

PRESS RELEASE 18 DECEMBER 2019

Italeaf: the Board of Directors of the subsidiary TerniEnergia approved the Half-Yearly Financial Report as at 30 June 2019

Reviewed the TerniEnergia Group's economic and financial performance and the progress of the Recovery and Relaunch Plan: strong recovery of profitability and improvement of operations in the second half of 2019

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 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)

The Board of Directors of **TerniEnergia**, a smart company listed on the Italian Stock Exchange's telematic share market (MTA) and part of the **Italeaf** Group, approved today the half-yearly financial report as at June 30, 2019 and reviewed the ongoing implementation of the Recovery and Relaunch Plan.

ECONOMIC AND FINANCIAL TREND

The Board of Directors also 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. This positive evolution of the company's performance, mainly driven by the growth of Softeco's revenues in the second half of the year, is also characterized by a strong recovery in profitability and an improvement in operations. In particular, the business of the Group's digital company, linked to the acquisition of multi-year contracts, is characterised by a traditional cyclical nature, which involves peaks in activity during the period of contractual expiry dates and lower load phases in the period of contract renewals or acquisition of new contracts. 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.

CONSOLIDATED RESULTS AS AT 30 JUNE 2019

It should be noted that the Half-Yearly Financial Report, approved today by the Board of Directors of TerniEnergia, does not yet include the effects of the debt restructuring agreements as part of the Plan

pursuant to Article 67 of Royal Decree No. 67 of 16 March 1942 (the Recovery and Relaunch Plan and related Financial Agreement). These effects are mainly represented by:

- the reclassification under non-current financial indebtedness of approximately Euro 52 million in payables to banks and bondholders, classified at June 30, 2019 as still current indebtedness;
- the recognition of a gain in the income statement of approximately Euro 1 million, gross of the tax effect, resulting from the application from 1 July 2018 of lower interest rates on bank and bond debt.

Revenues amounted to Euro 11 million, -1.3% (Euro 11.2 million as at 30/6/2018). The expected and marginal decrease in revenues was caused by the lower load on the activities of the digital company Softeco, deriving from the process of acquiring new contracts and from participation in tenders for new orders, as well as the reduction in the number of employees compared to the same period of the previous year, whose benefits in terms of efficiency are already expected in the second half of the current year (314 employees on average in the first half of 2018, compared to 290 employees on average in the first half of 2019). For this reason, **EBITDA** amounted to Euro 0.3 million, decreasing compared to June 30, 2018 (Euro 0.7 million), with **Ebitda Margin** equal to 3.1%. As a result of the dynamics described above, a recovery in margins is expected in the second half of 2019.

The Net Operating Result (**EBIT**) is equal to Euro -2.7 million, with an increase in loss (Euro -1.3 million as at 30 June 2018), also due to higher amortisation, depreciation, provisions and write-downs of approximately Euro 3.1 million, compared to approximately Euro 2 million in the previous year. The Earnings before taxes (**EBT**) amounted to Euro -4.4 million (Euro -3.6 million as at 30/6/2018).

The **Net result**, equal to Euro -3.3 million, improved by 6.6% compared to Euro -3.5 million as at 30 June 2018.

The **Net Financial Position** is equal to Euro 66.7 million (Euro 65.2 million as at 31/12/2018), an increase due to the application of the recording of the financial debt relating to the Group's leasing contracts in accordance with IFRS 16, for a total amount of approximately Euro 1.3 million.

Shareholders' Equity amounts to Euro 8.5 million (Euro 11.4 million at 31/12/2018, -22.3%), also taking into account treasury shares held in portfolio, which amount to 1,012,998 (2.15% of the share capital).

Assets held for sale

Net income from assets held for sale, positive by Euro 0.3 million, includes the economic results of assets held for sale or disposal, such as the management of renewable power generation plants, the development and management of environmental plants (Cleantech) and financial assets relating to energy efficiency projects already completed. These assets have been classified as "held for sale" or "discontinued operations", in accordance with the international accounting standard IFRS 5. The planned disposals are operations aimed at supporting the industrial turnaround project, as envisaged in the Recovery and Relaunch Plan. The EPC business unit remained substantially inactive during the year, with the exclusion of activities relating to the contract in Tunisia, as a result of the Company's strategic transformation and pending the completion of the disposal processes. With reference to the EPC business unit, a provision of Euro 345 thousand was set aside in the six-month period ended 30 June 2019 to cover redundancy incentives, as reported in the press release issued to the public on 19 June 2019.

BUSINESS OUTLOOK

The management is strongly committed to the implementation of the Recovery and Relaunch Plan, the implementation of the strategic guidelines whose objective is to pursue the transformation of the Group into a "One Smart Company" and to overcome the current situation of financial tension. The next few months will therefore be decisive to complete the process of merger by incorporation of Softeco Sismat into TerniEnergia, giving the Company a new identity of "technological enabler". Through this operation, it will be possible to build customer loyalty and open up new markets, allowing old and new customers of the company to access technological solutions aimed at optimally addressing the energy transition and digital transformation. It will thus be possible to propose services and solutions enhanced by the integration of digital, technological and information technology skills of Softeco Sismat and those of industrial, plant development, asset management in the renewable energy and environment of TerniEnergia.

The Plan, in particular, provides for the Group to focus on the industrial activities with the greatest added value, with an enhancement of skills in the integration of technology and models from the digitization, in all areas of business with the related changes in the way of working of the company and its staff, but also in the way of addressing customers with new opportunities to promote the offer through new services.

The management's objective is to intercept growth for digital transformation and innovation projects in the ICT market, which is expected to continue to consolidate in 2020, reaching almost 31.5 billion euros, with the IT sector growing by 3.8% in one year, for a total expenditure of more than 24.2 billion euros, thanks to a renewed interest of companies especially for the software part (+6.3% compared to 2019), IoT (+19% in 2020), AI (+34% in 2020), AR and Virtual (+ 285.6% in 2020) and Big Data & Analytics (+7.8% in 2020).
(source: Assintel Report 2020)

The Company envisages a decisive enhancement of the Group's technological strengths, through the development and enhancement of the Consulting, Green Enterprise & City, Smart Mobility and Digital Energy business lines, mainly based on the activities currently carried out by Softeco. The integration of the two companies will allow a rapid reaction to the equally rapid evolution in the reference markets represented: (a) the entire energy value chain (digital energy), also by virtue of the transition of the energy sector towards distributed generation models, which involves an increasing weight in smart components in energy production, transmission and distribution networks; (b) the electrification and digitalization of transport and mobility; (c) the "intelligent" management of economic and environmental resources, urban policies, services and relations between people and methods of administration of territories, cities and communities (smart cities); the introduction of criteria of sustainability and efficiency in the use of resources by industry (circular economy).

The objective of the management is to develop alliances and partnerships with synergistic actors, i.e. with complementary skills, with which to deal with projects in new areas. To this end, the national territory will be strengthened in terms of the offer of products and solutions, and selections will continue to be made for implementation and for the technical-operational structure to meet the growing need for high professional standards.

The merger deed is expected to be signed by February 2020, once the additional statutory requirements required by law have been met. As provided for by Article 2501-ter, first paragraph, no. 6 of the Italian Civil Code, the Merger will take effect from the day following the date of the last registration of the merger deed with the competent Company Register, or from the first day of the month following the date of registration of the merger deed.

Considering that the Merger is expected to become effective in 2020, for accounting purposes, the operations of the Merged Company will be charged to the financial statements of the Merging Company as from the first day of the current financial year on the date on which the Merger took effect, and, therefore, as from 1 January 2020.

The Manager responsible for preparing the company's financial reports, Filippo Calisti, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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 200 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 17.30 CET on 18 December 2019.

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.

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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.