

COMUNICATO STAMPA 31 MAGGIO 2018

ITALEAF: Resoconto intermedio di gestione al 31 marzo 2018

Il Consiglio di Amministrazione ha approvato i risultati al 31 marzo 2018. NAV pari a Euro 22,7 milioni. Ebitda pari a Euro 0,36 milioni. Risultato netto pari a Euro 41 mila.

- I ricavi ammontano a Euro 763 mila (Euro 8,6 milioni nel bilancio consolidato)
- L'EBITDA pari a Euro 361 mila (Euro 1,35 milioni nel bilancio consolidato)
- L'EBIT è pari a Euro 219 mila (Euro -1,35 milioni nel bilancio consolidato)
- L'EBT ammonta a Euro 6 mila (Euro -3,3 milioni nel bilancio consolidato)
- Risultato netto pari a Euro 41 mila (Euro -2,68 milioni nel bilancio consolidato)
- Patrimonio netto pari a Euro 27,7 milioni (Euro 24,8 milioni nel bilancio consolidato)
- PFN di Euro 17,5 milioni (Euro 114,5 milioni nel bilancio consolidato)
- NAV pari a Euro 22,7 milioni circa; NAV per azione Euro 1,32

Il consiglio di amministrazione di Italeaf, holding di partecipazione e primo company builder italiano, attiva nei settori cleantech e smart innovation, quotata al Nasdaq First North, ha approvato oggi il resoconto intermedio di gestione al 31 marzo 2018.

Dati economici e finanziari di sintesi*

	Al 31 marzo 2018	Comparato al 31 marzo 2017
	in Euro	
Ricavi netti delle vendite e delle prestazioni	763.050	-16,9%
EBITDA	360.744	48,2%
EBIT	218.987	142,1%
EBT (Risultato ante imposte)	6.054	104,3%
Risultato netto	41.022	n.a. %
	Comparato al 31/12/2017	
Patrimonio netto	27.835.950	0,1%
Posizione finanziaria netta complessiva	17.539.725	2,6%

*Resoconto intermedio di gestione separato redatto secondo i principi contabili ITALIAN GAAP

Il NAV di Italeaf è pari a Euro 22,7 milioni al 31 marzo 2018 (-5,9%; Euro 24,1 milioni al 31 dicembre 2017); Nav per azione Euro 1,32.

Il Resoconto intermedio di gestione al 31 Marzo 2018 in versione completa e in lingua inglese sarà pubblicato sul sito internet della Società www.italeaf.com e diffuso su Nasdaq Inpublic.

Italeaf S.p.A. è tenuta a rendere pubbliche queste informazioni ai sensi del regolamento sugli abusi di mercato UE. Tali informazioni sono state fornite per la pubblicazione, attraverso i referenti di seguito indicati, alle ore 17.30 CET del 31 Maggio 2018.

Il presente comunicato stampa è disponibile anche sul sito internet della Società: www.italeaf.com.

Certified Adviser

Mangold Fondkommission AB, +46 (0)8 5030 1550, è il Certified Adviser di Italeaf SpA su Nasdaq First North.

Per maggiori informazioni:

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CFO – Italeaf S.p.A.

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Italeaf S.p.A., costituita nel dicembre 2010, è una holding di partecipazione e un acceleratore di business per imprese e startup nei settori dell'innovazione e del cleantech. Italeaf opera come company builder, promuovendo la nascita e lo sviluppo di startup industriali nei settori cleantech, smart energy e dell'innovazione tecnologica.

Italeaf ha sedi operative in Umbria a Terni e Nera Montoro nel Comune di Narni, a Milano e Lecce. La società controlla TerniEnergia, quotata sul segmento STAR di Borsa Italiana e attiva nei settori delle energie rinnovabili, dell'efficienza energetica e del waste management, Skyrobotic, azienda di sviluppo e produzione di droni civili e commerciali nelle classi mini e micro per il mercato professionale, Numanova, attiva nella produzione di polveri metalliche per la manifattura additiva e l'industria metallurgica avanzata e Italeaf RE, società immobiliare. Italeaf detiene, inoltre, una partecipazione di minoranza in Vitruviano Lab, organismo di ricerca attivo nei settori dei materiali speciali, della chimica verde e del cleantech.



**CONSOLIDATE FINANCIAL
REPORT
AS AT MARCH 31, 2018
ITALEAF GROUP**



Italeaf in brief

Vision

We turn technological start-ups into successful global companies, through a “company builder” business model.

Business concept

Italeaf selects or creates new initiatives in cleantech and innovative industrial sectors. We offer to technological start-ups and innovative companies an integrated approach that puts together services, mentoring, expertise, instruments, and facilities, and namely, everything aimed transforming business ideas into real business. We provide initial equity and corporate assistance to launch our start-ups, making it possible for them to become sizeable businesses generating revenues, sharing profits, while operating within acceptable risk parameters.

Objective

The Company's investment policy is to generate returns, in the form of both capital appreciation and income to shareholders, through investing in a portfolio of businesses. While not limited geographically, the Company, in view of the background and experience of its management, is focused on investing the majority of capital in businesses operating in Europe, with a particular emphasis on Italy.

Investments outside Europe are considered where the board believes the opportunities are particularly attractive. The Company is interested in investing in businesses with underlying themes of strategic market position and strong growth.

Building net asset value

The net asset value amounted to Euro 22.6 million at the end of March 2018.

Dividend policy

Our dividend policy is to distribute a large percentage of the dividends received from the subsidiaries, as well as to provide a return on other net assets in line with returns achieved in the equity market.

CORPORATE DETAILS

Italeaf SPA

Registered Office:
Strada dello Stabilimento 1,
05035 Narni (TR)
Authorised, issued and paid-up
share capital: Euro 15,444,000
Terni Register of Companies: n.
01456730553

BRANCHED AND OFFICES

Narni - Strada dello
Stabilimento, 1
Milan - Corso Magenta, 85
Terni - Via Casale, 4
London - 78/79 New Bond
Street, United Kingdom
Hong Kong - Unit 905-6, 9th
Floor, Fook Yip Building - 53-57
Kwai Fung Crescent, Kwai Chung
- N.T. Hong Kong S.A.R.

BOARD OF DIRECTORS

Chairman

Stefano Neri

Managing directors

Monica Federici

Independent directors

Domenico De Marinis

Board of Statutory Auditors

Fausto Sciamanna (Chairman)

Andrea Bellucci

Caterina Brescia

Independent Auditors

EY SPA

CONTENTS

MANAGEMENT REPORT	4
BUSINESS AND MISSION	4
NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY	5
OUR INVESTMENTS	9
TERNIENERGIA	9
SKYROBOTIC	11
NUMANOVA	11
GROUP'S ORGANIZATION	14
KEY EVENTS FOR 2017	15
FINANCIAL STATEMENTS	18
STATEMENT OF CONSOLIDATED FINANCIAL POSITION	18
CONSOLIDATED INCOME STATEMENT	18
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	20
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	21
CONSOLIDATED STATEMENT OF CASH FLOWS	22
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT	23

MANAGEMENT REPORT

BUSINESS AND MISSION

Italeaf is an Italian investment company and company builder that aims to transform technological start-ups into global companies. Italeaf identifies industrial initiatives within the cleantech sector and within the sphere of innovative industrial production, where the Company can leverage its strong expertise and track record.

In supporting new start-ups, Italeaf aims to replicate the success of TerniEnergia, a company established in 2005 and listed on the Italian Stock Exchange in 2008. Since the IPO after its start-up, TerniEnergia has become a leading global company in the field of renewable energy, waste management, and energy efficiency, with a market cap of over Euro 80 million.

With the creation of subsidiaries in London and Hong Kong, Italeaf intends to give an international flavor to its business, broadening the spectrum of the activity of scouting and looking for innovative companies.

The company has invested in three new industrial initiatives: GreenLed Industry, operating in innovative industrial lighting production; Skyrobotic, active in the production of commercial and civil drones; and WiSave, a producer of smart devices for the remote control of energy consumption.

Italeaf strives to develop an ideal environment to foster creation and growth of new companies, through three lines of business:

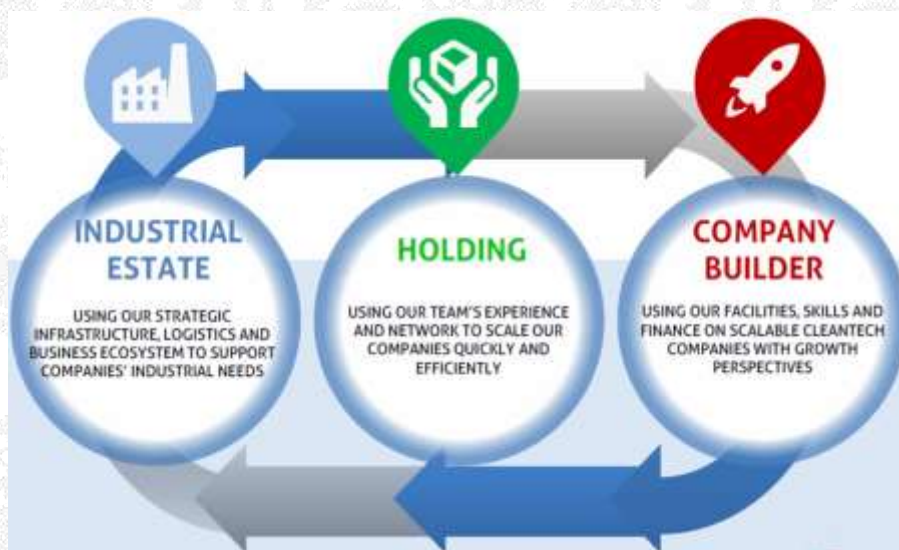
1. **Company Builder:** we co-found start-ups with direct investments, a proven business model and a strong focus on execution. Italeaf concentrates its activities on clearly defined market segments, such as the cleantech sector. We provide innovative incubation services with seed investments to create 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 consultative input of the Politecnico di Milano University) an eco industrial park in our facilities in the center of Italy. We own and manage an industrial area with a total area of about 24 hectares and co-working space of 1,800 square meters.

Each of these activities is functional to the others; our approach is something completely new compared to traditional incubators and other venture capital firms. 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) is proof of our passion and expertise.

The Company capitalization and its majority stake in TerniEnergia, listed on the Borsa Italiana's STAR segment (which entails rigorous requirements), are factors to 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 international expansion project. The listing of Italeaf on NASDAQ OMX First North is therefore an important starting point for innovatively responding to the new challenges of global change.



NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY

NET ASSET VALUE

At the end of March 2018, net asset value amounted to Euro 22.6 million.

NAV ITALEAF	(EURO/000)	NOTES
Tangible Assets:		
REAL ESTATE PROPERTY (Nera Montoro & Maratta)	19,543	Book Value
Controlling stake in:		
42,19% stake in TerniEnergia SpA	11,225	Calculated according with share price as at March 31, 2018, Euro 0,560
68,61% stake in Skyrobotic	3,720	Based on the price of latest funding round
85,58% stake in Numanova	3,125	Based on the price of latest funding round
Minority stake:	2,597	

GROSS ASSET VALUE	40,210	
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Net Financial Indebtedness (17,540) As of March 31, 2018

NET ASSET VALUE AS MARCH 31, 2018	22,670	
NAV PER SHARE AS MARCH 31, 2018 (€)	1.32	

* 45,44% of voting rights

** 50% stake in Opera Power (JV), the value the business unit of industrial water management in Italeaf RE and 10.67% stake in Vitruviano Lab

The NAV of Italeaf primarily consists of the investments in TerniEnergia and in the start-up companies (Skyrobotic and Numanova). NAV at March 31, 2018 amounted to Euro 22.67 million.

The value of the equity investment in TerniEnergia corresponds to the share value as at March 31, 2018, considering that the company is listed on Borsa Italiana (STAR segment). At the end of March 2018, Italeaf owned 19,867,102 ordinary shares, corresponding to 42.19% of the share capital and the 45.44% of the voting rights.

The balance of "real estate property" includes Euro 2.6 million representing 100% of the share capital of the subsidiary Italeaf RE Srl, which was established from the partial, non-proportional spin-off of Greenled Industry SpA. The equity of the new company consists of the value of the industrial facilities, located in the Nera Montoro facility, previously owned by Greenled Industry SpA.

The value of Skyrobotic and Numanova was calculated on the last share capital increase value in which new shareholders subscribed newly issued shares.

STATEMENTS FOR THE ITALEAF PARENT COMPANY

The separate financial statements of the parent company Italeaf were prepared according to the rules applicable to an Italian company listed on a multi-lateral trading platform (MTF), such as NASDAQ OMX First North (First North). Hence, while the Italeaf consolidated financial statements were prepared according to international accounting standards, considering that said financial statements include the consolidated data of TerniEnergia Group, listed on the STAR segment of Borsa Italiana, and therefore, prepared according to IFRS. The Italeaf separate financial statements were prepared in accordance with Italian accounting standards.

The table below shows the data of the separate financial statements prepared according to Italian accounting standards as at March 31, 2018:

<i>in Euro</i>	As at March 31, 2018	As at December 31, 2017	Change	Change %
Intangible assets	98,856	136,237	(37,380)	(27.4)%
Tangible assets	21,535,983	21,640,360	(104,377)	(0.5)%
Financial assets and other att.	28,246,773	28,210,353	36,420	0.1%
Fixed Assets	49,881,612	49,986,950	(105,338)	(0.2)%
Trade receivables	3,954,211	3,203,122	751,089	23.4%
other activities	697,435	570,011	127,423	22.4%
Trade payables	(2,682,759)	(2,508,977)	(173,782)	6.9%
Other liabilities	(1,509,685)	(1,407,784)	(101,902)	7.2%
Net working capital	459,201	(143,628)	602,828	(419.7)%
Provisions and other non-commercial	(4,965,138)	(4,959,332)	(5,805)	0.1%
Net Invested Capital	45,375,675	44,883,990	491,685	1.1%
Shareholders' Equity	27,835,950	27,794,929	41,021	0.1%
Net current financial position	17,539,725	17,089,061	450,664	2.6%
Non-current net financial position				n.a.
Total net financial position	17,539,725	17,089,061	450,664	2.6%
Net Invested Capital	45,375,675	44,883,990	491,685	1.1%

Tangible assets represents the value of the industrial site at Nera Montoro, the incubator at Maratta, as well as a some industrial plants present at the Nera Montoro site. Financial assets include the book value of the controlling interests in TerniEnergia (Euro 17.81 million), in Skyrobotic (Euro 2.06 million), in Numanova (Euro 2.8 million) and Italeaf RE (Euro 4.56 million); the account also includes the value of a Joint Venture called Opera Power Srl which holds of a PV plant of of about 1 MWp and the value of 10.67% in Vitruviano Lab Srl.

The Net Financial Position amounted to Euro 17.539 million. The current financial position includes a short-term credit line, amounting to Euro 4.0 million, collateralized by the pledge of TerniEnergia shares; the rest of the debt relates mainly to mid term loans.

The ratio Net Financial Position/Equity is equal to 0,56x as at March 31, 2018, in line with the plan target (less than or equal to 0.8x).

<i>in Euro</i>	As at March 31, 2018	As at December 31, 2017	Change	Change %
Net revenues from sales and services	763,050	918,092	(155,042)	(16.9)%
Production costs	(263,584)	(483,713)	220,129	(45.5)%
Added value	499,466	434,379	65,087	15.0%
Personnel costs	(138,722)	(190,923)	52,201	(27.3)%
EBITDA	360,744	243,456	117,288	48.2%
Amortization, depreciation, provisions and write-downs	(141,758)	(153,013)	11,255	(7.4)%
EBIT	218,987	90,443	128,544	142.1%
Financial income and charges	(212,933)	(229,745)	16,812	(7.3)%
EBT	6,054	(139,302)	145,356	n.a.
Income taxes	34,968	144,000	(109,032)	(75.7)%
Net profit for the period	41,022	4,698	36,324	n.a.

Revenues refer to service contracts between Italeaf and subsidiaries for availability of offices and industrial buildings, accounting and tax services, and so forth. The revenues also includes the remuneration on the guarantees given by Italeaf to TerniEnergia (Euro 0.2 million) in favor of certain banks that have financed TerniEnergia, taking account that it is an operating activity for the company. The costs relate mainly to personnel and the operation of the industrial site at Nera Montoro.

Financial income and expenses includes: cost of financial debt (Euro 0.2 million).

STATEMENTS FOR THE ITALEAF GROUP

<i>in Euro</i>	As at March 31, 2018	As at December 31, 2017	Change	Change %
Intangible assets	34,977,119	35,488,340	(511,221)	(1.4)%
Tangible assets	81,959,607	82,875,372	(915,765)	(1.1)%
Financial assets and other att.	34,634,319	34,720,710	(86,391)	(0.2)%
Fixed Assets	151,571,045	153,084,423	(1,513,378)	(1.0)%
Inventories	13,904,698	13,941,717	(37,018)	(0.3)%
Trade receivables	34,021,860	35,965,999	(1,944,139)	(5.4)%
other activities	14,263,836	16,523,013	(2,259,178)	(13.7)%
Trade payables	(50,084,166)	(54,247,907)	4,163,741	(7.7)%
Other liabilities	(20,859,784)	(21,217,665)	357,881	(1.7)%
Net working capital	(8,753,556)	(9,034,843)	281,287	(3.1)%
Provisions and other non-commercial	(25,678,688)	(25,369,298)	(309,390)	1.2%
Net Invested Capital	117,138,801	118,680,282	(1,541,482)	(1.3)%
Shareholders' Equity	24,832,835	25,942,791	(1,109,956)	(4.3)%
Net current financial position	89,135,106	81,614,847	7,520,260	9.2%
Non-current net financial position	25,426,800	25,564,190	(137,389)	(0.5)%
Total net financial position	114,561,907	107,179,036	7,382,870	6.9%
(Assets) Net liabilities held for sale	(22,255,941)	(14,441,545)	(7,814,396)	54.1%
Net Invested Capital	117,138,800	118,680,282	(1,541,482)	(1.3)%

<i>in Euro</i>	As at March 31, 2018	As at March 31, 2017	Change	Change %
Net revenues from sales and services	8,592,514	30,094,987	(21,502,473)	(71.4)%
Production costs	(2,723,742)	(21,694,496)	18,970,754	(87.4)%
Added value	5,868,772	8,400,491	(2,531,719)	(30.1)%
Personnel costs	(4,509,347)	(5,000,194)	490,846	(9.8)%
EBITDA	1,359,424	3,400,297	(2,040,873)	(60.0)%
Amortization, depreciation, provisions and write-downs	(2,711,148)	(2,163,044)	(548,104)	25.3%
EBIT	(1,351,723)	1,237,253	(2,588,977)	(209.3)%
Financial income and charges	(1,840,595)	(1,202,295)	(638,300)	53.1%
Portions of results attributable to the JV	(186,366)	(39,316)	(147,050)	n.a.
EBT	(3,378,684)	(4,358)	(3,374,326)	n.a.
Income taxes	700,056	275,492	424,564	n.a.
Net profit for the period	(2,678,628)	271,134	(2,949,762)	n.a.

OUR INVESTMENTS

TERNIENERGIA



OVERVIEW

Italeaf has a 42.19% shareholding in TerniEnergia and 45.44% of the voting rights.

TerniEnergia established in September 2005, and part of Italeaf Group, is the first Italian smart energy company, committed to bring worldwide integrated and sustainable energy solutions. Organized into four business lines (Technical services, Energy management, Energy efficiency and Cleantech), with about 500 employees and a geographic presence in almost the continents, with operational and sales offices, TerniEnergia develops solutions, innovative products and services based on digital and industrial technologies for the energy sector.

TerniEnergia, also through its subsidiaries, shall pursue the objectives of increasing energy production from renewable sources, energy efficiency and emissions reduction, as laid down by European environmental policy, and participates actively in the distributed power generation revolution and energy smart grids.

TerniEnergia is the ideal partner for large utilities, distributors and grid operators, power producers, public authorities, industrial customers and investors who intends to carry out large projects for the production of renewable energy plants and modern systems with high energy efficiency, solutions for the management and maintenance of the infrastructure and the electrical systems. TerniEnergia, through a complete technological and commercial offer, develops and provides technologies, turn-key services and solutions for energy consumers in the public and private sectors. The company is listed on the STAR segment of the Italian Stock Exchange.

KEY FIGURES FOR THE TERNIENERGIA GROUP AS AT MARCH 31, 2018

(in Euro)	As at March, 31 2018	As at December, 31 2017	Change	Change %
Intangible assets	31,608,541	32,092,177	(483,635)	(1.5)%
Property, plant and equipment	58,474,536	59,590,962	(1,116,426)	(1.9)%
Financial fixed assets and other intangible assets	32,389,990	32,487,736	(97,747)	(0.3)%
Fixed Assets	122,473,067	124,170,875	(1,697,808)	(1.4)%
Inventories	13,806,551	13,843,569	(37,018)	(0.3)%
Trade receivables	33,318,149	35,289,654	(1,971,505)	(5.6)%
Other assets	13,695,909	16,076,441	(2,380,532)	(14.8)%
Trade payables	(50,164,307)	(54,098,698)	3,934,392	(7.3)%
Other liabilities	(18,973,683)	(19,524,624)	550,942	(2.8)%
Net working capital	(8,317,380)	(8,413,659)	96,279	(1.1)%
Provisions and other non-trade liabilities	(19,671,583)	(19,374,854)	(296,729)	1.5%
Net Invested Capital	94,484,104	96,382,362	(1,898,258)	(2.0)%
Shareholders' Equity	19,719,020	21,034,123	(1,315,103)	(6.3)%
Current net financial position	71,604,225	64,654,119	6,950,106	10.7%
Non-current net financial position	25,416,800	25,135,665	281,135	1.1%
Total net financial position	97,021,025	89,789,784	7,231,241	8.1%
(Assets) Net liabilities held for sale	(22,255,941)	(14,441,545)	(7,814,396)	54.1%
Net Invested Capital	94,484,104	96,382,362	(1,898,258)	(2.0)%

(in Euro)	As at March, 31 2018	As at March, 31 2017	Change	Change %
Net revenues from sales and services	8,448,100	29,867,662	(21,419,563)	(71.7)%
Production costs	(2,614,560)	(21,713,185)	19,098,625	(88.0)%
Added value	5,833,539	8,154,477	(2,320,938)	(28.5)%
Personnel costs	(4,312,153)	(4,753,336)	441,183	(9.3)%
EBITDA	1,521,386	3,401,141	(1,879,755)	(55.3)%
Amortization, depreciation, provisions and write-downs	(2,484,505)	(2,009,210)	(475,295)	23.7%
EBIT	(963,119)	1,391,931	(2,355,050)	n.a.
Financial income and charges	(1,917,958)	(1,249,998)	(667,960)	53.4%
Portions of results attributable to the JV	(186,366)	(39,316)	(147,050)	n.a.
Pre-tax result	(3,067,443)	102,617	(3,170,060)	n.a.
Income taxes	646,041	125,878	520,163	n.a.
Net profit for the period	(2,421,402)	228,495	(2,649,897)	n.a.



OVERVIEW

As at December 31 2017, Italeaf owns 68.61% of the share capital of Skyrobotic.

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

Skyrobotic is active in the planning, development and industrial production of systems for UAV and UAS remote piloting, becoming, in just more than one year from its creation, the reference Italian company for the remote piloting systems sector.

From an industrial perspective, the company has recognised turnover of Euro 535 thousand through the sale of 16 remote piloting systems to leading operators in the sector, continuing at the same time to develop and engineer the product. The company achieved EN9100:2009 certification (equivalent in technical terms to AS 9100C and JISQ 9100:2009) for the facility at Nera Montoro, Italy, in the field of “planning, production, and post-sales assistance of remote aircraft piloting systems”.

This is the result of a two-year investment in the processes of preparation and auditing performed by the business, which qualifies Skyrobotic as the first independent company to produce drones under 25 kg in Italy to be certified based on the strict criteria of European regulations that form a system for ensuring quality in the aeronautics sector. It is similar to AS 9100 in America and JISQ 9100 in Asia.

The EN ISO 9100 qualification is specific to the aeronautics and space industry and fully encapsulates ISO 9001:2008 (certification obtained by Skyrobotic at the same time), but includes 30% more requirements and measurements that include documented control systems for processes used in developing, manufacturing and selling the products, and is applicable to manufacturers of aircraft and, increasingly, to their suppliers.

On 4 March 2016, the Skyrobotic shareholders’ meeting unanimously resolved to carry out a share capital increase offered in option to current shareholders for Euro 250 thousand, in order to support the growth of business activities. Once the share capital increase is subscribed, Skyrobotic will have a share capital of Euro 2,750,000. The same shareholders’ meeting appointed a new Board of Directors, composed of Stefano Neri (Chairman), Spartaco Franconi (Deputy Chairman and CEO) and Roberto Cecchin (Director).

On 30 December 2016, the Skyrobotic shareholders’ meeting unanimously resolved to carry out another share capital increase offered in option to current shareholders for Euro 250 thousand, in order to support the growth of business activities. Once the share capital increase is subscribed, Skyrobotic will have a share capital of Euro 3,000,000.

OVERVIEW

As of the drafting date of this report, Italeaf had an equity investment of 85,58% in Numanova.

Numanova was established on 25 January 2016. The new start-up was created from the sharing of know-how and economic-financial resources between the co-founders of Italeaf S.p.A. and Paolo Folgarait, physicist and holder of various patents in the metallurgical sector, as well as a manager with many years of experience in Lucchini Group, Allied International Group, Franchini Acciai and in the Materials Development Centre. Numanova was set up as a limited liability company with a share capital of Euro 2.35 million. It will have a governance model with a Board of Directors composed of Stefano Neri, Chairman, Paolo Folgarait, Executive Director and General Manager, and Corrado Giancaspro, CEO.

BUSINESS SECTORS

Numanova will produce high quality metallic powders of iron and other metal alloys for additive manufacturing (3D printing), metal injection moulding (MIM), hot isostatic pressing (HIP), and other more advanced uses in sectors such as aerospace, energy, mechanical and biomedical. The company will have the most advanced production technologies for metallic powders based in the principles of vacuum induction furnaces and ceramic-free inert gas atomisers. Plasma atomisation will also be introduced. The development phases for the company, whose production units will be located in the Italeaf industrial area of Nera Montoro (TR) are as follows: in the very short term, initiation of the authorisation process with the competent authorities; purchase of the production assets and systems; their enhancement and development of certification and quality activities; production go-live with the international marketing of products.

INVESTMENTS, PRODUCTION CAPACITY AND EMPLOYMENT IMPACTS

The Numanova investment plan envisages two-year commitments for a total of Euro 12 million, with full production employment (three shifts) for a total of 50 operations professionals, including human resources used for production, staff activities, commercial and marketing, testing, quality, logistics, purchasing, administration, HR and HSE. Production capacity is expected to be approximately 500 tonnes/year of metal powders for the additive manufacturing sector and for more advanced uses in sectors such as aerospace, energy, mechanics, and biomedical.

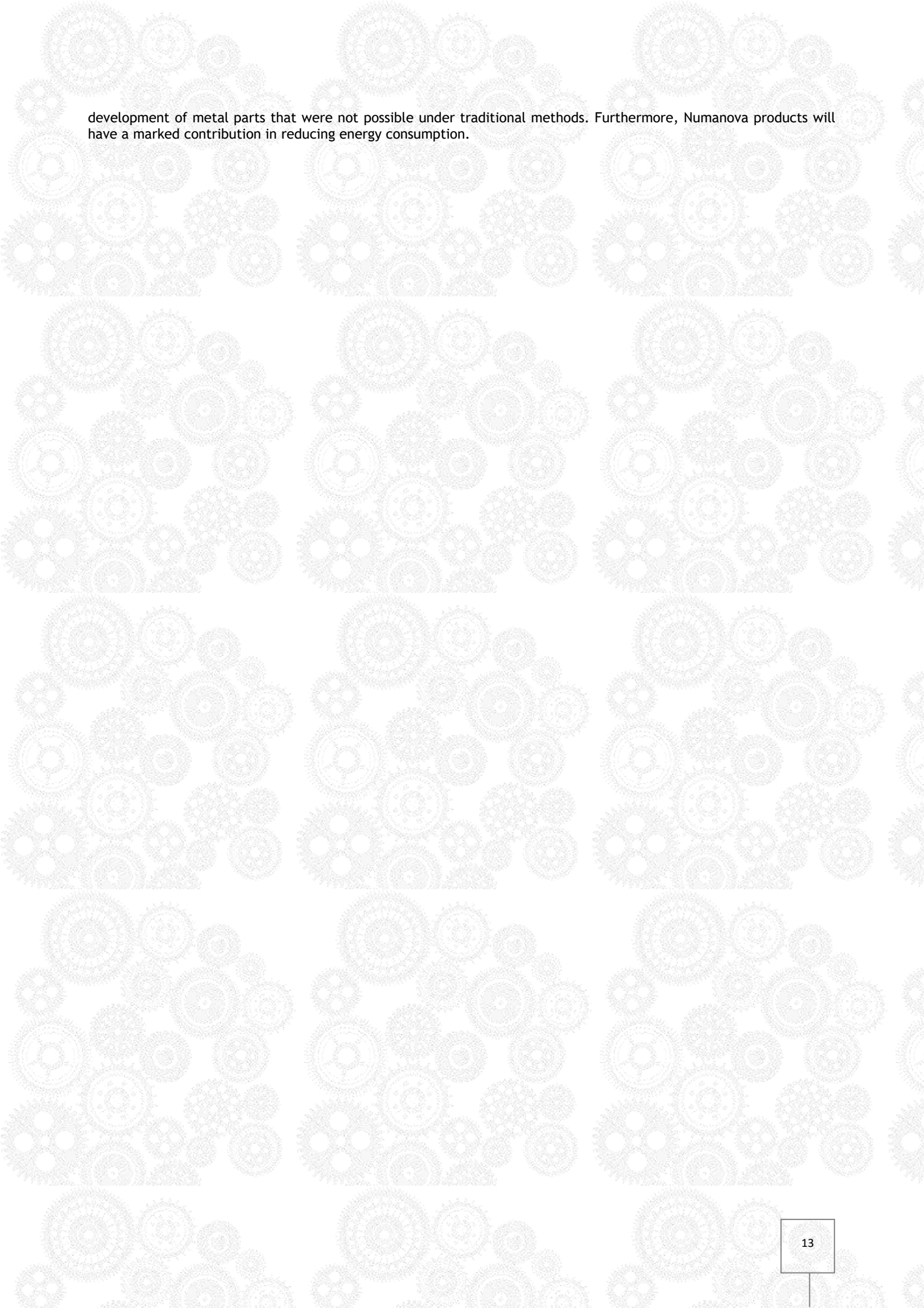
GLOBAL VISION

The new production initiative can use the opportunities offered by the corporate role of Italeaf, a company listed on the NASDAQ, the most technological international market, and by the Group's global presence, thereby allowing Numanova to have, from the very beginning, operations offices, branches and/or research centres in Milan, London, and Hong Kong, from the Italeaf Science and Technology Park. The mechanical engineering facilities of Italeaf are one of the strengths to be leveraged, through which the Group will bring to bear its decades of expertise, which can be re-positioned in an innovative environment with high growth prospects. Finally, Numanova has already signed framework agreements for commercial and technical-scientific collaboration with leading global companies in planning and producing systems for additive manufacturing of metallic powders and with businesses in the metallurgical sector, and has signed contracts with Italian and international universities and research centres.

INNOVATION AND SUSTAINABILITY

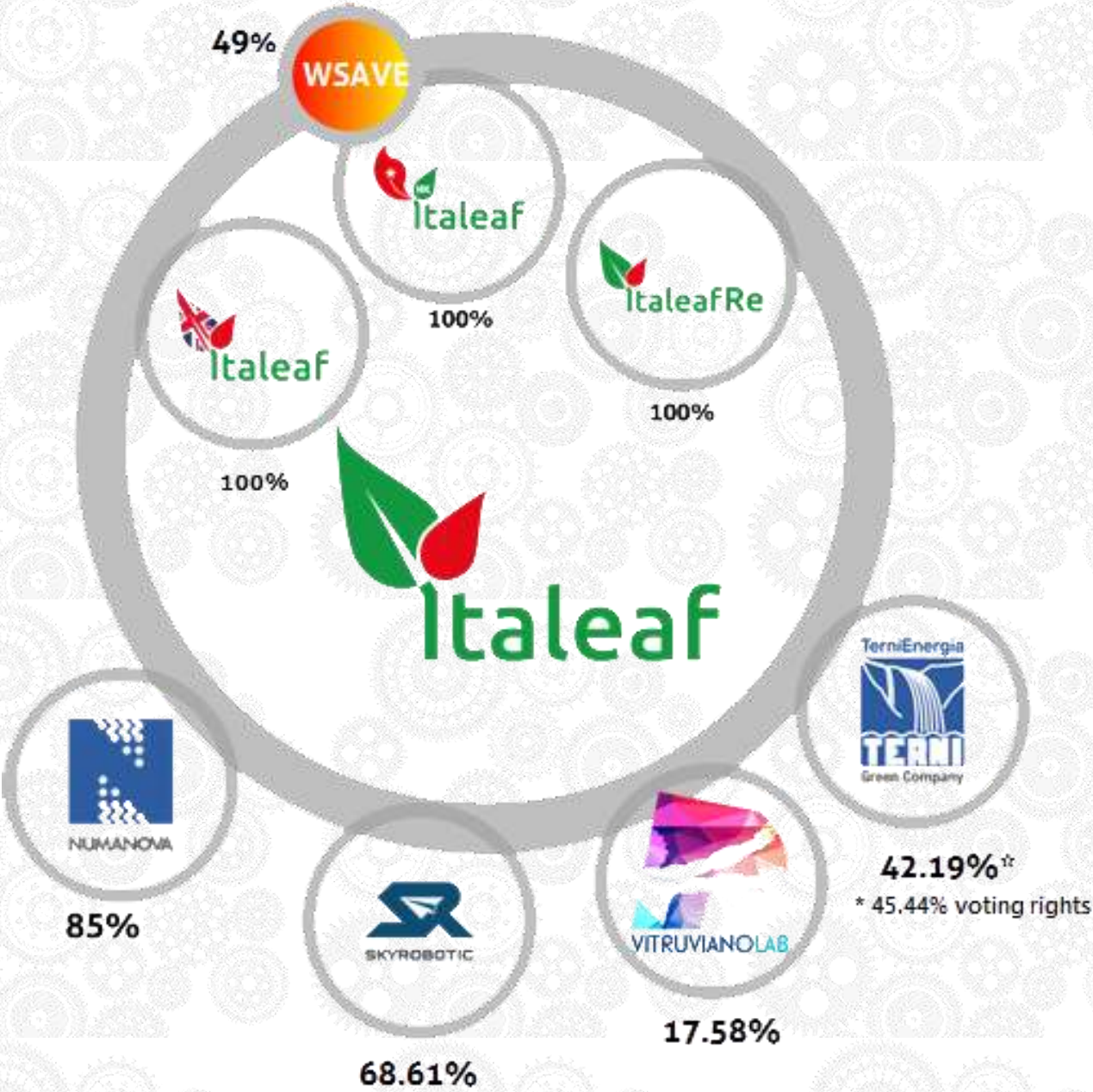
The agreement between Italeaf and Paolo Folgarait will lead to the opening in Nera Montoro of a research and development centre through the localisation of the innovative start-up Seamthesis. The operating unit in Nera Montoro will be specifically focused on R&D activities in the areas of alloy design, metallurgy product and process, modelling of processes and products, development and implementation of innovative production technologies for metallic powders for advanced manufacturing environments (e.g., additive manufacturing, MIM, HIP, laser cladding) and surface engineering (e.g., PTA).

From the perspective of sustainability and environmental contribution, Numanova will assist in confirming a highly improved industrial model. In particular, with respect to traditional metallurgy activities, Numanova products will allow for a reduction in internal processing times for prototyping of up to 70%, a drastic reduction in waste (metal powder not used for printing can be re-used after the powders have been re-conditioned) and, most importantly, the

The background of the entire page is a repeating pattern of interlocking gears of various sizes, rendered in a light gray, textured style. The gears are arranged in a way that they appear to mesh together, creating a complex, mechanical texture.

development of metal parts that were not possible under traditional methods. Furthermore, Numanova products will have a marked contribution in reducing energy consumption.

GROUP'S ORGANIZATION



KEY EVENTS FOR 2018

SOLD BY TERNIENERGIA TWO ENERGY EFFICIENCY INTERVENTIONS TO FOSTER THE STRATEGIC REPOSITIONING

On January 8, 2018, TerniEnergia has finalised and signed all the deeds relating to the sale of two energy efficiency interventions to Genera SpA, a 51% subsidiary of Genera Group Holdings B. V. and 49% owned by the IKAV Investments fund) active in investments in the energy efficiency sector.

The two efficiency interventions transferred are related to the following:

- a lighting system of about 3,800 new high performance lighting points, with savings of over 1.1 GWh/year, realized on behalf of a cement factory in Sicily, already in operation;
- an intervention, almost completed, which involved the requalification of a historic building of about 12,500 square meters in the heart of Turin, with the renovation and insulation of the roof, the replacement of windows, the installation of an air conditioning system, the implementation of a new LED lighting system, the construction of an access control system, the installation and management of a Building Management System (BMS) for the integrated management of all services.

The sale price of the first intervention amounts to Euro 480 thousand, and will be cash-settled by the current month of January.

The second deed of sale provides for a price of Euro 1.7 million, which will be paid, for approximately Euro 1 million, through the assumption of payables to suppliers operating at the Turin worksite, for Euro 170,000 for works still to be carried out, which will be directly carried by the purchaser, and finally for Euro 528,000, paid in cash, of which Euro 385,000 by the current month of January, and Euro 71,500 at the plant test (and in any case no later than 15 April 2018) and the remaining Euro 71,500 at 12 months after the final test.

The deeds provide that the transfer shall take effect from 29 December 2017.

SOFTECO SISMAT (TERNIENERGIA GROUP) SIGNED A CONTRACT FOR TICKETING AND SMART PAYMENT SOLUTIONS FOR CARONTE & TOURIST

On January 30, 2018, TerniEnergia announced that the Group's digital company Softeco Sismat has today signed a contract with Caronte & Tourist, leader in maritime connections to and from Sicily to Central Italy, for the development of a project to reorganise the Villa San Giovanni port terminal and the construction of a ticketing system at Villa Agip and connected automation.

The contract provides solutions for ticketing, payment of tolls (smart payment) and access control for vehicle routing for a total amount of approximately Euro 2 million.

The solutions developed by Softeco Sismat and based on the Adverto remote control system, the Group's proprietary technology, which has already been consolidated and operational for over 10 years in heterogeneous application contexts, envisage the activation of ticket sales systems for travel tickets, automatic payment of tolls and integrate complex access and transit management systems and automatic control of technological systems on field. All the systems in place will be integrated into a single remote control platform that will allow automatic interaction between them and monitoring of the entire system.

The aim of the project is to automate and speed up toll payment and embarkation processes, thereby optimising resources and operational management costs.

All the technological components proposed in the project by Softeco Sismat, which has been operating for over 30 years in the industrial automation sector, are positioned as leading technologies in the national and international field for this type of application.

SKYROBOTIC DRONES OBTAINED ENAC CERTIFICATION FOR OVERFLYING CITIES AND CONGESTED AREAS

On February 20, 2018, Skyrobotic has obtained "project certification pursuant to art. 10.6 of the SAPR regulation" from the Italian National Civil Aviation Authority (ENAC) for the SR-SF6c system. The certification requires a primary control and control system whose software complies with the aeronautical standards specified in the EUROCAE ED-12 specification at least at design reliability level D.

Skyrobotic drones had already received from the Civil Aviation Authority project certification for series production pursuant to art. 10.5 of the SAPR regulation, which allowed operators to use drones, subject to authorisation by the competent Authority, in urban scenarios with safety restrictions.

With the achievement of certification, Skyrobotic crowns a successful path in the pursuit of the most important sector qualifications: from the certification of aeronautical standard EN-9100 for the Nera Montoro (TR) plant, to the possibility of issuing project conformity certificates according to the art. 10.5 of the Civil Aviation Authority regulation, up to this last recognition, which marks a turning point for the entire Italian professional drones sector.

With its own bouquet of qualifications, Skyrobotic takes the lead in the national producers' sector, anticipates regulatory developments at European level and represents the ideal answer for leading operators in the professional, commercial, physical security and cybersecurity sectors at international level.

Finally, the certification pursuant to art. 10.6 of the SAPR regulation is an indispensable condition for participation in tenders and tenders promoted by the main public apparatus for order and safety.

GIANCARLO GRASSO APPOINTED CHAIRMAN OF SKYROBOTIC

On February 20, 2018, Skyrobotic announced that the Board of Directors today appointed Giancarlo Grasso as the new Chairman of the Company. Mr. Grasso took the place of Stefano Neri, Chairman of the Italeaf Group and reference shareholder of the company, who has taken on the position of Vice Chairman.

TERNIENERGIA RE-ENTERS INTO POSSESSION OF ALL THE SHARES OF THE JVS ENERGIA ALTERNATIVA AND SOLTER AND OF THE 50% OF THE JV SOL TARENTI

On March 12, 2018, TerniEnergia returned into its possession of 100% of the share capital of the Joint Ventures Energia Alternativa and Solter and of the 50% of the JV Sol Tarenti, owners of photovoltaic plants in Italy for a total of approximately 21 MW.

In particular, following the fulfilment of the termination conditions relative to the lack of consent to the sale by the leasing companies, TerniEnergia re-entered into possession, at the same value of the disposal, of the following stakes:

- 50% of the shareholdings in Energia Alternativa Srl (value of approximately Euro 6.1 million) and Solter Srl (approximately Euro 1.3 million), owners respectively of 12 photovoltaic plants with a total installed power of approximately 13.9 MW and 4 photovoltaic plants with a total installed power of approximately 3.8 MW, from L&T City Real Estate Ltd;

- 45% of the shareholdings in Sol Tarenti Srl (approximately Euro 1.5 million), owner of 4 photovoltaic plants with a total installed power of approximately 3.3 MW, from Ranalli Immobiliare Srl.

It should be noted that the return of the above shares in the Group's full availability represents a favourable condition for the potential sale of the assets owned by the above mentioned companies.

TerniEnergia signed an agreement for the sale of 10 photovoltaic plants for a total of 11 MW

On March 17, 2018 TerniEnergia has signed an agreement for the sale by TerniEnergia, through its subsidiaries Energia Alternativa S.r.l. and Solter S.r.l., of n. 10 photovoltaic plants in Italy with a total installed capacity of around 11 MW to a leading international investment operator.

The transaction concerns the purchase and sale of assets that have meanwhile become wholly owned by Group, and not the acquisition of shares in SPV (special purpose vehicles owning plants), as well as a reduced perimeter of the plants being sold, on the basis of discretionary assessments by the Purchasers and negotiations between the parties. This results in a difference in absolute value between the total expected consideration and the amount related to today's transaction, but a substantial alignment of the average amounts per MW, also due to the tax credits which remain in the hands of the TerniEnergia Group, following the different method of sale.

The agreement provides that the closing of the asset sale transaction will take place by and no later than 31 October 2018, subject to the incorporation of a Newco, into which the perimeter of the portfolio of plants subject to the transaction will be contributed. The shareholding in the newly incorporated special purpose vehicle will then be transferred to the Purchasers as soon as the acquisition contract is signed (closing).

The total consideration for the Purchasers' acquisition of 100% of the share capital of the newly formed company is, in fact, equal to approximately Euro 6.2 million (Equity Value). The transaction envisages the acquisition by the buyer of financial debts related to the plants for approximately Euro 27.8 million. The TerniEnergia Group will also retain the tax credits relating to the plants involved in the transaction, for an amount of approximately Euro 3.7 million. The sale price was determined on the basis of the algebraic sum of future cash flows and net working capital of the plants involved in the transaction as at 31 December 2016. A price adjustment mechanism is envisaged based on the evolution of the Net Working Capital between 31 December 2016 and the closing date. The Enterprise Value of the assets sold amounts to approximately Euro 34 million.

The closing of the transaction is subject, among other conditions, to the obtainment (if necessary) of the consent of credit institutions, in the form of waivers, to the sale of photovoltaic assets and other technical and financial conditions typical of this type of transaction.

TerniEnergia and the Purchasers were assisted by Orrick as legal advisor. For the assessment of the fairness of the agreed price, TerniEnergia received a fairness opinion from a leading specialized advisor.

POSTPONED THE APPROVAL OF THE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2017

On March 30, 2018 Italeaf announced that the Company has obtained authorisation from Nasdaq to approve the 2017 consolidated financial statements and the separate financial statements of the Parent Company beyond the three months from the end of the year as required by market regulations.

As a result of this exemption, the Board of Directors for the approval of the yearly financial statements has been held on 27 April 2018. The Company underlined that the postponement was determined by the decision taken by TerniEnergia, the main company of the Italeaf Group, to use the faculty, provided for by Italian regulations, to approve the draft of the separate financial statements as at 31 December 2017 and the consolidated financial statements on next 27 April 2018, within four months of the end of the period.

This decision was taken by TerniEnergia on the basis of the opportunity to complete, before the approval of the financial statements, the new recovery and relaunch plan, aimed at pursuing, in the medium term, the transformation of the Company into a smart company and overcoming the current financial stress of the Group, based on strategic guidelines identified by the Board of Directors, as announced on 27 March 2018.

Having taken note of these circumstances, Italeaf has decided to postpone the approval of the financial statements, as highlighted above, in order to be able to incorporate the results and the prospective elements of the TerniEnergia industrial plan.

FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<i>in Euro</i>	Notes	As at March 31, 2018	As at December 31, 2017	Change	Change %
Intangible assets	1	34,977,119	35,488,340	(511,221)	(1.5)%
Tangible assets	2	81,959,607	82,875,372	(915,765)	(1.1)%
Equity Investments	3	5,225,365	6,130,251	(904,887)	(17.3)%
Deferred tax assets	4	22,799,503	22,088,173	711,330	3.1%
Non-current financial receivables	5	6,609,451	6,502,286	107,165	1.6%
Total non-current assets		151,571,045	153,084,423	(1,513,378)	(1.0)%
Inventories	6	13,904,698	13,941,717	(37,018)	(0.3)%
Trade receivables	7	34,021,860	35,965,999	(1,944,139)	(5.7)%
Other current assets	8	14,250,119	16,509,296	(2,259,178)	(15.9)%
Derivatives		13,717	13,717		0.0%
Financial receivables	9	1,507,874	1,104,041	403,833	26.8%
Cash and cash equivalents	10	5,820,923	5,461,627	359,296	6.2%
Total current assets		69,519,192	72,996,397	(3,477,206)	(5.0)%
Asset held for sale	11	72,173,152	22,243,024	49,930,128	69.2%
TOTAL ASSETS		293,263,389	248,323,844	44,939,544	15.3%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		17,144,000	17,144,000		0.0%
Stocks		(4,042,466)	13,213,104	(17,255,570)	n.a
Profit for the period		(1,256,528)	(17,713,457)	16,456,928	n.a
Total Group equity	12	11,845,006	12,643,647	(798,641)	106.7%
Minority interests		14,409,929	36,386,281	(21,976,352)	n.a
Profit for the minority interest		(1,422,100)	(23,087,138)	21,665,037	n.a
Total equity	12	24,832,835	25,942,791	(1,109,956)	104.5%
Provision for risk and charges	13	2,924,363	2,949,730	(25,367)	100.9%
Provision for employee benefits	14	6,793,787	6,311,594	482,192	92.9%
Deferred tax liabilities	15	13,610,845	13,758,280	(147,435)	101.1%
Non-current financial payables	16	25,426,800	25,564,190	(137,389)	100.5%
Other non-current liabilities	17	46,741	46,741	()	100.0%
Derivatives	18	2,349,693	2,349,693		100.0%
Total non-current liabilities		51,152,230	50,980,229	172,001	99.7%
Trade payables	18	50,084,166	54,247,907	(4,163,741)	108.3%
Payables and other financial liabilities	20	96,463,904	95,981,994	481,910	99.5%
Taxes payable	21	440,364	406,353	34,011	92.3%
Other current liabilities	22	20,372,680	20,764,571	(391,891)	101.9%
Total current liabilities		167,361,113	171,400,825	(4,039,712)	102.4%
Liabilities associated with assets held for sale	23	49,917,211		49,917,211	0.0%
TOTAL LIABILITIES		268,430,554	222,381,054	46,049,500	82.8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		293,263,388	248,323,844	44,939,544	84.7%

CONSOLIDATED INCOME STATEMENT

	2018-01-01	2017-01-01
<i>in Euro</i>	2018-03-31	2017-03-31
Revenues	7,205,440	28,858,080
Other operating income	1,387,074	1,236,907
Change in inventories of semi-finished and finished products	(48,802)	3,041,302
Costs for raw materials, consumables and goods for resale	(208,154)	(20,908,051)
Costs for services	(2,307,903)	(3,496,880)
Personnel costs	(4,509,347)	(5,000,194)
Other operating costs	(158,882)	(330,867)
Amortisation, depreciation, provisions and writedowns	(2,711,148)	(2,163,044)
Operating result	(1,351,723)	1,237,253
Financial income	122,025	972,669
Financial charges	(1,962,620)	(2,174,964)
Portion of result attributable to the joint venture	(186,366)	(39,316)
Net profit before taxes	(3,378,684)	(4,358)
Taxes	700,056	275,492
Net profit for the period	(2,678,628)	271,134
- of which: attributable to the Group	(1,256,528)	(1,967,687)
- of which: attributable to non-controlling interests	(1,422,100)	35,571
Earnings per share - Basic and diluted	(0,081)	(0,127)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro)	Notes	As at March 31,	
		2018	2017
Net Profit for the Period		(2,678,629)	271,134
Change in cash flow hedge reserve			
Difference of Translation			(201,502)
Tax effect of expenses / (income) recognized in equity			
Total other comprehensive income for the period to be subsequently released to the Income Statement			(201,502)
Actuarial Income / (loss)			
Tax effect of expenses / (income) recognized in equity			
Total other comprehensive income for the period not to be subsequently transferred to the Income Statement			
Total comprehensive income / (loss) for the period		(2,678,629)	69,632
• of which: attributable to the Group		(1,256,528)	19,966
• of which: attributable to non-controlling interests		(1,422,100)	49,666

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Description (in Euro)	Share Capital	Reserves				Total reserves	Profit of the period	Total Group equity	Minority Interests	Total equity
		Paid in Capital	Legal reserves	Extraordinary	Other Reserves					
As at December 31, 2016	15,444,000	666,000	258,969	10,615,919	6,583,634	18,124,521	(4,851,015)	28,717,506	32,830,058	61,547,563
Allocation of the previous year's profit (loss)					(4,851,015)	(4,851,015)	4,851,015	-		-
Other Entries					(328,575)	(328,575)		(328,575)	2,956,734	2,628,159
Other entries					(5,179,590)	(5,179,590)	4,851,015	(328,575)	2,956,734	2,628,159
Profit of the period							110,763	110,763	160,371	271,134
Other comprehensive					(90,797)	(90,797)	0	(90,797)	(110,705)	(201,502)
Total profit for the period					(90,797)	(90,797)	110,763	19,966	49,666	69,632
As at March 31, 2017	15,444,000	666,000	258,969	10,615,919	1,313,247	12,854,134	110,763	28,408,897	35,836,457	64,245,354

Description (in Euro)	Share Capital	Reserves				Total reserves	Profit of the period	Total Group equity	Minority Interests	Total equity
		Paid in Capital	Legal reserves	Extraordinary	Other Reserves					
As at December 31, 2017	17,144,000	666,000	258,969		12,288,135	18,124,521	(17,713,457)	12,643,647	13,299,144	25,942,791
Allocation of the previous year's profit (loss)					(17,713,457)	(17,713,457)	(17,713,457)	-		-
Other Entries					(457,887)	(457,887)		(457,887)	1,110,785	1,568,672
Other entries					(17,255,570)	(17,255,570)	(17,713,457)	(457,887)	1,110,785	1,568,672
Profit of the period							(1,256,528)	(1,256,528)	(1,422,100)	(2,678,629)
Other comprehensive										
Total profit for the period							(1,256,528)	(1,256,528)	(1,422,100)	(2,678,629)
As at March 31, 2018	17,144,000	666,000	258,969		(4,967,434)	(4,042,466)	(1,256,528)	11,845,006	12,987,829	24,832,834

CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro)	As at 31 March,	
	2018	2017
Pre-tax profit	(3,378,684)	(4,358)
Amortisation/depreciation	2,711,148	2,154,071
Write-downs of fixed assets and receivables	2,649,843	8,973
Allocations to the employee benefits fund	482,192	57,223
Result of joint ventures accounted for at equity and reversal of margin	186,366	39,316
Gains/Revaluations	37,018	
Change in inventories	1,944,139	(3,548,413)
Change in trade receivables	2,087,552	(15,572,010)
Change in other assets	482,192	(1,458,953)
Change in trade payables	(4,163,741)	14,903,013
Change in other liabilities	(3,033,090)	6,575,398
Net cash flow (used in)/generated by operating activities	(477,258)	3,154,262
Investments in tangible fixed assets	(714,322)	(1,860,399)
Investments in intangible fixed assets	(569,839)	(1,207,028)
Income from equity investments/(Equity investments)	718,521	813,173
Change in receivables and other financial assets	(510,998)	(345,771)
Disposals of AFS		
Net cash flow (used in)/generated by investing activities	(1,076,639)	(2,600,023)
Change in payables and other financial assets	9,113,657	(5,122,619)
Change in non-current financial payables	(8,769,136)	834,238
Other changes in shareholders' equity	1,568,673	2,426,658
Net cash flow (used in)/generated by financing activities	1,913,193	(1,861,723)
Comprehensive cash flow for the period	359,297	(1,307,484)
Cash and cash equivalents at the beginning of the period	5,461,627	11,190,383
Cash and cash equivalents at the end of the period	5,820,923	9,882,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

GENERAL INFORMATION

Italeaf S.p.A ("Italeaf", "Company" or "Group Leader") is a limited company domiciled in Narni (Italia), Strada dello Stabilimento, 1.

Italeaf SpA, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong and a research and development centre in the Hong Kong Science and Technology Park. The company controls TerniEnergia, listed on the STAR segment of the Italian Stock Exchange and active in the fields of renewable energy, energy efficiency and waste management, WiSave in the "internet of things" field, for the development and production of thermostats and smart technologies for the remote control of electrical and heating items of buildings managed through a cloud infrastructure, and Skyrobotic, in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market, Numanova, operating in the field of innovative metallurgy and additive manufacturing and Italeaf RE, a real estate company.

From September 4 2014, Italeaf is listed on NASDAQ OMX First North in Stockholm.

FORM, CONTENT AND ACCOUNTING POLICIES ADOPTED

These Intermediate consolidated financial statements have been prepared on a premise of Italeaf continuing as a going concern, with the directors having verified the absence of any financial or business indicators, or indicators of other kind, that might suggest that the Group might face difficulty in meeting its obligations in the foreseeable future and, in particular, in the next 12 months.

The Intermediate consolidated financial statements of the Italeaf Group at March 31, 2018 have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.), and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement article 9 of Legislative Decree n. 38/2005. In the framework of the options set out in IAS 34, the Group has chosen to publish this report for the consolidated Financial Statements, such as a condensed information.

Please note that the international accounting principles applied are consistent with those used for the Consolidated Financial Statements at December 31, 2017.

These Intermediate consolidated financial statements are expressed in euros which is the functional currency based on the primary economic environment in which the Group companies operate. Unless otherwise indicated, all data presented in the notes to the financial statements are in euros.

The Group has elected to present the income statement according to the nature of the accounts, while the assets and liabilities in the balance sheet are classified as current or non-current. The cash flow statement has been prepared using the indirect method.

The preparation of these Intermediate consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. The estimates and related assumptions are based on historical experience and other factors considered reasonable in the context of the applicable financial reporting framework, and have been used when the carrying amount of assets and liabilities cannot be readily determined from other sources. The actual results could differ from those expressed or implied by the estimates and assumptions used. The estimates and underlying assumptions are reviewed periodically and the effects of any changes affecting the current period are reflected in the income statement. In the event that the revision affects both current and future periods, the change is recognized in the period in which the revision is made and in future years.

The actual results may differ, even materially, from the estimates as a result of possible changes in the factors considered in determining the estimates.

These Intermediate consolidated financial statements were approved by the Company's board of directors on May 31, 2018.

SCOPE OF CONSOLIDATION

The consolidated financial statements of Italeaf Group at March 31, 2018 include the financial statements of the parent company, Italeaf S.p.A., and the financial statements of all the companies, which the parent directly or indirectly controls.

The following table lists the entities included in the consolidation, and the respective percentage held directly or indirectly by the Group at March 31, 2018:

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

Company	Location	% of Held by the Group	
		Direct	Indirect
Skyrobotic S.p.A.	Narni - Via dello Stabilimento, 1	68,61%	
Numanova S.p.A.	Narni - Via dello Stabilimento, 1	85,58%	
Italeaf UK L.t.d.	1, Cornhill EC3V 3ND - London	100%	
Italeaf HK L.t.d.	Unit 905-6, 9th Floor, Fook Yip Building - 53-57 Kwai Fung Crescent, Kwai Chung - N.T. Hong Kong S.A.R. - Hong Kong	100%	
TerniEnergia S.p.A.	Narni - Via dello Stabilimento, 1	42.19%	
List of Ternienergia subsidiaries			
Greenled Industry S.p.A.	Narni - Via dello Stabilimento, 1		100%
Newcoenergy S.r.l.	Nardò - Via Don Milani, 4		100%
Capital Solar S.r.l.	Nardò - Via Don Milani, 4		100%
Rinnova S.r.l.	Nardò - Via Don Milani, 4		100%
Soc. Agric. Fotosolara Cheremule S.r.l.	Narni - Via dello Stabilimento, 1		100%
Soc. Agricola Fotosolara Ittireddu S.r.l.	Narni - Via dello Stabilimento, 1		100%
T.e.c.i. Costruzioni & Ingegneria S.r.l.	Gioia del Colle - Via Giosuè Carducci, 122		100%
Meet Green Italia S.r.l.	Nardò - Via Don Milani, 4		100%
LyteEnergy S.r.l.	Narni - Via dello Stabilimento, 1		70%
Soc. Agricola Padria S.r.l.	Narni - Via dello Stabilimento, 1		100%
TerniEnergia Hellas M.EPE.	Athens - 52, Akadimiasstreet		100%
TerniEnergia Polska Zoo	Warsaw - Sw. Krolewska 16, 00-103		100%
Tevasa L.t.d.	Cape Town, 1 Waterhouse Place, Century City, 7441		100%
Alchimia Energy 3 S.r.l.	Narni - Via dello Stabilimento, 1		100%
TerniEnergia Romania Srl	Str. Popa Petre 5 - Bucharest		100%
TerniEnergia Solar South Africa Ltd.	Woodstok, De Boulevard Searle Street		80%
TerniEnergia Project Ltd.	Woodstok, De Boulevard Searle Street		80%
GreenAsm S.r.l.	Narni - Via dello Stabilimento, 1		50%
SolarEnergy S.r.l.	Narni - Via dello Stabilimento, 1		100%
Val di Taro Tyre Srl	Narni - Via dello Stabilimento, 1		100%
Selesoft Consulting S.r.l.	Genova - Via De Marini 1		100%
Softeco Sismat S.r.l.	Genova - Via De Marini 1		100%
Wisave S.r.l.	Narni - Strada dello Stabilimento, 1		88.22%
TerniEnergia Moçambique Limitada	Rua Orlando Francisco Magumbwe, n.º 32, cidade de Maputo		100%
Companies enter from to the scope of consolidation in 2018			
Energia Alternativa S.r.l.	Narni - Via dello Stabilimento, 1		100%
Solter S.r.l.	Narni - Via dello Stabilimento, 1		100%

LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:

Company Name	Registered office	% owned by the Group	
		Direct	Direct
List of TerniEnergia JVs			
Purify S.r.l.	Narni - Via dello Stabilimento, 1		50%
Girasole S.r.l.	Narni - Via dello Stabilimento, 1		50%
Guglionesi S.r.l.	Narni - Via dello Stabilimento, 1		50%
Opera Power Srl	Narni - Via dello Stabilimento, 1		50%
Investimenti Infrastrutture S.r.l.	Nardò - Via Don Milani, 4		50%
Rebis power Srl	Narni - Via dello Stabilimento, 1		50%
Soc. Agric. Fotosolara Bonannaro S.r.l.	Narni - Via dello Stabilimento, 1		50%
Soc. Agricola Fotosolara Oristano S.r.l.	Narni - Via dello Stabilimento, 1		50%
Infocaciucci S.r.l.	Narni - Via dello Stabilimento, 1		50%
Ant Energy Srl	Roma - Via Clitunno, 51		50%
Vitruviano Lab Srl	Narni - Via dello Stabilimento, 1		99%
Companies enter from to the scope of consolidation in 2018			
Soltarenti S.r.l.			50%
Companies exit from to the scope of consolidation in 2018			
Energia Alternativa S.r.l.	Narni - Via dello Stabilimento, 1		50%
Solter S.r.l.	Narni - Via dello Stabilimento, 1		50%

For companies with financial years that do not coincide with the calendar year, the financial statements used were annual financial statements that match the Group's financial year, approved by the respective Boards of Directors. The subsidiaries are consolidated line by line; the assets and liabilities, revenues and expenses of the consolidated companies are recognized in the consolidated financial statements at their full value. The carrying amount of equity investments is eliminated by offsetting it against the underlying interest in the respective shareholders' equity, and the individual assets and liabilities and contingent liabilities are measured at their fair value at the date when control of the investee company was established. Any residual value, if positive, is recognized as a non-current asset and posted to "Goodwill". If control is acquired in multiple steps, the entire interest held must be remeasured at fair value; transactions executed with minority shareholders subsequent to the acquisition of control, if control is maintained, are recognized in equity; the acquisition costs incurred are immediately recognized in profit or loss, as is any changes in contingent consideration.

The shareholders' equity and profit or loss amounts attributable to minority shareholders are shown separately in the balance sheet, income statement and comprehensive income statement, respectively.

Payables and receivables, expenses and revenues that arise from transactions between companies included in the scope of consolidation are eliminated. Gains resulting from transactions between the abovementioned companies and reflected in items still included in the shareholders' equity attributable to Parent Company shareholders are eliminated. Investee companies cease to be consolidated from the date when control is transferred to a third party; the sale of an equity interest that causes loss of control results in the recognition in the income statement of (i) any gain or loss determined as the difference between the proceeds from the sale and the corresponding pro rata interest in the shareholders' equity of the investee sold to a third party; (ii) any result attributable to the divested company carried among the other components of comprehensive income that can be reclassified into profit or loss; and (iii) the result from the adjustment to fair value, measured on the date of the loss of control, of any minority interest retained by Italeaf.

Companies managed through contractual agreements, pursuant to which two or more parties who share control through unanimous consent have the power to direct relevant decisions and govern exposure to future variable returns, that qualify as joint operations are recognized by the proportional method directly in the separate financial statements of the entities that are parties to the agreements. In addition to recognizing the attributable share of assets and liabilities, expenses and revenues, the corresponding obligations must also be evaluated. Other interests in joint ventures and affiliated companies over which a significant influence can be exercised, but which do not qualify as joint operations, are valued by the equity method, pursuant to which the carrying amount of the equity investments must be adjusted to take into account the investor company's pro rata interest in the profit or loss for the year of the investee company and any dividends it may have distributed.

COMMENTS ON THE MAIN BALANCE SHEET ASSET ITEMS

NON CURRENT ASSETS

1. INTANGIBLE ASSETS

The table below reports the analysis of changes relating to intangible assets as at March 31 2018, as at December 31 2017:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Software	13,401,828	13,631,405	(229,577)	(1.7)%
Goodwill	2,935,506	2,985,912	(50,406)	(1.7)%
Patents	541,444	547,663	(6,219)	(1.1)%
Building lease	317,324	317,324		0.0%
Customer Relationship	7,561,635	7,830,179	(268,544)	(3.4)%
Others	10,219,382	10,175,858	43,524	0.4%
Total	34,977,119	35,488,340	(511,222)	(1.4)%

The category “Software” and “Customer Relationship” refers mainly to the effects of the PPA, respectively, Euro 13 thousand and Euro 7.8 thousand, which affected companies Softeco Sismat and Selesoft Consulting during the last quarter of 2016.

Intangible assets also include the goodwill in the amount of Euro 2,335,000, booked to the TerniEnergia financial statements, and mainly referring to the acquisition of control of Lucos Alternatives Energies S.p.A., a company active in the field of energy efficiency merged in TerniEnergia during 2015. The goodwill was booked on the basis of the synergies expected from the integration of TerniEnergia's and Lucos' activities. Since the asset has an indefinite useful life, it is not subject to amortization, but it is tested at least annually for impairment. At March 31, 2018, there were no indicators to suggest impairment of goodwill.

2. TANGIBLE FIXED ASSETS

The table below reports the analysis of changes of “Net values” relating to tangible assets as at March 31, 2018, as at December 31, 2017:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Land and buildings	21,125,969	21,208,084	(82,115)	(0.4)%
Plant and machinery	57,087,098	58,253,632	(1,166,535)	(2.0)%
Industrial equipment	142,022	146,849	(4,827)	(3.3)%
Other assets	160,192	75,425	84,768	112.4%
Construction in progress	3,444,326	3,191,382	252,944	7.9%
Total	81,959,607	82,875,372	(915,765)	(1.1)%

Land and buildings mainly refer to the value of the industrial site in Nera Montoro (with an area of 24 hectares) and incubator in Maratta, both owned by Italeaf S.p.A..

Investments in land and buildings also include the value of properties owned by the TerniEnergia Group, which consist of two industrial buildings at the Nera Montoro plant, as well as the value of land for the construction of a composting plant in the Province of Lecce.

Plant and machinery as at March 31, 2018 includes the value of photovoltaic plants with a total capacity of 13.2 MW, as well as the value of the end-of-life tyres plants, a biodigester plant and water treatment plants, all of which are located at the Nera Montoro industrial site.

3. EQUITY INVESTMENTS

The following table shows the balances of investments in joint ventures and investments carried with the equity method as at March 31, 2018 and December 31, 2017, along with the related changes:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Investments in JV	5,155,044	6,059,930	(904,887)	(14.9)%
Investments in Equity	70,321	70,321		0.0%
Total	5,225,365	6,130,251	(904,887)	(14.8)%

4. DEFERRED TAX ASSETS

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related changes:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Deferred tax assets	22,799,503	22,088,173	711,330	3.2%
Total	22,799,503	22,088,173	711,330	3.2%

The deferred tax assets relates primarily to the Company TerniEnergia and TERNI Solarenergy. The change in the reporting period is mainly due to deferred taxes accrued on tax losses for the period. The tax losses on which deferred tax assets were recorded were measured in full recoverable in the light of the Group's prospects and its new plan.

5. NON CURRENT FINANCIAL RECEIVABLES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related changes:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Non Current Financial Receivables	6,609,451	6,502,286	107,165	1.6%
Total	6,609,451	6,502,286	107,165	1.6%

The balance of non-current financial receivables mainly consists of amounts due from the TerniEnergia's joint ventures.

The financial assets in the amount of Euro 4.3 million refer to loans receivable (application of IFRIC 12 and IFRIC 4) in relation to contracts for energy efficiency and interest-bearing loans granted to the joint ventures that are renewed automatically from year to year unless cancelled.

The security deposits refer to amounts deposited by the company owning photovoltaic systems, which are used to guarantee the lease contracts for the financing of the systems.

At March 31, 2018, a portion of the financial receivables due from a joint venture was classified among current assets, in consideration of the due date for payment, the liquidity in the joint venture and financial covenants.

The financial assets referring to energy efficiency represent the fair value of the expected cash flows from energy efficiency activities carried out under contract with respect to a number of municipalities and industrial plants. The contracts provide for improving energy efficiency of public lighting systems, and the activities consist of planning, designing and maintaining equipment and services aimed at efficiency.

CURRENT ASSETS

6. INVENTORIES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related changes:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Raw materials	2,822,948	2,794,923	28,025	1.0%
Finished Products	873,098	873,098		0.0%
Products in process	10,208,653	10,273,696	(65,043)	(0.6)%
Total	13,904,698	13,941,717	(37,019)	(0.3)%

The value of inventories at March 31, 2018 is almost entirely attributable to the subsidiary TerniEnergia.

On March 31, 2018 products in process mainly include the costs incurred for the design, development and construction of several power plants currently still in progress.

The finished products on March 31, 2018 are mainly relate to the raw material derived secondly from the recovery of used tyres. The remaining portion of the write-down, equal to approximately Euro 1 million, refers to some energy efficiency projects.

The item raw material is referred mainly to various materials (structural and electrical) used for the construction of photovoltaic systems. The products in process are increased due to the activities of the two subsidiaries Softeco Sismat and Selesoft Consulting and for the design costs, in particular related to the Technical Service, relating to initiatives abroad and in particular to the preliminary design of the activities in Tunisia, and Energy Saving.

7. TRADE RECEIVABLES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Resceivables from customers	38,143,235	39,409,029	(1,265,794)	(3.2)%
Resceivables from joint venture	659,589	1,337,934	(678,345)	(50.7)%
Resceivables from affiliated companies	32,044	32,044		0.0%
Provision for doubtful	(4,813,008)	(4,813,008)		0.0%

Total	34,021,860	35,965,999	(1,944,139)	(5.4)%
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Trade receivables amounted to Euro 34,021 thousand as at March 31, 2018, with most of the balance due from customers.

The amount of trade receivables is adjusted by a provision for doubtful debts of Euro 4,813 thousand to cover the risk of default of certain receivables arising in previous years.

8. OTHER CURRENT ASSETS

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
VAT Credit	2,273,790	2,205,463	68,327	3.1%
Advances to suppliers	718,909	1,337,861	(618,953)	(46.3)%
Prepayments	2,725,703	2,391,384	334,319	14.0%
Other credits	8,531,717	10,574,588	(2,042,871)	(19.3)%
Total	14,250,119	16,509,296	(2,259,178)	(13.7)%

Other credits mainly refer to a credit of approximately Euro 3.3 million accrued following the application of the so-called "Tremonti Environmental" of certain Group companies (mainly Terni Solar Energy). It also adds the contribution from Softeco Sismat of Euro 3,365,000 related to the research fund represented from collection of contributions waiting for redistribution to the Partners, in respect of which is therefore present in the passive corresponding debt.

9. FINANCIAL RECEIVABLES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Financial receivables from joint venture	1,010,909	743,523	267,386	36.0%
Financial receivables from others	496,965	360,518	136,447	37.8%
Total	1,507,874	1,104,041	403,833	36.6%

Other financial receivables mainly refer to the value of receivables from Joint Venture held by the subsidiary, TerniEnergia, which are to be converted into cash in the short term.

10. CASH AND CASH EQUIVALENTS

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Banl accounts	5,820,923	5,422,192	398,731	7.4%
Cash		39,435	(39,435)	(100.0)%
Total	5,820,923	5,461,627	359,296	6.6%

Reference should be made to the Statement of Cash Flows for details of the change in the balance year on year.

11. ASSET FOR SALE

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Asset for sale	72,173,152	22,243,024	49,930,128	n.a.
Total	72,173,152	22,243,024	49,930,128	n.a.

The change is due to the consolidation in 2018 of EnergiaAlternativa companies and Solter previously held in Jv.

On October 24, 2017, the Group publicly announced the decision of the Board of Directors to immediately implement a series of actions aimed at strengthening the economic and financial situation of the company and ensuring the optimization of the resources available in the delicate phase of change. Among these actions were also included:

- the disposal of non-strategic assets, mainly linked to the core business of the recent past. These are, in particular, the non-controlling investments in photovoltaic plants with an overall capacity of approximately 30 MWp;
- total or partial sale of Newcoenergy S.r.l., which owns the biodigestion plant under construction in Calimera (LE), for the processing of FORSU for the production of biomethane.

The sale of this asset is expected within one year from the balance sheet date. For this reason, Management decided to classify the following assets as held for sale as at 31 March 2018:

- Energia Alternativa Srl: company owning 12 photovoltaic plants with a capacity of 13.8 MWp; at December 31, 2017, the company was 50% owned by TerniEnergia and 50% owned by another shareholder. On 12 March 2018 Ternienergia S.p.a. has acquired 100% of the shares.
- Solter Srl: company owning 4 photovoltaic plants with a capacity of 3.6 MWp; at December 31, 2017, the company was 50% owned by TerniEnergia and 50% owned by another shareholder. On 12 March 2018 Ternienergia S.p.a. has acquired 100% of the shares.
- Guglionesi: company owning 2 photovoltaic plants with a power of 1 MWp; at December 31, 2017, the company was 50% owned by TerniEnergia and 50% owned by another shareholder.
- Girasole: company owning 3 photovoltaic plants with a power of 2.8 MWp; at December 31, 2017, the company was 50% owned by TerniEnergia and 50% owned by another shareholder.
- Soltarenti: company owning 4 photovoltaic plants with a capacity of 3.3 MWp; at December 31, 2017, the company was 5% owned by TerniEnergia, 45% owned and 50% owned by two other partners.
- Calimera plant: plant under construction for the treatment of FORSU in the municipality of Calimera (LE); the plant is held by the company Newcoenergy Srl, a wholly owned subsidiary of TerniEnergia.

COMMENTS ON THE PRINCIPAL LIABILITIES

12. EQUITY

As at March 31, 2018, the subscribed and paid share capital amounted to Euro 17,144,000 divided into 17,144,000 ordinary shares.

As at March 31, 2018, other reserves incorporate the decrease of the cash-flow hedge, which had a negative balance Euro 3,621,878. The reserve mainly reflects the negative fair value, offset by related tax effects, of derivatives booked by joint ventures and subsidiaries to hedge exposure to variability in cash flows, related to the fluctuation of interest rates on certain medium-/long-term loans. The derivative contracts meet the criteria set out by IFRS to classify for hedge accounting, and therefore the changes in the fair value of the derivatives are booked to a specific equity reserve (cash-flow hedge reserve) with regard to the effective portions of the derivatives.

The equity of minority interests refers mainly to the capital and reserves accruing to the minority shareholders of the Group, the TerniEnergia Group, Skyrobotic SpA and Numanova SpA.

As at March 31, 2018, the Company did not own any treasury shares.

13. PROVISION FOR RISKS AND CHARGES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Provision for risks and charges	2.924.363	2.948.730	(24.367)	(0,8%)
Total	2.924.363	2.948.730	(24.367)	(0,8%)

The provision for risks and charges is attributable to the following provisions:

- for Euro 1,069 thousand, to a provision relating to the subsidiary Terni Energia Project for a tax risk for taxes payable on Italian personnel seconded to South Africa during the construction of some large photovoltaic plants;
- € 830 thousand for the provision for the dispute with the Agricola Monticelli company;
- for € 500 thousand, to litigation concluded with a settlement agreement with Milis Energy;
- € 300 thousand for a dispute with a former employee;

14. EMPLOYEE BENEFITS

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Provision for employee benefits	6,793,787	6,311,594	482,193	7.6%
Total	6,793,787	6,311,594	482,193	7.6%

15. DEFERRED TAXATION

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Deferred tax provision	13,610,845	13,758,280	(147,435)	(1.1)%
Total	13,610,845	13,758,280	(147,435)	(1.1)%

The balance of deferred tax liabilities referable to the TerniEnergia Group mainly relates to the recognition of deferred tax liabilities when certain subsidiaries initially adopted International Financial Reporting Standards (IFRS).

The residual of the balance mainly refers to parent company Italeaf S.p.A., and it reflects the recognition of deferred tax liabilities on revaluation of real estate (Nera Montoro plant) at the time of the Company's incorporation.

Lastly, an amount of about Euro 6.6 million is relating to the recognition of deferred taxes as part of the PPA on the acquired companies Softeco Sismat and Selesoft Consulting.

16. FINANCIAL NON CURRENT LIABILITIES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Debts. due to financial leasing	11,058,862	11,265,754	(206,891)	(1.8)%
Other financial liabilities	581,915	524,678	57,237	10.9%
Non-current borrowings	13,786,023	13,773,758	12,265	0.1%
Total	25,426,800	25,564,190	(137,388)	(0.5)%

Payables for financial leases mainly relate to debts incurred to finance the plant properties of TerniEnergia Group. In particular, it comes to debt "non-recourse" relative to photovoltaic plants.

The item "Non-current borrowings" mainly includes the noncurrent portion of loans related to TerniEnergia Group's photovoltaic plants.

17. OTHER NON-CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2017 and December 31, 2016, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Deferred Margins	46,741	46,741		0.0%
Total	46,741	46,741		0.0%

Other non-current liabilities reflect the long-term portion of deferred margins that were booked upon the elimination of investments in joint ventures in order to recognize the additional reduction generated from the equity method.

18. DERIVATIVES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Hedging Derivatives	2,349,693	2,349,693		0.0%
Total	2,349,693	2,349,693		0.0%

On March 31, 2018 the Group does not hold any derivative instruments listed. The fair value of not listed derivatives is measured by reference to financial valuation techniques: in particular, is calculated by discounting future cash flows according to the parameters of the market.

The item "Hedging derivatives", amounting to Euro 2,349 thousand, mainly refers to several derivative agreements IRS (Interest Rate Swap) to cover any fluctuations in interest rates on long-term contract for the financing of equipment property. These derivative contracts primarily relate to funding of the company Energia Alternativa Srl and TERNI SolarEnergy SRL, Solter S.r.l (TerniEnergia's subsidiaries).

19. TRADE PAYABLES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Due to suppliers	49,734,916	53,799,255	(4,064,339)	(8.2)%
Due to Joint venture	349,250	448,652	(99,403)	(28.5)%
Total	50,084,166	54,247,907	(4,163,741)	(8.3)%

Trade payables amounted to Euro 50,084 thousand as at March 31, 2018 are referred to the supply of materials as well as the acquisition of goods and services.

20. DEBT AND OTHER FINANCIAL LIABILITIES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Current bank debt (current account overdraft)	48,552,658	47,964,472	588,186	1.2%
Loans	5,438,304	5,544,059	(105,755)	(1.9)%
leasing	12,411,659	12,217,607	194,052	1.6%
Other financial liabilities	26,955,185	27,966,774	(1,011,589)	(3.6)%

Total	96,463,904	95,981,994	481,910	0.5%
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Current financial liabilities mainly refer to payables to banks for overdrafts and advances against contracts and invoices, as well as the current maturities of leases and long-term debt which mainly refer to the subsidiary TerniEnergia. Current financial payables also include outlays for some of the investments already made, or still under construction, and outlays for other investments that were not covered by specific medium-/long-term financing contracts as at March 31, 2018. The latter investments include the second treatment plant (end-of-life tyres plant) under construction; a pyro gasification plant connected to the grid in December 2012; and a composting plant under construction in Apulia (Italy).

Italeaf S.p.A. has provided corporate guarantees in favor of the subsidiary TerniEnergia for a total amount of approximately Euro 53 million at the date of these financial statements.

It should be noted that at December 31, 2017, some agreements relating to the bond loan had not been complied with. The following financial covenants were found not to have been complied with:

Interest Coverage Ratio: equal to or greater than 2.5

Net Financial Corporate/EBITDA: equal to or less than 3.25

Net Financial/EBITDA: equal to or less than 5

The Regulation also provides for other non-financial covenants, specifically the "Cross default of the Issuer", i.e. the non-payment by the Company of any obligation for an amount of more than Euro 3 million.

Failure to comply with the above covenants represents an "event of default", whereby the absolute majority of obligationalists may have the right to early repayment of the bond, the natural maturity of which is February 2019. However, the regulation provides for a 180-day grace period for the recovery of the parameters necessary to comply with the abovementioned covenants.

The loan taken out with the Banca del Mezzogiorno includes a number of financial covenants that had not been met at the end of the 2107 financial year. The covenants are set out below:

NFP Corporate/Net Equity: less than or equal to 1.1

NFP/BITDA: less than or equal to 6.5

Finally, it should be noted that for the following medium term leases and loans, the bank or leasing institution has the right to request early termination of the contract, as the TerniEnergia has not paid any instalments during the last quarter of 2017.

21. TAX LIABILITIES

The following table provides details of the account balance as at March 31, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2018	December 31, 2017	Change	Change %
Direct Taxex	440,364	406,353	34,011	8.4%
Total	440,364	406,353	34,011	8.4%

The account balance mainly reflects direct taxes accrued on the results of the companies operating in South Africa (TerniEnergia's subsidiaries).

22. OTHER CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2017 and December 31, 2016, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Due to personnel	3,351,002	3,815,735	(464,734)	(12.2)%
Payables to social security institutions and welfare	8,304,276	6,838,758	1,465,518	21.4%
Other current liabilities	8,717,402	10,110,077	(1,392,675)	(13.8)%
Total	20,372,680	20,764,571	(391,892)	(1.9)%

The account includes payables to employees and social-welfare institutions. As of 31 March 2018 there were tax payables expiring for a total of Euro 7.7 million.

23. LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

The following table provides details of the account balance as at December 31, 2017 and December 31, 2016, respectively, and the related change:

(in Euro)	March 31, 2018	December 31, 2017	Change	Change %
Liabilities associated with assets held for sale	49,917,211		49,917,211	0.0%
Total	49,917,211		49,917,211	0.0%

The change is due to the consolidation of liabilities, mainly financial payables, of the companies EnergiaAlternativa and Solter previously held in JV.

COMMITMENTS AND GUARANTEES GIVEN

GUARANTEES

In some cases, customers of the TerniEnergia have funded the purchase of the photovoltaic system through lease agreements with leasing companies. For some of these customers, the Parent company has signed with the leasing company for a takeover agreement to the customer in the lease in the event of, and subordinate to, the failure by its customers. Customers are also involved in this case, to transfer to TerniEnergia the lease agreement and any debt outstanding at the date of transfer, if generated by power plant under contract.

TerniEnergia administrators believe that the probability of occurrence of transfer is extremely remote, since, in practice and with the exception of the initial maxi tranche of leasing contract. Whereas the existence of a maxi initial paid by the customer to the leasing company, the values in effect at time of a takeover, based on current development plans for the cash flows of photovoltaic systems affected, would see a future excess flows generated by energy production compared to outflows for royalties due.

On March 31, 2018, the residual customers' payables to leasing companies for which the above mentioned agreements were taken over total Euro 53.7 million, of which Euro 36.0 million for companies managed or owned by related parties, Euro 18.0 million for joint ventures, Euro 1.8 for the parent company Italeaf, and Euro 17.0 million for other related parties ; the rest of the balance, equal to Euro 16.7 million relates to other third-party customers.

COMMENTS ON THE MAIN INCOME STATEMENT ACCOUNTS

24. REVENUES

The following table provides details of the account for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Revenues Sbu Asset	1,607,557	3,343,028	(1,735,471)	(51.9)%
Revenues Sbu Smart Solution and Service	6,974,602	26,626,226	(19,651,624)	(73.8)%
Revenues Drones		115,100	(115,100)	(100.0)%
Other Revenues	10,355	10,633	(278)	(2.6)%
Total	8,592,514	30,094,987	(21,502,473)	(71.4)%

For the first three months ended at March 31, 2018, the Group realized consolidated revenues from sales and services in the amount of Euro 8,592 thousand.

Revenue from "Sbu Smart Solution and Service " mainly relating from operating Photovoltaic Plants from production and sale of energy produced by the Group (so-called "Power Generation"), from operation & maintenance services by the based on multi-year contracts and revenues from consulting services, and from the activities of the new companies Softeco Sismat and Selesoft Consulting.

The business line " Sbu Asset" mainly represented by revenues from the biodigester plant of Nera Montoro (these revenues are made up not only of the consideration received for the withdrawal of rejection - FORSU - Organic Fraction of Municipal Solid waste - but also from the production and sale of the energy produced through recovery of the biogas resulting from the anaerobic biodigestion process), by the activity of PFU treatment (Life Tires) and the management of the plant purification groundwater of the plant in Nera Montoro. The increase in revenues is due to the gain on the sale of 50% of Purify Srl, a company that owns the Nera Montoro water treatment plant.

23. CHANGES IN INVENTORIES OF SEMI-FINISHED PRODUCTS

The following table provides details of the account for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Finished Products		95,705	(95,705)	(100.0)%
Products in process	(48,802)	2,945,597	(2,994,399)	(101.7)%
Total	(48,802)	3,041,302	(3,090,105)	(101.6)%

25. COSTS OF RAW MATERIALS, SUPPLIES AND GOODS

The following table provides details of for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Purchase of materials	137,919	16,328,484	(16,190,566)	(99.2)%
Fuels and lubricants	70,235	31,078	39,157	126.0%
Change in inventories of raw materials,consumables		(329,589)	329,589	(100.0)%
Purchase of Energie		4,878,078	(4,878,078)	(100.0)%
Total	208,154	20,908,051	(20,699,897)	(99.0)%

26. COSTS FOR SERVICES

The following table provides details for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Outwork	49,449	157,998	(108,550)	n.a.
Consultancy and external collaborators	579,381	580,357	(976)	(0.2)%
Rental and hire	137,243	146,298	(9,055)	(6.6)%
Services	189,695	67,900	121,795	64.2%
Renting property	183,964	(58,788)	242,752	132.0%
Transport	14,141	53,521	(39,380)	n.a.
Maintenance and repairs and assistance	182,294	893,360	(711,066)	n.a.
Supervision and Insurance	242,393	205,303	37,091	18.1%
Other costs for services	729,343	1,450,931	(721,588)	(49.7)%
Total	2,307,903	3,496,880	(1,188,977)	(34.0)%

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

27. PERSONNEL COSTS

The following table provides details for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Wages and salaries	2,920,569	3,431,203	(510,634)	(14.9)%
Social Security Contribution	1,002,142	1,122,757	(120,615)	(10.7)%
Remuneration of Directions	201,097	38,000	163,097	n.a.
Provision for employee benefits	212,115	277,991	(65,877)	(23.7)%
Temporary Staff	173,424	130,242	43,182	33.2%
Total	4,509,347	5,000,194	(490,846)	(9.8)%

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

28. OTHER OPERATING COSTS

The following table provides details for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Taxes not on incomes	88,022	79,108	8,914	11.3%
Other costs	70,860	251,759	(180,899)	(71.9)%
Total	158,882	330,867	(171,985)	(52.0)%

29. AMORTIZATION, DEPRECIATION, PROVISIONS AND WRITEDOWNS

The following table provides details for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Amortization of intangible assets	1,081,060	807,491	273,569	33.9%
Amortization of tangible assets	1,630,088	1,346,580	283,508	21.1%
Writedown non current activities		8,973	(8,973)	(100.0)%
Total	2,711,148	2,163,044	548,104	25.3%

30. FINANCIAL INCOME AND CHARGES

The following table provides details for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Interest expense on debt	(1,413,876)	(1,510,769)	96,893	(6.4)%
banking Commission	(104,718)	(222,276)	117,558	(52.9)%
Interests on bonds	(444,026)	(441,918)	(2,108)	0.5%
Total finance costs	(1,962,620)	(2,174,964)	212,343	(9.8)%
Interest earned on bank accounts		706,632	(706,632)	(100.0)%
Interest income / joint venture	23,855	344,553	(320,698)	(93.1)%
Other financial income	98,170	(78,517)	176,687	n.a.
Total financial incomes	122,025	972,669	(850,643)	(87.5)%
Total	(1,840,595)	(1,202,295)	(638,300)	53.1%

Financial charges primarily relate to the financing of industrial plants owned by the TerniEnergia Group, as well as the bond issue, which also refers to TerniEnergia.

31. TAXES

The following table provides details for March 31, 2018 and March 31, 2017, respectively:

(in Euro)	As at March 31, 2018	As at March 31, 2017	Change	Change %
Current Taxes	107,377	148,713	(41,336)	n.a.
Deferred tax asset	(644,810)	(190,261)	(454,549)	n.a.
Deferred tax provision	(162,623)	(233,943)	71,320	(30.5)%
Total	(700,056)	(275,492)	(424,564)	n.a.

<i>(in Euro)</i>	As at March 31, 2018	As at March 31, 2017	Change	Change %
Current Taxes				
- IRES	81,404	131,993	(50,589)	(38.3)%
- IRAP	25,973	16,719	9,254	55.3%
Total	107,377	148,713	(41,336)	(27.8)%

TRANSACTION WITH RELATED PARTIES

The following table summarizes financial transactions with related parties:

<i>(in Euro)</i>	As At March 31 2018			
Description	Receivables	Takeover Commitments	Charges	Income
Joint venture				
Girasole S.r.l.	882,533	1,110,163		6,517
Guglionesi S.r.l.	377,131			2,307
Sol Tarenti	564,800	7,229,872		10,349
Soc. Agric. Fotosolara Bonnanaro S.r.l.	784,400			5,000
Soc. Agric. FotosolaraOristano S.r.l.	530,222			5,762
Investimenti Infrastrutture S.r.l.	578,943			6,261
Infocaciucci S.r.l.	194,914	2,129,803		
Rebis Power S.r.l.				
Purify S.r.l.	177,312			
Affiliated companies				
T.E.R.N.I. Research S.p.A.		2,155,060		
Other Related Parties				
Camene S.r.l.		2,483,148		
Royal Club Snc		2,450,145		
Lizzanello S.r.l.	1,770			
Totale	4,092,025	17,558,191		36,196

The following table summarizes commercial transactions with related parties:

(in Euro)	As At March 31 2018				As At March 31 2018			
	Receivables	Payables	Other credits	Other Payables	Costs		Revenues	
					Goods	Service Cost	Personnel	Goods
Description								Service Cost
Joint venture								
Girasole S.r.l.	63,213	55,019						15,000
Guglionesi S.r.l.	30,500							5,000
Energia Alternativa S.r.l.								
Solter S.r.l.								
Soc. Agric. Fotosolara Bonnanaro S.r.l.	34,160							7,000
Soc. Agric. FotosolaraOristano S.r.l.	37,700		146					7,000
Investimenti Infrastrutture S.r.l.	10,370	260,820	6,303					4,250
Infocaciucci S.r.l.	7,320							3,000
Vitruviano S.r.l.	431,423	33,411						
Sol Tarenti S.r.l.	44,903							17,100
Associates								
T.E.R.N.I. Research S.p.A.	32,044			32,533				
Other Related Parties								
Lizzanello S.r.l.	39,240							1,750
Saim Energy 2	77,447							
Senior management		69,650					85,208	
Totale	808,320	418,900	6,449	32,533			85,208	60,100

SUBSEQUENT EVENTS

The Board of Directors of TerniEnergia approved the results as at 31 December 2017

On April 27, 2018, the Board of Directors of TerniEnergia approved the draft financial statements for the year ended as at December 31, 2017 and the consolidated financial statements of the Group.

The company reported a strong impact on the results of exceptional and non-recurrent writedowns aimed at supporting the project for the turnaround of the Company and the disposal of photovoltaic and environmental assets, as provided for in the Recovery and Relaunch Plan.

Revenues amounted to Euro 64 million. The decrease compared to the previous year (Euro 84.1 million; -24%) is mainly attributable to the decline in EPC activity, which was interrupted starting from the second half of the year.

EBITDA amounted to Euro 2.2 million (Euro 17.3 million as at 31/12/2016, -87.1%). The EBITDA margin amounted to 3.5%, with a decrease compared to 2016 (20.6%).

The Net Operating Result (EBIT) amounted to Euro -33.5 million (Euro 8.1 million as at 31 December 2016), after amortisation/depreciation, non-recurring provisions and write-downs of Euro 35.8 million (Euro 9.2 million in 2016). In particular, this figure was affected by write-downs of an exceptional and non-recurring nature, mainly due to the valuation of all industrial plants at fair value rather than value in use, as well as to the discontinuity of the EPC business, which is expected to be sold in the Recovery and Relaunch Plan referred to the strategic guidelines disclosed to the market on 27 March 2018.

The Net result amounted to Euro -39.6 million (Euro 1.15 million as at 31/12/2016), while the result before taxes (EBT) amounted to Euro -42.3 million.

Net financial position (NFP) amounted to Euro 89.8 million (Euro 93.9 million as at 31/12/2016), with an improvement of 4.3%, of which Euro 64.3 million was reclassified as short-term NFP, mainly for the definition of a moratorium on the Company's current financial debt, in order to identify proposals for its rescheduling.

Net equity amounted to Euro 21 million (Euro 57.5 million as at 31/12/2016), with a reduction of 63.4%. Net equity takes into account the treasury shares held in portfolio, which amounted to no. 1,012,224.

The Board of Directors of TerniEnergia resolved to put in place, in the best interest of the Company, all the necessary and appropriate requirements to request the transition from the MTA-STAR segment to the MTA.

Finally, the Board called the Ordinary Shareholders' Meeting in first call for June 14, 2018, and in second call for June 15, 2018, to resolve on the approval of the financial statements as of December 31, 2017.

Softeco Sismat (TerniEnergia Group) wins contract for innovative smart mobility system at Vicenza

On May 15, 2018, TerniEnergia announced that Softeco Sismat, the digital company of the Group, has signed a contract for the supply of the flexible transport management and control system to SVT Società Vicentina Trasporti. The award of the contract for an amount of approximately Euro 280 thousand confirms the undisputed leadership of Softeco Sismat in the market segment of smart mobility.

The company part of the TerniEnergia Group will provide its customer with an innovative service, characterized by the fully automated management of ride planning based on user requests, without the need for intervention by the operators of the control centre.

The platform, developed by the Group's smart mobility line of business team, makes available a new system for the automatic processing of requests that can be submitted by customers via APP for smartphones, web portal, SMS and via "light" interactive kiosks located at the main stops. As with traditional DRT services, a call centre will also be available for telephone bookings.

The service will be activated in five different areas of the town of Vicenza and will provide the basis for any subsequent expansion and implementation of new features.

Disposal of the EPC and O&M photovoltaic line of business of TerniEnergia, signed a MoU with GIL Capital Ltd

On May 25, 2018, TerniEnergia announced that it has signed a non-binding Memorandum of Understanding with GIL Capital Ltd, a company incorporated under British law, for the sale of the "On site Engineering and Operations" line of business (EPC and O&M photovoltaic). The GIL Capital group was established in 2012 by the management buy-out of the British Greenray Holding group, which has been operating in the industrial maintenance sector for conventional thermoelectric plants since 1981. GIL Capital is owned and managed by Dr. Leonardo Montesi who has more than 30 years of professional experience in the plant engineering sector and 25 years on the Boards of large international companies in the sector.

The transaction, which is expected to generate total proceeds of Euro 2 million, provides for the establishment of a newco called "TerniEnergia Progetti" which will merge technical office, operating teams, warehouse and equipment related to activities in the photovoltaic sector in Italy and abroad, with the exclusion of the contract for the construction of a photovoltaic plant in Tunisia.

The completion of the transaction is expected by 30 June 2018.

The agreement will allow the continuity of the photovoltaic business, in which TerniEnergia has gained in the years a relevant expertise, the continuity of the brand, strongly affirmed in the sector, the preservation of the operational headquarters of "TerniEnergia Progetti" in the industrial area of Nera Montoro (TR) and the protection of employment levels for a total of 21 employees of TerniEnergia.

The closing of the transaction is subject, among other conditions, to due diligence by the purchaser, and to other conditions of a technical-contractual nature, typical of this type of transaction.

It should be noted that the contents of the Memorandum of Understanding signed are consistent with the Plan of recovery and relaunch of TerniEnergia, aimed at pursuing, in the medium term, the transformation of the Company into a smart company and the overcoming of the current situation of financial tension of the Group, based on strategic guidelines identified by the Board of Directors.