

Italeaf: the Board of Directors of TerniEnergia resolved on the update of the 2018-2022 relaunch and recovery plan and the related financial maneuver

- **Confirmed the asset disposal measures and the merger by way incorporation of Softeco into TerniEnergia to complete the industrial turnaround process; the updated financial maneuver for the rescheduling of the financial indebtedness;**
- **As a consequence of the measures provided under the Plan the group's financial indebtedness would be reduced by 31 December 2020 from around Euro 142 million to approximately Euro 33.5 million;**
- **Continuation of the negotiations with the main creditors**
- **Call of the bondholders' meeting of the bond named "TerniEnergia Euro 25,000,000.00 Notes due 2019" for the approval by the bondholders in relation to their participation to the recovery plan and to the amendments of the bond regulation**
- **Update of the calendar of corporate events: the approval of the draft financial statements and the consolidated financial statements as of December 31, 2018 deferred within August 31, 2019**

The Board of Directors of **TerniEnergia S.p.A.** ("TerniEnergia" or the "Company"), a smart company listed on the Italian Stock Exchange's electronic share market (MTA) and part of the **Italeaf** Group, met today and has resolved upon the approval of the update of the relaunch and recovery plan compared to the version previously approved on October 25, 2018, aimed at the rebalancing of the Company's financial situation in the medium term, it being understood that the feasibility of the aforementioned plan is still subject to the certification of Mr. Massilimiano Bonamini in its quality as expert who has been appointed by the Company for such purposes, according to article 67, paragraph 3, letter d) of the Italian insolvency law (the "Plan").

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

- (i) 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*";
- (ii) the merger by way 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;

- (iii) 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:
- a. **industrial sensitivity:** (i) significant reduction of Softeco’s revenues; (ii) worsening of operating performance in terms of invoicing of contracts with effects on warehouse hours (LIC); (iii) increase of costs related to external consultancy to support business growth (starting from 2020); and (iv) generic contingencies;
 - b. **sensitivity disposals** (in relation to the value and timing of such disposals): (i) postponement to 2020 of collections related to the sale of Cheremule, Bonannaro and Oristano plants; and (ii) postponement to 2020 of the sales of environmental plants (from which the Calimera plant has been excluded) and of the photovoltaic plants not included in the perimeter of sale to LCF, with a reduction of the proceeds deriving therefrom (compared to those envisaged by the original Plan) equal to 10%;
 - c. **other sensitivities:** (i) increase in the cost of TerniEnergia personnel in 2019; and (ii) higher payments resulting from tax and social security due diligence activities in relation to TerniEnergia and Softeco.

We hereby represent the main terms of the Plan approved today by the Board of Directors, which is still subject to negotiations with the financial creditors and to the expert’s analysis in relation to the truthfulness of the financial data and the feasibility of the Plan by the expert. The updated financial maneuver includes the effects of the aforementioned sensitivities in terms of cash available for the service of the Company’s indebtedness. As a consequence, compared to the previous version of the Plan: (i) noteholders and financial institutions that do not adhere to the partial write-off of their claims vis a vis the Company see their satisfaction reduced from around 47% to around 36% (of which about 14% by 31 December 2019 and about 22% by 31 December 2020); (ii) financial institutions participating to the partial write-off (which has to be implemented on 31 December 2020) see their satisfaction reduced as at 31 December 2020 from around 67% to around 59.5%; and (iii) noteholders and financial institutions that do not adhere to the partial and write-off see the amortization period for the full repayment of their receivables extended from 31 December 2026 to 31 December 2027.

Taking into account the foregoing as well as the expected timing for the disposal of the assets (*i.e.* no later than 31 December 2020), the group’s indebtedness towards financial institutions and noteholders, outstanding as at 31 March 2018 (the “**Reference Date**”), would be reduced by 31 December 2020 from around Euro 142 million to approximately Euro 33.5 million. The residual exposures as at 31 December 2020 would be reimbursed *pari passu* among the different types of exposures (described below), with the proceeds deriving from the business continuity of TerniEnergia (*post merger with Softeco*), until full repayment of the indebtedness towards financial institutions (with the exception of the lenders having financial exposures towards Softeco) and noteholders, scheduled for December 31, 2027.

A. Disposal of assets

In order for the whole restructuring transaction to be successful is represented by the disposal of the photovoltaic plants and of those assets related to the Business Unit Clean Tech. In particular the Plan envisages: (i) the disposal of the photovoltaic plants (owned by TerniEnergia directly or indirectly through special purpose vehicles); (ii) the sale of the plants for the treatment and recycling of used tires; (iii) the sale of a liquids purification plant (*impianto di depurazione di liquidi*) and two biodigesters (*biodigestori*). As a consequence of such disposals, the Plan provides for a financial benefit of approximately Euro 90.7 million (of which approximately Euro 39.5 million of Equity Value and approximately Euro 51.2 million of reduction of financial indebtedness of the group as a consequence of the assumption of the relevant debt by the purchasers of the assets).

Notwithstanding the unfavorable economic and financial situation of the Group, as known by the Board of Directors, the Company has successfully carried out the negotiations in relation to the disposal of the assets described above. The Company's commitment to find third parties interested in the purchase of its asset, has led to:

- i. the sale of certain photovoltaic plants to Sonnedix (published on 10 September 2018) for an amount equal to Euro 5,700,000.00 used to bear the cost of the current activity carried out by the Company (e.g. the payment of financial costs and part of the overdue suppliers payables);
- ii. the execution of a preliminary sale and purchase agreement among some companies controlled by TerniEnergia, as sellers, TerniEnergia as guarantor, Mareccio Energia S.r.l. (an Italian special purpose vehicle controlled by the Basalt fund) in partnership with *LCF Alliance* (through the Italian special purpose vehicle Italia T1 Roncolo S.r.l.), as purchaser, for the transfer of no. 22 photovoltaic plants with a total capacity of 19.3 MW (published on 6 June 2019).
- iii. the execution of a preliminary quota purchase agreement between Next Power II Alpha S.r.l., an investment vehicle managed by the London merchant bank NextEnergy Capital (as purchaser), and TerniEnergia (as seller) to take over 50% of the share capital of the company Next Power II Prima S.r.l., owner of 2 photovoltaic plants with a total capacity of 1.9 MW (published on 7 June 2019). The closing of such transaction is scheduled on 8 August 2019 (the execution of which is subject to conditions precedent). The value of the transaction has been set at Euro 1,300,000.00 plus the assumption of the financial debts by the purchaser for an amount equal to Euro 4 million (the details of such transactions are available on the website of TerniEnergia). In addition to the above, negotiations for the disposal of further assets, whose sale is set out by the Plan, are still ongoing.

B. Merger by way of incorporation of Softeco into TerniEnergia

The Plan envisages the process of the rationalization of the Group through the merger by way incorporation of Softeco Sismat Srl into TerniEnergia by the end of 2019. This transaction will

allow TerniEnergia to complete the industrial turnaround process with the access of TerniEnergia into the hi-tech sector, qualifying the Company as a player fully engaged in sector of energy digitalization, thanks to the positive industrial results achieved by Softeco and the positive forecasts of the latter, based on research and development activities. The merger by way incorporation will allow the presence and development in 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, covering all phases, from production to the sale, to the final consumption. In addition, the merger will simplify the corporate architecture of the group, confirming the industrial vocation of TerniEnergia, optimizing decision-making processes and management efficiency (corporate, accounting and administrative), with a consequent benefit in terms of costs saving.

C. Financial Maneuver

- i. standstill of the short-term credit facilities within the limits of the maximum commitments (importi affidati) at the Reference Date (net of the short-term credit facilities granted on the Reference Date by Banca CariGe SpA and Credito Emiliano SpA) between Softeco and the relevant financial institutions, it being understood that the amount granted in relation to such credit facilities will be reduced, starting from the financial year 2021 (included), by an amount equal to (i) Euro 476,000.00 relating to the portion of short-term credit facilities granted by UniCredit; and (ii) Euro 500,000.00 relating to the portion of short-term credit facilities granted by Banco BPM S.p.A. (the **Short-Term Credit Facilities**);
- ii. consolidation and rescheduling of the exposures relating to short-credit facilities (and no longer used as such) existing on the Reference Date between the Group and the relevant financial institutions for a total amount of Euro 14.1 million (the **Consolidated Short-Term Credit Facilities**). The repayment of the Consolidated Short-Term Credit Facilities will be made by TerniEnergia in favor of the relevant financial institutions as follows:
 - a. by 31 December 2019, for a total amount of approximately Euro 2 million in order to reduce exposures related to the Consolidated Short-Term Credit Facilities of approximately 14% compared to the exposures related to the Consolidated Short-Term Credit Facilities outstanding at the Reference Date;
 - b. by 31 December 2020, for around Euro 5.2 million in order to reduce the exposures related to the Consolidated Short-Term Credit Facilities outstanding at the Reference Date of approximately 35,4%. The aforementioned amount will be used (a) for approximately Euro 3.8 million (equal to approximately 46% of the exposures of the financial institutions that have adhered to the proposal consisting in the partial write-off of the exposures related to the Consolidated Short-Term Credit Facilities at the Reference Date) to repay the portion of exposures related to the Consolidated Short-Term Credit Facilities originally granted by the financial institutions that have adhered to the proposal consisting in the partial write-off of the exposures related to the

Consolidated Short-Term Credit Facilities; and (b) for approximately Euro 1.4 million (equal to approximately 22% of the exposures of the financial institutions that have not adhered to the proposal consisting in the partial write-off of the exposures related to the Consolidated Short-Term Credit Facilities at the Reference Date) to repay the portion of exposures related to the Consolidated Short-Term Credit Facilities originally granted by the financial institutions that did not adhere to the proposal consisting in the partial write-off of the exposures related to the Consolidated Short-Term Credit Facilities, which will therefore be paid according to the terms and conditions better described below.

The payments described under points i. and ii. mentioned above will be carried out utilizing the proceeds deriving from the disposal of assets for a total amount of approximately Euro 7.3 million. Exposures related to the Consolidated Short-Term Credit Facilities which are outstanding at December 31, 2020 equal to approximately Euro 7.5 million will be reimbursed with the proceeds deriving from the operational management of TerniEnergia (post merger with Softeco) *pari-passu* compared to the other types of exposures, up to their full repayment, with the last installment scheduled for 31 December 2027. Without prejudice to the above, the Plan provides that should the Company for any reason whatsoever fail to comply (in whole or in part) with its payment obligations towards the relevant financial institutions falling on 31 December 2019 in relation to the Consolidated Short-Term Credit Facilities, then the maturity of such payment obligations, being equal to the difference between (i) the amount due on 31 December 2019 in relation to the Consolidated Short-Term Credit Facilities; and (ii) the amount effectively paid on 31 December 2019 in relation to the Consolidated Short-Term Credit Facilities, should automatically be postponed to 31 December 2020. Should the Company not comply with the payment obligations scheduled on 31 December 2019, such circumstance would not constitute an event of default of the relevant financing agreement which will be executed for the implementation of the Plan.

- iii. consolidation and rescheduling of the exposures relating to medium term-credit facilities existing on the Reference Date between the Group and the relevant financial institutions for a total amount of Euro approximately 55.9 million (the **Medium Term Credit Facilities**). The repayment of the exposures related to the Medium Term Credit Facilities will be made by TerniEnergia in favour of the relevant financial institutions as follows:
 - a. by December 31, 2019, for a total amount of approximately Euro 2.9 million in order to reduce exposures related to the Medium Term Credit Facilities of approximately 14% compared to the exposures related to the Medium Term Credit Facilities outstanding at the Reference Date; and
 - b. by December 31, 2020, for around Euro 5 million. The aforementioned amount will be used (a) for approximately Euro 0.8 million (equal to 46% of the exposures of the financial institutions that have adhered to the proposal consisting in the partial write-off

of the exposures related to the Medium Term Credit Facilities outstanding at the Reference Date) to repay the portion of exposures related to the Medium Term Credit Facilities originally granted by the financial institutions that have adhered to the proposal consisting in the partial write-off of the exposures related to the Medium Term Credit Facilities; and (b) for approximately Euro 4.2 million (equal to approximately 22% of the exposures of the financial institutions that have not adhered to the proposal consisting in the partial write-off of the exposures related to the Medium Term Credit Facilities) to repay the portion of exposures related to the Medium Term Credit Facilities originally granted by the financial institutions that did not adhere to the proposal consisting in the partial write-off of the exposures related to the Medium Term Credit Facilities, which will therefore be paid according to the terms and conditions better described below.

The payments described under points i. and ii. mentioned above will be carried out utilizing the proceeds deriving from the disposal of assets for a total amount of approximately Euro 7.9 million. Exposures related to the Medium Term Credit Facilities which are outstanding at 31 December, 2020 equal to approximately Euro 15.3 million will be reimbursed with the proceeds deriving from the operational management of TerniEnergia (post merger with Softeco) pari-passu compared to the other types of exposures, up to their full repayment, with the last installment scheduled for 31 December 2027. Without prejudice to the above, the Plan provides that should the Company for any reason whatsoever fail to comply (in whole or in part) with its payment obligations towards the relevant financial institutions falling on 31 December 2019 in relation to the Medium Term Credit Facilities, then the maturity of such payment obligations, being equal to the difference between (i) the amount due on 31 December 2019 in relation to the Medium Term Credit Facilities; and (ii) the amount effectively paid on 31 December 2019 in relation to the Medium Term Credit Facilities, should automatically be postponed to 31 December 2020. Should the Company not comply with the payment obligations scheduled on 31 December 2019, such circumstance would not constitute an event of default of the relevant financing agreement which will be executed for the implementation of the Plan.

- iv. rescheduling of the exposure related to the bond outstanding at the Reference Date for a total amount of approximately Euro 25 million. The repayment of the bond will be made by TerniEnergia in favour of the noteholders as follows:
 - a. by 31 December, 2019, for approximately Euro 3.6 million in order to reduce the exposure related to the bond of approximately 14% compared to such exposure outstanding at the Reference Date;
 - b. by 31 December 2020, for around Euro 5.7 million in order to reduce the exposure related to the bond of additional approximately 22% compared to such exposure outstanding at the Reference Date.

The payments as per points i. and ii. mentioned above will be made through the use of the proceeds deriving from the disposal of the assets. The exposures related to the bond outstanding at December 31, 2020 for a total of approximately Euro 16.8 million million will be

reimbursed to the noteholders utilizing the proceeds deriving from the operational management of TerniEnergia (post merger with Softeco) pari-passu compared to the other types of exposures, until their full repayment, with the last instalment scheduled for December 31, 2027.

Without prejudice to the above, the Plan provides that should the Company for any reason whatsoever fail to comply (in whole or in part) with its payment obligations towards the noteholders falling on 31 December 2019 in relation to the bond, then the maturity of such payment obligations, being equal to the difference between (i) the amount due on 31 December 2019 in relation to the bond; and (ii) the amount effectively paid on 31 December 2019 in relation to the bond, should automatically be postponed to 31 December 2020. The non-payment of any amount due on 31 December 2019 shall therefore not constitute an event of default under the bond regulation.

- v. renegotiation of accrued and accruing interest rates starting from 1 July 2018, as follows:
 - a. exposures related to Consolidated Short-Term Credit Facilities, 6-month Euribor + 150 basis points;
 - b. exposures related to Medium Term Credit Facilities exclusively related to TerniEnergia, 6-month Euribor + 150 basis points; is
 - c. exposures related to the bond, 6-month Euribor + 150 basis points.

It is worth mentioning that financial the Company and the financial creditors are currently discussing the possibility to recognize to the financial creditors and to the noteholders additional payments should the Company generate more cash flows compared to those provided under the Plan.

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

Noteholders' meeting

The Board of Directors has resolved upon the noteholders' meeting to be held on 30 July 2019 in Milan, Corso Magenta, 85, at 11:00, on first call, and on 31 July 2019, same place and time on second call, to discuss and resolve upon the following agenda:

- i. Approval of the participation of the noteholders to the recovery plan pursuant Article 67, paragraph 3, letter d), of Italian Royal Decree number 267 of 16 March 1942 within the limits of

the provisions related to the bond and consequent approval of the amendments to the terms and conditions of the bond in order to align and ensure consistency between the aforementioned terms and conditions and the provisions of the Plan; resolutions related and consequent thereto.

- ii. Consent required by the Company to grant a waiver for any breach of covenants which are already occurred or which may be qualified as event of defaults and / or any other event or conditions, the occurrence of which would entitle the noteholders to request an acceleration of the bond and therefore the early redemption thereof; resolutions related and consequent thereto.

Following the press release issued on 22 March 2019, to which reference is made, the Board of Directors finally acknowledges that negotiations for the definition of the contents of the Plan are still ongoing with the creditors and bondholders and are based on the terms and conditions reflected in update of the Plan described above and approved today. The Board of Directors further acknowledges that the Plan is still subject to Dr. Bonamini's opinion in relation to the feasibility of the Plan itself and to the truthfulness of the financial data. As a consequence, the Board of Directors, has reserved 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.

Taking into account the status of this process - of which the market is and will be regularly informed - and the relevance of the result of the aforementioned negotiations aimed at achieving a restructuring agreement that allows the implementation of the Plan and, as a consequence, the economic and financial rebalancing of the Company's financial exposure, the Board of Directors has therefore considered appropriate to postpone any decision regarding the approval of the draft financial statements (*progetto di bilancio*) and the consolidated financial statements at December 31, 2018 to a later date, in any case within August 31, 2019, in order to be able to take into account, in the approval of such financial statements, the impacts deriving from the definition of the contents of the restructuring agreement implementing the Plan.

The exact date of the board meeting for the approval of the 2018 financial statements and for convening the shareholders' meeting will be communicated to the market with a subsequent press release, in the manner established by the applicable provisions.

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 15.30 CET on 27 June 2019.

Certified Adviser

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

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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, 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.