of the account for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Amortization of intangible assets	2,471,590	1,845,455	626,135	33.9%
Amortization of tangible assets	374,411	328,177	46,234	14.1%
Provision for doubtful	405,369	250,000	155,369	62.1%
Writedown non current activities		6,539	(6,539)	(100.0%)
Total	3,251,370	2,430,172	821,198	33.8%

The "Amortization, provisions and write-downs" line recorded an increase from € 821 thousand to € 3,251 thousand at 30 June 2019 due in particular to higher amortization of intangible assets for € 626 thousand, referable to the development costs of Softeco.

28. FINANCIAL INCOME AND CHARGES

The following table provides details of the account for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Interest expense on debt	(948,141)	(1,446,414)	498,273	(34.4)%
banking Commission	(27)	133,317	(133,344)	(100.0)%
Interests on bonds	(859,375)	(922,883)	63,508	(6.9)%
Total finance costs	(1,807,542)	(2,235,979)	428,437	(19.2)%
Interest earned on bank accounts				n.a.
Interest income / joint venture	2,169	(38,762)	40,931	(105.6)%
Other financial income	28,571	117,511	(88,941)	(75.7)%
Total financial incomes	30,739	78,749	(48,010)	(61.0)%
Total	(1,776,803)	(2,157,230)	380,427	(17.6)%

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.

29. TAXES

The following table provides details of the account for 2019 and 2018, respectively:

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Current Taxes	15,862	184,639	(168,777)	(91.4)%
Deferred tax asset	(415,245)	(1,117,631)	702,385	(62.8)%
Deferred tax provision	(266,405)	43,578	(309,983)	n.a.
Total	(665,788)	(889,414)	223,626	(25.1)%

<i>(in Euro)</i>	As at June 30, 2019	As at June 30, 2018	Change	Change %
Current Taxes				
- IRES		65,036	(65,036)	(100.0)%
- IRAP		134,663	(134,663)	(100.0)%
Total		199,699	(199,699)	(100.0)%

TRANSACTION WITH RELATED PARTIES

The following table summarizes financial transactions with related parties:

(in Euro)	As At June 30 2019				As At June 30 2019				
	Receivables	Payables	Other credits	Other Payables	Costs			Revenues	
					Goods	Service Cost	Personnel	Goods	Service Cost
Description									
Joint venture									
Girasole S.r.l.	83,239	47,719	46,587						10,000
Guglionesi S.r.l.	20,966								10,000
Purify S.r.l.	351,575								145,350
Soltarenti S.r.l.	80,428								54,140
Opera Power S.r.l.									5,000
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.	38,944		22,889	60,031					204,566
Altre parti correlate									
Lizzanello S.r.l.	12,483								5,513
Royal Club S.r.l.		36,600							60,000
Alta direzione				34,825			170,417		
Totale	620,501	84,319	69,476	94,856			170,417		494,568

The following table summarizes commercial transactions with related parties:

(in Euro)	As At June 30 2019				As At June 30 2019		
	Description	Receivables	Guarantees	Guarantees given	Takeover Commitments	Charges	Income
<i>Joint venture</i>							
Girasole S.r.l.	416,128				753,864		5,376
Guglionesi S.r.l.	374,667						4,614
Sol Tarenti S.r.l.	725,307				6,682,635		20,699
Purify S.r.l.	203,999						
NextPower II Prima S.r.l.	897,735						6,712
<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	2,617,836				13,238,999		37,401

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..

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 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.