



Italeaf

ITALEAF S.P.A.
COMPANY
DESCRIPTION
2014

MANGOLD™

IMPORTANT INFORMATION

References to the “Company Description” pertain to this document containing information for investors in conjunction with the Company’s application for admission to trading on NASDAQ OMX Stockholm AB’s First North list (“NASDAQ OMX First North”). The Company Description does not constitute a prospectus, as defined by applicable rules and regulations, and has not been registered or approved by any governmental or regulatory agency in Sweden.

The Company Description has been prepared by the Board of Directors and contains information that is considered material for the listing of Shares, represented by SDR’s (as defined below), on NASDAQ OMX First North. The SDRs, representing the Shares, are not subject to trade or distribution or application in any country other than Sweden. Therefore the SDRs, representing the Shares, are not registered for trade or distribution in the USA, Canada or any country other than Sweden. This Company Description may not be distributed to, or within, any country in which such distribution requires any additional registrations, filing, review or other measures than those required under Swedish law.

Any and all information in this Company Description should be carefully considered. Statements in this Company Description regarding future projections, or other future conditions, are made by the Company and based on current market conditions and other current factors. Such statements, as with all future projections, are subject to uncertainty. This Company Description also contains information regarding market growth, market development and industry estimates, including information regarding the size of the markets in which the Company is operating. That information is based on the Company’s knowledge about its operations and markets and on information compiled by a number of external

sources. The Company believes that such external sources are credible, however it has not made any independent verification of information provided from them. Therefore, there can be no assurance that such information is accurate or complete. Unless otherwise specified, all amounts are in Euros (“EUR”). Some numbers and amounts in this Company Description have been rounded off for the convenience of readers.

Mangold Fondkommission AB has advised the Board in the preparation of this Company Description and has reviewed the information provided, but is not responsible for the correctness or completeness of the information provided. Mangold Fondkommission AB shall not be liable for any decision made on the basis of this Company Description.

Any dispute arising out of/or in connection with this Company Description shall exclusively be resolved according to Swedish law and by the courts of Sweden.

NASDAQ OMX FIRST NORTH DISCLAIMER

NASDAQ OMX First North is an alternative marketplace operated by an exchange within the NASDAQ OMX. Companies on NASDAQ OMX First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on NASDAQ OMX First North may therefore be higher than investing in a company on the main market. All companies with shares traded on NASDAQ OMX First North, including shares represented by SDRs, have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

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Subsidiaries:

Also known as "portfolio companies", are companies that are fully or majority owned by Italeaf.

TerniEnergia:

A subsidiary to Italeaf from which the majority of the income is coming from.

Terni Research:

T.E.R.N.I. Research S.p.A., a company from which Italeaf demerged in February 2014.

FINANCIAL CALENDAR:**Quarterly report for Q2:**

29 August 2014

Quarterly report for Q3:

28 November 2014

**DEFINITIONS
AND ABBREVIATIONS:****Board of Directors or Board:**

The Board of Directors of Italeaf.

Cleantech:

A shortened form of "clean technologies", a general term used to describe an investment philosophy seeking to profit from environmentally friendly technologies.

Eminova:

Eminova Fondkommission AB, corporate registration number: 556889-7887 who will act as the depositary bank for the shares in Italeaf and the issuer of the SDRs representing the shares.

EPC:

Engineering, Procurement and Construction.

Italeaf, the Group or the Company:

Italeaf S.p.A., corporate registration number: 01456730553 55255 with or without subsidiaries depending on the context.

Italian Stock Exchange:

The Stock Exchange in Milan.

Joint Venture:

Joint Venture means a company owned by TerniEnergia and certain different partners from time to time incorporated according to a joint venture agreement governing the mutual shareholdings and respective obligations and rights pertaining to each party acting as shareholder of such a company.

Mangold Fondkommission:

Mangold Fondkommission AB, corporate registration number: 556585-1267, who will act as the Certified Advisor of the Company.

NASDAQ OMX First North, Stockholm:

A Swedish MTF (multi trading facility) operated by NASDAQ OMX Stockholm AB.

PV:

Photovoltaic; a method of generating electrical power by converting solar radiation into direct current electricity using semiconductors that exhibit the photovoltaic effect.

SDR:

Swedish Depositary Receipts.

Shares:

The shares of the Company which will be represented by SDRs on First North.

BACKGROUND AND RATIONALE FOR LISTING

Italeaf S.p.A. ("Italeaf") is an Italian holding company that assists technological start-ups to develop into global companies.

Italeaf identifies industrial initiatives within the cleantech sector and in innovative industrial productions, where the Company can utilise its strong expertise and track record. Italeaf does this by supplying early industrial initiatives with the infrastructure and direct investment needed to grow, and continually provide the company in question with services and industrial facilities needed until a full or partial exit is made.

By supporting new start-ups Italeaf aims to replicate the success of its portfolio company TerniEnergia, a company established in 2005 and listed on the Italian Stock Exchange in 2008. Today TerniEnergia is a global company in the field of renewable energy, waste management and energy efficiency with a market cap of around EUR 80 million.

The Italian market is ready and receptive for a new competitor that supports the rise of "Made in Italy" manufacturing driven by product innovation and/or cleantech. This can be seen by the rapid development and increase in cleantech investments, as well as the implementation of new Italian legislation favourable to innovative start-ups and certified incubators. Considering the low rate of equity investments in the small and micro-cap segments in Italy, Italeaf is in a strong position to carry out its strategy.

With the creation of subsidiaries in London and Hong Kong, Italeaf intends to give an international aspect to

its business, increasing its ability to identify and assist promising companies or start-ups that fit Italeaf's strategy. The Company is involved in the growth of three new industrial initiatives: i) GreenLed Industry, a company active in the industrial lighting production; ii) SkyRobotic, a company that produces commercial and civil drones; and iii) WiSave, a company that produces smart devices that remotely control energy consumption.

On 29 May 2014, the Board of Directors decided to apply for the listing of Italeaf's Shares, represented by SDRs, on NASDAQ OMX First North in Stockholm. The Board of Directors believes this to be the right market for the Company because of Scandinavian countries market leading position within the cleantech industry. It is believed that a listing in Stockholm will support the Company's growth, strategy and funding by attracting investors interested in Italeaf's business model. The Board of Directors aims to increase the liquidity of the Shares, represented by SDRs, in Italeaf among its investors. Italeaf has only recently started its growth internationally, and because of this the Board of Directors believes a listing on NASDAQ OMX First North will increase the visibility of the Company's initiatives within the international financial community, particularly in Scandinavia. The listing is expected to benefit Italeaf, and create value for Italeaf's shareholders, by supporting the Company in its strategy and growth.

In addition, reference is made to the information in this Company Description. The Board of Directors, which is responsible for this Company Description, has taken all reasonable measures to ensure that the given information is, to the best of their knowledge, in accordance with facts and contains no omission likely to affect the evaluation of the company.

Milan, September 1, 2014
Italeaf S.p.A.
The Board of Directors

MESSAGE FROM THE CEO

INNOVATION TO MAKE THE CHANGE

The rapid changes in technologies and in capital markets and the increasingly urgent need for environmental protection and sustainable development make it necessary to interpret and promote new technological and manufacturing industries.

Italeaf promotes the creation of an ideal ecosystem for the creation and growth of new companies, through three lines of business:



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

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

3. Real Estate: we use our strategic infrastructure, logistics and business eco-system to support the companies' industrial needs. In particular, we are creating (with the advice of the Politecnico di Milano University) an eco-industrial park in our facilities in the centre of Italy. We own and manage an industrial area with a total area of

about 24 hectares and a co-working space of 1,800 square meters.

Each of these activities are functional to the other and this is something completely new compared to other venture capital and traditional incubators. The track record gained over the years (with the listing of TerniEnergia and TerniGreen on the Italian stock exchange and the constant value creation for shareholders) prove our passion and expertise.

The capitalisation of the Company and a majority stake in TerniEnergia, listed on the STAR segment with the high requirements of the Borsa Italiana, mitigate the risk that is normally associated with start-up businesses.

Value creation through industrial innovation is what we have achieved in recent years. Now, we intend to offer our vision to the market with a strong internationalisation project. The listing of Italeaf on NASDAQ OMX First North is, therefore, an important starting point to, with innovation, answer to the new challenges of the global change.

Monica Federici
CEO Italeaf

MARKET OVERVIEW

European Cleantech Firms on Capital Markets

According to a dataset prepared by VedoGreen Observatory¹ analysing 117 companies, the average green and cleantech European company showed a turnover amounting to EUR 212 million in 2012, an increase of 10 % compared to 2011. The average EBITDA amounted to EUR 18 million, an increase of 22 % compared to 2011. The EBITDA margin stood at 17 %, while the average market capitalisation was EUR 110 million.

Out of the companies in the dataset, 17 are listed on the Italian Stock Exchange. The criteria for selection are that the company: i) applies a “green” business model (as defined by the VedoGreen Observatory); ii) has a market capitalisation of less than EUR 500 million; and iii) belongs to one of the 10 “green economy” sectors identified and mapped in the VedoGreen proprietary database. The sectors are agribusiness, eco-building, eco-mobility, environmental services, green chemistry, lighting solutions, smart energy, waste management, water, air and noise treatment and white biotech. Countries and regions considered are: United Kingdom (30 % of the companies included in the sample), Germany (28 %), Scandinavia (15 %) and France (12 %).

The average turnover of green companies varies in different countries and regions: the largest by turnover are in France, with an average of EUR 356 million in sales in 2012. This was followed by Germany (EUR 253 million), Scandinavia (EUR 232 million), the United Kingdom (EUR 132 million) and Italy (EUR 87 million).

¹ VedoGreen is an Italian company that undertakes research concerning the green companies sector, with focus on financial results and growth strategies. The figures are taken from VedoGreen Observatory's dataset, that has built a sample of 117 companies listed on major European stock markets.

CLEANTECH VENTURE INVESTMENTS IN 2013

In 2013 the worldwide venture investments in the cleantech sector amounted to USD 6.8 billion, a 15 % decrease from the previous year (USD 7.9 billion in 2012). However, on a quarterly basis, starting from Q1 2013 through Q4 2013, investments in the sector increased at a rate of 14.5 %. This signals a positive trend for a sector that saw five consecutive quarters of decline from Q1 2012 through Q1 2013.

Within the worldwide venture investments in the cleantech sector, the Energy Efficiency sector is found at the top, both by number of completed deals and invested dollar total in 2013, with USD 1.3 billion raised spread over 188 deals. That is 20 % of the invested total and 19 % of the total number of deals in the cleantech sector. The Transportation sector came in close second driven mainly by web- and smart phone-enabled companies; most notably Uber, eHi Car Service, DiDi Taxi and Lyft. In total USD 1.2 billion was invested across 121 deals in the Transportation sector. The Solar sector was the third largest in 2013 with total investments of USD 719 million spread across 92 deals. Other top sectors include: Biofuels & Biochemicals (USD 584 million across 66 deals), Recycling & Waste (USD 371 million across 52 deals), Advanced Materials (USD 299 million across 83 deals), Agriculture (USD 266 million across 55 deals) and Water (USD 190 million across 69 deals).²

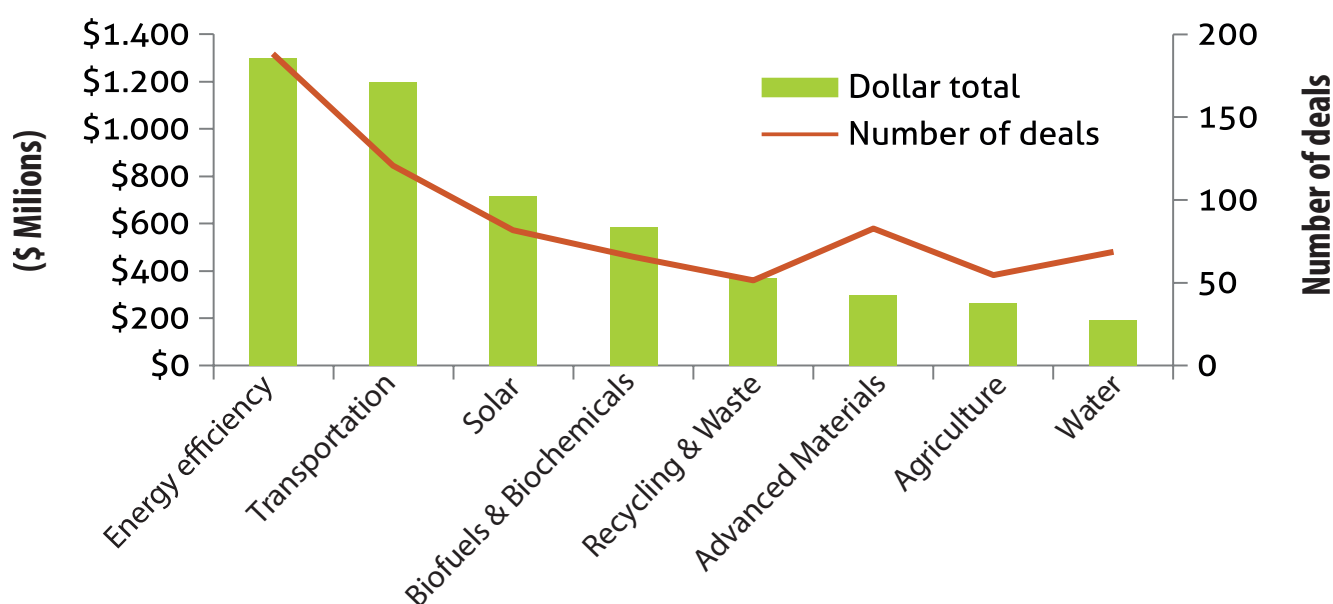
² The report comes from i3, who annually tracks 22,000 companies in cleantech and 18 other sectors.

In Europe and Israel the Energy Efficiency and Transportation sectors led the ranks as well, with USD 302 million invested in Energy Efficiency, up 130 % compared to 2012 and USD 104 million invested in Transportation, down 7 % compared to 2012. This was mostly thanks to funds raised by Crocus Technology, Hailo and Moovit. The Energy Efficiency sector also had the largest number of completed deals in the region with 54 deals (up 13 % from 2012), followed by Transportation at 30 deals (down 6 % from 2012), Advanced Materials at 24 deals (up 14 % from 2012) and Water at 23 deals (no change from 2012).

In the Asia-Pacific region, the Transportation sector ranked the highest in terms of deal activity; in 2013, 19 deals were made to a value of USD 299 million, up more than 16 times from the previous year, mostly thanks to the eHi Car Service and DiDi Taxi deals.

In North America the Energy Efficiency sector ranked the highest with USD 1 billion (a 12 % increase compared to 2012) raised spread over 131 deals (a 8 % decrease compared to 2012). The Solar sector was second with 71 deals completed, up 9 % from 2012. The Transportation sector came in third, mostly thanks to the rapid growth of Uber. The sector raised USD 738 million, a 12 % decrease compared to 2012. However the number of deals increased 15 % from 61 to 70, one short of the number of deals completed in the Solar sector.

Overall in 2013, 1,007 deals were completed, making it the third consecutive year with above one thousand deals made. Out of these deals, 53 % were Series B or later rounds, amounting to USD 5.8 billion, or 85 % of the dollar total invested.



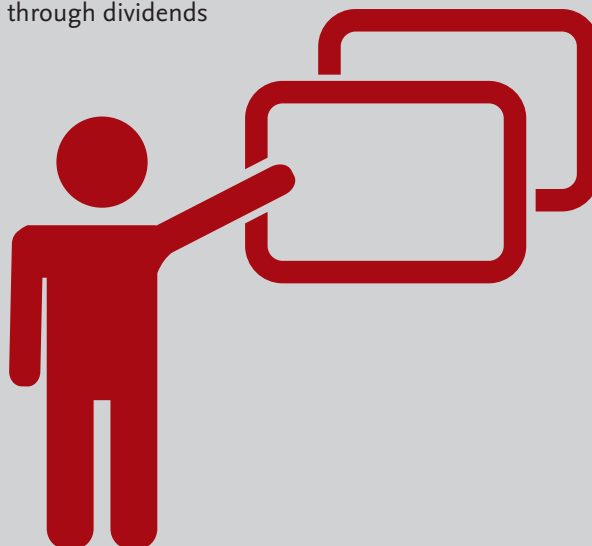
DESCRIPTION OF BUSINESS AND OPERATIONS

ITALEAF'S BUSINESS MODEL - A FACTORY OF FACTORIES

Italeaf's business is built on identifying, selecting and promoting industrial initiatives in the cleantech sector and in innovative industrial productions. Potential initiatives are scouted and researched, and where suitable, direct investments are made in companies. At an early stage initiatives³ can work in an incubator, located on an industrial site in Nera Montoro, where Italeaf has set up facilities and first class infrastructure.

Once the time is right, Italeaf serves as a co-founder, normally together with the entrepreneurs behind the start-up initiative, whereby the initiatives become portfolio companies of Italeaf. At the seed stage Italeaf combines incubation, provision of corporate services, mentorship, network opportunities and investment of financial resources. The operational support given to new initiatives is a way to leverage the strong expertise and track record in relevant sectors within the Italeaf Group.

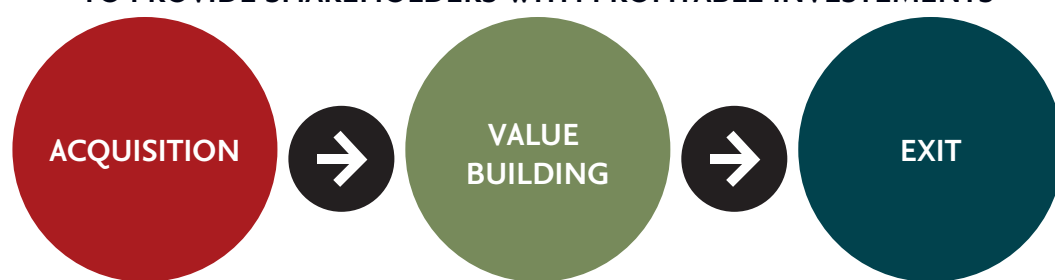
Italeaf will stay on as an investor of the company in question throughout its growth, providing it with services as well as the industrial facilities in Nera Montoro. When appropriate, a partial or full exit is made through a trade sale or an IPO. The companies that reach a mature age and are not fully exited, help fund the initiatives and portfolio companies that are in an earlier stage through dividends to Italeaf.



³ Product and service developments that are yet to be incorporated

BUSINESS MODEL

ITALEAF PLANS A MULTIPLE EXIT STRATEGY FROM PORTFOLIO COMPANIES
TO PROVIDE SHAREHOLDERS WITH PROFITABLE INVESTMENTS



STAGE
OF COMPANY
GROWTH

MISSION

Italeaf creates value and provides above-average returns to its investors by providing services to, investing in and co-founding young start-ups that the Company turns into global innovative companies. Italeaf builds an ideal ecosystem for outstanding entrepreneurs who are developing and commercialising innovative products in the cleantech sector.

OBJECTIVE

Italeaf's objective is to apply its experience and relationships to assist its portfolio companies in achieving long-term growth, sustainability and profitability.

STRATEGY

- 1 Italeaf's strategy can be broken down into six parts as follows:
- 2 **Investing in start-ups operating in innovative sectors with high growth prospects and an international vocation.**
- 3 **Creating an international applied research centre for new product development, located in Italeaf's industrial eco-park Nera Montoro.**
- 4 **Internationalising the Group's activities through collaboration with Italeaf UK and Italeaf HK.**
- 5 **Managing the value of the portfolio companies.**
- 6 **Evaluating exit opportunities for portfolio companies in order to generate return on investment for the shareholders of Italeaf, and to re-invest in new projects.**
- 7 **Developing the Nera Montoro eco-industrial park and providing the start-ups with real estate, done with the advice of the Politecnico di Milano University. This includes the construction of new buildings and the regeneration of existing buildings depending on the needs of the start-up.**



EVOLUTION OF THE BUSINESS

JUNE 2014
FORMATION OF WISAFE
DEVELOPMENT OF AN ENERGY EFFICIENCY SYSTEM
THROUGH THE REMOTE CONTROL
AND REMOTE MANAGEMENT OF ENVIRONMENTS

2014

DECEMBER 2013
FORMATION OF SKYROBOTIC
FOR THE DEVELOPMENT AND PRODUCTION
OF INNOVATIVE UNMANNED AERIAL VEHICLES

2013

AUGUST 2012
FORMATION OF GREENLED
FOR THE DEVELOPMENT AND PRODUCTION OF LED
LIGHTING (TECHNOLOGY IS PROTECTED
BY INTERNATIONAL PATENTS)

2012

AUGUST 2011
ACQUISITION OF A MAJORITY
STAKE IN LUCOS ALTERNATIVE ENERGIES
(FOCUS ON ENERGY EFFICIENCY)

2011

JUNE 2010
ACQUISITION OF NERA MONTORO
INDUSTRIAL AREA

SEPTEMBER 2010
FORMATION OF TERNIGREEN
FOCUSED ON ENVIRONMENTAL BUSINESS

2010

DICEMBRE 2010
FORMATION OF ITALEAF FOCUSED
ON REAL ESTATE MANAGEMENT
HOLDING ACTIVITIES, COMPANY BUILDER

SEPTEMBER 2005
FORMATION OF TERNIENERGIA
FOR THE DEVELOPMENT
OF THE PV BUSINESS

2005

DECEMBER 2004
FORMATION
OF TERNI RESEARCH

2004

CAPITAL MARKET TRANSACTIONS

2014

FEBRUARY 2014
DEMERGER BETWEEN ITALEAF
AND TERNI RESEARCH. ITALEAF BECOMES
THE NEW PARENT COMPANY OF THE GROUP

2012

MAY 2012
MERGER BETWEEN
TERNIENERGIA AND TERNIGREEN
AND CONSEQUENT DELISTING OF TERNIGREEN

2011

NOVEMBER 2011
LISTING OF TERNIGREEN
ON AIM ITALIA MARKET
(€ 4,1M RAISED)

2010

NOVEMBER 2010
SHARE CAPITAL INCREASE
OF TERNIENERGIA AND ACCESS TO
THE STAR SEGMENT OF THE ITALIAN MTA MARKET
(€ 10,8M RAISED)

2008

JULY 2008
LISTING OF TERNIENERGIA
ON EXPANDI MARKET
OF BORSA ITALIANA

HISTORY

The Company was incorporated on 6 December 2010 as Nuova TIC S.r.l., an Italian limited liability company (società a responsabilità limitata) by Nuova Terni Industrie Chimiche S.p.A. The registered office is located in Strada dello Stabilimento 1, 05035, Narni (TR), Italy. On 11 May 2012, Nuova Terni Industrie Chimiche S.p.A. merged into Terni Research.

On 11 July 2012, the shareholders' meeting of the Company resolved to adopt the form of a joint stock company (società per azioni) and to change the corporate name by adopting the current corporate name "Italeaf S.p.A.". TerniEnergia was founded in September 2005 to engage in the business of developing PV systems. In July 2008 TerniEnergia was listed on the Expandi market of the Borsa Italiana. In 2010 TerniGreen, that would focus on environmental business was founded. TerniGreen was later listed on the AIM Italia market in 2011, around the same time as Italeaf made its first acquisition, Lucos Alternative Energies. In September 2012 TerniEnergia and TerniGreen merged. GreenLed, SkyRobotic and WiSave were founded in August 2012, December 2013 and June 2014 respectively, resulting in the creation of the Italeaf group as it exists at the date of this Company Description.

In February 2014 Italeaf partially demerged from Terni Research, a demerger in where the ownership in Terni Research was proportionally distributed in the new holding company, Italeaf.

OPERATIONS

Italeaf sets out to create an innovative ecosystem for green entrepreneurship and sustainable start-ups to develop at its "Eco-Industrial Park", where technical and business skills are brought together. The ecosystem encourages technical and managerial innovation processes in companies operating in the fields of, inter alia, Renewable Energies, Wastes, Environment, Energy Efficiency, Cogeneration, Recycling and ICT (Information and Communications Technology).

THE INDUSTRIAL ESTATE OF NERA MONTORO PARK

Italeaf owns an industrial estate in Nera Montoro, where production and other larger scale operations of the portfolio companies are located. The total surface of the industrial complex is 24 hectares, out of which 2.3 hectares are currently covered. The storage volume is currently 7,000 square meters, and is expandable to 20,000 square meters.

In June 2010 Italeaf purchased an old chemical industrial estate and with the cooperation of Politecnico di Milano University, redeveloped it into an "Eco-Industrial Park" that includes not only the Group offices and R&D divisions, as well as also hosts renewable energy and waste management facilities.

The Nera Montoro park is the headquarters of the Company and its subsidiaries. It is located in a strategic position, approximately 85 km outside Rome near the highway. It also has the presence of a railway station and an internal proprietary railway connected to the national railway infrastructure.

MAIN ECO-INDUSTRIAL PARK FACILITIES:

- Eco/Hi-tech Industrial Estate (offices, meeting-rooms, laboratories, etc.)
- Global Security Centre
- Water Remediation Treatment Plant
- Advanced LED Light Production
- Tyre Recycling Plant
- Bio digester and Composting Plant (providing energy and heating to the adjacent city)

THE INDUSTRIAL ESTATE OF NERA MONTORO PARK



The Security Virtual Center is a security unit at the Nera Montoro Park that monitors the area and other plants remotely to prevent theft or damage.

THE INCUBATOR IN TERNI

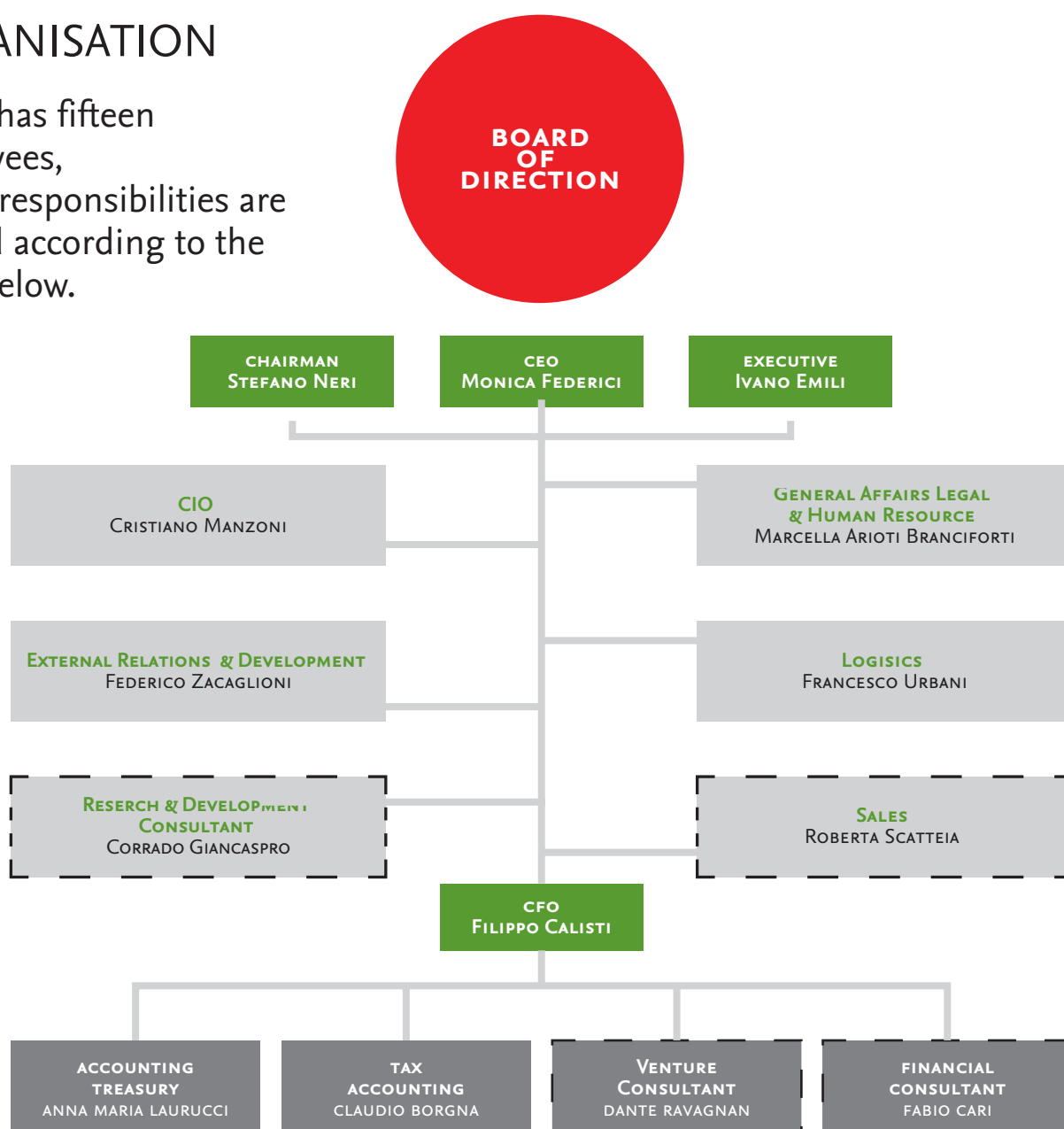
Italeaf's incubator is located in Terni's industrial area, close to the Terni-Orte highway. The facilities in the incubator are used for innovation and planning, as well as smaller production in form of prototypes, which are not large-scale operations. The total surface of this real estate is 2,000 square meters, with a total covered surface of 1,800 square meters.

The incubator is also home to a few initiatives, Siralab Robotics, greenTales, ASCG, Diptera Feeds and eTech, that are in a very early idea stage, have not been incorporated yet, and are therefore not described closer in this Company Description. These initiatives are driven by entrepreneurs who can use Italeaf's facilities and expertise, and hopefully become portfolio companies of Italeaf at a later stage.

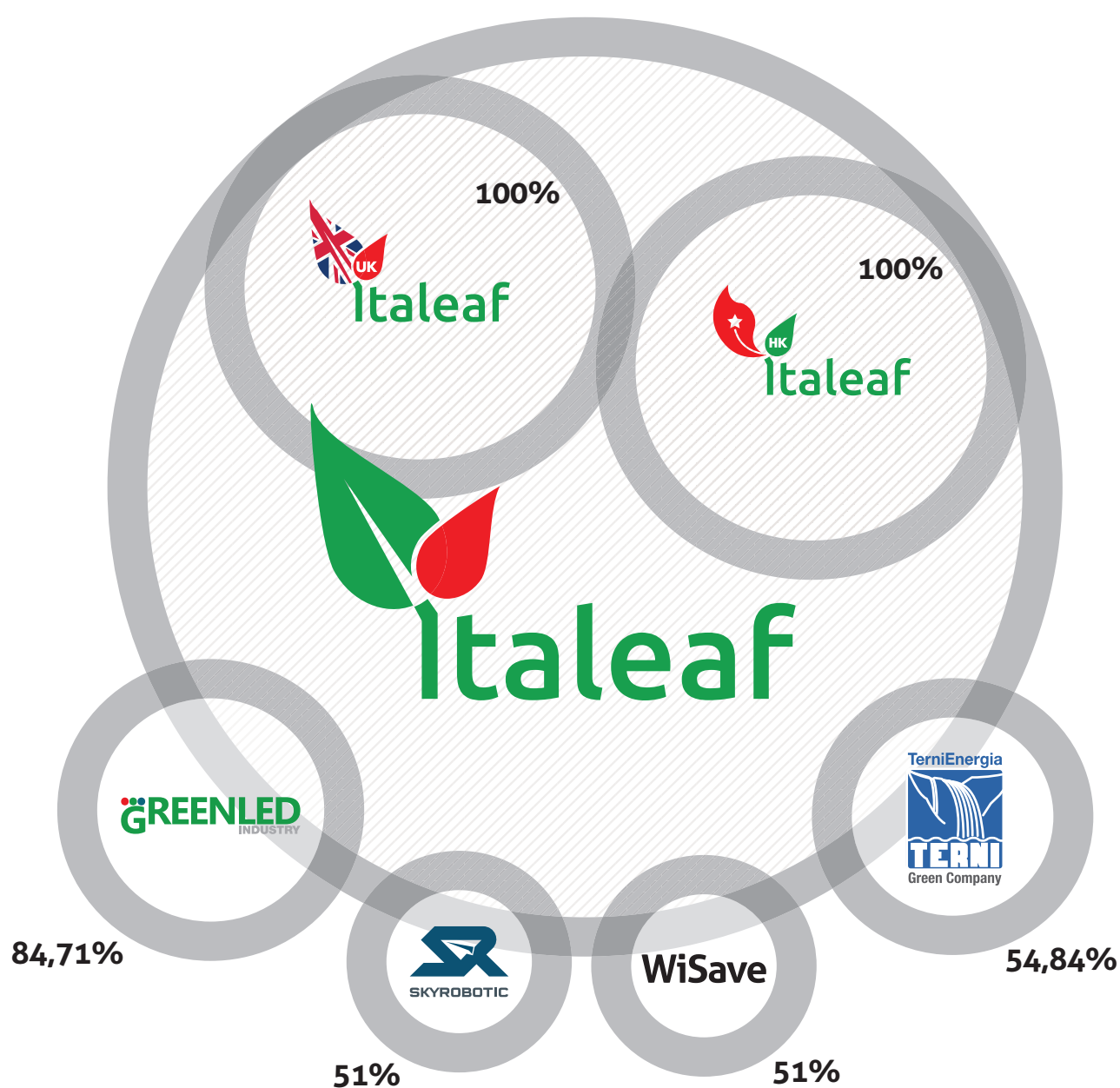


ORGANISATION

Italeaf has fifteen employees, whose responsibilities are divided according to the chart below.



GROUP STRUCTURE



ITALEAF'S PORTFOLIO COMPANIES



TERNIENERGIA

Italeaf has a 54.84 % shareholding in TerniEnergia, an Italian company operating in the renewable energy sector and the PV field. It is listed on the STAR segment of Mercato Telematico Azionario, the main Italian regulated securities market, organised and managed by Borsa Italiana S.p.A. TerniEnergia operates as a system integrator, with a turn-key offer of industrial sized PV plants for power generation, on its own and on behalf of third parties, including joint ventures with leading national companies. TerniEnergia also operates in the waste management sector, where it is engaged in the recovery of material and energy, and in the development and production of technologies. In particular, TerniEnergia is active in the recovery of used tyres, the treatment of biodegradable waste through the implementation of bio digesters, the management of a plant for biological depuration, the decommissioning of industrial plants, the recovery of demolition metals and cleaning of industrial sites; and the development and production of technological apparatus.

TerniEnergia, through its subsidiary Lucos Alternative Energies, operates in the development of energy efficient plants, both through an EPC (Energy Performance Contracting) scheme and FTT (Financing Through Third Parties) scheme. Its objectives are to increase energy production from renewable sources, save energy and reduce emissions as outlined in the European environmental policy.



Key figures	Consolidated		
	As of 31 March 2014	As of 31 March 2013	As of 31 December 2013
MEUR			
Revenue	10,4	8,7	59,9
Employees			106
Net profit	0,7	1,7	6,8
ROE, %			14,5%
EBITDA margin, %	43,9%	13,0%	18,5%
Market Cap			81,62
Number of shares			37 612 000
Debt ratio	79,1%	76,8%	78,5%
Dividend per share, EUR			0.08



TerniEnergia has a set strategy for the future with the following lines of development:

INTERNATIONAL DEVELOPMENT

In 2014/2015, construction of two PV plants in South Africa for a leading European utility company for an amount of approximately EUR 140 million is planned. In the short term TerniEnergia also plans to establish a company in a joint venture with Al Hamed Group, named TerniEnergia Gulf LLC, headquartered in Abu Dhabi, whose share capital shall be divided as follows: a majority stake of 51 % to be owned by Al Hamed Group and 49 % by TerniEnergia. The company will operate in the fields of power generation, waste to energy and waste management. By 2014 TerniEnergia expects to open the first sites and start the construction of a plant for the recovery of used tyres in the Middle East.

ITALIAN DEVELOPMENT

There is great potential in the growing sectors of smart energy and energy efficiency. In particular, the company has started negotiations for the acquisition of Free Energia S.p.A. A successful acquisition will, thanks to the sales network of Free Energia, allow for a completion of the downstream value chain for power generation plants owned by TerniEnergia. In addition, TerniEnergia has acquired all the remaining outstanding shares of its portfolio company Lucos Alternative Energies in July 2014. The two operational investments will jointly allow for strong potential synergies and opportunities for the integration of the businesses, which will be the basis for a strong growth in energy efficiency and enhancement of energy production from renewable sources. TerniEnergia will also continue strengthening its portfolio of environmental assets, completing a new facility for the treatment and recovery of "secondary raw material" of used tyres in Northern Italy and utilising a new plant in Southern Italy for energy recovery through anaerobic bio digestion and composting. Finally, the new plant for the treatment of industrial waste fluids in Nera Montoro, is as of the day of this Company Description in an advanced authorisation phase. Once completed, it will intercept a substantial demand in a market segment with high technological content and high growth prospects.

STRATEGIC DEVELOPMENT

TerniEnergia will focus on business lines with major developments. Concentration will be on power generation with full technological independence by diversifying the sources and technologies available. By doing this TerniEnergia enhances its opportunities in the short term and has the flexibility to meet changing demands in the future. TerniEnergia intends to have a balanced portfolio for each country in the process of internationalisation of PV, EPC and environmental business. In particular, TerniEnergia continues to undertake intensive scouting activities to promote development projects in the most attractive countries for the installation of large-scale plants within the sectors PV, biomass, biogas and energy recovery from waste.

On the financial side, TerniEnergia intends to strengthen its excellent reputation with investors through its presence on the Italian Stock Exchange, in order to become a candidate for an investment platform for institutional investors. TerniEnergia wants to do this by creating the right conditions, through the stability of cash flows and using debt in an efficient manner with respect to changes in the demands of the market.

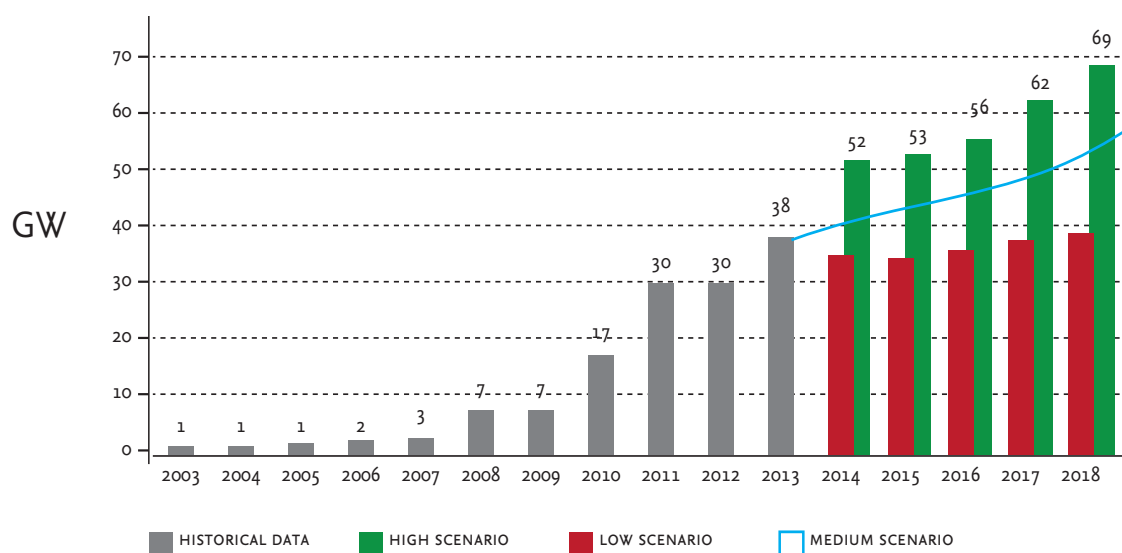


MARKET OVERVIEW - TERNIENERGIA

THE GLOBAL PV MARKET

According to EPIA Global Market outlook 2014-2018, there has been a decreasing demand for PV in Europe, whereas China and South-East Asia are expected to have the strongest PV growth, followed by Latin America, India and the MENA (Middle East and North Africa) region. In the Sunbelt⁴ countries – where PV already competes with diesel powered generators for peak power generation without financial support – the potential of PV is expected to range from 60 to 250 GW (Giga Watt) in 2020. With the fast price decrement in PV technology, it is expected to be a competitive energy source in many more countries by 2020.

In 2013 more than 27 gigawatts (GW) of new installations of PV systems were made, compared to 13.9 GW in 2012, 8 GW in 2011 and 3 GW in 2010. The rapid development of the PV market in China saw them grab the top spot outside of Europe, followed by Japan (6.9 GW) and the United States (4.8 GW). These three countries are all expected to increase slightly or at least remain at the same level in 2014, with China projected above 10 GW.



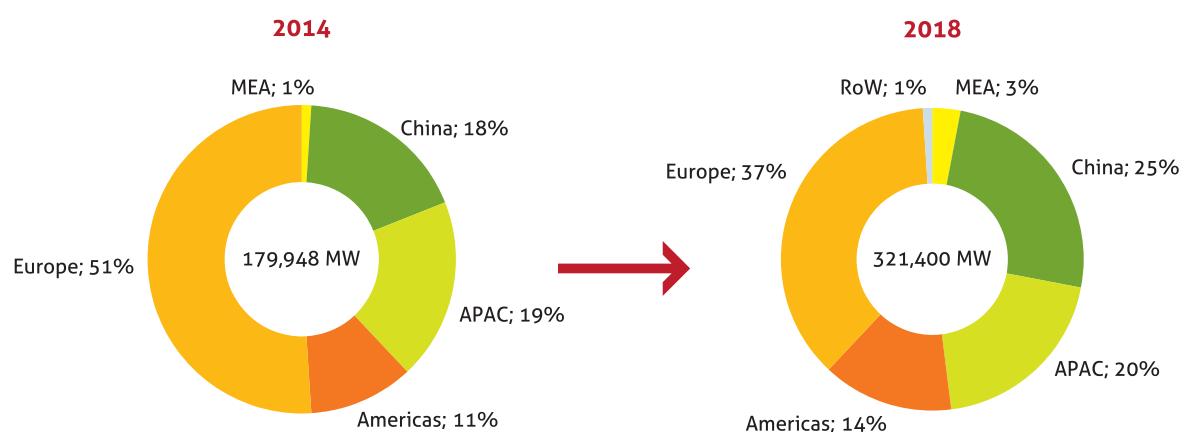
GLOBAL ANNUAL MARKET SCENARIOS UNTIL 2018

⁴ The Sunbelt is a latitudinal band around the Earth ideal for renewable solar energy thanks to its exceptional solar irradiation.

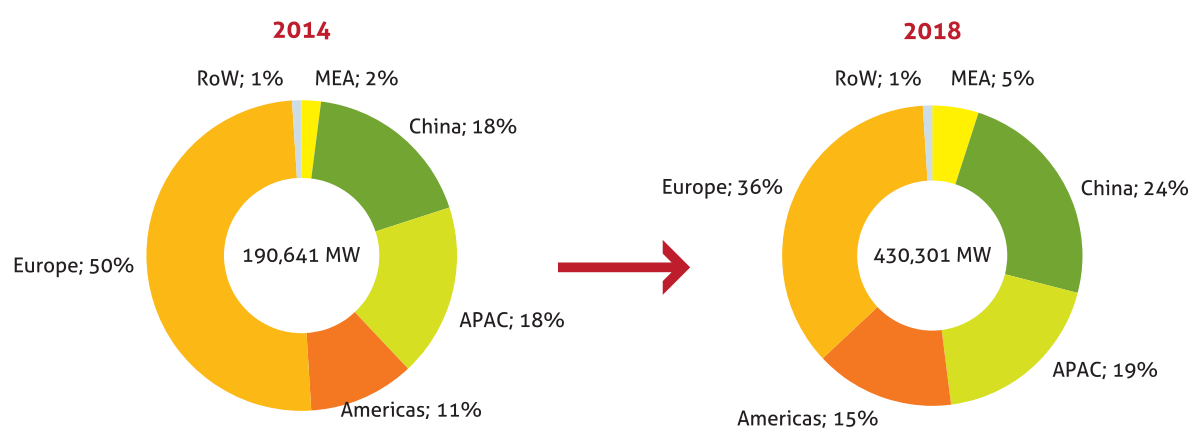


EXPECTED EVOLUTION OF GLOBAL PV CUMULATIVE INSTALLED CAPACITY PER REGION UNTIL 2018

LOW SCENARIO



HIGH SCENARIO





The Asia-Pacific region (including China) is expected to account for the majority of the new PV installations in the coming years. In the High Scenario, the world could reach 430.3 GW of PV systems by 2018, compared to 138.9 GW in 2013.

The PV industry, after many years of growth, is facing a challenging period with a shift in the dynamics of the market and a new geographical focus. In particular, the political challenges in Europe have created a climate of political uncertainty that could restrain the growth of the European PV market. Globally however, the growth potential is still intact with many projects going on in numerous countries that could result in a real take-off for the market.

Going forward, the key issues that will play a role in determining how the market evolves include:

POLICY:

As seen by the market decrease in countries where damaging and retrospective political decisions have been taken, the PV market remains a policy-driven market in many countries.

COMPETITIVENESS:

In a few countries, PV is already considered a competitive source of power in terms of the cost of electricity. In other countries, it is quickly moving towards being a cost-competitive source of power. To assist the growth of the PV market, market challenges should be addressed without delay.

INDUSTRY CONSOLIDATION:

With a global overcapacity of PV modules that is less acute than one or two years ago, prices have stabilised in 2013 and the return to profitability should allow companies to start investing again. This could in turn result in a decline in prices of new technology in the coming years and open up new markets for PV.

The benefits for the society and enormous potential of solar PV are now more evident than ever. PV is expected to continue its growth and increase its contribution of energy around the world by delivering clean, affordable, safe and decentralised electricity to the people.⁵

⁵ Source: EPIA Global Market outlook 2014-2018

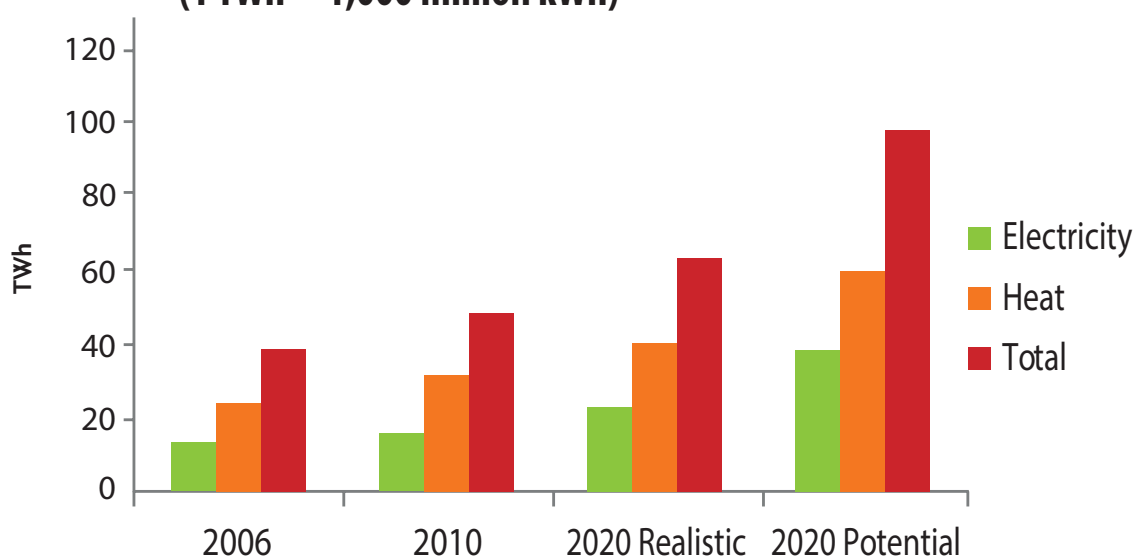


GLOBAL ENVIRONMENTAL MARKET

According to a report by Frost & Sullivan the global waste recycling and services market is expected to see a strong growth and is estimated to be worth around USD 1,100 billion by 2017, up from USD 864 billion in 2014.

The global waste to energy ("WTE") market produced revenues of USD 17.98 billion in 2012 and is expected to increase rapidly to USD 28.57 billion by 2016. The global shift to renewable energy from coal and nuclear power in order to lower the carbon dioxide emissions and ensure future energy security has increased the popularity and necessity of WTE plants.⁶

Growth of Renewable Energy from WTE across Europe in TWh (1 TWh = 1,000 million kWh)



⁶ According to the report "Global Waste to Energy Plant Market", by Frost & Sullivan.



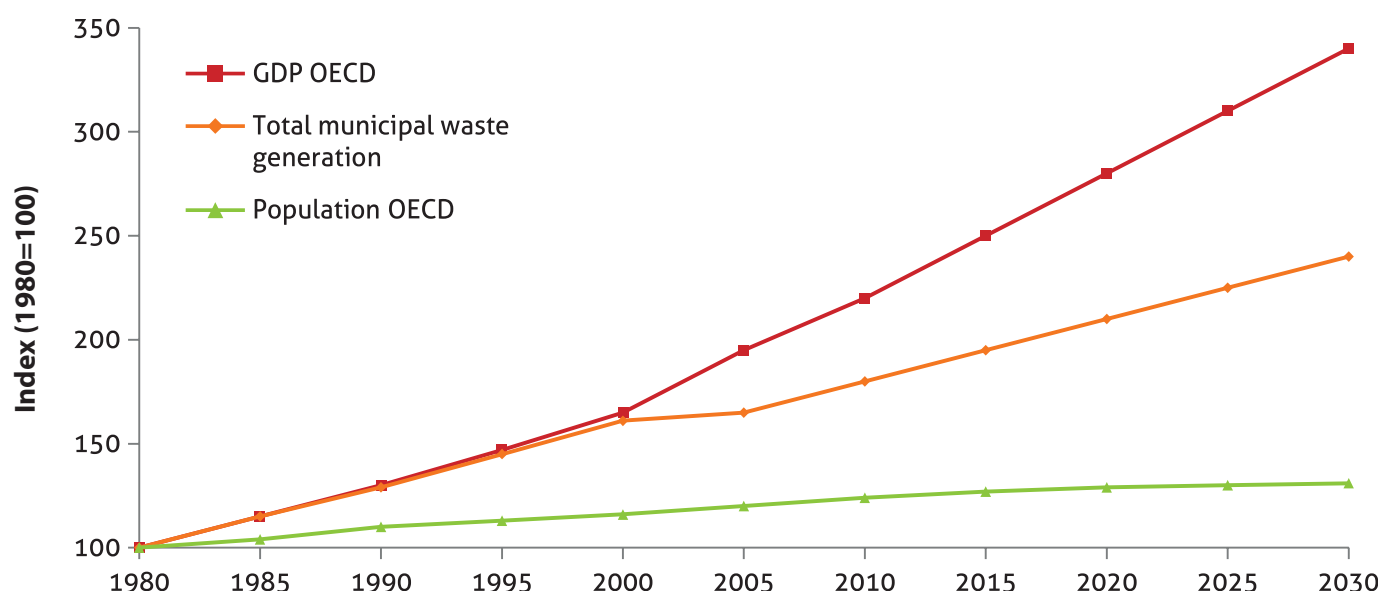
Regions with high population density, such as Europe and Asia, are showing a steady demand for WTE thermal solutions. Countries such as China, the UK, India and areas such as Central Europe (especially Poland) have high demand for new WTE plants. The main drivers of the WTE market are environmental regulations, limited availability of land for landfilling and a growing public awareness. However, some of these countries are currently in a transitional stage and lack effective regulation for a sustainable waste management and WTE conversion.

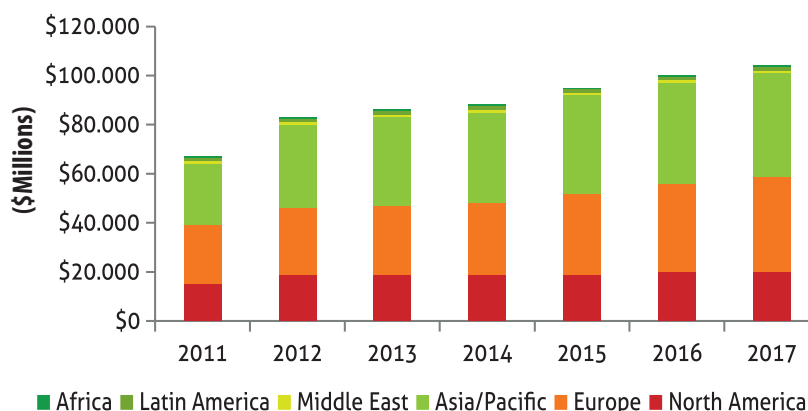
The global waste management market, from collection to recycling, is worth around EUR 300 billion (approximately USD 410 billion) with an estimated 4 billion tonnes of municipal, industrial and hazardous waste produced annually.

Even if waste collection, recovery and recycling rates vary greatly between different countries, there is a correlation between the GDP and waste production. As can be seen in the graph below, the total municipal waste generation is expected to grow at rate below 2 percent, which is a slower rate than the expected GDP growth in OECD countries.

An increasing focus on the recovery of key material resources in the industrial, construction and demolition waste is reflected in the recycling services sector, with the market size expected to more than double from USD 158 billion in 2011 to USD 322 billion in 2017.⁷

⁷ Source: Frost & Sullivan; From Waste to Resource by Veolia





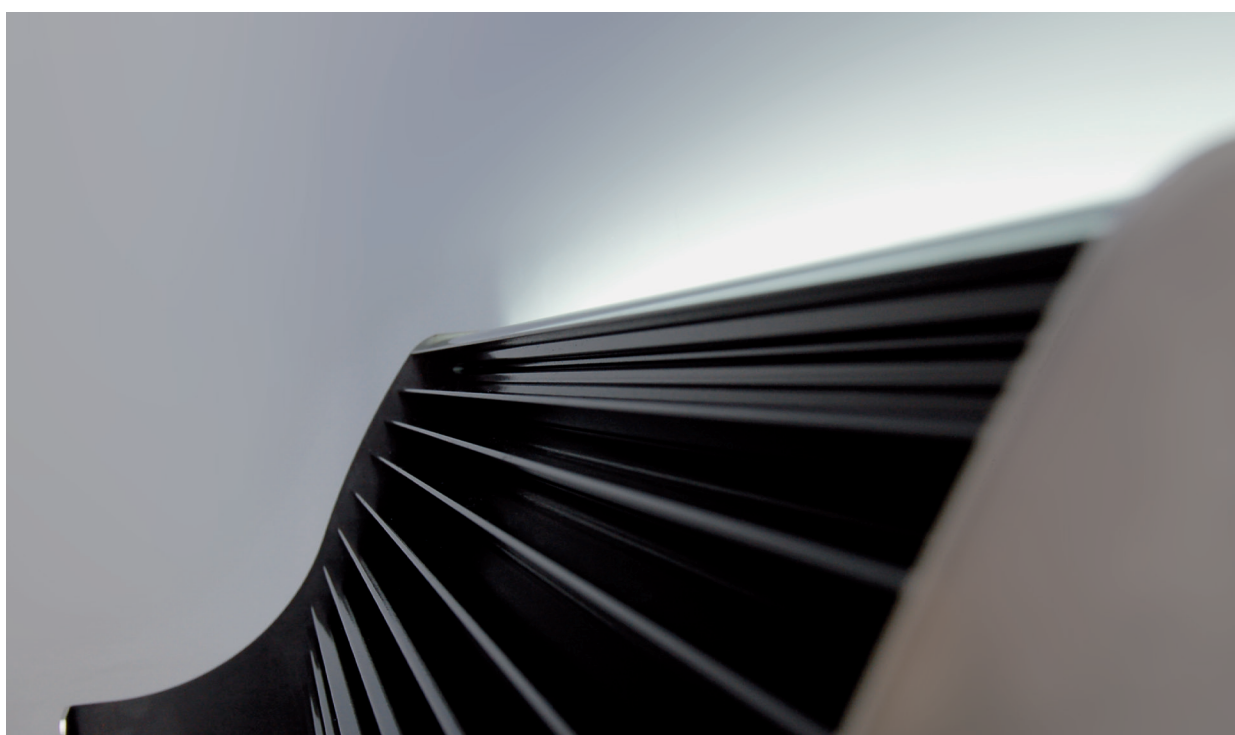


GREENLED INDUSTRY

Italeaf has a 84.71 % shareholding in GreenLed, which was incorporated into the Italeaf group in August 2012. GreenLed designs, develops and produces a smart LED lighting technology. The technology has a wide potential market, specifically for industrial operators and for public administration.

GreenLed acquired a company branch of "Tecnologie e Servizi Innovativi S.r.l." (TSI) including two Italian utility models concerning the smart LED street lamp. GreenLed has four direct employees, however the production is also provided by ten external employees, through an outsourcing agreement with TSI. The development phase of the industrial and street lamps is finished and the company continues its R&D activity to continuously improve its products and to offer new solutions to the market. In addition to that GreenLed works to offer customized solutions for specific customers.

Main competitors include Dialight (UK), Disano (IT), Digital Lumens (UK), Arianna LED (IT), Thorn (AT), Niteko (IT) and Unique LED (CN).



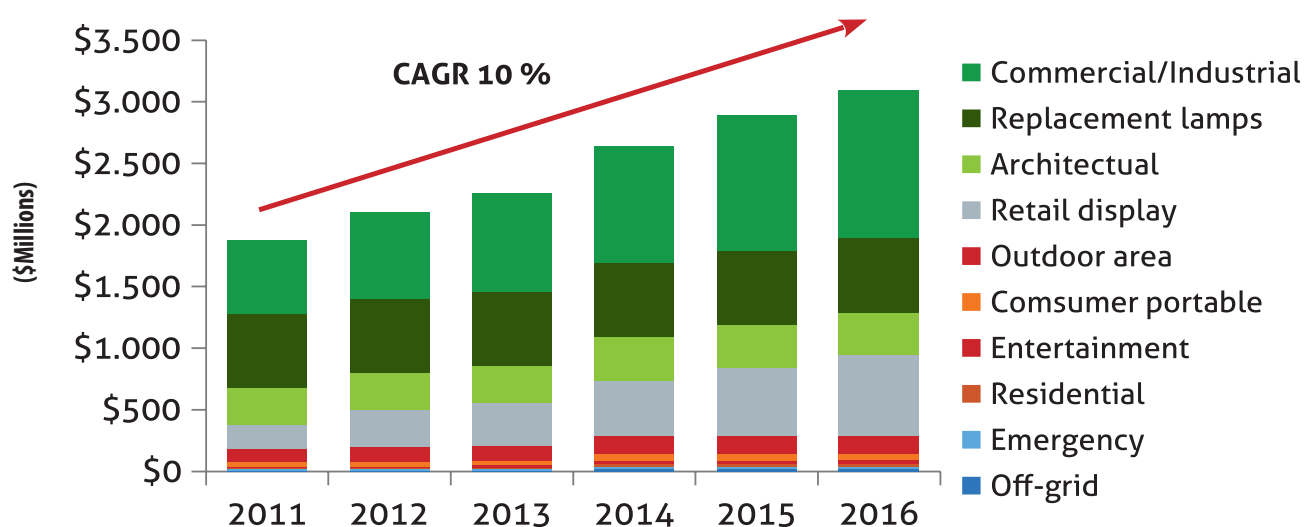
MARKET OVERVIEW - GREENLED INDUSTRY

According to a recent report by McKinsey, the global LED lighting market for industrial and commercial use is expected to be worth GBP 51.3 million by the year 2019. In 2012 the market was worth GBP 7.7 million, and is predicted to grow at an annual rate of over 30 percent from the year 2013 through 2019. The largest market in 2012 was Europe, accounting for 33.1 % of the value. According to the report by McKinsey & Company, a major reason for the increase was certain government initiatives, including the ban on using incandescent lamps in many countries. With an increasing focus on energy efficient and environmental lighting to improve quality and lower costs, countries like Germany, the UK, Russia and Denmark kept Europe at

the top of the rankings. The commercial sector was the largest amongst the end users, accounting for 52.5 % of the market in 2012. The commercial sector is predicted to continue at the top during the forecast period, mostly thanks to the increasing demand in LED lighting in the emerging markets, especially Asia-Pacific and the Middle East. The second largest sector is the architectural sector and it is also predicted to continue the growth, mostly in Europe and Japan.

The graph below shows the LED lighting market, divided into different submarkets, between the years 2011 and 2016.⁸

LED lighting markets



⁸ Source: Transparency Market Research, McKinsey&Company Lighting the way



SKYROBOTIC

Italeaf has a 51 % shareholding in SkyRobotic, a company established in December 2013 that designs, develops and produces Unmanned Aircraft Systems (“UAS”) for civil and commercial use.

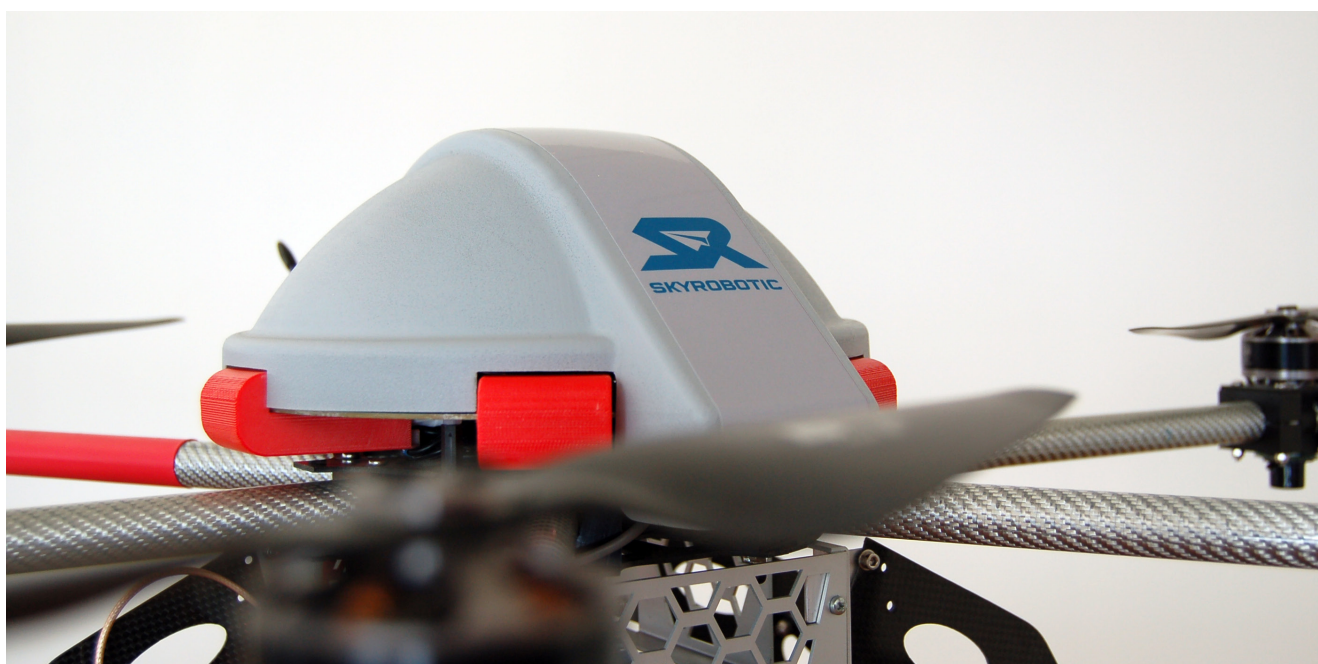
Initially SkyRobotic will focus on micro (< 5 kg) and mini-class (<25 kg) UAS. With constant focus on innovation, SkyRobotic produces and sells a series of unmanned aircraft systems (“SAPR”). The company intends to achieve a market leading position in the field of civil drones for commercial use. The drones will be sold mainly in Italy, and also in the development phase to countries in the EU and Asia-Pacific through Italeaf HK. SkyRobotic oversees the whole industrial chain, from design to system integration, right through to production of turn-key platforms for remote sensing of proximity which are robust, practical

and effective. The company gives comprehensive support to customers including software, tools and procedures to support the user in every phase of use of the system, as well as training about management and maintenance activities. SkyRobotic also develops technological systems for aerial works, featuring fully-automatic and easy-to-use GPS/INS specifications for aerial inspection of proximity and aerial photography.

SkyRobotic manages all the industrial and technological aspects: aerodynamics, avionics, navigation functions and automatic mission management. SkyRobotic ensures “design control” according to their customers’ requirements for reliability, security and certification.

SkyRobotic currently has six direct employees with another 15 externally through an outsourcing agreement with eTech. The first UAS platform has already been sold to institutional customers and is awaiting an ENAC-certification (currently in the issuing phase) to be sold to the mass market.

Main competitors include Microdrones GmbH (DE), SenseFly (CH), Gatewing NV (BE), Aibotix GmbH (DE) and Aermatica S.p.A. (IT).



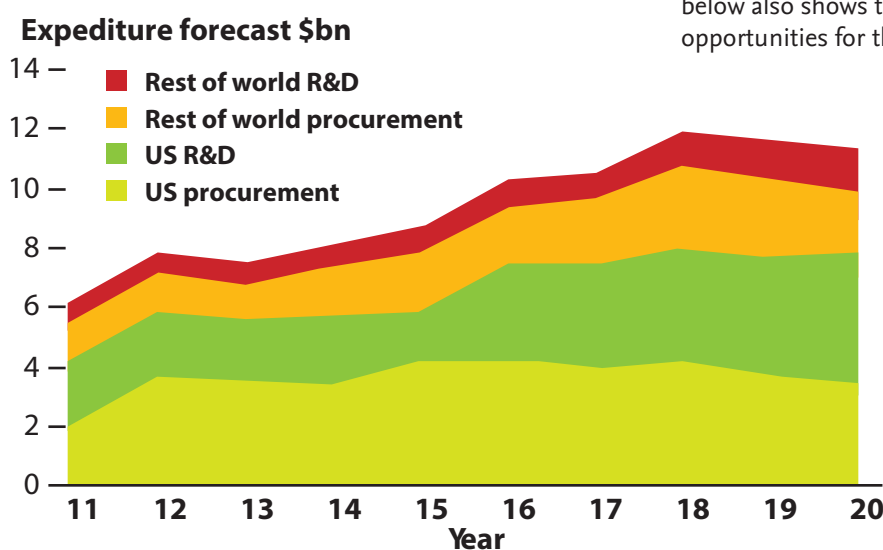
MARKET OVERVIEW - SKYROBOTIC

In the last decade, the market for Unmanned Aerial Vehicles ("UAV") has proven to be one of the most dynamic and rapidly growing markets in the aerospace industry as a whole. Analysts of Strategic Defense Intelligence estimate the size of the global market to be approximately USD 7.1 billion in 2012 with forecasts of USD 10.5 billion in 2021. Following these projections, the volume of spending over the entire decade is expected to amount to approximately USD 84 billion.

Teal Group showed a growth trend with similar values, reporting an increase from USD 6.6 billion in 2012 to USD 11.6 billion in 2021, making the assessed total for the decade approximately USD 90 billion. The average of the two forecasts is USD 87 billion. Both forecasts provide an overview of how the size of the global market is expected to grow until 2021. The two market forecasts show a strong congruence of key figures; the estimated size and growth rates are thus consistent.

The analysis made by Teal Group also includes a pattern of the distribution of market volumes in procurement in different regions of the world. The estimates of expenditure variations are negligible in terms of distribution for regions, offering the percentage of valid reference in a general sense up until 2021. The figure below also shows the size and the location of business opportunities for the entire UAV-sector.

WORLD UAV MARKET - 2011-20

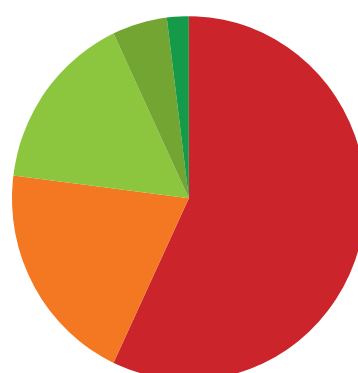


Speculative UCAV procurement not included
SOURCE: Teal Group

The US industry is considered a benchmark for forecasts of procurement in UAV technology. This figure can be interpreted as a direct result of the research policy adopted by the US military in the sector, and the fact that the military was the first to raise the potential of unmanned technologies.

The graph to the right shows how the market is divided geographically.

Although the analysis shows that the United States will continue to be the market with the largest opportunities regarding UAVs, a clarification should be made regarding the classes of airplanes.



USA:	57 %
ASIA:	20 %
EUROPE:	16 %
MIDDLE EAST:	5 %
REST OF THE WORLD:	2 %

■ USA ■ ASIA ■ EUROPE ■ MIDDLE EAST ■ RoW





The US industry has large players in the military segment; General Atomics, Northrop Grumman and Lockheed Martin have all developed platforms in the classes Medium altitude UAV systems ("MALE") and High altitude UAV systems ("HALE"), which have also been widely tested in operational scenarios. Various studies have found it unlikely that a "Rest of the World" player would be able to bridge the technology gap in order to test these classes of platforms that appear to be dominating in the USA. Consequently there is a low probability that USA will acquire HALE / MALE systems from other nations, since the technological aspects of these are also confidential. Contrary to these classes, the arguments for further research in applications in the mini and micro UAV ("MUAV") classes are more robust, especially for commercial and civil uses. Further research into these classes can also translate into a larger market potential for European manufacturers of UAVs, even when it comes to procurement from the United States.

Frost & Sullivan⁹ has given a projection of the market opportunities in Europe for the different subclasses until 2016, as seen in the figure below.

MUAV = mini and micro UAV class, close range with masses less than 20 kg.

TUAV = tactical systems with medium load capacity generally with masses less than 1,000 kg.

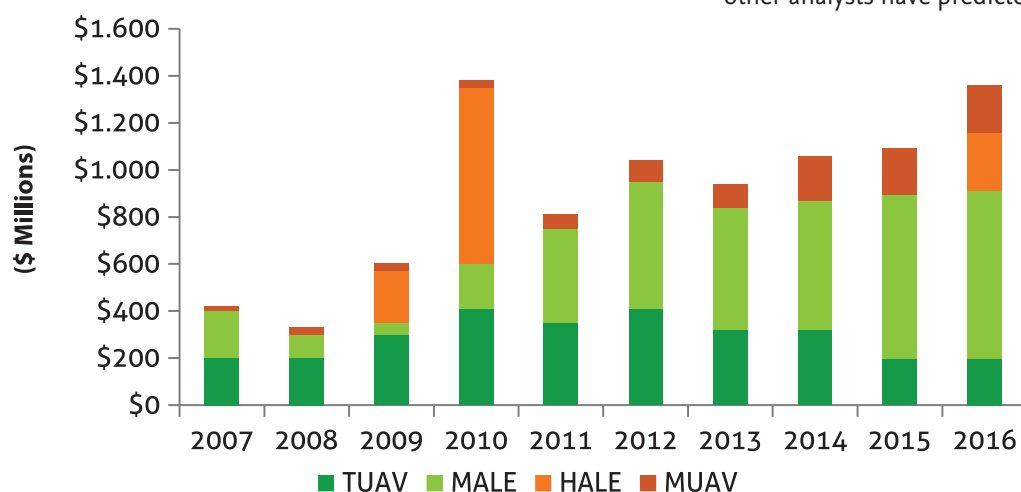
MALE = medium altitude UAV systems with high load capacity, long range and satellite links.

HALE = high altitude UAV systems with high load capacity, satellite links and endurance exceeding 24 hours.

The projections by Frost & Sullivan are a matter of particular interest because:

It confirms the forecasts of Teal Group and Strategic Defense Intelligence in terms of size and breakdown by world regions. In fact, the 16 % potential of expenditure provided in the two studies can be recalculated to approximately USD 1.05 billion in 2013, which is the size proposed by Frost & Sullivan.

As shown in the chart, according to the analysts from Frost & Sullivan, the class MUAV increases from about 12 % in 2012 to 14 % in 2016 for Europe, with an annual growth of about 5 % which is consistent with what other analysts have predicted.



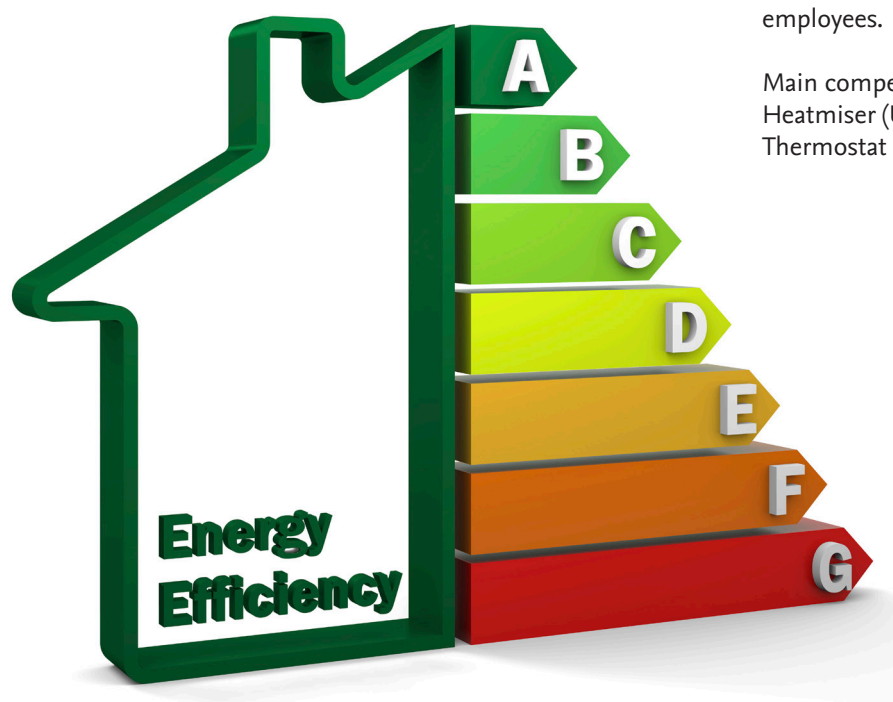
⁹ The Future of the Civil and Military UAV Market

WiSave**WISAVE**

Italeaf has a 51 % holding in WiSave, a company established in June 2014 that operates in the “Internet of Things”-sector.⁹ WiSave designs, develops and produces smart systems for thermal and lighting energy efficiency devices with a cloud infrastructure.

WiSave is a production company that designs, develops and produces an innovative system made up of one or more WiFi thermostats communicating with a control and management software named “CoreSystem” that communicates to a Web-Server through the Internet (CLOUDSYSTEM). The development phase of the product is finished and it is ready for the market. The company is continuing its R&D activity to implement future development of the technology into Ventilation, Lighting System, Irrigation, Surveillance and Home Automation Sectors. Both the hardware and the software are in the patent pending phase in Italy and the plan is that international patents (China, USA, Brazil) will be filed. The company currently has 5 direct employees.

Main competitors include Nest Lab (US), Heatmiser (UK), Tado (DE), Salus (UK), Radio Thermostat Company of America (US).



¹⁰ IoT has evolved from the convergence of wireless technologies, micro-electromechanical systems (MEMS) and the internet.

WiSave

WiSave is a system consisting of one or more thermostats or switches communicating through WiFi with a system of control and management software called “Core System” that interfaces with a web server via the Internet. The system determines energy efficiency (heat and lighting) through the use of a remote control and intelligent management of Tele-temperature environments and lighting systems. The innovation introduced into the field of thermoregulation and lighting control has three main strengths:

INTELLIGENT MANAGEMENT:

A mechanism for global control, the system allows heat to self-regulate in order to achieve the best microclimate within the different environments of a building, optimising the energy consumption. The temperature control is managed by a control algorithm that processes extensive information.

ADAPTIVE INTELLIGENCE:

The implemented control algorithm provides a procedure for periodic self-learning, applied on every single thermostat. This procedure allows an “adaptive” automatic temperature control, which calculates and stores the optimal parameters of operation of the controller for single environment and single “external situations” inside its own database. Once these values have been acquired, the variation of a “condition or external environment” makes the algorithm acquire the parameters previously calculated to obtain an optimal partitioning of the energy contribution through a modulator of energy.

CLOUD MANAGEMENT:

The control intelligence is distributed on the network, and is handled between the thermostat and web application using the Core System. Therefore, there is no need for a physical remote control unlike with traditional systems. The control unit is virtualized in the Core System software, which is the backbone of the entire architecture and allows the system to work remotely according to a logic operation. The network interaction between the user and the system switches is handled through a web application accessible from any computer, tablet or smartphone. The Core System implements the control algorithm and manages the communication between the thermostats and the web application. WiFi technology adds a theoretically infinite scalability as to the number of environments it can handle, and provides for a significant reduction in the cost of installation.

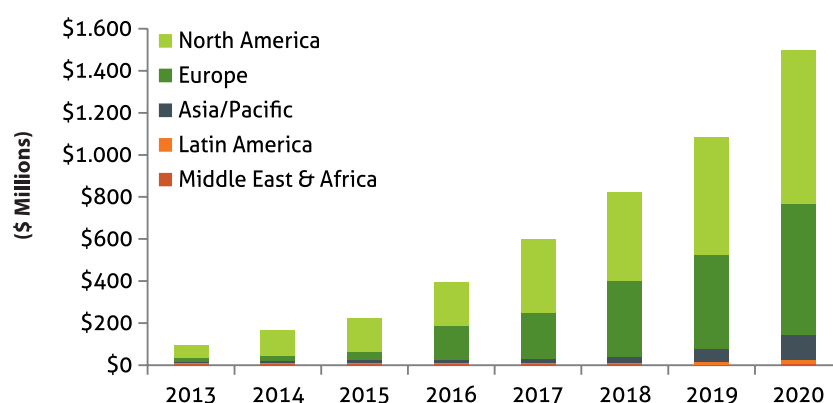
WiSave

MARKET OVERVIEW - WISAVE

The market segment for indoor temperature control is part of the broader energy efficiency market, closely related to a number of important issues such as energy saving, reduction of energy costs and reduction of environmental impact. The market for smart thermostats is expected to grow exponentially in the coming years, which is illustrated in the graph to the right.¹⁰

The energy efficiency market is divided into two main sectors: the HVAC (Heating, Ventilation and Air Conditioning) sector and the lighting sector. Both sectors include industrial production as well as the provision of services. New technologies emerging in recent years have enabled a wide range of innovative strategies, from room-level intelligence of occupancy and daylight sensing to building-wide coordination of a fully integrated system. These new technologies are beginning to gain broad acceptance by building owners and managers at the same time as building codes and regulations are increasing, mandating greater efficiency in buildings.

Smart Thermostat Revenue by Region, World Markets: 2013-2020



¹¹ Source: Navigation Research

SUMMARY OF FINANCIAL INFORMATION

DEMERGER

The Pro-forma Consolidated Balance Sheet and the Pro-forma Consolidated Income Statement, as stated below (jointly in the “Pro-forma Consolidated Financial Information”), were prepared by adjusting the Group’s historical data, taken from the Consolidated Financial Statements included in Italeaf’s and Terni Research’s audited annual reports for 2013 and Italeaf’s unaudited interim reports for the period from 1 January 2014 to 31 March 2014, with the aim of simulating the main effects that the Demerger with Terni Research could have on Italeaf’s financial position and income statement. The section should be read in conjunction with the section “Comments on the Financial Development” below. Italeaf’s unaudited interim reports for the period from 1 January 2014 to 31 March 2014 and Italeaf’s and Terni Research’s audited financial statements for 2012 and 2013 and accompanying notes and auditor’s report, which are all incorporated by reference.

The accounting principles adopted to prepare the Pro-forma Consolidated Financial Information and the Consolidated Financial Statements are the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and adopted by the European Union.

On 13 February 2014 a deed was executed before the Notary Public ruling the partial proportional and reverse demerger of Terni Research, as a demerged company, and Italeaf, as beneficiary company. As an effect of this transaction, the majority of the assets and liabilities owned by Terni Research, including the controlling stake held by Terni Research in TerniEnergia, was passed to Italeaf. For the purpose of the Company Description the transaction is defined as the “Demerger”. The assets and liabilities, transferred as a result of the Demerger, have been recognized in the financial statements of Italeaf at the same value as they were recognized in the accounts of Terni Research. The operation did not reveal surplus values and has been carried out at constant values.

INCOME STATEMENT

Reclassified Income Statement	Consolidated	Pro forma Consolidated	Pro-forma Consolidated
€/'ooo	Three months ended 31 March 2014	Three months ended 31 March 2013	Full Year 2013
Net revenue from sales and services	10,605	9,131	68,084
Production costs	(4,714)	(6,219)	(49,740)
Added value	5,891	2,912	18,343
Personnel costs	(1,672)	(2,006)	(7,130)
EBITDA	4,219	906	11,213
Amortization, depreciation, provisions and write- downs	(2,032)	(877)	(8,419)
EBIT	2,188	29	2,795
Financial income and charges	(2,182)	1,544	(2,328)
Portions of results attributable to the JV	23	(147)	2,718
Pre- tax result	29	1,427	3,185
Income taxes	212	167	763
Net profit for the period	240	1,593	3,948

BALANCE SHEET

Reclassified Balance Sheet	Consolidated	Pro-forma Consolidated	
€/ooo	As of 31 March 2014	As of 31 March 2013	As of 31 December 2013
Intangible assets	5,290	5,586	5,268
Property, plant and equipment	186,292	151,931	187,356
Financial fixed assets and other intangible assets	27,375	17,971	24,996
Fixed Assets	218,957	175,488	217,620
Inventories	8,993	8,339	8,530
Trade receivables	31,934	34,962	28,381
Other assets	11,526	14,882	16,065
Trade payables	(24,450)	(20,247)	(32,648)
Other liabilities	(10,021)	(15,679)	(9,039)
Net working capital	17,983	22,258	11,289
Provisions and other non- trade liabilities	(15,601)	(13,115)	(14,696)
Net Invested Capital	221,339	184,630	214,214
Shareholders' Equity	58,993	54,961	61,490
Current net financial position	15,421	54,354	31,780
Non- current net financial position	146,926	75,315	120,943
Total net financial position	162,346	129,669	152,724
Total indebtedness and Equity	221,339	184,630	214,214

CASH FLOW STATEMENT

Reclassified Balance Sheet	Consolidated	Pro-forma Consolidated	
€/ooo	As of 31 March 2014	As of 31 March 2013	As of 31 December 2013
Cash flows from operating activities	(7,015)	(2,792)	20,150
Cash flows (used in)/generated by investing activities	(485)	279	(12,501)
Cash flows (used in)/generated by financing activities	11,026	4,023	4,408
Net increase/(decrease) in cash and cash equivalents	3,525	1,510	12,056

COMMENTS ON THE FINANCIAL DEVELOPMENT

The Consolidated Financial Statements included in the tables above relate primarily to the Consolidated Financial Statements of TerniEnergia, the main subsidiary of Italeaf. The other subsidiaries of Italeaf are still in the start-up phase and therefore do not contribute significantly to the financial results of the Group.

FIXED ASSETS

As of 31 March 2014, the Total Fixed Assets amounted to EUR 219.0 million, represented mainly by the property, plant and equipment of TerniEnergia. TerniEnergia, as of 31 March 2014, owns 34 PV plants with a total capacity of 34.3 MWp, a tyre recycling plant, a bio digester plant and a water treatment plant. In addition, TerniEnergia has the following plants under construction: a second bio digester plant, a biomass plant and a second tyre recycling plant. The Fixed Assets also include the value of the real estate property of Italeaf S.p.A. (the industrial estate of Nera Montoro Park and the incubator located in Terni) and a PV plant with a capacity of 1 MWp installed on the roof of the Nera Montoro industrial building. The change recorded in the Fixed Assets from 2012 to 2013 is mainly due to the full consolidation in TerniEnergia of the companies originally owned by the Joint Venture (in 2012 TerniEnergia owned 9 PV plants with a total capacity of 9.1 MWp, compared to 34 plants with a capacity of 34.3 MWp as of 31 December 2013).

WORKING CAPITAL

Italeaf's net working capital decreased as of 31 December 2013, primarily due to the significant payments received during 2013 (especially in relation to the credits earned in the last quarter of 2012 from TerniEnergia Hellas for work done in Greece) and an increase in the timing of payments of account payable. The amount of net working capital as of 31 March 2014 is in line with the previous situations.

NET FINANCIAL POSITION

The Net Financial Position as of 31 March 2014 amounted to EUR 162.3 million, divided into short-term portion of EUR 15.4 million and a long-term portion of EUR 146.9 million. The Net Financial Debt mainly relates to the TerniEnergia Group (EUR 144.6 million as of 31 March 2014, of which EUR 4.8 million is the short-term portion and EUR 139.8 million is the long term portion). The indebtedness is mainly attributable to financial leases and loans related to debt incurred to financing the PV plants of TerniEnergia. The debt for financial leases also includes the leasing related to the bio digester plant and tyre recycling plant located in Nera Montoro. The remaining part of TerniEnergia's debt relates to corporate financing of EUR 15 million and to a bond issued in February 2014. The bond, called "TerniEnergia 2019" amounts to EUR 25 million, with a duration of five years at a fixed rate of 6.875 % with annual coupons and full repayment at maturity. The bond is traded at the ExtraMOT PRO, the professional segment of the bond market ExtraMOT managed by Borsa Italiana. The change recorded in the Net Financial Position from 2012 is attributable mainly to the consolidation of certain companies previously held in the Joint Venture (see the comments above relating to the Fixed Assets).

REVENUE AND EARNINGS

Consolidated revenues for 2013 amounted to EUR 68.1 million, a decrease of 3 % compared to the previous year. Faced with a decrease recorded in the EPC activity, the revenues in 2013 recorded a higher rate of revenues from the industrial plants owned by the TerniEnergia Group (in particular from the production and sale of solar electricity). An important contribution was also made by the “Environment business” thanks to the activities developed from the treatment plants in operation (a bio digester plant, a tyre recycling plant and a water treatment plan). The contribution from the “power generation” and “environment” activities has more than offset the decrease recorded in the EPC activity, the core business of TerniEnergia. The revenues from the industrial plants are stable and characterised by high margins.

As of 31 March 2014, the Group recorded consolidated revenues of EUR 10.6 million, an increase of 16 % from the same period in 2013 (EUR 9.1 million). Revenues of EPC in the PV sector amounted to EUR 4.9 million, and are related to the work for the realisation of a PV plant in South Africa. The revenues from power generation increased compared to the same period in 2013, as a result of the consolidation of companies previously held in the Joint Venture during 2013.

The EBITDA amounted to EUR 11.2 million as of 31 December 2013, an increase of EUR 2.4 million compared to the previous year and the EBITDA margin amounted to 16.5 % (12.6 % in 2012). The increase in the EBITDA margin was primarily attributable to the different composition of revenues compared to the previous year, with an increase in revenues from the power generation and environment activities. The high profitability is also thanks to the gains recorded in 2013 from the sale of certain Joint Venture companies.

EBITDA increased from EUR 0.9 million in the first quarter of 2013 to EUR 4.2 million in the first quarter of 2014. The significant increase in EBITDA was attributable to the increased revenues from power generation in the first quarter of 2014, and also to the recognition of the price

received from a client for the design activities of important PV plants in South Africa, with high added value.

As of 31 December 2013 the EBIT amounted to EUR 2.8 million (EUR 2.7 million as of December 2012), after amortization of EUR 8.4 million (EUR 6.2 million as of December 2012). The greater impact of the amortization is due to the significant increase in Fixed Assets recorded during 2013.

Net profit as of 31 December 2013 amounted to EUR 3.9 million, an increase of EUR 0.9 million compared to the same period the previous year. The result of the Joint Venture item has clearly exceeded the negative impact of financial charges. The result of the Joint Venture item registered in 2013 benefited from an extraordinary gain on the application of the tax benefit; financial management in 2013 benefited from the recognition of income thanks to the revaluation of the shares originally held by those companies in the Joint Venture, which TerniEnergia acquired control of during 2013.

Net profit as of 31 March 2014 amounted to EUR 0.24 million, a decrease of EUR 1.4 million compared to the same period in 2013. The variation is mainly due to the recognition of income due to the revaluation of the shares originally held by those companies in the Joint Venture in the first quarter of 2013, and of which TerniEnergia acquired control during the first three months of 2013.

FINANCIAL DEVELOPMENT

AFTER 2014-03-31

TERNIENERGIA SIGNED MEMORANDUM OF UNDERSTANDING FOR THE ACQUISITION OF FREE ENERGIA S.P.A.

On 23 April 2014, TerniEnergia and Italeaf entered into a memorandum of understanding with the shareholders of Free Energia S.p.A. ("Free Energia") for the acquisition of 100 % of the share capital of the company.

Free Energia had revenues of approximately EUR 100 million in 2013 and recorded a revenue growth of 100 % in the first quarter of 2014, compared to the previous financial year. The company is an innovative energy trader, providing energy to electricity consumers and/or consolidated re-sellers but more importantly, carrying out advanced hedging and trading planning. Organised in a simple and flexible structure, the company is able to seize the opportunities of a market characterized by rapid and complex changes, satisfying the energy needs of its customers.

The structure of the transaction, if it meets the conditions for a final settlement, will consist of a capital increase in TerniEnergia, reserved to the shareholders of Free Energia, to be subscribed through the transfer of shares to Free Energia, without cash disbursement. The estimated value of the transaction is approximately EUR 15 million.

SHAREHOLDERS' MEETING OF ITALEAF APPROVES 2013 FINANCIAL STATEMENTS AND A DISTRIBUTION OF DIVIDENDS EQUAL TO EUR 0.08 PER SHARE

On 28 April 2014, the shareholder's meeting of Italeaf approved the financial statements as of 31 December 2013 and approved the distribution of a dividend equal to EUR 0.08 per ordinary share, for a total amount of EUR 1.2 million. The dividend was paid before the end of June 2014.

THE SHAREHOLDER'S MEETING OF ITALEAF APPROVED A CAPITAL INCREASE FOR ACHIEVING LISTING REQUIREMENTS

On June 16, 2014, the shareholder's meeting of Italeaf approved a capital increase for a maximum amount of EUR 800,000.00, with the exclusion of the option right, for a total maximum counter value of EUR 2,000,000.00, to be realized through the issuance of a maximum number of 800,000 new Shares having an issue price equal to at least EUR 2.50 each, with the purpose of meeting the necessary requirements for the listing on NASDAQ OMX First North. The newly issued Shares were issued by way of a private placement, for a price of EUR 2.5 per share, directed to investors in Italy and abroad (excluding the United States of America, Canada, Japan and Australia or any other jurisdiction where an offering to subscribe for Shares cannot be made in accordance with laws and regulations in such jurisdictions or where subscription of securities requires additional prospectuses, registration- or other measures than those required under Swedish or Italian law, except for applicable exemptions). The newly issued Shares will upon the listing on NASDAQ OMX First North be deposited with Eminova who in turn will issue SDRs representing the Shares. The SDRs will become listed on NASDAQ OMX First North.

THE RESULT OF THE APPROVED CAPITAL INCREASE

The approved capital increase resulted in 444,000 new shares and an increased share capital of EUR 444,000.00.

KEY RATIOS

Ratios	Consolidated		Pro-forma Consolidated
€/ooo	As of 31 March 2014	As of 31 March 2013	As of 31 December 2013
ROE	4,4%	6,6%	6,9%
EBITDA margin	39,8%	9,9%	16,5%
Current net Financial Position / Equity	0,26x	0,99x	0,52x
Net Financial Position / Equity	2,75x	,36x	2,48x
Net Financial Position / EBITDA	11,18x	17,78x	13,62x

ROE = Net income/Shareholder's Equity = Yearly Net Income divided by Shareholder's equity in percent. Shareholder's equity is calculated by taking the average shareholder's equity for the beginning of the period and the end of the period.

EBITDA Margin = Earnings before interest, taxes, depreciation and amortization divided by revenue.

SHARE CAPITAL AND OWNERSHIP

THE SHARE AND SHARE CAPITAL

The registered, issued and paid-up share capital of Italeaf amounts to EUR 15,444,000.00 divided into 15,444,000 Shares. No maximum share capital needs to be fixed according to Italian law.

The Company's Shares are denominated in Euro (EUR) and have been issued according to Italian law. The Company has one series of Shares and all Shares are paid-up and of the same class and have equal rights. Each Share entitles one vote at a general meeting, equal right to distribution of dividends and a possible surplus in case of liquidation. An amendment of the shareholders voting right or right to the Company's profits require an amendment of the articles of association, which requires an extraordinary resolution at a general meeting.

The Shares in Italeaf are registered in Monte Titoli's central securities depository in Italy. The Shares will be deposited to Eminova, who will act as a depository bank. Eminova will in turn issue Swedish Depository Receipts (SDRs) representing the Shares and the SDRs will be registered in Euroclear Sweden's central securities depository. Both the Share certificates and the SDRs are dematerialized. The ISIN code for the Shares in Italeaf is IT0005028672 and the ISIN code for the SDRs is SE0006143103. Italeaf Shares are without par value. Italeaf has applied for the Shares, represented by SDRs, to be admitted to trading on NASDAQ OMX First North under the short name ITAL SDB. The SDRs will be traded in EUR.

History of Share Capital

The table below outlines historical changes in the share capital of Italeaf.

Date	Type of transaction	Share capital amount	Total number of shares
Dec 2010	Deed of Incorporation	€ 80,000.00	80,0000
Jul 2012	Share Capital Increase by contribution of extraordinary reserves	€ 15,000,000.00	15,000,000
Jul 2014	Share Capital Increase	€ 15,444,000.00	15,444,000

Ownership Structure

Italeaf had 15,444,000 Shares divided between 102 shareholders on the date of this Company Description. The following table illustrates the ownership structure on the Date of this Company Description.

Shareholder	Number of shares / votes	% of shares / votes
Skill & Trust Holding S.r.l.	7 899 736	51.15%
SIFIP S.r.l.	2 077 992	13.46%
Royal Club S.r.l.	1 356 025	8.78%
Giovanni Era	997 708	6.46%
Costruzioni Baldelli S.r.l.	701 137	4.54%
Other shareholders	2 411 402	15.61%
Total	15,444,000	100%

MARKETPLACE

NASDAQ OMX First North in Stockholm is an alternative market, operated by NASDAQ OMX Stockholm AB. NASDAQ OMX First North does not have the legal status as an EU-regulated market. Companies on First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market. The risk in such an investment may be higher than an investment in a company admitted to trading on a regulated market.

DIVIDEND POLICY

According to Italeaf's By-laws, once the allowances of at least 5 % have been subtracted for mandatory legal reserve purposes until it achieves at least 20 % of the share capital, the shareholders' meeting shall be entitled to resolve the distribution, wholly or partially, of the profits resulting from the financial statements to be allocated among the shareholders proportionally to the shareholdings respectively held, save for resolutions of the shareholders' meeting approving to allocate, wholly or partially, profits to extraordinary funds. During the previous four financial years, the shareholders' meeting of the Company resolved on the distribution of dividends. Notwithstanding the fact that there is no guarantee that Italeaf will earn profits in the future, Italeaf's management believes that if profits are generated, they will be shared, wholly or partially, with its shareholders.

CERTIFIED ADVISER

As soon as the Company fulfils NASDAQ OMX First North's listing requirements the Certified Adviser will be Mangold Fondkommission. All companies whose shares are admitted to trading on NASDAQ OMX First North must have an appointed Certified Adviser.

CAPITAL INCREASE IN JULY 2014

In July 2014 Italeaf carried out a private placement of MEUR 2 in order to broaden the shareholder base and therefore creating the necessary free float needed for listing on NASDAQ OMX First North. The private placement was subscribed to approximately 55.5 percent, all paid in cash. Italeaf was provided with approximately MEUR 1.1 before issue costs and got 71 new shareholders. A total of 444,000 shares were issued, at a subscription price of EUR 2.5 per share. After the private placement the number of shares in Italeaf amounts to 15,444,000 and the share capital amounts to EUR 15,444,000.

LIQUIDITY PROVIDER

Mangold Fondkommission and Italeaf have entered into an agreement appointing Mangold Fondkommission as a liquidity guarantee provider. This agreement will only come into force if Italeaf's Shares, represented by SDRs, are listed on NASDAQ OMX First North. Under the liquidity guarantee Mangold Fondkommission undertakes, on an ongoing basis and on its own account, to quote buy and sell rates for Italeaf within a certain interval and agreed volume.

CONVERTIBLE BONDS

As of the date of this Company Description, there are no convertible loans in place.

SHARE OPTION RIGHTS & WARRANTS

As of the date of this Company Description, no share option rights or warrants have been issued or granted by Italeaf.

SHARE-BASED INCENTIVE PROGRAMS

As of the date of this Company Description, Italeaf has no share-based incentive programs in

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

The Board of Directors was appointed from 7 September 2012 until approval of the financial statements as of 31 December 2014. There are no specific agreements between larger shareholders, customers, suppliers or other parties pursuant to which members of the board or senior management that have been elected or appointed.

In the last five years, none of the members of the Board of Directors or senior management have been found guilty in any fraud related cases, been involved in any bankruptcy, liquidation or receivership as a member of a company's administration, management or controlling bodies, been subject to official accusations or sanctions by inspection or legislative or designated professional bodies or been prohibited by a court of law to be a member of a board or management or controlling body of a company.

There are no family ties between the members of the board and senior management stated in the section below. Aside from Stefano Neri's position as a significant shareholder of the Company (see below under "Board of Directors"), no conflicts of interest exist between these persons or between their private interests and the company's interests. None of these persons have accepted any restrictions in the right to dispose of their Shares in the Company.

All persons can be reached at the Company's head office address, which can be found in the section Addresses. The Company is not obliged to comply with the Swedish Code of Corporate Governance and does not intend to do so for the foreseeable future.

BOARD OF DIRECTORS

The governing body of the Company is represented by the Board of Directors (consiglio di amministrazione) which is composed of three members: Stefano Neri, Monica Federici and Ivano Emili. The Board of Directors is vested with all the powers of ordinary and extraordinary¹¹ management of the Company. However, the Board of Directors does not have powers in relation to certain ordinary and extraordinary transactions reserved by law for the shareholders' meeting of the Company.

Stefano Neri CHAIRMAN

Stefano Neri is the founder of Italeaf Group. He is the chairman and legal representative of the Company, appointed on 7 September 2012 until approval of the financial statements as of 31 December 2014. Mr Neri is also the CEO of TerniEnergia S.p.A.

Stefano Neri is the chairman of the Terni section of Confindustria¹², an Italian employers' federation. He held the professorship in legal affairs at the Engineering faculty of the University of Perugia. Since 1985 Professor Neri has been a leading administrative lawyer and since 1997 he has been a qualified legal advisor to the Judicial Council (Magistrature superiori). He has also held the position of expert legal counsel for the Ministry of Public Administration and Coordination of Information and Security Services (Ministro della Funzione Pubblica e per il Coordinamento dei Servizi di Informazione e Sicurezza) in 2001.

Stefano Neri privately holds 377,174 Shares in Italeaf, equal to 2.44 % of the share capital and through Skill & Trust Holding S.r.l. 7,899,736 Shares, equal to 51.15 %. Mr. Neri holds a majority stake of 62.92 % in Skill & Trust Holding S.r.l.



¹¹ Ordinary transactions concern daily operations such as managing ordinary relationships with banks, with personnel or tax authorities while extraordinary transactions are those that do not relate to daily operations including the purchase of shares of another company, commercial agreements that are particularly significant, granting of securities, pledges, significant financial agreements etc.

¹² Confindustria is the Italian employers' federation, founded in 1910. It groups together more than 113,000 voluntary member companies, accounting for nearly 4,200,000 individuals. It aims to help Italy's economic growth through providing assistance to its members.



Monica Federici
CEO

Monica Federici is the CEO of Italeaf S.p.A. and director of Italeaf UK Ltd and Italeaf HK Ltd, subsidiaries of Italeaf S.p.A. Monica Federici was appointed CEO of Italeaf and director of the subsidiaries on 7 September 2012 until approval of the financial statements as of 31 December 2014. On the same date, the Board of Directors of the Company granted Ms Federici ordinary and extraordinary management power for all transactions up to EUR 200,000.00 per transaction.

Monica Federici is also a Non-Executive Director of TerniEnergia S.p.A. She was the CFO of AlpitourWorld H&R S.p.A. from 2006 to 2009 where, as well as managing all the administrative and financial activities of the company, she led different projects related to incoming foreign guests and to the promotion of the company abroad. She graduated in chemistry from the University of Rome "La Sapienza" and has a Master of Business Administration from Bocconi University in Milan.

Monica Federici does not hold any Shares in Italeaf privately or through companies.



Ivano Emili
EXECUTIVE DIRECTOR

Ivano Emili was appointed Executive Director of Italeaf on 7 September 2012 until approval of the financial statements as of 31 December 2014. On the same date, the Board of Directors of the Company granted Mr Emili the ordinary management power for all the transactions up to EUR 200,000.00 per transaction.

Ivano Emili is an authorised representative of TerniEnergia committed to cleantech plants management. From 2010 to 2012 Mr Emili held various positions at TerniGreen acting as an authorised representative of BU Metals and board members well as Chief Executive Officer of Terni Research Ionizing Radiations from 2005 to 2007. Before this he was also a technician for Non-Destructive Testing at the Terni stainless plant from 1966 to 1990. In addition, he is the director of Centrotest Srl since 1985, with technical and operational management responsibilities. He has also been the Provincial President of Casartigiani Association and from 2010 to 2011 he was the Vice president of the CNA Association.

Ivano Emili privately holds 61,192 Shares in Italeaf.

SENIOR MANAGEMENT



Filippo Calisti
CFO

Filippo Calisti has been the CFO of Italeaf S.p.A. since 2014. He joined the Italeaf Group in 2010 as CFO of TerniGreen, which was listed on AIM Italia in November 2010 and then merged into TerniEnergia in 2012. In 2013 he also held the role of Planning and Control Officer in TerniEnergia S.p.A. From 2002 to 2010 he worked for PricewaterhouseCoopers as an auditor. He has a degree in economics from the LUISS Guido Carli University in Rome in 2001.

Filippo Calisti privately holds 2,000 Shares in Italeaf.



Federico Zacaglioni
EXTERNAL RELATIONS AND
DEVELOPMENT

Federico Zacaglioni is the CEO of SkyRobotic S.r.l. and Head of Corporate Communication in TerniEnergia S.p.A. He has been the head of External Relations & Development in Italeaf since 2012. He was a co-founder of Global Media S.n.c., a web content and communication company and acted as the managing director from 1999 to 2005. He was a member of the council of Young Entrepreneurs of Confapi Terni from 2001 to 2004. He has been a Licensed Journalist – Member of Ordine dei Giornalisti (Journalist Society) since 1995 and since 1990 he has held the position of copy editor and contributor for various newspapers and magazines.

Federico Zacaglioni does not hold any Shares in Italeaf privately or through companies.



Cristiano Manzoni
CIO

Cristiano Manzoni is the CIO of Italeaf S.p.A. He has been the CIO of TerniGreen, which was listed on AIM Italia in November 2010 and then merged into TerniEnergia in 2012. He was also a co-founder of RGBit S.r.l., a multimedia and IT services company, and acted as CTO during the period from 2003 to 2009 after which Terni Research acquired the company. From 2003 to 2009, he worked as an IT system administrator and infrastructure consultant covering the networking and security aspects of the projects.

Cristiano Manzoni does not hold any Shares in Italeaf privately or through companies.

AUDITORS

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is composed of 3 effective members and 2 alternates as follows:

- (I) **VITTORIO PELLEGRINI**
Effective auditor and Chairman of the Board of the Statutory Auditors
- (II) **MARCO CHIERUZZI**
Effective auditor
- (III) **PAOLO SEBASTIANI**
Effective auditor
- (IV) **MARCO ROSATELLI**
Alternate auditor
- (V) **FAUSTO SCIAMANNA**
Alternate auditor

EXTERNAL AUDITORS

On 11 July 2012, the Company appointed PricewaterhouseCoopers S.p.A. as the external auditing firm until approval of the financial statements as of 31 December 2016.

On 11 July 2012, the Company also appointed a Board of Statutory Auditors ("collegio sindacale"), which will stay in office until approval of the financial statements as of 31 December 2014.

The Board of Statutory Auditors supervises the compliance of the business activities of the Company with the law and the By-laws. It also supervises that the management of the Company complies with the principles of correct management, and that the administrative and accounting system implemented by the Company is adequate and proper.

The appointment of the Board of Statutory Auditors is required by Italian law, set forth under article 2397 of the Italian civil code.

RISK FACTORS

The risks described below must be considered together with the other information contained in this Company Description. If any of the following risks occur, Italeaf's business and financial performance could be materially adversely affected. The following risk factors are considered by the Board of Directors to be the most relevant and important. The risk factors are not presented in any order of priority or potential financial impact on the Company. They are mere examples and should not be considered to be comprehensive.

Company-Related Risks

RISK CONCERNING POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTIES TRANSACTIONS

At the date of this Company Description, some members of the corporate bodies of Italeaf are also members of corporate bodies of certain other Group companies, therefore involving potential conflicts of interests. The Chairman of Italeaf, Stefano Neri, is a holder of interests as Chairman and Managing Director of TerniEnergia, and he is also Chairman of the main subsidiaries of the corporate group including SkyRobotic S.r.l., GreenLed Industries S.p.A., WiSave S.r.l., GreenAsm S.r.l. and TerniEnergia Polska. Furthermore, Mr Neri is indirectly a controlling shareholder of the Company since he is a majority shareholder of the company Skill & Trust Holding S.r.l., a company which in turn owns a controlling stake in Italeaf. The Managing Director of Italeaf, Monica Federici, is a holder of interests as non-executive Director of TerniEnergia and Managing Director of Italeaf UK and Italeaf HK. Ivano Emili is Executive Director of Italeaf and has a special proxy granted by TerniEnergia for health and safety matters and in addition to this he is also the director of TerniEnergia Polska. The Chairman of the Board of Statutory Auditors of Italeaf, Vittorio Pellegrini, is a member of the Board of Statutory Auditors of TerniEnergia, SkyRobotic S.r.l. and GreenLed Industry S.p.A.

At the date of this Company Description, Italeaf has several contractual relationships with its subsidiaries that qualify as transactions with related parties. Notably, Italeaf and several subsidiaries had, and still have commercial,

administrative, financial and real estate relationships among themselves. At the date of the Company Description such relationships provide, according to the opinion of the management of the Company, economic conditions in line with those of the market. However, there is no guarantee that should such transactions be executed among, or with, third parties, the same relevant contracts or transactions would be negotiated or executed, at the same conditions and modalities.

In the transactions with related parties, there may be a risk of alteration of the property and financial situation and of the economical result of the Company, as well as a risk of conflict of interests. This may be reflected in the market or limited pursuit of the company interest. The Company considers that all the relations among the related parties are substantially regulated on the basis of normal market conditions.

The value of the main transactions with related parties executed by Italeaf, the service agreement and guarantees remuneration, is worth in terms of revenues EUR 1.8 million and EUR 0.9 million respectively per annum.

The Committee for the Transactions with Related Parties of TerniEnergia, composed of three independent directors competent for the examination of the transactions with related parties according to Italian law, has been involved in the preliminary investigation phase through the receipt of prompt and adequate information flows and issued, as far as competent and in the complete autonomy of its components, its positive opinion for the main related parties transactions involving both Italeaf and TerniEnergia.

RISKS RELATED TO THE GUARANTEES PROVIDED TO THE SUBSIDIARIES

The Company has issued several guarantees in the interest of certain Group companies. Notably, Italeaf has issued several guarantees in the interest of TerniEnergia and in favour of banks financing TerniEnergia's activities. Therefore should TerniEnergia result in a default financial situation or be declared bankrupt, Italeaf may be required to indemnify TerniEnergia's creditors.

RISKS RELATED TO THE PRO FORMA DATA

The Pro-forma Consolidated Financial Information was prepared for the purpose of presenting the main effects of the Demerger. More specifically, the Pro-forma Consolidated Financial Information was prepared with the aim to simulate, using accounting policies consistent with the historical data and compliant with the applicable legislation, the main effects of the Demerger on the financial position and income statement of the Group, as if the Demerger had taken place on 31 December 2012, for financial position purposes, and 1 January 2012, for income statement purposes.

Because pro-forma data is prepared in order to simulate the effects of subsequent transactions, despite complying with generally accepted regulations and using reasonable assumptions, there are limits due to the very nature of pro-forma data. Therefore, it is important to keep in mind that, had the Demerger actually occurred on the dates assumed above, the effects would have not necessarily been the same as those presented in the Pro-forma Consolidated Financial Information. Moreover, due to the different purposes for which pro-forma and historical financial data are prepared and the different methods applied to calculate the effects of the Demerger on the Pro-forma Consolidated Balance Sheet and the Pro-forma Consolidated Income Statement, these documents should be read and interpreted without seeking an accounting linkage between them.

Lastly, it should be noted that the Pro-forma Consolidated Financial Information does not intend in any way to represent a projection of future results of the Company and, therefore, should not be used for that purpose.

ITALEAF'S PORTFOLIO COMPANIES MAY NOT BE ABLE TO PAY DIVIDENDS TO ITALEAF

Italeaf is an investment company that strategically focuses on being an active owner of a limited number of listed and non-listed companies. Accordingly, the Company relies on its portfolio companies' ability to pay shareholders. At this point Italeaf is reliant specifically on TerniEnergia's ability to pay dividends in order for Italeaf to finance its future investments.

The ability of the portfolio companies to pay dividends to the Company may vary from time to time. The portfolio companies are exposed to various risks in their operations. Whilst these risks vary between the different portfolio companies, substantial risks relate to:

- the general economic climate and its effect on macro-economic conditions
- continued growth in the cleantech sector
- competition in the sectors where the portfolio companies operate

A significant decrease in the profitability of the portfolio companies may have a negative effect on their ability to pay dividends to Italeaf and thus have a negative effect on Italeaf's operation and financial position.

PERSONNEL

Italeaf currently has experienced personnel familiar with its operations and equity investments. In the event that these people leave the Company, Italeaf is at risk of losing important knowledge about its business. There is also a risk that the process of hiring and training new personnel may be costly and take time.

The employees of the Company are covered by legislation and labour agreements for employment protection. These agreements can decrease the flexibility of Italeaf's possibilities to make restructurings of employees or to cut costs through the reduction of personnel costs.

FOREIGN CURRENCY RISKS

Italeaf is a global firm operating in many countries and has subsidiaries in the United Kingdom and Hong Kong, and is hence subject to a foreign currency risk exposure when compiling financial reports for the Italeaf group. The portfolio companies also operate internationally, and therefore are subject to foreign currency risk in the on going operations and sales outside of the Euro region, mainly from the risk that cash flows from sales differ from those of costs and production. Fluctuations in the exchange rates of currencies that the Company or the portfolio companies handle in their businesses may have a negative impact on their respective financial standing, results and/or cash flows.

INTEREST RATE RISK

Changes in interest rates in Italy and/or the Euro region can affect the interest Italeaf has to pay on their loans and this can affect the result of the Company, positively or negatively.

Market and Industry-Related Risks

RISK RELATED TO START-UP ACTIVITIES

Italeaf's business idea is to develop and invest in start-ups and enable them to grow into profitable companies. Investing in start-ups and developing them into companies involves risks associated with adequately managing the commercial, technological and financial profiles of the new products that the start-ups intend to promote and produce.

BUSINESS CYCLE

Italeaf is subject to changes in macro-economic conditions and the general economic climate. If there were to be a downturn in the economic climate or a financial crisis, Italeaf and its shareholders could be negatively affected. Overall, business cycle changes in the cleantech sector and other relevant industrial sectors can affect Italeaf negatively as this could reduce the dividends obtained from the portfolio companies and/or the financial standing of the Company or its portfolio companies.

LEGAL SYSTEMS IN JURISDICTIONS ITALEAF OPERATES MAY CHANGE IN A DETRIMENTAL WAY

Italeaf is subject to laws and regulations on a national and international level that are becoming increasingly stringent. Italeaf is governed by different laws that may limit the operations of Italeaf and could cause increased costs in the future. Eventual changes to the legal framework within which Italeaf and its subsidiaries operate, such as the introduction of more restrictive laws, could also have a retroactive effect on Italeaf. One such case would be the reduction of the feed-in tariffs of the existing PV plants owned by TerniEnergia and by its direct subsidiaries. Eventual changes in the current laws or in the current system of direct taxes and facilitations, including eventual measures changing the tax nature or changes in the interpretative practice of the applicable laws may significantly influence the activity of Italeaf and may have negative effects on its property and financial situation.

Risks Related to Italeaf's Shares

SHAREHOLDERS WITH SIGNIFICANT INFLUENCE

Stefano Neri is a majority holder in the company Skill & Trust Holding S.r.l. which owns and controls 51.15 % of Italeaf. The shareholding gives him the possibility to exercise a significant influence over the Company, and he is therefore able to affect the outcome of matters that are dealt with at shareholders' meetings. Such matters include resolutions on the election of board members, share issues and dividends. The interests of Stefano Neri and Skill & Trust Holding S.r.l. may differ or be competing with the Company's, and/or other shareholders' interests and it cannot be ruled out that this influence will be exerted in a manner that is not in line with the other shareholders' interests.

LIMITED LIQUIDITY IN THE SHARE OF ITALEAF

Even if the Company fulfils the listing requirements on NASDAQ OMX First North, there may in the future be insufficient trading volume in the Shares, represented by SDRs, and potential investors may therefore face difficulties in realising the underlying value of their investment by selling their Shares in Italeaf represented by SDRs.

FLUCTUATIONS IN THE SHARE PRICE OF ITALEAF

The Company's share price may fluctuate significantly, e.g. as a result of quarterly variations in the results, the general economic situation, macroeconomic circumstances and changes in the stock markets interest in the Company. In addition, the stock market in general could react with extreme price and volume fluctuations due to circumstances which are not necessarily related or proportionate to operational results of individual companies such as Italeaf.

DECLARATION OF PRE-EMINENCE AND LACK OF MARKET DATA

This Company Description includes declarations of pre-eminence, as well as evaluations and estimations on the dimensions and characteristics of the market of Italeaf and on the competitive positioning of the same.

The above estimations and evaluations have been formulated, unless stated otherwise, on the basis of the available data. However, due to the lack of certain and homogeneous data of the sectors of reference – they represent the result of evaluations carried out by the Companies of the above mentioned data, with the consequent degree of subjectivity and inevitable margin of uncertainty deriving therefrom.

CORPORATE GOVERNANCE

PRE-EMPTIVE RIGHTS

The shares of the Company are freely transferable and the Company's By-laws do not provide for any pre-emptive rights. However, pre-emptive rights may be provided in a shareholders' agreement. The Company is not aware of the existence of any shareholders' agreements at the Date of the Company Description. In addition, Italian law provides for pre-emptive rights in favour of the shareholders (in proportion to their respective shareholdings) for the subscription of newly issued shares and convertible bonds deriving from an increase of the corporate capital approved by the shareholders' meeting (such pre-emptive right can be excluded only in specific cases).

THE SHAREHOLDERS' MEETING

The shareholders' meeting represents the universality of shareholders and the resolutions taken in accordance with the laws and the Company's By-laws bind all shareholders, even if dissenting, abstaining from voting and/or not attending.

The shareholders' meeting shall be called whenever the Board of Directors deems it appropriate as well as when required by law but at least once a year and when particular requirements concerning the structure and the object of the Company requires it. The shareholders' meeting will normally be held in Nera Montoro, Italy where the Company has its registered office but may be held at a different location provided that it is held in Italy. Shareholders may attend from a distance via audio- or video equipment provided that certain formalities and rules, as set forth by the By-laws, are respected in order to ensure, among other things, the identification of the participant and this is ascertained by the Chairman.

The Company shall notify Eminova about a shareholders' meeting at the earliest six (6) weeks and at the latest four (4) weeks before the date of the shareholders' meeting. As soon as practically possible hereafter and in any case at least 15 days before the meeting, the Company shall inform the SDR holders about the shareholder's meeting. Notice shall be given by advertisement in at least one (1) Swedish national newspaper distributed daily in addition to the publication in at least one of the following Italian newspapers: Il Corriere

della Sera, MF Milano Finanza and Il Sole 24 Ore. The notification shall include: i) the content of the Company's notice of the shareholders' meeting in accordance with applicable law, ii) the record date for the SDR holders in accordance with section 5, and iii) instructions for SDR holders regarding what measures they must take to be allowed to participate, vote in person or authorize a proxy to vote on behalf of the SDR holder. SDR holders who are registered in the central securities depository register ten (10) calendar days prior to the meeting and who have notified Eminova, or its representative, no later than five (5) calendar days prior the meeting of their intention to participate in the meeting, shall be entitled to attend and vote for their holdings at the meeting, either in person or by an authorized proxy. The Swedish bank, where Eminova has opened a deposit on behalf of customers shall, as the registered owner of the Shares, well in advance of the meeting, issue proxies to the SDR holders who, in accordance with these General Conditions, have expressed their intention to participate in the shareholders' meeting to Eminova or its representative. Such proxies shall be sent to the Company together with a record of the SDR holders for which proxies have been issued.

Eminova shall on behalf of the Company send the SDR holders information that it receives from the Company or, if deemed appropriate in the opinion of the Company on a case by case basis, a summary of such information. As a general rule, the information in its entirety will be in Swedish.

If specifically requested by an SDR holder, the Company shall arrange for an annual report to be sent to that person. The Company shall also publically announce stock market information in accordance with First North's requirements.

The ordinary shareholders' meeting resolves on the subjects set forth by law or By-laws, including the approval of financial statements and the appointment and remuneration of directors and statutory auditors.

EXTRAORDINARY SHAREHOLDERS' MEETING

The extraordinary shareholders' meeting resolves on the subjects set forth by law and notably on the following matters:

- a) the amendment of By-laws;
- b) the appointment, replacement and the definition of powers concerning receivers;
- c) the issuance of financial instruments; and
- d) the issuance of convertible bonds.

SHAREHOLDERS' RIGHTS TO CHALLENGE A RESOLUTION

According to Italian law, every absent, dissenting, or abstaining shareholder may challenge a resolution adopted by the shareholders' meeting that is not compliant with law or the Company's by-laws.

Under Italian law a challenge must be filed:

- 1) within 90 days from the date of the resolution (or, if the resolution is subject to registration or filing with the competent Companies' Register, from the date of such registration or filing);
- 2) if the resolution concerns the approval of the Company's financial statements, the challenge must be filed prior to the approval of the financial statements of the subsequent fiscal year;
- 3) if the resolution is challenged due to the failure to convene the shareholders' meeting, the absence of meeting minutes or the impossibility or unlawfulness of the resolution:
 - i. within 3 years from the date of the registration of the resolution in the corporate book (or, if the resolution is subject to registration or filing with the competent Companies' Register, from the date of such registration or filing); or
 - ii. in case of a resolution to increase or decrease the corporate capital, or to issue bonds, within 180 days from the registration of the resolution with the Companies' Register (or – if the challenge is based on the failure to convene the shareholders' meeting - within 90 days from the approval of the financial

statements of the fiscal year in which the challenged resolution was implemented);

- 4) without any limitation in time, in case of a resolution altering the corporate purpose to provide for unlawful or impossible activities.

The challenge is made by means of a writ of summons addressed to the company and filed at the court of the district where the company has its registered office.

THE RIGHTS, STRUCTURE AND OBLIGATIONS OF THE BOARD OF DIRECTORS

The Board of Directors' powers to resolve upon certain matters that pertain to the competence of the shareholders' meeting, according to article 27, paragraph 2 of the By-laws, does not supersede the general shareholders' meeting competence, that maintains the power to resolve the relevant matter.

The administrative body is vested exclusively with the management of the Company and is in charge of carrying out the transactions necessary for pursuing the corporate objective, provided that a special authorisation is required in the cases set forth by law. The administrative body is also vested with the following competences:

- a) the resolution concerning certain kinds of mergers;
- b) the establishment and closing down of secondary offices having fixed representation as well as of any other office, branch or subsidiary, without fixed representation, either in Italy or abroad;
- c) the identification of directors to be provided with delegating powers;
- d) the reduction of share capital in case of withdrawal of shareholders;
- e) ensuring the By-laws are compliant with legal regulations; and
- f) the transfer of the company's registered office within the national territory.

The Board of Directors may delegate, within certain limits set forth by the Civil Code, part of its responsibilities to one or more of its members

determining their powers and remuneration.

The sole director, or the chairman of the Board of Directors and the vice-chairman, shall be vested with the representation powers separately. The managing directors shall have representation powers within the limits of their delegated powers.

The members of the Board of Directors and the sole director are entitled to the reimbursement of the expenses incurred by reason of their office and to receive the remuneration set by the shareholders' meeting.

The shareholders' meeting must also determine an overall amount for the remuneration of all board members; managing directors included. The remuneration of the managing directors as well as of the ones appointed with positions or particular and/or specific roles is established by the Board of Directors, after hearing the opinion of the statutory auditors' board.

The Italian Civil Code imposes upon the directors of the Company an obligation to fulfill the duties imposed upon them by law or by the Company's By-laws with the necessary and appropriate care considering the nature of the office and each director's specific skills and expertise. According to Italian law, directors' duties can be summarized as follows: i) general duties to manage the company with due diligence and pursue the company's benefit and interest; ii) duties pursuant to specific provisions of laws (e.g. tax, labor, social security, environmental, health and safety laws etc.); iii) specific corporate duties provided by applicable corporate law (e.g. duty to call the shareholders' meeting upon certain circumstances).

A director must disclose to the other directors and to the Board of the Statutory Auditors the nature, the terms, the origin and the extent of the interest that he or she has in a certain transaction that the Company is contemplating (as well as interests on behalf of

a third party). If the managing director is interested in a certain transaction, he or she must abstain from executing the transaction and submit it to the Board of Directors. The Board resolution must adequately justify the reasons for the transaction and why the transaction is beneficial for the Company.

In case of non-compliance with the above provisions, or in the case of a Board resolution being adopted with the deciding vote cast by a director having a conflict of interest, the board resolution may be challenged – provided that it is detrimental to the Company – by the directors and the statutory auditors within 90 days from the date of the resolution. The challenge cannot be filed by any director who approved the resolution (provided that the director informed the Board of his or her conflict of interest). A director with a conflict of interest is liable for damages to the Company deriving from his or her actions or omissions, as well as for damages resulting from the advantage of information and business opportunities of which he or she had knowledge during the term as director.

The shareholders' meeting determines the number of board members as well as the Board of Directors' term of office. The term of office may not exceed three financial years after which the Board of Directors' may be re-elected. According to the Company's By-laws the Company may be managed by a sole director or by a Board of Directors consisting of three to eleven members. The Chairman of the Board of Directors, or at least two board members, may request that a board meeting is held. A board meeting is valid if a majority of the elected board members attend and a resolution is duly passed by a majority of those present at the board meeting.

Italeaf is managed by the Board of Directors made up of three members as follows. The Chairman, Stefano Neri, is a non-executive director. According to the By-laws, in his capacity as Chairman of the Board of Directors, he has the general power to legally represent the Company and the power to call and manage the Board of Directors' Meeting and the

general shareholders' meeting. Mrs. Monica Federici is a managing director, whose delegated powers include ordinary and extraordinary transactions not exceeding EUR 200,000.00 each and the power to carry out all the formalities aimed at incorporating new companies. She is the environmental officer and has responsibility for environmental matters regarding the Company. Ivano Emili is an executive director, whose delegated powers include ordinary transactions not exceeding EUR 200,000.00 each. He is the health and safety coordinator officer, human resources officer and manager for industrial activities and real estate facilities.

The Board of Directors is competent for any other items exceeding the above mentioned amounts.

The Board has not established an internal committee, in consideration of the small size of its administrative body.

THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors monitors compliance with the laws and the By-laws, the principles of correct administration, and the adequacy and effectiveness of the organisation and accounting system adopted by the Company. The Board of Statutory Auditors is an internal independent body, in charge of supervising the Company's compliance with laws, the By-laws and the principles of fair business management, in particular with respect to the adequacy of the organizational, accounting and administrative structures of the Company.

The Board of Statutory Auditors is composed of 3 or 5 standing members and at least 2 deputy members.

The members of the Board of Statutory Auditors must meet certain requirements of professional skills and independence. At least one standing and one deputy member must be enrolled with the Auditors' Register ("registro dei revisori legali"), while the others, if not enrolled with such Register, must be selected among

lawyers, accountants, appraisers, labour consultants, or professors of economics or law. Those who have a parental relationship with the directors of the Company, or of a company belonging to the same group, or have a work or business relationship that may affect their independence with respect to the Company may not be appointed as statutory auditors.

The Board of Statutory Auditors is appointed by the ordinary shareholders' meeting (except for the first members, who is appointed in the deed of incorporation), for a term of 3 fiscal years; the term of office expires upon approval of the financial statements relating to the third fiscal year.

An external auditor may be appointed by the validly convened ordinary shareholders' meeting with the attendance of at least 50% of the corporate capital adopting a resolution by absolute majority (50%+1 vote). Italian law does not provide for the appointment of a special reviewer (Sw. Särskild granskare).

In case an external auditor is not appointed by the Shareholders' meeting, the Board of Statutory Auditors is also in charge of the audit of the Company's accounts.

The shareholders' meeting appoints the Board of Statutory Auditors consisting of three standing and two alternate members. It also appoints the chairman and determines their remuneration for the whole duration of their office.

PREVENTION OF CRIMINAL CONDUCT

The Company has approved procedures aimed at preventing criminal conduct by top management and employees pursuant to Italian Legislative Decree 231/2001, that outlines the direct liability of companies and other legal entities for crimes committed by directors, executives, their subordinates and other subjects acting on behalf of companies or other legal entities, when the unlawful conduct has been carried out in the interest of or to the benefit of the company

concerned.

In order to effectively render the compliance with the requirements set forth by the above mentioned Legislative Decree, the Board of Directors of Italeaf approved a Code of Ethics, whose application is extended to any employee of the Company. The Board of Directors also approved the establishment of a Surveillance Body whose members are the same of the Board of Statutory Auditors, with the task to survey on the adoption, effectiveness and update of the procedures.

THE BY-LAWS

This section should be read in conjunction with the Company's By-laws. The By-laws are the laws established internally by the Company of how the Company is controlled regarding the rights of the Board of Directors, shareholders and managers. These laws are to be followed by the Company, but are subordinated to common law. The By-laws are incorporated by reference to this Company Description.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

THE COMPANY

The Company was incorporated on 6 December 2010 as Nuova TIC S.r.l., an Italian limited liability company (società a responsabilità limitata) by Nuova Terni Industrie Chimiche S.p.A. The registered office is located in Strada dello Stabilimento 1, 05035, Narni (TR), Italy. On 16 January 2012, Nuova Terni Industrie Chimiche S.p.A. merged into Terni Research.

On 11 July 2012, the shareholders' meeting of the Company resolved to adopt the form of a joint stock company (società per azioni) and to change the corporate name by adopting the current corporate name "Italeaf S.p.A.".

As of the date of the Company Description, the share capital of the Company amounts to EUR 15,444,000.00, is fully paid and divided into 15,444,000 Shares. The duration period of the Company has been fixed until 31 December 2050 and each fiscal year ends on 31 December.

The main business of the Company consists of investing in activities in the green economy sector, in the field of the industrial research, technology transfer, production, procurement, transport, transformation, distribution, purchase, sale, use and recovery of energy, including integrated logistics systems and the conservation of the environmental heritage by promoting innovative professional and business capabilities.

GROUP STRUCTURE

As of the date of this Company Description, the Company Group has the composition included under "Group Structure" on page 17 above.

DEMERGER AND INTRA COMPANY RELATIONSHIPS

On 11 February 2014, Terni Research and Italeaf entered into a demerger deed in connection with the transfer of certain assets from Terni Research to Italeaf. The assets included, among others, the following:

- (i) 56.07 % of the share capital of TerniEnergia;
- (ii) 100 % of the share capital of Italeaf;

- (iii) 13 % of the share capital of GreenLed;
- (iv) certain minority shareholding in BPV and Vita Editoriale S.p.A.; and
- (v) other assets.

Before the merger Italeaf was a wholly owned subsidiary of Terni Research, owned by several shareholders. The majority was owned by Skill & Trust Holding (approximately 52 % of the share capital). By virtue of the Demerger, the Shares of Italeaf were assigned proportionally to the shareholders of Terni Research. Hence the shareholders (and the proportions) of Italeaf are the same as they were in Terni Research.

SIGNIFICANT AGREEMENTS

FRAMEWORK AGREEMENT WITH LAMSE S.P.A., LOFIN S.R.L., A. CASOLARO, A. MARANO, R. M. MELLONE AND LUCOS ALTERNATIVE ENERGIES S.P.A. RELATING TO THE PURCHASE OF 70 % OF LUCOS ALTERNATIVE ENERGIES S.P.A.

On 9 August 2011, TerniEnergia, Lucos and Lucos' shareholders signed a framework agreement regarding the purchase by TerniEnergia of 70 % of the share capital of Lucos Alternative Energies S.p.A. ("Lucos") (which owns 70 % of LytEnergy S.r.l. and 50 % of Enerflus S.r.l.), partly through the subscription of a capital increase of Lucos (approved by the latter's shareholders on 12 September 2011) and partly through the purchase of Lucos' shares from certain shareholders (which occurred on 3 October 2011; a portion of the price for such Lucos' shares was paid by TerniEnergia by transferring to the selling shareholders 281,101 treasury shares). On 2 July 2014, TerniEnergia purchased the remaining 30 percent of Lucos' share capital - making the company a wholly owned subsidiary of TerniEnergia in accordance with the framework agreement mentioned above.

PRELIMINARY AGREEMENT FOR THE ACQUISITION OF 100 % OF FREE ENERGIA S.P.A.

On 23 April 2014 Italeaf and TerniEnergia entered into

a Letter of Intent for the purchase of 100 % of the share capital of Free Energia S.p.A. ("Free Energia") The transaction (which is subject to various conditions precedent, including the performance of legal, financial and tax due diligence on TerniEnergia and Free Energia and the agreement by the parties on a consolidated business plan) shall be carried out through a merger by incorporation of Free Energia into TerniEnergia. The structure of the transaction, if passing the conditions for a final settlement, will consist of a capital increase in TerniEnergia, reserved to the shareholders of Free Energia, to subscribe through the transfer of shares to Free Energia. The estimated value of the transaction is approximately 15 million Euros and there will be no cash outlay.

DISPUTES

Neither Italeaf or its subsidiaries are or has been a party to any disputes, legal proceedings or regulatory actions which may have a material effect on the Company's business, financial position or result, nor does it anticipate any such disputes, except for the following disputes concerning TerniEnergia:

LITIGATION CONCERNING AN EPC CONTRACT FOR THE CONSTRUCTION OF PV PLANT IN SARDINIA (ITALY)

The dispute concerns the divestiture made by a client against TerniEnergia on a PV system on greenhouses constructed in Sardinia in the municipality of Milis. The client suspended a payment of EUR 7 million.

TerniEnergia, in relation to a loan owed by the customer, sought and obtained an injunction to pay, that was challenged by the client and the relevant proceeding is still pending.

LITIGATION MADA SRL

This litigation relates to the unfulfillment of a client to pay for the work performed for the construction of a PV

system of 997 kWp. The following actions can be taken by the company if no payment has been received after repeated requests:

- removal of the solar panels and other removable materials from the site (as agreed in writing between the parties).
- proposed subpoena to appear before the Court of Terni, in order to ascertain the gross misconduct of the customer, to fulfil the contracts and therefore, to obtain the termination of such contract resulting in condemnation of the customer to pay all damages suffered and the amount of EUR 1,046,890.00 (the amount identified as the loss of earnings, classified as 30 % of the contract price as the total amount was equal to EUR 3,489,640.00) or a greater or smaller amount that will be determined in the course of the proceedings.

LITIGATION REGNI

TerniEnergia is involved in two disputes with Eredi Regni, which arose as a result of the failure by the latter to grant a right of common necessary for the passage of the conduit of a PV system owned by TerniEnergia. The first dispute is pending before the Council of State, promoted by Eredi Regni against TerniEnergia and aims to obtain the order for demolition and restoration of part of the conduit realized in the absence of a pretended right of common. The second dispute was promoted by TerniEnergia against the Eredi Regni before the Court of Perugia in order to obtain the promised granting of the right of common.

INSURANCES

The management of the Company believes that the Company maintains insurance coverage which is sufficient for risks related to the operations of the Company and consistent with industry practice. However, as indicated under the section Risk Factors, some risks are such that they may not be fully insurable or that policy limits may be exceeded in case of significant damages.

INTELLECTUAL PROPERTY RIGHTS

Italeaf has no material intellectual property rights. Italeaf UK has proprietary right on the patent named TR WOK, a method for instantly evaluating the quality of weld. TerniEnergia has proprietary rights on TR Wide Band Sniffer and TR Secure, an anti-removal sensor of PV panels.

REAL PROPERTY

Italeaf owns an industrial estate in Nera Montoro Park (Italy), where production and other large scale operations of the portfolio companies are located. The total area of the industrial complex is 24 hectare, out of which 2.3 hectare is currently covered by building. In addition, the Company owns a facility where the incubator is located in Terni. The total area of this facility is 2,000 square meters, with a total covered surface of 1,800 square meters.

The book value of the above mentioned real estate property is 21 million euro, as confirmed by the report of an independent expert.¹³

ENVIRONMENTAL MATTERS

PAST CONTAMINATION (NERA MONTORO SITE)

The remediation procedures of the soil have been completed. A groundwater remediation procedure is pending on the Nera Montoro site. Contamination is mainly due to the chemical activities carried out by previous operators of the site. The clean-up obligations concerning the groundwater remediation is under TerniEnergia's responsibility. Syndial (previous owner of the site) undertook to reimburse to TerniEnergia the management costs for remediation of groundwater plus costs for implementing the remediation plant. The remediation plan consists, inter alia, of the installation of a new liquid waste treatment plant, but still needs to be approved by the authorities, so costs and timing

for completion of the relevant clean-up activities are not foreseeable. Contamination of groundwater is currently dealt with through a measure consisting of a system of water pumping (hydraulic barrier) from 48 wells and subsequent treatment of extracted water in two plants: a physic-chemical plant (TAF) and a biological plant.

LOCK-UP AGREEMENTS AND PRE-EMPTIVE RIGHTS

No lock-up agreements and pre-emptive rights exist.

SHARE-BASED INCENTIVE PROGRAMS

No share-based incentive programs exist.

RELATED PARTY TRANSACTIONS

Since Italeaf is an investment company, commercial and operational agreements are executed by its subsidiaries. Therefore, Italeaf typically enters into service and financial agreements which are functional to the development of its group companies as follows:

a) Service contracts with the subsidiaries: Italeaf provides the subsidiaries with administrative and logistic services (including the lease of the properties located in Nera Montoro and Terni, in Milan and in Lecce), legal and corporate affairs, management of human resources and IT systems; the main contract is with TerniEnergia for a value of about EUR 1.8 million. These contracts are the main source of revenue for Italeaf.

b) Guarantees issued in the interest of TerniEnergia: Italeaf is granted by primary credit institutions guarantees on the banking credit facilities of TerniEnergia for a total of about EUR 53 million for which it receives a fee amounting to 2 % per year of the guaranteed value (corresponding to about EUR 1 million per year) from the subsidiary; this is another important source of revenue for Italeaf.

¹³ The report is dated 13 December 2013

TAX ISSUES IN SWEDEN

The following is a summary of certain Swedish tax consequences that may arise from the listing of Italeaf's shares, represented by SDR's on NASDAQ OMX First North. It is based on Swedish tax legislation currently in effect and is intended only as general information for SDR holders who are resident in Sweden for tax purposes, unless otherwise stated. The summary does not deal comprehensively with all tax consequences that may occur in this context. For instance, it does not cover the specific rules that may apply to shares acquired by virtue of shares in a "closely held company" (Sw. *fåmansforetag*). Also, it does not deal with the rules that in certain cases apply in the corporate sector with respect to tax exempt capital gains and dividends on "shares held for business purposes" (Sw. *näringsbetingade andelar*) or "share based securities" (Sw. *aktiebaserade delägarätter*). Nor does this description deal with the rules that apply where shares are held by a partnership or held as current assets in a business operation or in a securities investment account (Sw. *investeringssparkonto*). Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and mutual funds. Each investor is recommended to consult a tax advisor for information with respect to the special tax consequences that may arise from the Offering, including the applicability and effect of foreign tax legislation, provisions in tax treaties for the avoidance of double taxation and other rules which may be applicable.

1. General information

1.1 Individuals

Capital income, such as dividends and capital gains on the sale of listed shares and other listed securities, is taxable as income from capital at a rate of 30 %. For unlisted shares only 2/3 of the profit is taxed which leads to an effective rate of 20 %

The capital gain or capital loss is calculated as the difference between the sales proceeds, after deduction of sales expenses, and the acquisition cost for tax purposes. The acquisition cost is determined according to the "average

method". This means that the acquisition cost for all shares of the same type and series are added together and determined collectively, with respect to changes to the holding. For listed shares the acquisition cost may, as an alternative, be determined as 20 % of the net sale revenue under the "standard rule".

Capital losses on listed shares and listed securities (except for listed shares in mutual funds containing only Swedish receivables) are fully deductible against taxable capital gains on such assets or on non-listed shares in Swedish limited liability companies and foreign legal entities. 70 % of any excess loss is deductible against other types of capital income.

Moreover, only five sixths (5/6) of capital losses on non-listed shares in Swedish limited liability companies and foreign legal entities are deductible. If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. Part of capital losses on listed shares or non-listed shares in Swedish limited liability companies and foreign legal entities not deducted in accordance with the above, may be deducted by 70 % against other capital income or five sixths (5/6) of 70 % respectively. Capital losses on listed shares in mutual funds containing only Swedish receivables are fully deductible in the income from capital category.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as the real estate tax and the municipal real estate fee, is allowed. The tax reduction amounts to 30 % of any deficit not exceeding SEK 100,000 and 21 % of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a later fiscal year.

1.2 Legal Entities

Limited liability companies and other legal entities are normally taxed on all income, including capital gains and dividends, as income from business operations at a flat rate of 22 %. For the calculation of capital gains and losses, see

“Individuals” above. A capital loss on shares incurred by a corporate shareholder may be offset only against taxable gains on shares or other securities. Such capital losses may, however, under certain circumstances, also be deducted against capital gains on such securities within the same group of companies, provided the requirements for group contributions (tax consolidation) are met. Capital losses on shares or other securities, which have not been deducted from capital gains within a certain year, may be carried forward and be offset against such capital gains in future years without any limitation in time.

2. Taxation of dividends

For individuals, dividends on listed shares are normally taxed at a rate of 30 %. For individuals resident in Sweden, preliminary tax of 30 % is withheld on the dividend if the payment is effected by any central securities depository or similar institution. This preliminary tax is normally withheld by Euroclear Sweden or, for nominee-registered shares, by the nominee.

For legal entities liable to tax in Sweden for dividends, dividends on listed shares are taxed at a flat rate of 22 %. Special rules apply for certain types of legal entities.

TAX ISSUES IN ITALY

The statements set out below are intended only as a general guide to certain aspects of current Italian tax law and practice and apply only to non-Italian tax resident holders of SDRs, without a permanent establishment in Italy to which SDRs are effectively connected. In addition, the following summary does not discuss the tax treatment of SDRs that are held in connection with a permanent establishment or fixed base through which a non-Italian tax resident holder carries on business or performs personal services in Italy. The summary does not purport to be a complete analysis or description of all the potential tax consequences of acquiring or holding SDRs. Prospective applicants for SDRs are advised to consult their own tax advisers regarding the consequences under Italian law of the acquisition, ownership and disposal of SDRs and in relation to possible changes in law. This summary is based upon current Italian law, as in effect at the date of this document and as subject to change at any time, possibly with retroactive effect.

1. Withholding Tax on Dividends

In general, dividends paid by Italian corporations to non-Italian resident beneficial owners without a permanent establishment in Italy to which ordinary shares or SDRs are effectively connected, are subject to final Italian withholding tax or substitute tax, in the case of dividends on underlying shares registered in Monte Titoli's central securities depository in Italy, at the rate of 26 %, unless reduced by an applicable double taxation treaty or Italian domestic legislation.

Reduced rates (normally 15 %) of withholding tax (or substitute tax) on dividends apply to non-Italian resident beneficial owners of ordinary shares or depository shares who are entitled to and timely comply with procedures for claiming benefits under an applicable income tax treaty entered into by Italy. Italy has concluded income tax treaties with over 60 foreign countries, including all European Union member states, Argentina, Australia, Brazil, Canada, Japan, New Zealand, Norway, Switzerland, the United States and some countries in Africa, the Middle East and East Asia. It should be noted that in general the income tax treaties are not applicable if the beneficial owner is a tax-exempt entity or, with a few exceptions, a partnership or a trust.

Under the tax treaty against double taxation between Italy and Sweden (the “Treaty”), Italian withholding tax or substitute tax at a reduced rate of 15% will generally apply to dividends paid by an Italian corporation to a Swedish resident entitled to Treaty benefits who timely complies with the procedures for claiming such benefits, provided the dividends are not effectively connected with a permanent establishment in Italy through which the Swedish resident carries on a business or with a fixed base in Italy through which the Swedish resident performs independent personal services.

The Italian legislation provides for the application of a reduced 1.375% withholding tax on dividends paid by an Italian corporation to non-resident beneficiary entities without a permanent establishment in Italy to which ordinary shares or SDRs are effectively connected, provided that the non-resident beneficiary entities are (i) subject to corporate taxation and (ii) resident in an EU Member State

or in other states which adhere to the “Accordo sullo spazio economico europeo” (the “European Economic Area”), which are included in an ad hoc “white list” still to be released with a proper decree. Provisional disposals provide that, in the meantime, reference is to be made to the decree dated September 4, 1996, which reports the list of countries allowing an adequate exchange of information with the Italian tax authority.

The currently applicable Italian domestic legislation provides for the application of a reduced 11 % withholding tax or substitute tax on dividends paid by an Italian corporation to non-Italian resident pension funds established in an EU Member State or in other states which adhere to the “Accordo sullo Spazio Economico Europeo”, which are included in the above-mentioned “white list” of countries allowing an adequate exchange of information with the Italian tax authority.

Under Italian law, dividends paid on shares held in the Monte Titoli system to non-Italian beneficial owners without a permanent establishment in Italy to which the shares or SDRs are effectively connected are subject to a substitute tax on the same conditions and at the same rate as the withholding tax mentioned above, but which may be reduced under an applicable double-taxation treaty.

This substitute tax will be levied by the Italian authorized intermediary that participates in the Monte Titoli system and with which the securities are deposited, as well as by non-Italian authorized intermediaries participating in the Monte Titoli system (directly or through a non-Italian centralized deposit system participating in the Monte Titoli system), through a fiscal representative to be appointed in Italy. Since the Shares, represented by SDRs, are registered in the centralized deposit system managed by Monte Titoli, the substitute tax regime will apply to dividends paid by the Company, instead of the withholding tax regime. For a non-Italian resident beneficial owner of the Shares, represented by SDRs, to obtain a reduced rate of substitute tax on dividends pursuant to an applicable income tax treaty entered into by Italy, including the Treaty, the following procedure must be followed. The intermediary with whom

the shares are deposited must timely receive:

- a declaration by the beneficial owner of Shares, represented by SDRs, that contains all the data identifying this person as the beneficial owner and indicates the existence of all the conditions necessary for the application of the relevant income tax treaty, as well as the elements that are necessary to determine the applicable treaty substitute tax rate; and
- a certification by the tax authorities of the beneficial owner’s country of residence that the beneficial owner of the Shares, represented by SDRs, is a resident of that country for the purposes of the applicable income tax treaty. The intermediary must keep the foregoing documentation for the entire period in which the Italian tax authorities are entitled to issue an assessment with respect to the tax year in which the dividends are paid and, if an assessment is issued, until the assessment is settled.

A non-Italian resident beneficial owner of the Shares, represented by SDRs, can obtain application of substitute tax on dividends of Italian source at a reduced rate of 1.375% or 11%, as applicable, from the intermediary with which the shares are deposited by promptly submitting ad hoc request, together with proper documentation attesting to the residence and status of the beneficial owner (including a certificate of tax residence from the competent foreign tax authorities).

As an alternative to the application of the more favorable treaty rate of substitute tax on dividends or where an income tax treaty does not apply, and except for entities that benefit from the above-mentioned 1.375% or 11% substitute tax, under domestic Italian law non-resident stockholders can claim a refund of an amount up to eleven twenty-sixth (11/26) of the 26% substitute tax on dividend income from Italian tax authorities provided that (i) they implement an ad hoc refund procedure in accordance with the terms and conditions established by law, and (ii) they provide evidence that this dividend income was subject to income tax in their country of residence in an amount at least equal to the total refund claimed. Beneficial owners of Shares, represented by SDRs, should contact their tax advisors concerning the possible availability of these refunds, the payment of which is

normally subject to extensive delays.

Dividends paid to international entities and bodies which benefit from income tax exemption in Italy by operation of law or international treaties which have entered into force in Italy are not subject to substitute tax.

Distributions of newly issued ordinary shares to beneficial owners with respect to the Shares, represented by SDRs, that are made as part of a pro rata distribution to all stockholders based on a gratuitous increase of the share capital through transfer of reserves or other provisions to share capital generally will not be subject to Italian tax.

2. Tax on Capital Gains

Upon disposal of ordinary shares or SDRs of an Italian resident corporation, capital gains realized by non-Italian resident individuals and foreign corporations without a permanent establishment in Italy to which the ordinary shares or SDRs are effectively connected may be subject to taxation in Italy. However, the tax regime depends on whether the interest (ordinary shares, SDRs and/or rights) disposed of is “qualified” or “non-qualified.” The disposal of a “qualified” shareholding in a corporation having shares, SDRs, securities and/or rights through which shares may be acquired which are not listed on a regulated market (such as the Company) is defined to occur when a stockholder (i) owns shares, SDRs and/or securities and/or rights through which shares may be acquired representing in the aggregate more than 25 % of the share capital or 20 % of the shares with voting rights at an ordinary stockholders’ meeting of the corporation and (ii) in any twelve-month period following the date the ownership test under (i) is met, such stockholder engages in the disposal of shares, SDRs and/or of securities and/or rights through which shares may be acquired that individually or in the aggregate exceed the percentages indicated under (i) above.

Capital gains realized by non-Italian resident stockholders upon disposal of a “non-qualified” shareholding, are in principle subject in Italy to a capital gain tax (“CGT”) at 26 %, while Italian ordinary taxation on 49.72 % applies on the capital gain realized upon disposal of a “qualified”

shareholding.

However, an exemption from CGT on sale of non-qualified shareholdings is provided by domestic legislation for gains realized by (i) stockholders resident, for tax purposes, in white-listed States or territories allowing for adequate exchange of information with Italy, (ii) international bodies or entities set up in accordance with international agreements which have entered into force in Italy; (iii) institutional investors, whether or not subject to tax, established in a State or territory allowing for an adequate exchange of information with Italy; and (iv) Central Banks or other entities managing, inter alia, the official reserves of a foreign State.

An exemption from CGT may be provided also by provisions of an applicable income tax treaty entered into by the Republic of Italy. The majority of double tax treaties entered into by Italy, in accordance with the OECD Model tax convention (including the Treaty), provide that capital gains realized from the disposition of Italian securities are subject to taxation only in the country of residence of the seller, unless the Italian securities form part of a business property of a permanent establishment of the holder in Italy or pertain to a fixed base available to a holder in Italy for the purpose of performing independent personal services.. Therefore, the capital gains realized by a non-Italian resident, without a permanent establishment or fixed base in Italy to which the Shares or the SDSs are connected, entitled to the benefits of a treaty entered into by Italy in accordance with the OECD Model in respect of taxation of capital gains, will not be subject to Italian taxation, regardless of whether the Shares and/or SDRs, representing the Shares disposed of are considered as a qualified or non-qualified shareholding. Non-Italian residents, who dispose of the Shares or SDSs representing the Shares, may be required to timely provide appropriate documentation establishing that the conditions of non-taxability of capital gains realized pursuant to the applicable income tax treaties have been satisfied (including a certificate of tax residence issued by the competent foreign tax authorities).

3. Inheritance and Gift Tax

Italian inheritance and gift tax is generally payable on transfers of shares of an Italian resident corporation by reason of death or donation, regardless of the residence of the deceased or donor and regardless of whether the ordinary shares and/or SDRs are held outside Italy. Even if no official clarifications of Italian tax authorities exist on the subject matter, same conclusions should reasonably apply on transfer of SDRs representing shares of an Italian corporation.

In particular, transfers of assets and rights (including ordinary shares and/or SDRs) on death or by gift are generally subject to Italian inheritance and gift tax:

- (i) at a rate of 4 % in the case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets (including ordinary shares and SDRs), if any, exceeding, for each beneficiary, Euro 1,000,000;
- (ii) at a rate of 6 %, in the case of transfers made to relatives within the fourth degree or relatives-in-law within the third degree (in the case of transfers to brothers or sisters, the 6 % rate is applicable only on the portion of the global net value of the transferred assets (including ordinary shares and SDRs), if any, exceeding, for each beneficiary, Euro 100,000); and
- (iii) subject to certain exceptions, at a rate of 8 %, in any other case.

The above-described regime may be superseded by the provisions of the double taxation treaties in respect of taxes on estates and inheritances entered into by Italy, including that between Italy and Sweden, if more favorable and where applicable.

4. Stamp duty

Pursuant to art. 13 of the Tariff Exhibit A, Part I, of Presidential Decree No. 642 of October 26, 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by an Italian financial intermediary to a “client” who holds securities deposited with such financial intermediary. The stamp duty applies at a rate of 0.2 % and for “clients” other than individuals cannot

exceed Euro 14,000. In the absence of specific guidelines, the stamp duty may apply both to Italian resident and non-Italian resident “clients”, to the extent that securities are held with an Italian-based financial intermediary.

Since, among others, banks, management companies, insurance companies, investment funds and entities performing financial intermediation activities are not included in the definition of “client”, stamp duty do not apply to such entities.

5. Financial transaction tax

Law No. 228 of December 24, 2012 introduced a new “financial transaction tax” (imposta sulle transazioni finanziarie), inspired by the proposed European transaction tax (as included in the draft of European Directive no. 2011/0261). Subject to certain exceptions, the Italian financial transaction tax shall apply to, among other things, (a) transfers of the ownership of shares issued by companies resident in Italy and (b) transfers of the ownership of financial instruments representing shares indicated under (a) above (as depository receipts in respect of shares of companies resident in Italy).

In relation to such transfers, financial transaction tax shall be applicable at the rate of 0.2 %. For transactions occurring in regulated markets or multilateral trading facilities established in EU Member States (as First North Stockholm is) or in qualified States adhering to the “Accordo sullo spazio economico europeo,” the ordinary rate is reduced to 0.1 %.

GENERAL TERMS AND CONDITIONS FOR SWEDISH DEPOSITARY RECEIPTS IN ITALEAF S.P.A.

ITALEAF S.p.A.(01456730553) (the Company) (has commissioned Eminova Fondkommission AB, reg.no. 556889-7887 (Eminova), on behalf of the depositary receipt holders, to hold shares in the Company (the Shares) deposited in a Swedish bank (or equivalent) and to issue one Swedish depositary receipt (SDR) for each deposited Share in accordance with these general terms and conditions (the General Conditions). The SDRs shall be registered in Euroclear Sweden AB's (EUROCLEAR) register and listed on NASDAQ OMX First North's (First North) multilateral trading platform (MTF).

1. Deposition of Shares and Registration etc.

1.1 The Shares, represented by share certificates, will be deposited on behalf of SDR holders, as defined below, in an account held by Eminova at a Swedish bank (or equivalent). These General Conditions apply to the depositing of Shares and issuing of SDRs. In these General Conditions, a SDR holder is defined as an owner of a SDR or its appointed custodian.

1.2 For each deposited Share, Eminova shall issue one SDR. Eminova does not accept deposits of partial Shares or of an uneven number of participation rights which does not entitle the holder to a whole number of Shares.

1.3 Eminova has the right to refuse acceptance of Shares for deposit in accordance with these General Conditions if the Company, in accordance with Italian, Swedish or other applicable legislation, has restricted the possibility to transfer such Shares, for the purpose of complying with applicable law regarding the limitations of ownership or transfer of shares.

1.4 The SDRs shall be registered in a central securities depository (CSD) register held by Euroclear Sweden AB (EUROCLEAR) pursuant to the (1998:1479) Swedish Financial Instruments Accounts Act. Physical SDRs will not be issued.

2. Deposition and Withdrawal of Shares

2.1 Following payment of all taxes, charges and expenses that may be payable in connection with the deposit of Shares, Shares may be submitted to Eminova for deposit in accordance with these General Conditions along with proper instructions regarding name, address and securities account number in which the SDRs shall be registered, including any other information and documentation which may be required under Swedish or any other applicable law. Applicable Italian stamp tax shall be paid in Swedish kronor/EURO (SEK) and the amount shall be based on the deposited Share's value at the applicable time. Euroclear Sweden and Eminova can not be held liable for the containment, payment or to report Italian transaction tax.

2.2 Following payment of all taxes, charges and expenses that may be payable in connection with the deposit, the Shares may be transferred from the securities deposit provided it is not prohibited to do so pursuant to Swedish, Italian or other applicable legislation, by an official order, or by the Company's Articles of Association, as applicable. Shares withdrawn from the securities deposit shall be transferred to the securities deposit allotted to the SDR holder or as has been agreed upon between Eminova and the SDR holder after the re-registration of the Shares and after deregistration of corresponding SDRs in the CSD register. Any applicable Italian stamp tax shall be paid in SEKEURO and the amount shall be based on the withdrawn Share's value at the applicable time.

2.3 Deposit and withdrawal of Shares pursuant to section 2 may only be conducted through Eminova in Sweden.

2.4 Deposit and withdrawal of Shares pursuant to section 2 may not occur ten days prior to the record day for the shareholders' meeting until after the day of the shareholders' meeting.

2.5 Eminova is entitled to compensation from SDR holders for all fees and costs that occur in connection with the deposit or withdrawal pursuant to section 2, in accordance with Eminova's price list, as applicable.

3. Transfers and pledging of Shares etc.

3.1 Deposited Shares may only be transferred or pledged by way of assignment or by pledging of the SDRs. Transfer and pledging of SDRs must comply with chapter 6 of the Swedish Financial Instruments Accounts Act.

4. Listing of Depositary Receipts on First North

4.1 The SDRs will be listed on First North. If the SDRs are delisted from First North, the Company shall as soon as possible inform Eminova and the SDR holders. Information given to SDR holders must be submitted in the manner outlined in Section 12 below.

5. Record Date

5.1 Eminova and the Company shall in conjunction decide the day (record date) in compliance with the by-laws, which shall be used by Eminova to determine the SDR holders who are entitled to: receive dividends in cash or other property, attend and vote at the shareholders' meetings, receive Shares in connection with a bonus issue, subscribe for Shares, debentures or any other rights in relation to a new share issuance and otherwise exercise rights normally accorded to shareholders of the Company. It is Eminova's and the Company's intention that the record day for dividend and other entitlements, as described above, shall be the same in Sweden and Italy, where practical and feasible.

6. Dividends and Taxes etc.

6.1 Payment of dividends shall be made in EURO to the person registered in the CSD register on the record date as the SDR holder or any other person entitled to the dividend.

6.2 Eminova shall in conjunction with the Company on each occasion of dividend distribution agree on a date for the payment of the dividend (date of payment). Payment of dividends to SDR holders and other entitled holders shall on the date of payment be carried out by EUROCLEAR in accordance with EUROCLEAR Rules for Issuers and Issuer Agents and applicable legislation.

6.3 Eminova shall, before payment of dividend is made to the SDR holder in accordance with these General Conditions, exchange dividends in foreign currency to SEK in accordance with Eminova's applied exchange rate which is to be determined with regard to general market exchange rates. Exchange of foreign currency into SEK shall take place three (3) business days before the date of payment. The dividend amount per SDR is rounded down to the nearest 1/100 SEK.

6.4 Payment of dividends to SDR holders or to anyone entitled to the dividend shall be made without deduction for any costs, charges or similar that is attributable to the Company, Eminova or other. However, deductions shall be made for Swedish preliminary tax, dividend withholding tax or other tax which is relevant pursuant to Swedish law or agreements with foreign tax authorities, as well as any other tax requirements that may be imposed by Sweden or any foreign country's applicable rules.

6.5 In conjunction with the payments of the dividends to the SDR holders or anyone entitled to the dividend, the Company, Eminova, or other, shall withhold and pay the required amount of tax to the tax authorities in Italy, in the event that such an obligation exists. If the Company, Eminova, or its representatives or agents are informed that the distribution of cash, shares, rights or other property subject to taxation or public charges, is to be withheld, the Company, Eminova or its representatives or agents are entitled to withhold the cash, or sell all or part of the property which is financially and practically necessary to pay such taxes and charges. The remaining proceeds, after deduction of taxes and charges, shall be paid by Eminova to the entitled SDR

holders or anyone entitled to the dividend. SDR holders are responsible for any deficiency in capital that may arise after such a disposal as described above.

6.6 Eminova shall attempt to provide SDR holders with the information Eminova has in its possession which SDR holders may reasonably require in order to qualify for such benefits as are granted by an applicable tax treaty.

6.7 Eminova shall in conjunction with the Company decide how non-monetary dividends shall be given to the SDR holders. This could entail property being sold and proceeds, following deductions for sale costs and taxes, will be paid to the SDR holders as outlined in section 6.5 above.

6.8 If dividends are delivered to a recipient who is not entitled to receive dividends, Eminova and the Company nevertheless shall be deemed to have fulfilled their respective obligations, except if Eminova or the Company were aware of dividends being paid to an unauthorized receiver, or Eminova or the Company failed to exercise reasonable care in the circumstances, or if the payment cannot be invoked because the recipient was a minor and the guardian pursuant to the Swedish Parental Code had been appointed as a recipient and such guardianship included receiving dividends.

7. Bonus Issues, Split and Consolidation of Shares

7.1 In the event of a bonus issue, Eminova shall receive the Shares at the earliest possible time and issue an equal number of SDRs to each entitled SDR holder, as well as executing a change of SDR that correspond, pro rata, with the split respectively or the consolidation of the Shares, by ensuring that the necessary registration steps are taken concerning the securities deposits belonging to the depositary receipt holders who are entitled to such Shares.

7.2 Persons who on the record day are noted as a SDR holder or holder of a right in respect to the measure being implemented, shall be entitled to participate in bonus issues, splits and consolidation of Shares. If this person is not an authorized recipient, section 6.8 shall apply accordingly.

7.3 Applicable taxes will be addressed as outlined in section 6.

8. New Share Issue etc.

8.1 If the Company decides to issue new shares, debentures or other rights, Eminova shall from the information provided by the Company, in the manner outlined in section 12, inform SDR holders about the essential conditions for the new share issue. The Company shall prepare such information and submit it to Eminova who in turn will forward it to the SDR holders. The same applies to any other offerings which the Company directs to the Shareholders. The information shall be accompanied by application forms which enable the SDR holder to instruct Eminova to subscribe for Shares, debentures or rights, on behalf of the depositary receipt holder. When Eminova in accordance with the SDR holder's instructions subscribes for and is allotted such Shares, debentures or rights, corresponding registrations will be made as soon as possible after the issue and then deposited in the SDR holder's securities deposit.

8.2 If holders of SDRs do not instruct Eminova to exercise any of the rights set out above, Eminova can, if practical and economically feasible, sell such rights on behalf of the SDR holder and pay the proceeds to the SDR holders after deducting charges, other fees and taxes.

9. Bonus Share Rights

9.1 If the SDR holder, pursuant to section 6.8, owns the right to a partial share or to an uneven number of fund rights (Sv. fondrätter), which does not entitle the holder to a whole number of Shares, Eminova and the Company can agree to sell such excess Shares or fractional rights, etc. and pay the consideration to the SDR holder following deduction of charges, potential fees and taxes.

10. Participation at Shareholders' Meetings, etc.

10.1 The Company shall notify Eminova about a shareholders' meeting at the earliest six (6) weeks and at the latest four (4) weeks before the date of the meeting. As soon as practically possible hereafter, the Company shall inform the SDR holders about the shareholder's meeting. Notice shall be given by advertisement in at least one (1) Swedish national newspaper distributed daily. The notification shall include: i) the content of the Company's notice of the shareholders' meeting in accordance with applicable law, ii) the record date for the SDR holders in accordance with section 5, and iii) instructions for SDR holders regarding what measures they must take to be allowed to participate, vote in person or authorize a proxy to vote on behalf of the SDR holder. SDR holders who are registered in the CSD register ten (10) calendar days prior to the meeting and who have notified Eminova, or its representative, no later than five (5) calendar days prior the meeting of their intention to participate in the meeting, shall be entitled to attend and vote for their holdings at the meeting, either in person or by an authorized proxy. The Swedish bank, where Eminova have opened a deposit on behalf of customers shall, as the registered owner of the Shares, well in advance of the meeting, issue proxies to the SDR holders who, in accordance with these General Conditions, have expressed their intention to participate in the shareholders' meeting to Eminova or its representative. Such proxies shall be sent to the Company together with a record of the SDR holders for which proxies have been issued.

10.2 Eminova will not represent Shares where the SDR holder has not communicated any intent to attend the general meeting, in person or by proxy.

11. Information

11.1 Eminova shall on behalf of the Company and in the manner set out in section 12, send the SDR holders information that it receives from the Company or, if deemed appropriate in the opinion of the Company on a case by case basis, a summary of such information. As a general rule, the information in its entirety will be in Swedish.

11.2 If specifically requested by a SDR holder, the Company shall arrange for an annual report to be sent to that person. The Company shall also publically announce stock market information in accordance with First North's requirements.

11.3 Information from the Company is available on the Company's website, www.italleaf.com

12. Messages

12.1 Eminova shall ensure that SDR holders and other beneficiaries included in EUROCLEAR's CSD register who are entitled to receive notices pursuant to these General Conditions, are sent notices in accordance with the Swedish Act on Accounting of Financial Instruments.

12.2 In accordance with section 12.1, written notices shall be sent by mail to the relevant person at the address stated in the CSD register. Eminova may, as an alternative to mailing notices, publish the message as an advertisement in one (1) Swedish national newspaper distributed daily.

13. Fees and Costs

13.1 Eminova's costs and fees for administration of the Shares shall be carried by the Company unless otherwise stated in these General Conditions.

13.2 In its role as a depository institute, Eminova collects an annual fee as outlined in the separate service agreement. The annual fee is invoiced quarterly in advance starting from the month SDRs are registered in EUROCLEAR's system. Payment is due within 15 days of the invoice date. In the event of an overdue invoice, penalty interest is enforceable under the (1975:635) Swedish Interest Act. A reminder fee of fifty (50) SEK is payable for an overdue bill.

14. Change of Custodian

14.1 If the Company decides to retain another depository institute, Eminova shall transfer all of its rights and obligations regarding the SDR holders in accordance with these General Conditions and deliver the Shares to the new depository institute. Change of depository institute shall be subject to EUROCLEAR's approval and effected at the earliest three (3) months after the notice of change of depository institute is submitted in accordance with section 12.

15. Amendments to the General Conditions

15.1 Eminova is entitled to amend these General Conditions if it is necessary for the conditions to comply with Swedish, Italian or other applicable legislation, decisions by the authorities or EUROCLEAR's or First North's rules. Eminova and the Company may jointly agree to modify these General Conditions, where appropriate or necessary, and in all cases under the presumption that the SDR holders' rights are not compromised in any significant way. Eminova shall inform the SDR holders of a resolved change in accordance with section 12.

16. Information regarding SDR holders

16.1 Eminova retains the right to request information from EUROCLEAR regarding SDR holders and to submit such information to the Company.

16.2 Eminova and the Company may provide information regarding the SDR holders and their holdings to whoever fulfils a register task regarding the Share or to authorities, provided that an obligation to supply such information is required by Swedish or foreign law or regulation, or by way of agreement with an authority. SDR holders are obliged to comply with the request to provide such information to Eminova.

16.3 Eminova and the Company are entitled to provide information regarding the SDR holders and their holdings in connection with repayment or refund of taxes, or in connection with tax audits, to the extent it is required.

16.4 Eminova and the Company have the right to provide and publish information regarding SDR holders to the extent required by First North.

17. Limitation of Liability

17.1 Eminova or the Company are not liable for damages payable under Swedish or foreign legislation, or damages due to Swedish or foreign authority measures, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances. This is applicable in respect of strikes, blockades, boycotts and lockouts also if Eminova or the Company is the target for or initiate such conflict action.

17.2 Eminova or the Company are not obliged, in cases other than those specified in section 17.1, to pay damages or compensation if Eminova or the Company has exercised normal caution. Eminova and the Company are not liable for any consequential damages (Sv. Indirekt skada).

17.3 If Eminova or the Company for any reason are obstructed and unable to enforce payment, or take other action due to circumstances specified in section 17.1, the measure in question may be postponed until the obstacle is removed.

18. Termination etc.

18.1 Eminova has the right to terminate the deposit of Shares through a notification to the SDR holder in accordance with section 12 if;

the Company decides that Shares in the Company will no longer be represented by SDRs pursuant to these General Conditions, the Company decides the SDRs shall no longer be listed on First North, EUROCLEAR terminates the contract regarding the registration of SDRs, the Company applies for reconstruction, bankruptcy, liquidation or other similar proceedings, or if such a procedure has been initiated following an application by another party, or the Company significantly breaches its obligations towards Eminova.

18.2 Where the deposit of Shares has been terminated pursuant to section 18.1 a) or b), the listing on First North shall end at the earliest three (3) months from the date of dispatch of the notice of termination, provided that the SDRs has not previously been delisted from First North.

18.3 If Eminova terminates the deposition in accordance with section 18.1, these General Conditions will still be valid for a duration which is to be stipulated by Eminova after consultation with the Company, if practicably achievable. Such termination shall be sent by mail to the SDR holder's addresses in the CSD register in accordance with section 12.1.

18.4 In addition to what is stated in section 18.1, Eminova has the right to terminate the deposit of Shares by notice to the SDR holders in accordance with section 12, with effect on the date which Eminova and the Company agree on and shall be expressed in a notice to the SDR holders.

18.5 In the notice of termination, Eminova shall specify the record date that it will de-register all SDRs from the CSD register and transfer the Shares to a securities deposit designated by the SDR holder or accordingly with any other agreement. If the SDR holder has not designated a depot or other agreement not been reached, Eminova retains the right to sell the underlying Shares. The SDR holder is entitled to the proceeds, after deduction of fees, taxes and other reasonable costs. The amount shall be paid to the account linked to the SDR holder's securities deposit or, if such an account is missing, by a withdrawal slip. No interest will accrue on the payment.

19. Applicable Law etc.

19.1 The interpretation and application of these General Conditions shall be made in accordance with Swedish Law.

19.2 Any dispute regarding these General Conditions, or any other legal action that arises from these General Conditions, shall be exclusively settled by a general court in Sweden. The proceedings shall be seated at the Stockholm district court.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated in the Company Description by reference.

- Italeaf's Annual Report 2012
- Italeaf's Annual Report 2013
- Italeaf's unaudited interim reports for the periods 2014-01-01 – 2014-03-31 and 2014-04-01 – 2014-06-30
- T.E.R.N.I. Research S.p.A.'s Annual Report 2012
- T.E.R.N.I. Research S.p.A.'s Annual Report 2013
- Italeaf's By-laws

The information to which reference is made shall be read as part of this Company Description. The information is available on Italeaf's website, www.italleaf.com.



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