

Italeaf: the Board of Directors of TerniEnergia approved the results as at September 30, 2018

- Revenues equal to Euro 15.7 million, -20.1% (Euro 19.6 million as at 30/09/2017)*
- EBITDA equal to Euro 1.4 million (Euro 0.04 million as at 30/09/2017)* with Ebitda Margin at 8.72%.
- EBIT equal to Euro -1.75 million, +54.7% (Euro -3.9 million as at 30/09/2017)*, Result before taxes (EBT) equal to Euro -4.9 million, +31.5% (Euro -7.2 million as at 30/09/2017)*
- Net result equal to Euro -4 million, +50.4% (Euro -8.1 million as at 30/9/2017)*
- Net Financial Position of Euro 59.85 million (Euro 89.8 million as at 31/12/2017)
- Net equity equal to Euro 18.7 million (Euro 21 million as at 31/12/2017)
- The BoD takes note of the appointment of Massimo Mannori as general manager of Softeco

The Board of Directors of TerniEnergia, a smart company listed on the Italian Stock Exchange (MTA) and part of the Italeaf Group, approved today the Interim Financial Report as at September 30, 2018.

() The income statement figures for the third quarter of 2017 have been restated in accordance with IFRS 5, taking into account the classification of the results of discontinued operations - in accordance with the Recovery and relaunch plan approved by the Board of Directors on 25 October 2018 - as "held for sale" or discontinued operations, in order to provide consistent information on discontinued operations or those in the process of being disposed. It should be noted that the aforementioned Plan provides for the disposal of the photovoltaic and Clean Tech activities currently held by the Group. In particular, the sale of a controlling stakes in the EPC and O&M business units (aimed at the construction and maintenance of photovoltaic plants, with the exclusion of the companies operating in South Africa) and the sale of photovoltaic power generation plants (held directly and indirectly through SPV), the sale of ELT treatment and recovery plants (end-of-life tyres), liquid waste purification plants at Nera Montoro, the biodigester at Nera Montoro, the one under construction at Calimera and the virgin wood pyrogasification plant at Borgosesia, the sale of financial assets relating to energy efficiency. Further informations are provided in the Notes.*

CONSOLIDATED RESULTS AS AT SEPTEMBER 30, 2018

Revenues amounted to Euro 15.7 million (Euro 19.6 million as at 30/9/2017; -20.1%). EBITDA reached Euro 1.4 million, a significant improvement compared to September 30, 2017 (Euro 0.04 million), with **Ebitda Margin** equal to 8.72%. The main contributions to the operating results for the quarter were the business of Softeco Sismat and the O&M activities carried out in South Africa.

The Net Operating Result (EBIT) is equal to Euro -1.75 million, with a loss in decrease of 54.7% (Euro -3.9 million as at 30 September 2017), after amortisation, depreciation, provisions and write-downs of approximately Euro 3.1 million. **Profit before taxes (EBT)** also improved of 31.5% to Euro -4.9 million (Euro -7.2 million at 30/9/2017).

The **Net result** is equal to Euro -4 million, compared to Euro -8.1 million as at 30 September 2017 (+50.4%).

The **Net Financial Position** amounted to Euro 59.85 million (a significant reduction compared to Euro 89.8 million at 31/12/2017) due to the application of IFRS 5, which led to the reclassification of net financial indebtedness for approximately Euro 34 million.

Shareholders' Equity is equal to Euro 18.7 million (Euro 21 million at 31/12/2017), and also takes into account treasury shares held in portfolio, which amount to No. 1,012,998 (2.15% of the share capital).

Assets held for sale

It should be noted that the engineering, procurement and construction of photovoltaic plants (EPC), the Group's core business until the decision to start the transition to the new configuration of smart companies, the O&M (maintenance) of photovoltaic plants and the renewable energy power generation, the development and management of environmental plants (Cleantech) and the financial assets relating to energy efficiency projects already carried out were classified as "**held for sale disposal**" or discontinued operations, in accordance with the international accounting standard IFRS 5 for a total amount of Euro 138.7 million, together with corresponding liabilities of Euro 76.5 million, with a decrease compared to the corresponding figure as at 30 June 2018, equal respectively to Euro 169.3 million and Euro 106.2 million as a result of the sale to Sonnedix San Giorgio of n. 10 photovoltaic plants in Italy with a total installed capacity of 11 MW, previous fully owned by the TerniEnergia Group.

The net result for the period relating to this item was a loss of Euro 40 thousand, due to personnel costs and attributable to the EPC business unit being sold, as provided for in the Recovery and Relaunch Plan. In particular, the EPC business unit remained substantially inactive during the period, with the exclusion of the activities relating to the contract in Tunisia, due to the strategic transformation of the company and pending the conclusion of the disposal processes. The planned disposals are operations aimed at supporting the industrial turnaround project, as provided for in the Recovery and Relaunch Plan approved by the Board of Directors on 25 October 2018.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

Trade union agreement signed for the renewal of social security nets

On October 1, 2018, TerniEnergia, announced that it had signed at the Ministry of Labour and Social Policy, in the presence of representatives of the Ministry of Economic Development and Arpal Umbria, the agreement with trade unions and institutions for the continuation of the management of social security, activated during 2017 following the withdrawal of the procedure of collective dismissal. In fact, the company has requested recourse to active labour policies aimed at implementing the Group's employment recovery plan for a period of one year and for 50 employees, using rotation criteria.

The BoD approved the 2018-2022 Recovery and relaunch plan and the related financial package

On 25 October 2018, TerniEnergia approved the main contents of a Recovery and relaunch plan, aimed at restoring the financial and equity balance of the Company in the long term, the reasonableness of which must be certified by a professional pursuant to Article 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022. Planned measures for the disposal of assets, the merger by incorporation of Softeco

into TerniEnergia by 2019 to complete the process of industrial turnaround, a financial package for debt rescheduling, the continuation of negotiations with the main creditors. The meeting of the bondholders of the "TerniEnergia Euro 25,000,000.00 Notes due 2019" bond loan has been called to approve participation in the recovery and relaunch plan.

Arbitrary exclusion from Ecopneus tenders for the shredding of ELTs, consequent actions

On 31 October 2018, TerniEnergia, announced that it had received from Ecopneus news of exclusion from tenders with electronic negotiation for the shredding of ELTs for the period 2019-2021. TerniEnergia will take every initiative in court to protect itself, will take legal action to restore its rights and for any compensation for damages suffered and to be suffered and, even before, will turn to the European Commissioner for Competition and the Authority for Competition and the Market.

BUSINESS CONTINUITY AND BUSINESS OUTLOOK

Recovery and relaunch plan

In the coming months, the Group will be committed to implementing the Recovery and Relaunch Plan, aimed at pursuing, in the medium term, the transformation of the Company into a smart company and the overcoming of the current financial tension of the Group. The Plan is based on:

- a plan to divest the assets relating to the construction and sale of photovoltaic plants and the management of plants for the production of energy from alternative sources, which until now have been the core business of the group, as well as those relating to the CleanTech Business Unit, with the simultaneous refocusing on the sector of "digital energy";
- the merger by incorporation of Softeco Sismat Srl into TerniEnergia, to be completed by the end of 2019 following the outcome of the disposal programme, to facilitate entry into the hi-tech and digital sector;
- a financial package which, in addition to providing for debt restructuring and rescheduling, is based, alternatively: (a) on a principle of "pari passu" distribution, between financial institutions and bondholders, of the proceeds deriving from the disposal of the above assets without recourse to the hypothesis of cancellation of the credit ("Pari-Passu Maneuver"); or (b) on a different principle of distribution between financial institutions and bondholders of the proceeds deriving from the disposals, with payments in full and in part and waivers of the credit by the banking class, without intervening on the amounts of the credits claimed by bondholders (the "Balance and Withdrawal Maneuver").

For details of the Plan, approved by the company's Board of Directors on 25 October 2018, reference should be made to the press release issued on the same date.

TerniEnergia is assisted by KPMG Advisory SpA as financial advisor in drawing up the above mentioned Plan.

The Company will provide timely information on the development of the Recovery and relaunch plan that has been launched.

Additional Information Required by Consob Pursuant to Article 114 of Legislative Decree No. 58/98 (TUF)

Please refer to the press release issued on 31 October 2018.

The main changes in transactions with related parties of this company and its Group compared to the last annual or half-yearly financial report approved pursuant to Article 154-ter of the Consolidated Law on Finance.

There have been no significant changes in transactions with related parties of the Company and the Group since the last approved half-yearly report.

Any failure to comply with the covenants, negative pledges or any other clause of the Group's indebtedness that entails limits to the use of financial resources, with an indication at the updated date of the degree of compliance with said clauses.

Please note that, as at of December 31, 2017 and as at 30 June 2018, certain covenants of the bond issue had not been met. The financial covenants that were not met are as follows to be calculated on the consolidated financial statements:

- Interest Coverage Ratio: equal to or greater than 2.5;
- Net Financial Position Corporate/EBITDA: equal to or less than 3.25;
- Net Financial Position/EBITDA: equal to or less than 5.

The bond regulations also provide for other non-financial covenants, specifically the "Cross default of the Issuer", i.e. the non-payment by the Company of any bond for an amount exceeding Euro 3 million.

Failure to comply with the abovementioned covenants represents an event of default, with the result that the absolute majority of bondholders may have the right to early repayment of the bond issue, which matures naturally in February 2019.

It should be noted that the loan taken out with the Banca del Mezzogiorno includes a number of financial covenants that had not been met at the end of the 2107 financial year and as at 30 June 2018. The covenants to be calculated on the consolidated financial statements are set out below:

- NFP Corporate/Net Equity: less than or equal to 1.1;
- NFP/BITDA: less than or equal to 6.5.

Lastly, for some medium term leases and loans, the bank or leasing company has the right to request early termination of the contract, since the Company has not paid any instalments during the last quarter of 2017 and during 2018. It should be noted that none of the banks or leasing institutes has so far activated the right to terminate the contract early and request the early repayment of the loan. These loans and leasing were reclassified to the current NFP as at 31 December 2017 and as at 30 September 2018.

Other resolutions of the Board of Directors

The Board of Directors of TerniEnergia has noted the appointment of Massimo Mannori as General Manager of Softeco, a digital company of the Group, 100% controlled by the company. For further information, please refer to the press release issued today by the Company.

Declaration pursuant to Article 154-bis, paragraph two, of the Consolidated Finance Act

The Officer responsible for the preparation of the corporate accounting documents, Mr Filippo Calisti, declares, pursuant to paragraph 2, art. 154-bis of the Consolidated Financial Act, that the accounting information that is contained in this press release correspond to the documentary results, the accounting books and records.

Deposit of documents

We inform you that the Interim Financial Report as at September 30, 2018 of the TerniEnergia Group, approved by the Board of Directors of TerniEnergia S.p.A. today, will be made available to the public, together with the report of the independent auditors, in the manner and terms provided by current legislation.

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

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

TerniEnergia is the ideal partner for large utilities, distribution operators and network operators, energy producers, public administrations, industrial customers and investors who intend to realize large projects for the production of renewable energy, modern systems and plants with high energy efficiency, solutions for the management and maintenance of infrastructure and electrical installations.

TerniEnergia has completed its transformation from a leader in the international photovoltaic market into a smart energy company and technological enabler for the sustainable use of resources through a complete commercial offer of solutions, the development and supply of digital technologies and the creation of "intelligent" services and solutions aimed at public and private customers in emerging sectors.

TerniEnergia is listed on the MTA of Borsa Italiana.

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 16.30 CET on 5 November 2018.

Certified Adviser

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

For further information please contact:

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Italeaf SpA, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong.

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.