

K.R.ENERGY S.p.A.:

THE BOARD OF DIRECTORS APPROVES THE RESULTS AS AT 30 JUNE 2018

- **Consolidated production value: 74.3 million Euros (compared with 1.1 million Euros at 30 June 2017*)**
- **Consolidated gross operating profit: positive for 10.5 million Euros (compared with a negative result of 1 million Euros at 30 June 2017*)**
- **Consolidated net result: positive for 3.8 million Euros (compared to a negative result of 1.1 million Euros as at 30 June 2017*)**
- **Total assets: 241 million Euros (compared with 213.9 million Euros at 31 December 2017)**
- **Group equity: 98.4 million Euros (compared with 94.4 million Euros at 31 December 2017)**
- **Net financial indebtedness of continuing operations: 42.7 million Euros (compared with 28.8 million Euros at 31 December 2017). Indebtedness of operations in process of divestment: 20.4 million Euros (compared with 22.7 million Euros at 31 December 2017)**

(*) The economic data for the financial year 2017 refer to the revenues and costs of the Energy Branch and KRE SPA, as at that date the group was operating exclusively in the sector of energy production from renewable sources. The Industrial Division, which operates along the entire accumulator chain, began to participate in the economic results from the second half of 2017, having completed the transfer of these activities at the end of June 2017.

S. Potito Sannitico, 27th September 2018 - The Board of Directors of **K.R.ENERGY S.p.A.** today examined and approved the condensed consolidated half-year financial statements as at 30 June 2018 and the related management report.

Consolidated management performance

KRE is a holding company with two business lines: (i) the Industrial Division, which operates in the entire electrical storage sector, and (ii) the Energy Solutions Division, which operates in the sector of energy production from renewable sources that is being divested as it is considered non-strategic.

Over the last 12 months, the consolidation area and the corporate business of the KRE Group, as well as the ownership structure of the Company, have changed significantly. Prior to the approval of the contribution on 29th June 2017, the KRE Group operated exclusively in the sector of energy production from renewable sources. As a result of the transfer of Seri Industrial, the Group entered the sector of production and marketing of energy accumulators, which is currently the Group's main business.

In this context, the main directions on which the Group focused during the first half of 2018 are as follows:

(i) the start of construction of the Teverola Complex through the subsidiary FIB (the "Lithium Project") where an investment plan is envisaged for the construction of a plant for the production of lithium energy cells for the production of traction and storage accumulators;

(ii) the programme for the divestment of the assets held in the sector of energy production from renewable sources (the "Branch Energy Solution");

(iii) the offer to holders of ordinary shares and the admission to trading of newly issued ordinary shares and the listing of warrants (called Warrant Due KRE 2018 - 2019) combined free of charge with newly issued ordinary shares; the admission to trading of ordinary shares resulting from the conversion of special shares issued in 2017

against the contribution of 100% of the share capital of Seri Industrial S.p.A. into KRE and the admission to listing of Warrants Uno KRE 2017 - 2022.

These initiatives made it possible to carry out the process of corporate restructuring of the KRE Group, which began with the transfer of Seri Industrial to the Company in June 2017 and which had already enabled it to withdraw from the case referred to in Article 2446 of the Italian Civil Code and to reverse the income trend, which at 30 June 2018 showed a positive gross operating profit of € 10,549 thousand. At the end of this first phase, it was possible to implement the business expansion programmes, reflected in the 2017-2020 Business Plan. Among the actions underlying this plan, there are the disposal of the Energy Solutions division and the implementation of an important investment program aimed at creating an industrial complex for the production of lithium cells (The "Lithium Project"). The Group's ability to increase its revenues and to pursue its growth and development objectives, as well as to maintain adequate levels of profitability, will depend on the implementation of the investment plan within the so-called Lithium Project in which the Group has decided to focus its main financial and managerial resources.

In order to carry out the so-called Lithium Project, in addition to what was obtained thanks to the option offer made during the months of June and July 2018, the sources of financing identified to meet the related requirements amount to approximately €15.3 million, (i) a soft loan granted by Invitalia for €19.9 million (the "Facilitated Loan") and a non-repayable grant granted by Invitalia for €16.8 million (the "Non-repayable Grant"), still to be disbursed; (ii) a Loan granted to FIB for a total amount of up to €15 million, which was fully disbursed as an advance on the facilities to be provided by Invitalia itself and (iii) additional sources of financing through the reference shareholder for a total amount of up to €14 million.

As mentioned above, part of the resources were raised thanks to the execution of a share capital increase approved by the shareholders' meeting on May 25, 2017, which was the subject of a delegation by the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, on June 26, 2017. On 21 June 2018, the Company, with protocol no. 0216951/18, received approval from Consob of a Prospectus that allowed it, among other things, to launch an increase in company headcount to be offered as an option to its shareholders.

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The income statement of the KRE Group for the first half of 2018 is shown below, with comparative figures for the previous year. The data for the first six months of 2018, mainly relating to the Industrial Division, are not comparable with the economic data for the first half of 2017 as they refer exclusively to the Energy Solution Division.

<i>(in thousands of Euro)</i>	I semester 2018	% on revenues 2018	I semester 2017	% on revenues 2017	Variation 2018 - 2017	Variation %
Sales revenues	60.182	81,0%	593	52,7%	59.589	10048,7%
Change in Inventories	3.239	4,4%	0	0,0%	3.239	#DIV/0!
Total gross revenues	63.421	85,4%	593	52,7%	62.828	10594,9%
Other revenues and incomes	8.202	11,0%	532	47,3%	7.670	1441,7%
Increases in Fixed assets for internal work	2.644	3,6%	0	0,0%	2.644	#DIV/0!
Other revenues and incomes and discounts	10.846	14,6%	532	47,3%	10.314	1938,8%
Production value	74.267	100,0%	1.125	100,0%	73.142	6501,5%
Gross operating profit	10.549	14,2%	(1.002)	-89,1%	11.551	-1152,8%
Net operating profit	7.077	9,5%	(1.426)	-126,8%	8.503	-596,3%
Profit before taxes	5.694	7,7%	(1.431)	-127,2%	7.125	-497,9%
Net profit from continuing operations	4.080	5,5%	(1.500)	-133,3%	5.580	-372,0%

Net result from ceased operating activities	(256)	-0,3%	389	34,6%	(645)	0,0%
Consolidated net profit	3.824	5,1%	(1.111)	-98,8%	4.935	-444,25%

Production value amounted to €74,267 thousand compared to €1,125 thousand in the same period of 2017. The change in revenues compared to the same period of 2017 is mainly due to the change in the consolidation scope due to the contribution of the activities of the Industrial Division.

Revenues from sales and services for the first half of 2018, amounting to Euro 60,182 thousand, were generated by:

- 45.75% in the electric accumulators sector (Euro 27,535 thousand),
- 40.82% in the plastic materials moulding sector (Euro 24,567 thousand),
- 9.63% in the plastics recovery sector (Euro 5,794 thousand),
- 2.32% in the plant design and construction sector (Euro 1,399 thousand),
- 1.19% in the power generation sector (Euro 718 thousand),
- the remainder for other services (Euro 169 thousand).

The **gross operating profit** is positive for Euro 10,549 thousand compared to negative result of Euro 1,002 thousand achieved in the same period of 2017. The improvement in the result was achieved thanks to the activities conferred. Operating and industrial costs amount to Euro 63,018 thousand, compared to Euro 2,127 thousand in 2017.

The **net operating profit** is positive for Euro 7,077 thousand compared to the negative result of Euro 1,426 thousand achieved in the same period of the previous year, after allocating amortisation and depreciation of Euro 3,472 thousand.

The **consolidated net result of operating activities** in the year shows a profit of Euro 4,080 thousand compared to the negative result of Euro 1,500 thousand achieved in the same period of the year 2017. The result is affected by current and deferred taxes and financial management.

The item **Net income from ceased operations and/or assets in process of divestment** shows the results of the companies sold, Kre Sei S.r.l. The item also includes the results of assets in process of divestment (i.e. the photovoltaic operations owned through Murge Green Power S.r.l. and the hydroelectric operations owned through Italdro S.r.l. and Idroelettrica Tosco Emiliana S.r.l.).

The **investments** made in the period amount to Euro 18,885 thousand in the Industrial division, mainly due to the Lithium Project aimed at the reindustrialisation of an industrial complex for the production of lithium cells.

From a financial point of view, the **consolidated net financial position relating to operating activities** shows a net indebtedness of Euro 42,046 thousand, an increase compared to December 31, 2017, when it amounted to Euro 28,806 thousand. Total net financial indebtedness, taking into account that relating to assets in process of divestment, amounted to €20,439 thousand, and amounted to €62,485 thousand compared to €51,499 thousand in 2017, with a net increase of €10,986 thousand mainly due to the sources of financing available to support investments in progress.

For a better understanding of the comparative economic information in the table below, the **consolidated pro forma economic trend of the business line relating to the electric accumulators sector** for the first half of 2017 is shown, the results of which were not consolidated in the income statement for the first half of 2017, as the operation of Transfer of Seri Industrial S.p.A. was completed at the end of June 2017 and consequently the consolidation of the economic values relating to the electric accumulators sector activities took place from the second half of 2017. These figures are taken from the consolidated financial statements of the Seri Industrial group as at 30 June 2017, approved by its Board of Directors on 1 August 2017 and subject to voluntary limited audit by the auditing company BDO Italia S.p.A..

<i>(in thousands of Euro)</i>	01 01 2017 30 06 2017	% on revenues 2017
Revenues from the sale of products and services	54.925	85,4%
Change in inventories	7.234	11,2%
Total gross revenues	62.159	96,6%
Other revenues and incomes	1.533	2,4%
Increases in Fixed assets for internal work	649	1,0%
Other revenues and incomes and discounts	2.182	3,4%
Production Value	64.341	100,0%
Gross operating margin	<u>6.502</u>	<u>10,1%</u>
Net operating profit	<u>3.393</u>	<u>5,3%</u>
Profit before taxes	<u>2.433</u>	<u>3,8%</u>
Net profit from continuing operations	<u>1.114</u>	<u>1,7%</u>
Net profit from discontinued operations or activities in progress of divestiture	<u>0</u>	<u>0,0%</u>
Consolidated net profit	<u>1.114</u>	<u>1,7%</u>

Revenues from sales and services for the first half of 2017, amounting to Euro 54,925 thousand, were generated by:

- 44.5% in the electric accumulators sector (Euro 24,420 thousand),
- 42.3% in the plastics moulding sector (Euro 23,225 thousand),
- 12.2% in the plastic materials recovery sector (Euro 6,683 thousand),
- 1% in the plant design and construction sector (Euro 566 thousand),
- the remaining part for other services (Euro 32 thousand).

Management performance by business sector

In order to appreciate the operating performance, the economic data relating to the activities carried out during the first half of the 2018 financial year are shown below.

The information refers to activities carried out

- in the **Industrial Branch**, which oversees the entire production chain of accumulators and in particular:
 1. plant production: design and construction of complete plants or part of these for the production of secondary lead recovered from spent batteries carried out by the so-called "smelters" ("business plants" line);
 2. the production of polypropylene compounds through two product lines, Serilene and Serifill;
 3. the production of battery boxes: production of battery boxes and plastic battery components;
 4. electric accumulators: production of lead-acid batteries for traction, stationary and automotive applications and lithium batteries and
 5. recovery and recycling of discharged batteries: smelter
- in the **Energy Solutions Branch**, where the production of energy from renewable sources is still carried out through (a) two high-yield cogeneration plants and (b) some plants from mini wind sources.

Economic information is also provided, for the Energy Solutions Branch, relating to the **assets being disposed of**, which are shown in a single line of the income statement. In particular, these are:

- (i) assets in progress of divestment as part of the program to reorganize investments in subsidiaries, which provides for the gradual disposal of the assets of the business line relating to the production of energy from renewable sources. In this context, the assets held in the hydroelectric sector through Idroelettrica Tosco Emiliana S.r.l. and Italdro S.r.l. and the assets held in the photovoltaic sector through Murge Green Power S.r.l. were restated,
- (ii) and, residually, the effects of the divested operations (Krenergy Sei S.r.l.).

Managent performance of the Industrial Branch

The K.R.Energy Group oversees the entire chain of electrical accumulators from raw material to finished product.

Below are the revenues from sales and services by sector of activity for the period relating to the first six months for the period ended June 30, 2018.

The following information relating to the first six months of 2018 is compared with that relating to the first half of 2017. The latter are pro forma information as the Industrial Division has been included in the consolidation area since the second half of 2017. This information was extracted from the condensed consolidated financial statements of Seri Industrial S.p.A. for the period ended June 30, 2017, which were subject to a limited audit.

<i>(in thousands of Euro)</i>			
Plants prod. and prog.	1 Sem. 2018	1 Sem. 2017	Var.
Revenues from sales and services	20.149	756	19.393
Change in inventories of finished products and semifinished goods	711	222	489
Other revenues	125	314	(189)
Increase in fixed assets for internal works			0
Production value	20.985	1.292	19.693
Gross operating profit	1.953	(215)	2.168
% of revenues from sales and services	9,7%	-28,4%	11,2%
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% on production value	9,3%	-16,6%	
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Poly-prolene compounds production	1 Sem. 2018	1 Sem. 2017	Var.
Revenues from sales and services	10.378	11.899	(1.521)
Change in inventories of finished products and semifinished goods	(154)	(225)	71
Other revenues	61	79	(18)
Increase in fixed assets for internal works			0
Production value	10.286	11.753	(1.467)
Gross operating profit	2.042	2.282	(240)
% of revenues from sales and services	19,7%	19,2%	15,8%
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% on production value	19,9%	19,4%	
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<i>(in thousands of Euro)</i>			
Battery boxes	1 Sem. 2018	1 Sem. 2017	Var.
Revenues from sales and services	29.039	24.253	4.786

Change in inventories of finished products and semifinished goods	1.392	2.816	(1.424)
Other revenues	1.534	957	577
Increase in fixed assets for internal works	141		141
Production value	32.107	28.026	4.081
Gross operating profit	2.419	2.291	128
% of revenues from sales and services	8,3%	9,4%	2,7%
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% on production value	7,5%	8,2%	

Accumulators production	1 Sem. 2018	1 Sem. 2017	Var.
Revenues from sales and services	29.382	24.427	4.955
Change in inventories of finished products and semifinished goods	1.289	4.421	(3.132)
Other revenues	7.474	979	6.495
Increase in fixed assets for internal works	163		163
Production value	38.308	29.827	8.481
Gross operating profit	6.724	2.393	4.331
% of revenues from sales and services	22,9%	9,8%	87,4%
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% on production value	17,6%	8,0%	

The plant production sector shows growing revenues related to the design and construction of plants. It reported a positive gross operating profit of 9.7%. In this regard, the company that operates in this sector, Seri Plant Division, is the main contractor for the construction of the plant for the production of lithium cells for the Teverola site.

Revenues from the production of polypropylene compounds were lower than in the previous year, with an increase in margins from 19.2% to 19.7%.

Concerning the production of battery boxes, there was both an increase in revenues of approximately €4.8 million and in margins in absolute terms. In percentage terms, they showed a slight decrease.

The sector of production of electric accumulators showed an increase in revenues of approximately € 5 million, with increasing margins. Other revenues include benefits of €3,750 thousand received for the commitment to hire 75 employees in the project to reindustrialise the Teverola site.

The analysis of the sector of recovery and recycling of spent batteries is not significant as the "Smelter" plant is not yet operational.

The table below shows the revenues from sales and services and other revenues of the Industrial Division, already expressed net of inter-sector transactions, for the period ended June 30, 2018, in order to better highlight the weight of the various activities towards the market.

Revenues for business line 1° semester 2018 (in thousands of Euros)	Revenues from sales	%	Other revenues	%	Total
Plant production and planning	1.399	2,4%	125	1,57%	1.524
Production of polypropylene compounds	5.794	9,8%	58	0,73%	5.852
Battery boxes	24.567	41,4%	638	8,02%	25.205
Electric accumulators	27.535	46,4%	7.134	89,68%	34.669
Total	59.294	100,0%	7.955	100,0%	67.250

The breakdown of revenues by geographical area (secondary information) for the six-month period ended June 30, 2018 is as follows.

Revenues from sales and other revenues by geographical area	1° semester 2018
Euro/ thousands	
Italy	22.849
Europe	34.986
Africa	1.675
Asia	6.152
America	1.524
Oceania	63
Total	67.250

The Lithium Project and the realization of the Teverola complex

Through the subsidiary FIB an important investment project is being developed, called Lithium Project, aimed at the construction of a plant for the production of lithium energy cells for the production of accumulators for traction and storage. At 30 June 2018, investments in progress and payments on account by the investee company FIB amounted to €30,150 thousand, of which €2,500 thousand were made in 2017. Of this amount, €19,050 thousand was used for production investments, €5,800 thousand for experimental developments and €5,300 thousand for industrial research, for which the related amortisation process is already underway.

Thanks to this project, the subsidiary FIB, in line with the Group's logic, taking into account the difficulty of obtaining high quality and customized cells for its reference market (all the large producers are concentrated on power cells for the automotive market and, above all, for telephony, personal computers and small household appliances), intends to become independent from the current Asian suppliers of lithium cells. On the one hand, this will allow better control of the production chain and, on the other hand, to develop a new production process for the active material (Lithium Iron Phosphate) at lower costs than the competition. The Group will also be able to develop increasingly customised products for its end customers and will therefore be able to propose solutions capable of adapting to their specific needs in a way that differs from the standard ones and therefore cannot be modified by the current suppliers.

FIB will therefore be able to take advantage of the know-how acquired both by FAAM in the production and marketing of lead-acid and lithium-acid batteries, and by FL S.r.l., which has developed the Battery Management System, i.e. a battery management system that makes it possible to make the most of the battery's potential, managing its cycles and controlling its operating temperature. In addition, it will be possible to make use of the experience of the subsidiary Lithops and the collaboration with the Polytechnic and the University of Turin for the production of cells and active materials of high capacity, but at low costs.

The investment project is therefore aimed at the production of lithium batteries for the sectors in which FIB operates and niche market compared to the overall, concentrated on electronic products and the car.

In particular, the project provides for the creation of "tailor made" cells and therefore customized for the production of batteries both for a common business such as "light storage", and, above all, for special applications such as traction, large storage, naval, military and public transport.

The project also involves the construction of a plant for the production of the active material, lithium-iron-phosphate base, without the use of organic solvents (completely water-based preparations) and materials containing heavy and toxic metals (such as cobalt or nickel). Thanks to the particular production process with a high capacity, the cell will cost less than current market prices.

The investment will be made in the former Indesit area of Teverola (CE) in relation to which:

on June 5, 2017, FIB, Whirlpool EMEA S.p.A. and FIOM Cgil, FIM Cisl and UILM Uil signed at the registered office of Confindustria Caserta an agreement protocol (the "Whirlpool Agreement") pursuant to which - as part of the implementation of the agreement relating to the re-industrialization of the Teverola site (in relation to which on March 6, 2017 was signed at the Ministry of Economic Development between companies (including the parent company SE.R.I), trade unions and institutions a meeting report on the aforesaid re-industrialization plan) - FIB undertook, among other things, to proceed, directly or through specialized companies, to the selection of at least 75 work units to be hired from among all the workers currently covered by the Whirlpool business plan;

on 20 April 2017, FIB submitted to the Ministry of Economic Development and Invitalia S.p.A., among other things, a request for a facilitation pursuant to art. 9 of the Ministerial Decree of 9 December 2014, subsequently amended on 4 May 2017 with the integration of technical data concerning the project, aimed at obtaining a public contribution (non-refundable and in the form of a facilitated loan) for the Lithium Project. On 11 August 2017, the Ministry of Economic Development, the Campania Region and FIB signed a development agreement - also signed by Invitalia S.p.A. on 23 August 2017 - which provides, against a total eligible investment of € 55,419,000, for a maximum grant, between a non-repayable grant and a subsidised loan, for a total of € 36,696,486 subject to certain terms and conditions. In December 2017, Invitalia S.p.A. approved the granting of the above benefits for a total of €36.7 million, of which €16.8 million non-repayable and €19.9 million subsidised loan. The relevant measure was notified to FIB in January 2018. On April 26, 2018, FIB and Invitalia signed the agreement for the disbursement of the abovementioned facilities.

Management performance of the Energy Solution Branch

The K.R.Energy Group also operates marginally in the production of energy from renewable sources, which are considered non-strategic assets that are expected to be sold. These assets relate to the following business segments:

- *production of energy from hydroelectric sources: revenues are generated primarily by the sale of electricity and government grants (green certificates or all-inclusive tariff);*
- *production of energy from photovoltaic sources: revenues come from the sale of electricity and government grants (energy account);*
- *production of energy from cogeneration: revenues are generated primarily from the sale of electricity and heat and from government grants (white certificates);*
- *activities in the mini wind sector.*

The **economic performance** of the activities carried out in the **Energy Solutions Branch** by sector of activity is shown below. It should be noted that the activities carried out in the hydroelectric and photovoltaic sectors are being sold as they are considered non-strategic and are included in the assets held for sale. In particular, these activities are carried out in the hydroelectric sector through Italdiro S.r.l., for which a preliminary sales agreement has been signed, provisionally indicated at Euro 2.8 million. Italdiro S.r.l.'s additional hydroelectric assets and Murge Green Power's photovoltaic assets were sold with the assistance of a primary advisor. At that date, negotiations are underway with two investors in order to define the contractual aspects. This process is expected to be completed by the end of the current year.

Consequently, as part of the plan for the disposal of the assets of the Energy Solutions Branch, those of the photovoltaic and hydroelectric sectors are shown, as required by IFRS 5, among the assets being disposed of and

therefore do not contribute to the determination of the net result of the operating activities in operation, while those of the cogeneration and mini wind energy sectors continue to participate in revenues and costs.

As far as the performance of the various sectors is concerned, the performance of the "cogeneration" production sector was positive, even if lower than the previous year. The performance of the mini wind power sector remained negative, where the expected revenues were not realised due to defects in the towers.

Among the assets shown among those being disposed of, (i) the hydroelectric sector recorded a positive trend and growth compared to 2017 due to a breakdown of a hydroelectric plant that lasted for the whole of the first quarter of the current year; (ii) the photovoltaic sector maintained interesting margins.

<i>(in thousands of Euro)</i>			
Hydroelectric Sector	I sem. 2018	I sem. 2017	Var.
Production value	1.222	996	226
Gross operating profit	683	347	336
% of net revenues	55,9%	34,8%	148,7%
Net operating result	0	0	0
% of net revenues	0,0%	0,0%	0,0%
Cogeneration Sector	I sem. 2018	I sem. 2017	Var.
Production value	721	1.097	(376)
Gross operating profit	426	760	(334)
% of net revenues	59.1%	69.3%	88.8%

<i>(in thousands of Euro)</i>			
Photovoltaic Sector	1° sem. 2018	1° sem. 2017	Var.
Production value	1.289	1.299	(10)
Gross operating profit	917	1.094	(177)
% of net revenues	71,1%	84,2%	1770,0%
Net operating result	0	0	0
% of net revenues	0,0%	0,0%	0,0%
Wind Sector	1° sem. 2018	1° sem. 2017	Var.
Production value	9	14	(5)
Gross operating profit	(150)	(188)	38
% of net revenues	-1666,7%	-1342,9%	-760,0%

Figures for the Hydroelectric and Photovoltaic business segments have been included in the financial statements under discontinued operations, as required by IFRS 5.

The revenues of the Energy Solutions branch, including incentives, are generated as follows: 22% in the cogeneration sector, 40% in the photovoltaic sector and 38% in the hydroelectric sector.

Analysing the activities by sector, the gross operating result of the cogeneration sector is 59% lower than in the previous year.

In the mini wind sector the results are negative, due to the lack of revenues due to the defects found in the wind turbines. In this regard, on 3 August 2018 Kre Wind S.r.l. was placed in voluntary liquidation and subsequently an application was made to the Court of Milan pursuant to art. 161, paragraph 6, of the bankruptcy law. On August 22, 2018, the Court of Milan, among other things, set the deadlines for the submission of an application for approval of a debt restructuring agreement or a final proposal for an arrangement with creditors and appointed a judicial commissioner. As regards the assets being divested, these are presented:

- in the hydroelectric sector, profitability before depreciation was 56%, compared with 35% in 2017;
- in the photovoltaic sector, profitability before depreciation and amortisation was 71% compared with 84% in 2017;

"Secondary information", by geographical area, is not significant as the Group operates mainly in Italy, in the central-southern area.

At the end of the period under review, the K.R.Energy Group held a portfolio of operating plants with installed capacity as indicated below:

Sector	Regions	Companies	Installed Capacity MW	Installed capacity Dec 2017 MW	Variation	Variation %
Cogeneration	Lazio	Sogef S.r.l.	7,2	7,2	-	-
Mini wind turbine	Sicilia e Campania	Kre Wind S.r.l. e Kre Undici S.r.l.	0,48	0,48	-	-
Hydroelectric	Toscana – Emilia Romagna	Idroelettrica Tosco Emiliana S.r.l. e Italdro S.r.l.	10,2	10,2	-	-
Photovoltaic	Puglia	Murge Green Power S.r.l.	5,0	5,0	-	-
TOTAL			22,88	22,88	-	-

Significant events during the period

Capital increase and other extraordinary transactions

On June 19, 2018, the Board of Directors of K.R.Energy S.p.A., following the resolution passed by the Board of Directors on June 26, 2017 in exercise of the proxy granted by the Extraordinary Shareholders' Meeting on May 25, 2017, resolved - with reference to the capital increase under option approved on June 26, 2017 for a maximum of Euro 60.000,000, to establish a maximum of €41,786,839.29 for the definitive amount of the paid-in share capital increase (the "Rights Issue"), to be carried out through the issue of a maximum of 11,263 shares.299 new ordinary shares, without indication of their nominal value, with regular dividend entitlement and having the same characteristics as those in circulation at the date of issue (and therefore bearing the coupons in effect at that date), to be offered as an option to those entitled under Article 2441, paragraph 1, of the Italian Civil Code, at a ratio of 17 new ordinary shares for each number of ordinary shares held. 5 ordinary shares held, at a price of Euro 3.71 each, of which Euro 2.00 to be allocated to capital and Euro 1.71 to be allocated to a share premium (the "Offer Price"), with combined maximum free of charge no. 11,263,299 Warrant Due KRE 2018 - 2019 in the ratio of no. 1 Warrant Due KRE 2018 - 2019 for each no. 1 newly issued ordinary share subscribed.

At the same meeting, with reference to the capital increase to service the Warrant Due KRE 2018 - 2019 approved on 26 June 2017 for a maximum of Euro 30,000,000, it was resolved to establish a maximum of Euro 29,960,375.34 as the definitive amount of the said capital increase for cash and in divisible form (the "Capital Increase Warrant Due KRE 2018 - 2019"), to be carried out by issuing, in one or more tranches, no later than 30 December 2019, a maximum of Euro 30,000,000. 11,263,299 new ordinary shares, without indication of their nominal value, with

regular dividend entitlement and having the same characteristics as those in circulation at the date of issue (and therefore with coupons in effect at that date) to be reserved exclusively for the exercise of the Warrant Due KRE 2018 - 2019 (the "Warrant Due KRE 2018 - 2019 Conversion Shares").

It was therefore decided to determine that the Two KRE 2018 - 2019 Warrant Due are governed by the 2018 - 2019 Warrant Due KRE 2018 - 2019 Regulation. In particular, the Warrant Due KRE 2018 - 2019 holders have the right to subscribe during the Exercise Period (i.e. any trading day open from 2 January 2019 until 30 December 2019) the Conversion Shares Warrant Due KRE 2018 - 2019 in the ratio of 1 Conversion Share Warrant Due KRE 2018 - 2019 for every 1 Warrant Due KRE 2018 - 2019 held at a price of Euro 2.66 (of which Euro 2.00 to be allocated to capital and Euro 0.66 to be allocated to share premium).

On 21 June 2018, the Company received from Consob, in a note dated 21 June 2018, protocol no. 0216951/18, the approval of the related Prospectus:

1. the offer of options to holders of ordinary shares and the admission to trading on the electronic stock market organised and managed by Borsa Italiana S.p.A. of newly issued ordinary shares of K.R.Energy S.p.A., with Warrant Due KRE 2018 - 2019 combined free of charge;
2. admission to listing on the electronic stock market organised and managed by Borsa Italiana S.p.A. of the aforementioned KRE 2018-2019 Warrant Due combined free of charge with the newly issued K.R.Energy S.p.A. ordinary shares.
3. admission to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. of 39,888,784 K.R.Energy S.p.A. ordinary shares deriving from the conversion of K.R.Energy S.p.A. special shares;
4. admission to listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. of the Warrants Uno KRE 2017 - 2022 assigned to the shareholders of K.R.Energy S.p.A. other than the holders of the special shares.

A copy of the Prospectus is available in electronic format on the Company's website www.kreenergy.it, in the Investor / Capital Increase Section 2018, as well as on the 1Info storage system (www.1info.it).

On July 13, 2018, the Offer to the shareholders of K.R.Energy S.p.A. of the new shares of the Company (the "Shares") was completed, with 1 Warrant Due KRE 2018 - 2019 combined free of charge for every 1 newly issued Share. During the offer period, which began on 25 June 2018 and ended on 13 July 2018, including (the "Offer Period Offer"), 1,161,700 option rights (the "Option Rights") were exercised for the subscription of 3,949,780 options Shares, corresponding to 35.07% of the total number of Shares offered, for a total value of Euro 14,653,683.80. At the end of the Offer Period, no 2,151,035 Option Rights had been exercised, giving the right to subscribe a total of 7,313,519 newly issued ordinary Shares, equal to 64.93% of the total number of Shares offered, for a total value of Euro 27,133,155.49. Given the results, 3,949,780 Warrants Due KRE 2018 -2019 were also assigned.

Following the Stock Exchange Offering of the unexercised option rights, pursuant to Article 2441, paragraph 3, of the Italian Civil Code (the "Stock Exchange Offering"), no further ordinary shares were subscribed. On the basis of the agreements entered into with the Company, the majority shareholder Industrial S.p.A. on conclusion of the Stock Exchange Offer has subscribed for 134,770 ordinary Shares, for a total value of Euro 499,996.70, together with 134,770 Warrant Due KRE 2018 - 2019.

The equity investment held in the share capital of the Company by Mr. Vittorio Civitillo - who indirectly controls Industrial S.p.A. - at the end of the Capital Increase has gone from 71.02% (share held before the start of the Offer) to 65.56%.

At the end of the Offer, a total of 4,084,550 Shares were subscribed to the shareholders of K.R.Energy S.p.A., corresponding to 36.26% of the Shares subject to the Offer, for a total value of 15,153,680.50 of which Euro 8,169,100.00 were allocated to share capital and Euro 6,984,580.50 to share premium. The new share capital of K.R.Energy S.p.A. amounts to Euro 93,073,184.03, divided into 47,287,253 ordinary shares, with no par value.

At the end of the Offer, 4,084,550 Warrant Due KRE 2018 -2019 were also assigned to subscribers of the Capital Increase Option, giving their holders the right to subscribe, in the manner and within the terms indicated in the

relevant regulations (the "Warrant Due KRE 2018 - 2019 Regulations") available on the Company's website www.kreenergy.it, Conversion Shares in the ratio of 1 (one) Conversion Share, for every 1 (one) Warrant Due KRE 2018 - 2019 held at the exercise price of Euro 2.66 per share by the deadline of 30 December 2019. The exercise period of the Warrant Due KRE 2018 - 2019 is any trading day open from 2 January 2019 until 30 December 2019 (inclusive).

As from 25 June 2018, the trading of the KRE 2017 - 2022 Warrants Uno on the MTA also began. Warrants Uno KRE 2017 - 2022 were assigned free of charge on 3 July 2017 to shareholders other than holders of special shares in a number equal to 3 Warrants Uno KRE 2017 - 2022 for each ordinary share held. The KRE 2017 - 2022 Warrants Uno gives the holder the right to subscribe, in the manner and within the terms indicated in the KRE 2017 - 2022 Warrant Uno Regulation, at a price of Euro 5.030 (including share premium), no. 1 new KRE ordinary Share resulting from the KRE 2017 - 2022 Warrant Increase for every no. 10 KRE 2017 - 2022 Warrants held.

The Exercise Periods of the KRE 2017 - 2022 Warrant Uno are, starting from 2018, the last 10 (ten) trading days of each month of March, June, September and December of each year of validity of the KRE 2017 - 2022 Warrant Uno. The Expiry Date is 31 December 2022 or, if earlier, the last trading day of 2022 (inclusive).

As of today, there are 99,277,877 Warrants Uno KRE 2017 - 2022 in circulation, which incorporate the right to subscribe to a maximum total of 9,927,787 Conversion Shares of Warrant Uno KRE 2017 - 2022.

Warrants Uno KRE 2017 - 2022 are governed by the regulations (the "Warrant Uno KRE 2017 - 2022 Regulations") available on the Company's website www.kreenergy.it.

The Lithium Project and the Invitalia Determine

Within the Group's future programmes and strategies, the Lithium Project plays a predominant role, representing the main entrepreneurial initiative that will be pursued and implemented in the coming years.

The Lithium Project is based on the know-how developed over the years and on the production capacity of FIB, which since 2004 with the FAAM group has developed so-called customized solutions with quality standards of excellence, consisting of lithium-ion batteries with automotive, traction and stationary applications, complete with the innovative management system "Battery Management System - BMS". The Lithium Project is also based on the acquisition of the Lithops business unit, carried out by FIB in 2015. Lithops is a research laboratory and producer of lithium-ion cells and has developed its main skills in the study and use of low environmental impact base materials for energy and power applications.

With the Lithium Project, the Company aims to bring the Group, as an industrial group, to assume a leading position in the production of lithium iron phosphate cells and lithium ion batteries for traction and storage.

The Group will focus on the development of the following sectors:

- Motive Industrial (heavy and light traction) - OEM
- Stationary / Tel Market (stationary - telecommunications market)
- Stationary / UPS Market (stationary - UPS market)
- Energy Storage System (ESS) – Large System
- Energy Storage System (ESS) – Small System

In addition, the Group will focus on the following sectors that envisage the implementation of projects to order and within which it has already operated:

- Public electric mobility;
- Naval/Military.

The Lithium Project envisages the construction of a plant with an installed capacity of 200 MWh/year. The Teverola plant has been designed to be sized over time according to the volume of business that is expected to be realized,

taking into account the growing demand for lithium cells. The investment will also be made through the support of the investee companies Seri Plant Division S.r.l., FL S.r.l. and Lithops S.r.l..

For further information, reference should be made to the section on the accumulator sector. In this context, the main supply agreements underway have already been signed. In particular:

- on 16 March 2018, the investee company Seri Plant and MEGTEC Systems SAS signed a commercial contract for the supply of the electrode production line (the "MEGTEC Contract") for a total of € 13 million;
- on 23 March 2018 Seri Plant, Manz AG and Manz Italy S.r.l., the latter as project manager, signed a contract for the turnkey supply of the assembly line for cells and modules (the "Manz Contract") for Euro 13,100 thousand;
- on 10 April 2018, Seri Plant and Kataoka Corporation signed a contract for the turnkey supply of an automated plant for the formation and/or loading of lithium cells (the "Kataoka Contract") for an agreed consideration of € 8.1 million.

To this end, on March 7, 2017, Pmimmobiliare S.r.l., a company indirectly controlled by SE.R.I, acquired from Whirlpool Corporation the "ex Indesit" complex in Teverola (the "Teverola Complex"), where the plant for the production of lithium cells is to be built.

On 7 February 2018, Pmimmobiliare S.r.l. sent FIB a proposal for an option contract for the purchase by FIB of the Teverola Complex.

On 16 February 2018, Pmimmobiliare S.r.l., as the lessor, and FIB, as the lessee, signed a commercial real estate lease agreement (the "Teverola Lease Agreement"), with which Pmimmobiliare S.r.l. leased the Teverola Complex to FIB, i.e. an industrial factory, with a relevant court, with a duration of 9 years, renewable for a further 6 years.

The Teverola Lease Agreement has been subject to the Related Party Transaction Procedure since it is a transaction of greater importance with the related party Pmimmobiliare S.r.l.. For further information, reference should be made to the information document dated 14 February 2018 containing the description of the Teverola Lease Agreement and of the aforesaid proposal for an option agreement for the purchase by FIB of the Teverola Complex drawn up pursuant to article 5 of the Consob Related Parties Regulation and made available to the public on the Company's website www.krenergy.it, and on the authorised storage mechanism 1Info of Computershare S.p.A..

The active materials underlying the Lithops products that the KRE Group intends to produce on a large scale are based on an LFP-G (lithium-ironphosphate and graphite) chemistry, designed for energy applications. It should be noted that Lithops has started a collaboration with experts in the field to develop a process of synthesis of the active material LFP. This process will lead to the in-house production of the components with a consequent economic benefit in terms of raw material procurement costs and subsequent reduction of the

Furthermore, on 20 April 2017, FIB submitted to the Ministry of Economic Development and Invitalia S.p.A., among other things, a request for a facilitation pursuant to art. 9 of the Ministerial Decree of 9 December 2014, subsequently amended on 4 May 2017 with the integration of technical data concerning the project, aimed at obtaining a public contribution (non-refundable and in the form of a facilitated loan) for the Lithium Project. On 11 August 2017, the Ministry of Economic Development, the Campania Region and FIB signed a development agreement - also signed by Invitalia S.p.A. on 23 August 2017 - which provides, against a total eligible investment of € 55.4 million, for a maximum grant, between a non-repayable grant and a subsidised loan, for a total of € 36,696,486 subject to certain terms and conditions. In December 2017, Invitalia S.p.A. approved the granting of the above benefits for a total of € 36.7 million, of which € 16.8 million non-repayable and € 19.9 million soft loan to be allocated to the Lithium Project, i.e. the construction of the first Italian plant for the production of high-tech lithium cells, intended for the construction of electric accumulators. The relevant measure was communicated to FIB in January 2018. On April 26, 2018, FIB and Invitalia signed the agreement for the disbursement of the above mentioned subsidies. At the end of July 2018, FIB signed the loan contract to be disbursed at the progress of the works, which will be repaid in 20 (twenty) deferred six-monthly instalments, in addition to a grace period commensurate with the duration of the Lithium Project, at an annual rate of 0.114%. It is envisaged that the Lithium Project, including the experimental research activities, will be carried out by 31.12.2019, except for any

requests for extension, lasting no more than 12 (twelve) months and in any case within the limits of the reference regulations. cost of the finished product, i.e. the Lithium cell.

The loan contract is guaranteed by a first-degree mortgage of Euro 19,920,940.00 on properties owned by Pmimmobiliare S.r.l. ("PM"), a related party, for an annual fee equal to 1.5% of the granite amount. PM is a company 100% owned by Seri Green Energy & Real Estate S.r.l., in turn 49% owned by Seri S.p.A. and the remaining 51% owned by Cordusio Società Fiduciaria per Azioni at 50% each by the brothers Vittorio Civitillo and Andrea Civitillo. Vittorio Civitillo is a director of Seri Green Energy & Real Estate S.r.l. and Pmimmobiliare S.r.l.. Vittorio Civitillo, indirectly holds, through Industrial S.p.A., shares in the Company corresponding to approximately 65.56% of the share capital of the Company. Industrial is 100% owned by SE.R.I. S.p.A., the latter controlled by Mr. Vittorio Civitillo, who owns 50.4% of it. Vittorio Civitillo holds the position of Sole Director in SE.R.I. S.p.A. and the position of Sole Director in Industrial S.p.A.. In addition, Mr. Vittorio Civitillo holds the office of director with powers in K.R.Energy S.p.A. of managing director in Seri Industrial S.p.A. and in FIB S.r.l.

The guarantee issued by PM, as part of the subsidised loan, a transaction of major importance with related parties, was valued for an ordinary transaction concluded at conditions equivalent to market or standard conditions pursuant to Article 6.7 of the procedure governing transactions with related parties adopted by the Company. The same was therefore considered to fall within the cases of exclusion from the scope of the procedural rules indicated above.

Preliminary agreement for the sale of 100% of the shares of Italdro S.r.l.

On June 26, 2018, the wholly-owned subsidiary Tolo Energia S.r.l. and Giuggia Costruzioni S.r.l., with registered office in Villanova Mondovì (CN), defined the terms of the agreements for the sale of 100% of the share capital of Italdro S.r.l., the company that owns a hydroelectric power plant in the Tuscan region called "Zeri", and of a project for the construction of a further plant called "Bagnone" (hereinafter the "Agreement").

The Agreement is part of the plan to divest the assets held in the renewable energy production sector, considered non-strategic, launched by the Company's Board of Directors in mid-2017.

The consideration agreed by the parties was determined, net of possible changes, in Euro 2,800 thousand, the payment of which will be regulated as follows:

- the sum of €100 thousand was paid as a deposit as of the date of the Agreement;
- for Euro 2,700 thousand, net of possible changes, will be paid at the final notarial deed of sale of the shares (the "Closing").

At the beginning of August 2018 Giuggia Costruzioni exercised an extension provided for in the Agreements for 30 days to reach the Closing by paying an additional amount as a confirmatory deposit of Euro 200 thousand. The amount paid as a confirmatory deposit will be charged as a consideration to the Closing. As of the date of this report, this date has expired and meetings are in progress between the parties to define the date of transfer of the shares.

At the closing date, the consideration will be adjusted to take into account the change in Italdro's financial resources compared to those existing at December 31, 2017. It is also envisaged that, by the date of the Closing, Italdro will settle its payables to suppliers and third parties, with the exception of some expressly indicated in the Agreement. If the investee does not do so, this will constitute a change in the consideration.

The book value in the financial statements of Tolo Energia of the investment held in Italdro is equal to Euro 2,788 thousand.

At 31 December 2017 Italdro closed the financial statements with a value of production of Euro 121 thousand, a negative net result of Euro 305 thousand. Current assets amount to €133 thousand, of which €46 thousand relating to cash and cash equivalents. Fixed assets amount to Euro 4,459 thousand, while payables amount to a total of Euro 313 thousand. Shareholders' equity at the end of 2017 amounted to €4,281 thousand.

Events subsequent to the end of the period

Except for what has already been described in the previous paragraph in relation to the conclusion of the share capital increase offered as an option to shareholders concluded at the end of July 2018 and the updates on the Lithium project and with reference to the facilities granted by Invitalia, the following significant events occurred after the end of the period.

The activities related to the sale of the assets of the Energy Solutions business unit

The wholly owned subsidiary Tolo Energia S.r.l., leader of the Energy Solution Branch companies, is continuing its negotiation activities in order to dispose of the Energy Solution Branch assets. In particular, it, assisted by a financial advisor, after having examined and analyzed offers received for the sale of 100% of the shares of Idroelettrica Tosco Emiliana S.r.l. ("Ite") and Murge Green Power S.r.l. has identified two investors with whom to carry out negotiations. On the basis of the balance sheet at 31 December 2017, the equity value of Ite was indicated as Euro 6.25 million and that of Murge Green Power S.r.l. as Euro 5.85 million, for a total of Euro 12.1 million. The consideration for the sale will also be determined taking into account the economic and financial situation at the date of transfer of the shares compared to that at 31 December 2017 and some costs to be incurred by the seller for non-routine maintenance, which are currently being defined. Acceptance of the offers will also depend on the evaluation of the main contractual terms and conditions and of any other significant provision that is intended to be proposed in the contract for the sale of the shares, currently under negotiation.

As part of this programme, on 27 July 2018, the 100% owned subsidiary Tolo Energia S.r.l. signed a private agreement with Vas S.r.l. for the purchase of the minority shareholding, equal to 49.02% of the share capital, of Murge Green Power S.r.l., The consideration, equal to Euro 2 million is expected to be paid as follows: (i) Euro 0.2 million, already paid at the time of signing the private contract as a deposit and (ii) Euro 1.8 million at the time of signing the deed of sale of shares, expected by mid-October 2018. This will make it easier to negotiate and transfer all the shares held in Murge Green Power.

Foreseeable development of the management

With regard to the foreseeable development of the management, reference should be made to the sections "Significant events during the period" and "Events subsequent to the end of the period", which describe the extraordinary operations carried out, such as the operations to strengthen the share capital of KRE and those underway, such as (i) the Lithium Project and the construction of the Teverola Complex and the sale of the assets of the Energy Solution Branch.

Transactions with related parties

Below are the summary balance sheet, financial and economic data relating to transactions between the various companies that were part of the Group during the year in question. Information is also provided in relation to transactions with related parties, including the transactions required by international accounting standard IAS 24.

Transactions with subsidiaries

The notes to the consolidated financial statements provide information on intragroup transactions for the six-month period ended 30 June 2018.

In particular, the income statement and balance sheet balances of intercompany transactions of the KRE Group for the first half of 2018 are reported. Transactions with subsidiaries are eliminated in the preparation of the annual and half-yearly consolidated financial statements.

In particular, KRE's transactions with its subsidiaries relate to:

- ✓ the disbursement of loans, the management of cash pooling and the issue of guarantees, such as co-obligation for VAT refunds, the issue of letters of patronage under leasing contracts, the issue of guarantees under agreements for the sale of equity interests;
- ✓ the provision of centralised services for the management of administrative, corporate, legal, technical and contractual, fiscal and personnel management activities for the companies of the Energy Solutions business unit;

- ✓ relations with subsidiaries within the scope of the IRES tax consolidation;
- ✓ the management of common services (such as, for example, the use of equipped offices).

Transactions between companies included in the scope of consolidation of the Seri Industrial Group mainly relate to: (i) the management of common services with its subsidiaries and its parent company; (ii) supply relationships of products and semi-finished products, as well as employment relationships between the companies included in the consolidation area, and, mainly, supply of plastic material (between Seri Plast and ICS), supply of cassettes (between ICS and FIB) and employment relationships between the French subsidiaries Plastam EU S.a.s. and ICS EU S.a.s. and their parent company ICS; (iii) relationships between Fib Sud S.r.l. and its parent company FIB S.r.l. on work account; (iv) design and supply relationships for a plant for the recovery of spent batteries between Seri Plant Division and Repiombo, (v) the recognition of royalties for the use of the "Faam" brand between the Chinese company Yixing Faam Industrial (YIBF) and FIB and (vi) cash pooling relationships.

These transactions are excluded from the application of the procedural rules of the RPT Procedure since they are transactions with or between companies controlled, even jointly, by KRE in which the counterparties to the transaction have no interests, qualified as significant, of other related parties of KRE.

Transactions with related parties

The Group has had and continues to have significant financial and economic relations with related parties, the latter mainly relating to the companies of the SE.R.I. Group headed by Vittorio Civitillo outside the KRE Group. Certain corporate representatives of KRE - namely Vittorio Civitillo and his brothers Andrea and Marco and his father Giacomo (the "Civitillo Exponents") - have significant interests within the meaning of Article 2391 of the Italian Civil Code on behalf of parties related to the Company and the Group (the aforementioned parties hold management positions or functions in companies in the Company's chain of control and/or in other parties related to the Company).

Pursuant to the Consob Related Parties Regulation, by resolution of the Board of Directors of 25 November 2010 the Company adopted its own procedure for transactions with related parties, which pursues the aim of defining principles and rules to control the risk arising from situations of possible conflict of interest caused by the proximity of certain parties to the decision-making centres of the Company itself and of the companies of the KRE Group.

There is a risk that the process underlying the management decisions that the Company and the Group companies will take in the performance of their activities will be influenced by acts of management interference and by positions of conflict of interest of the companies belonging to Vittorio Civitillo and the Civitillo family that lead to operations that do not comply with the business strategies of the KRE Group and/or the corporate interests of the Company and the Group companies. The prospective management activity of the Company and the Group could be influenced by situations and operations in conflict of interest that could undermine the conditions of efficiency and profitability of the business of the KRE Group. Although the Company believes that all existing relationships with Related Parties are regulated at normal market conditions, there is nevertheless no certainty that, if such transactions had been concluded with third parties, they would have negotiated and stipulated the related contracts or executed the transactions at the same conditions and in the same manner.

The main Related Parties

The following parties are the most important Related Parties of the Company and the KRE Group:

- Civitillo Exponents;
- companies that are controlled, even indirectly, by Civitillo Exponents and the companies through which Mr. Civitillo controls the Company, namely the companies of the SE.R.I. Group and, in particular, SE.R.I., Industrial and, until April 5, 2018, Rise Equity.

Vittorio Civitillo, Chairman and Managing Director of the subsidiary Seri Industrial, at the date of this report indirectly holds, through Industrial, shares of the Company corresponding to a total of 65.56% of the share capital of the Company. Vittorio Civitillo is the reference shareholder of Industrial, which is 100% owned by SE.R.I., the latter controlled by Vittorio Civitillo, which owns 50.41%.

It should be noted that Esponenti Civitillo are members of the administrative bodies of the main companies of the KRE Group.

In particular, in addition to the position of Managing Director held in the Company, Mr. Vittorio Civitillo holds the position of Managing Director in: (i) Seri Plant Division S.r.l.; (ii) Industrie Composizione Stampati S.r.l.; (iii) Seri Industrial S.p.A.; (iv) FIB S.r.l and Repiombo S.r.l..

Andrea Civitillo is managing director of: (i) Seri Plast S.r.l.; (ii) Industrie Composizione Stampati S.r.l.; (iii) Seri Industrial S.p.A.; (iv) FIB S.r.l. and Repiombo S.r.l..

Marco Civitillo is director of Seri Industrial S.p.A..

Finally, Giacomo Civitillo is managing director of Seri Plant Division S.r.l.

In particular within the Seri Industrial Group:

in Seri Industrial S.p.A., out of 5 members of the board of directors, 3 directors are Esponenti Civitillo;

in Seri Plant Division S.r.l., out of 4 members of the board of directors, 2 directors are Esponenti Civitillo;

in Seri Plast S.r.l., out of 3 members of the board of directors, 1 member is Esponente Civitillo;

in FIB S.r.l., out of 5 members of the board of directors, 2 members are Esponenti Civitillo;

in FS S.r.l., the sole director is not Esponente Civitillo;

in FL S.r.l., out of 3 members of the board of directors, no member is Esponente Civitillo; in FIB Sud S.r.l., the sole director is not Esponente Civitillo;

in Lithops S.r.l., out of 2 members of the board of directors, no member is Esponente Civitillo;

in Carbat S.r.l., the sole director is not Esponente Civitillo;

in Repiombo S.r.l., out of 3 members of the board of directors, 2 members are Esponenti Civitillo.

Vittorio Civitillo and Andrea Civitillo are, respectively, Chairman of the Board of Directors and Managing Director of Industrie Composizione Stampati S.r.l., a company wholly owned by Seri Industrial.

Of the 5 members of the board of directors of this company, 2 members are Esponenti Civitillo.

The main transactions that the KRE Group has carried out with Related Parties

The main transactions that the KRE Group has carried out with Related Parties are set out below.

The Framework Agreement and the Capital Increase in Nature - and, in particular, the Contribution of the Industrial Shareholding - were considered as a transaction with a related party of greater importance pursuant to the Consob Related Parties Regulation and the RPT Procedure due to the position of Mr. Vittorio Civitillo at the date of the Board of Directors that approved the transaction, i.e. April 13, 2017. In fact, at that date, Mr. Vittorio Civitillo was and is: (i) the reference shareholder of Industrial, a company 100% owned by SE.R.I., the latter controlled by Mr. Civitillo Vittorio; and (ii) the controlling shareholder (indirectly through SE.R.I.) of Rise Equity which held 22.1% of the Company's share capital at that date.

The Capital Increase in Nature - and, in particular, the Contribution of the Industrial Shareholding - was subject to the RPT Procedure and was illustrated in the information document "for the most significant transactions with related parties" prepared and made available to the public pursuant to Article 5 of the Consob Related Parties Regulation on the Company's website www.kreenergy.it on 20 April 2017, to which reference should be made.

* * *

On 29 June 2017, following the approval of the Capital Increase in Nature by the Extraordinary Shareholders' Meeting of KRE on 25 May 2017, in accordance with the Industrial Framework Agreement, Industrial signed a loan

agreement with KRE whereby it made available to KRE a credit line for an amount of Euro 500 thousand (the "Bridge Loan") at normal market conditions, with an original maturity of 1 March 2018, subsequently extended to 30 June 2018. Under the terms of the agreements, at the end of the offer period, Industrial subscribed to the unexercised KRE for an amount of Euro 500 thousand by offsetting the payable of Industrial to KRE against the receivable of Industrial to KRE.

* * *

Finally, SE.R.I. and Industrial have undertaken to guarantee and indemnify in the context of factoring agreements relating to trade receivables by their main subsidiaries.

In particular, SE.R.I. and Industrial have undertaken to guarantee and indemnify in the context of factoring of trade receivables by their main subsidiaries. In particular, by private agreements dated April 26, 2018, SE.R.I. and Industrial signed two separate guarantee agreements with Seri Plast, ICS, FIB (the "Transferor Companies") with which they undertook to guarantee and indemnify these companies against any claim and/or request made by the factoring companies, resulting from the non-payment by the debtors (transferred) of receivables claimed and sold by these companies. Should one of the factoring companies indicated below request, by virtue of assignments "with recourse" of receivables, the retrocession of the assigned receivables and/or the return of the advance for non-payment of the assigned receivables, SE.R.I. or Industrial have undertaken to indemnify and hold harmless the assigning companies from the claims made by the factoring company.

Each of the assigning companies will pay SE.R.I. or Industrial a lump sum equal to 0.2% of its assigned receivables for the above guarantee commitment and indemnification. In the event that such a guarantee is activated, the assigning companies are required to assign back to SE.R.I. or Industrial the receivables assigned but not paid to the factoring company, in order to allow for their possible recovery, including judicial recovery.

In particular, SE.R.I. with this agreement of April 26, 2018, which replaces the original contract dated December 31, 2015, guarantees and indemnifies the assignor companies for the amounts indicated below, from any claim and/or request made by the factoring company Mediocredito resulting from the non-payment of the receivables (assigned) by the assigned debtors. Mediocredito has signed a non-recourse factoring contract, by means of a mandate from SE.R.I., with: (i) ICS S.r.l. for €2.7 million; with FIB for €3 million and Seri Plast for €2.7 million. In the event of certain events, the risk assumed by Mediocredito may return to the assignor companies and the related receivables are therefore deemed to have been acquired with recourse rather than without recourse.

With the agreement of the same date, Industrial guarantees and indemnifies all and each of the Transferor Companies for the amounts indicated below, from any claim and/or request made by the factoring companies Ifitalia and UniCredit Factoring arising from the non-payment of the receivables (assigned) by the debtors (assigned). In particular, Ifitalia and Industrial have signed a factoring agreement with recourse for a maximum amount of Euro 14 million, concerning the regulation of future assignments of receivables in consideration of the receivables operated by the assignor companies. Unicredit Factoring and Industrial have signed a factoring agreement for the granting of credit lines in favour of: (i) FIB for €500 thousand and (ii) Seri Plast for €500 thousand.

The table below shows the amount of receivables assigned to factoring companies as at 30 June 2018 that were subject to a guarantee.

Company	Factoring	Amount of receivables (Euro /000)
	Ifitalia	312
Seri Plast	Mediocredito Italiano	0
	Unicredit Factoring	0
ICS	Ifitalia	11.406
	Mediocredito Italiano	3.414

	Ifitalia	1.151
Fib	Mediocredito Italiano	4.022
	Unicredit Factoring	155

This transaction constitutes a "transaction between related parties" of "greater importance" due to the position of Mr. Vittorio Civitillo pursuant to the provisions of the Consob Related Parties Regulation and the Procedure for transactions with related parties approved by the Company on 25 November 2010.

The opinion on the appropriateness and substantive correctness of the related conditions was given on 25 April 2018 by a committee made up of three independent and unrelated directors (the "Committee"). The Committee was involved in the preliminary phase and requested information and data, which were made available by KRE's management, shared with the company functions concerned and with the Chairman and Chief Executive Officer, during meetings.

On May 3, 2018, the relative information document "for transactions with related parties of greater importance" was also approved. It was prepared and made available to the public on the Company's website www.kreenergy.it pursuant to Article 5 of the Consob Related Parties Regulation, to which reference should be made.

Furthermore, on November 19, 2016, Industrial, as lender, and Seri Industrial, as beneficiary, signed a loan agreement through which Industrial undertook to grant Seri Industrial a loan for a total maximum amount of Euro 40,000,000, interest bearing at 7% per annum, with a duration of 7 years, for the purpose of carrying out the Lithium Project. Seri Industrial may use the amount financed for the development of the Lithium Project, in one or more solutions, starting from 1 January 2018 and no later than 31 December 2018. Following the stipulation of a loan with a pool of banks and, in particular, of a loan granted to Pmimmobiliare S.r.l. ("PM") for Euro 14 million (granted to PM and with an express restriction of destination in favour of FIB) (as hereinafter better defined as the "TLA" Line), on 12 February 2018 Industrial and Seri Industrial signed an agreement for the execution of the Industrial Facilities Agreement with which the former granted the latter a revolving credit line for a total maximum amount of Euro 14 million. Following the granting of the Revolving Line and in compliance with the provisions of the FIB Loan, also on 12 February 2018 Seri Industrial granted a credit line to FIB up to a total maximum of Euro 20 million, the intragroup balance of which at 30 June 2018 amounted to Euro 7,533 thousand.

On 8 February 2018 Banca Popolare di Milano S.p.A., UniCredit S.p.A. and Banca del Mezzogiorno - MCC S.p.A. as lender banks, as well as Banco BPM S.p.A., as agent bank, and PM signed another loan agreement (the "PM Loan") relating to the granting to PM of a medium/long-term credit line for a total amount of up to Euro 14 million, with express restriction of allocation in favour of FIB to support the financial needs of the same FIB in relation to the commissioning of the Teverola Complex and in support of the Lithium Project.

Also on 8 February 2018, Banca Popolare di Milano S.p.A., UniCredit S.p.A. and Banca del Mezzogiorno - MCC S.p.A. as lending banks, as well as Banco BPM S.p.A., as agent bank, have signed a loan agreement with FIB (the "FIB Loan") relating to the granting of a credit line for a total amount of up to 15 million euro, already disbursed, in order to finance the advance of the contributions that will be paid by Invitalia to the same FIB under the existing Development Agreement with Invitalia described in the section relating to significant events during the year to which reference should be made for further details.

For further information on the Pool Loan, please refer to the information document published by the Company on 18 December 2017 and made available to the public at the Company's registered office, on the website www.kreenergy.it and on the authorized storage mechanism 1Info of Computershare S.p.A..

Vittorio Civitillo, his brother Andrea Civitillo, Industrial and SE.R.I. have issued commitments and guarantees in favour of credit institutions and leasing companies in relation to credit lines granted, among other things, to companies of the KRE Group belonging to Seri Industrial for the benefit and in the interest of Seri Industrial and companies of the Seri Industrial Group.

Industrial and SE.R.I. have mandated certain factoring companies and banks to grant certain Italian companies of the Seri Industrial Group advances on short-term receivables and credit lines.

In particular, a factoring agreement signed on December 20, 2016 between Ifitalia S.p.A. is in place. ("Ifitalia") and Industrial (the "Ifitalia Factoring Agreement") concerning the regulation of future assignments of receivables in consideration of Industrial's receivables, as supplier, from its debtors. In relation to this factoring relationship, Industrial has granted an irrevocable mandate to grant the companies Seri Plast, ICS and FIB (as well as Coes Company S.r.l., a company of the SE.R.I. Group), the use up to an amount of Euro 14 million of the facility made available to Industrial and valid until revoked, for factoring transactions with advances against assigned receivables. The mandate given by Industrial to the companies of the Industrial Branch amounts to Euro 12 million.

There are also three factoring relationships with UniCredit Factoring S.p.A. that provide for the use of facilities by Seri Plast, ICS and FIB through a mandate from Industrial S.p.A. for a total of Euro 11.5 million for companies in the Industrial Branch for factoring transactions with advances against assigned receivables.

In addition, there are three factoring relationships with Mediocredito Italiano S.p.A. (formerly Mediofactoring S.p.A.), which provides for the use of facilities for Seri Plast, ICS and FIB for a total of Euro 8.4 million for companies in the Industrial Branch by mandate from SE.R.I. S.p.A..

On 7 February 2018, Pmimmobiliare S.r.l. sent FIB a proposal for an option contract for the purchase by FIB of the Teverola Complex.

On 16 February 2018, Pmimmobiliare S.r.l., as the lessor, and FIB, as the lessee, signed a commercial real estate lease agreement (the "Teverola Lease Agreement"), with which Pmimmobiliare S.r.l. leased the Teverola Complex to FIB, i.e. an industrial factory, with a relevant court, with a duration of 9 years, renewable for a further 6 years.

The Teverola Lease Agreement has been subject to the Related Party Transaction Procedure since it is a transaction of greater importance with the related party Pmimmobiliare S.r.l.. For further information, reference should be made to the information document dated 14 February 2018 containing the description of the Teverola Lease Agreement and the above-mentioned proposal for an option agreement for the purchase by FIB of the Teverola Complex drawn up pursuant to Article 5 of the Consob Related Parties Regulation and made available to the public on the Company's website www.kreenergy.it, and on the authorised storage mechanism [Info of Computershare S.p.A.](#)

* * *

The investee company Seri Industrial and its subsidiaries have lease agreements with Pmimmobiliare S.r.l. and Azienda Agricola Quercete, companies indirectly controlled by Vittorio Civitillo, for office and industrial use.

Before the approval of this report, the evaluation procedures were concluded in relation to two transactions with related parties for which the Committee composed of three independent directors was asked to issue the related opinion. These transactions relate to a lease contract for office use to be signed between Seri Industrial and Azienda Agricola Quercete a r.l., the rent for which was set at Euro 78 thousand per year, and to the transfer of equipment, furnishings and software licenses from SE.R.I. to Seri Industrial for Euro 230,000, plus VAT, as part of the broader project that saw the transfer of employees from SE.R.I. to Seri Industrial in 2017. The favourable opinions of the Committee in relation to the above two transactions of minor importance with related parties were issued on August 4 and September 18, 2018.

There are also certain relationships with other companies belonging to the Civitillo family in relation to supplies and services of a technical and industrial nature, regulated at similar conditions to those generally applied in the sector in which the individual companies operate, for details of which reference should be made to the explanatory notes to the consolidated financial statements, which contain economic and financial information on the relationships in place with Related Parties held by the KRE Group at 30 June 2018 with the parent company and the other companies of the group to which it belongs and the shareholders who hold significant shareholdings in the Company whose value exceeds € 10 thousand.

* * *

SE.R.I. and the KRE Group are in charge of (i) the management of the national tax consolidation for IRES purposes and (ii) the management of the VAT of the group.

In relation to other transactions with other parties related to the Group, reference should be made to the notes to the consolidated financial statements with reference to the following positions: (i) a contract for the ordinary and extraordinary management and maintenance of the photovoltaic plants of Murge Green Power S.r.l. signed with Sunelectrics S.r.l. in September 2008; (ii) a credit ratio of € 2,180 thousand and a debt ratio of € 463 thousand, relating to Repiombo S.r.l., accrued in previous years with the company Ecopiombo S.r.l., a minority shareholder of 40% of Repiombo S.r.l..

Relationships with administrative and control bodies, as well as with managers with strategic responsibilities

Vittorio Civitillo, a director with delegated powers to KRE, holds 65.56% of the Issuer's share capital through Industrial. Through Industrial, he holds 3.30% of the Warrants Uno Due 2018 - 2019.

Gaetano Tedeschi, director of KRE until 29 March 2018, holds 0.44% of the share capital of the Company. He holds 6.32% of the Warrant Uno Kre 2017 - 2022. Gaetano Tedeschi has been Chairman of the Board of Directors of Tolo Energia S.r.l., a wholly-owned subsidiary of the Company, since 31 December 2017.

Information pursuant to and for the purposes of Article 114, paragraph 5, of Legislative Decree No. 58/1998

As of December 2007, pursuant to Article 114, Section 5, of Legislative Decree No. 58/1998 and in accordance with the procedures set forth in Article 66 of Consob Resolution No. 11971 of May 14, 1999, as amended, K.R.Energy S.p.A. is required to provide the following information to the market on a monthly basis, as required by the Consob's request of 14.07.2009, prot.9065375:

- the net financial position of the Company and the Group, with identification of short-term components separately from medium/long-term ones;
- K.R.Energy group's past due debt positions broken down by nature (and any related initiatives of the Group's creditors to react);
- Transactions with related parties of the Company and the K.R.Energy Group.

The Company is also required to provide further information on a quarterly basis in the interim reports on operations and in the annual and half-yearly reports.

A) With regard to any failure to comply with clauses relating to the Group's indebtedness, which could result in limits on the use of financial resources, it should be noted that the subsidiary Ite S.r.l., following a plant shutdown at the Lucchio hydroelectric power plant in December 2017, which lasted for the entire first quarter of 2018, and after June 30, 2018, in connection with a loan agreement whose balance at June 30, 2018 amounted to €2,725 thousand, at the date of this report, the instalment due in August for a total of €32 thousand had not been repaid.

In relation to a loan agreement entered into by Seri Industrial and, in particular, an amortising line of € 1.85 million maturing at the end of April 2019, certain financial parameters were not respected. The excess recorded is due to technical reasons and in particular depends on the fact that these financial parameters were agreed at the date of signing of the loan agreement in April 2013, when the structure of the group of borrowers was significantly different from, and not comparable with, the current one. They are therefore no longer consistent with the new

context of the Group. In this regard, in light of the above and in particular (i) the fact that the above parameters, having been set prior to the Hive-Down, are no longer consistent with the different current context of the Seri Industrial Group; (ii) the fact that the bank, also in consideration of this circumstance, has issued the so-called waiver with reference to both 31 December 2016 and 30 June 2017, it is believed that the risk that the bank may exercise the contractual controls provided for in the loan agreement is remote. As a result of these differences, it should be noted in any case that the bank could request the early repayment of the entire financial debt, totalling Euro 1.85 million.

Without prejudice to the foregoing, it should be noted that the occurrence of significant events relating to the financial relationships of Ite and the aforementioned event of default pursuant to the loan agreement entered into by Seri Industrial constitute a significant event pursuant to other agreements within the Group such as the FIB Loan of Euro 15,000 million (for details see other sections of this report) due to the presence of cross default clauses provided for in the relevant agreement. The banks financing the FIB Loan have not adopted any determination in this regard, being aware of these circumstances since the stipulation of the contract relating to the FIB Loan.

It should also be noted that the so-called cross default clauses provided for in the FIB Loan also include the default of the related party Pmimmobiliare (PM) and the default by FIB, PM and/or other companies of the SE.R.I. Group on other loans. These cross-default clauses also give significance to any default by SE.R.I. Group companies, outside the KRE Group and not in the control of the KRE itself, to financial loans/transactions.

B) With regard to the state of implementation of restructuring plans, the Group has no debt restructuring plans in place.

C) With regard to the state of implementation of the business plan, the Board of Directors, which took office in August 2016, verified the criticality of the economic and financial situation, starting with the difficulties in implementing the previous investment plans, following a study and verification phase, and launched a series of initiatives aimed at restructuring the Group. On 13 April 2017, the Board of Directors therefore approved new strategic guidelines, for the execution of which it obtained the necessary authorisations from the Shareholders' Meeting of 25 May 2017. In particular, a Capital Increase in Nature was carried out, with which Seri Industrial was contributed to the KRE Group, following which activities focused on the production chain of electric accumulators.

A business plan was then prepared, approved by the Board of Directors on 26 June 2017, which provides for (i) the growth and development of activities in the electric storage sector and (ii) the sale of assets for the production of energy from renewable sources (the "Plan").

The Plan laid the foundations for the industrial relaunch of the KRE Group by achieving more adequate size levels with fundamentals of an economic, equity and financial nature substantially different from those of the previous plans.

This Plan provides for an increase in revenues for the Industrial line of business by internal lines, accompanied by a growing operating margin as a result of: (i) greater vertical integration within the industrial accumulator chain; (ii) consolidation of its position; (iii) a series of measures aimed at improving production efficiency; and (iv) the acquisition of new orders.

In particular, the Plan envisages the construction of a new Teverola plant for the production of lithium cells, which is the basis of the Group's strategy of positioning along the entire value chain of the production of energy accumulators in a market with significant growth prospects.

For the Energy Solutions business line, all assets that are no longer considered strategic will be phased out.

In the first half of 2018 there was an increase both in terms of sales revenues and gross operating income compared to the historical trend (also considering the trend of the Industrial Branch before contribution to KRE). Compared to the forecasts of the Plan as at 30 June 2018, revenues from sales and services amounted to Euro 60 million and other revenues to approximately 8 million; these were expected to amount to Euro 67 million. Revenues from sales and services as a whole are up on the same period of the previous year, but with a lower than

expected trend, offset by the item other revenues. At June 30, 2018, EBITDA was expected to be €10.4 million and €10.5 million respectively. In various sectors, margins are in line with or above, with the exception of compound production, which declined both in terms of revenues and margins. The accumulator sector achieved higher than expected margins also in consideration of the fact that it benefited from non-recurring revenues of Euro 3,750 thousand.

Compared to the provisions of the Industrial Plan, there has been a delay of approximately six months in the start of the investment plan for the Lithium Project which, however, has no impact on the Group's strategic guidelines, which remain confirmed. In fact, although, as a result of this postponement, an initial time lag of approximately six months of sales and therefore of revenues will be achieved, it is believed that this delay can be recovered and therefore the objectives in terms of revenues and overall gross operating result envisaged in the Plan for the two-year period 2019 - 2020 can be confirmed with respect to what was prudently assumed in the Industrial Plan for the start-up period of the plant's activities. There was also a postponement for the start-up of the Repiombo Smelter plant.

With regard to the divestment of the photovoltaic and hydroelectric businesses, offers were received from investors and the relevant agreements are currently being negotiated.

In addition to the resources deriving from the share capital increase, further recourse has been made and is expected to be made to forms of coverage other than those originally envisaged in the Industrial Plan, namely the recourse to bank and shareholder loans on the basis of existing arrangements and the subsidised loan granted by Invitalia, which by their nature are for a consideration and entail higher financial charges than those provided for in the Industrial Plan.

It should be noted that the forecast data and related estimates are characterised by inherent elements of subjectivity and uncertainty and, in particular, by the risk that anticipated events and actions from which they originate may occur to an extent and at a time different from those envisaged, while unforeseeable effects may occur at the time of the preparation of the Plan.

The manager responsible for preparing the company's financial reports, Luca Lelli, pursuant to Article 154-bis, paragraph 2, of Legislative Decree no. 58/1998, declares that the information on the financial position, results of operations and cash flows contained in this press release corresponds to the documented results, books and accounting records.

The half-yearly report as at 30 June 2018 will be made available to the public, at the Company's registered office, on the website www.krenergy.it in the Investors/Financial Statements and Reports section, as well as at the 1Info storage mechanism (www.1Info.it) in accordance with the law.

K.R.ENERGY S.p.A., subject to the management and coordination of SE.R.I. S.p.A., is a company listed on the MTA market of the Italian Stock Exchange, operating along the entire chain of electric accumulators and active in the production of energy from renewable sources. The KRE Group, through its subsidiaries, oversees all stages of the electric accumulator chain: production of lead from the recovery of spent batteries, design and construction of plants for the production of secondary lead recovered from spent batteries, recovery and recycling of plastic material and production of regenerated copolymer and special compounds, production of crates for automotive and industrial batteries, production of electric lead and lithium accumulators for automotive, industrial and energy storage use.

For further information:

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Consolidated statement of financial position

(in thousands of Euro)	30/06/2018	31/12/2017	Variation	Variation %
Assets:				
	3.358	4.013	(655)	-16%
Cash and cash equivalents	254	250	4	2%
Financial assets	5.589	5.671	(82)	-1%
Current receivables from shareholders and group companies	31.354	27.487	3.867	14%
Trade receivables	15.719	8.997	6.722	75%
Other receivables	39.329	36.159	3.170	9%
Current Activities (A)	95.603	82.577	13.026	16%
Intangible non-current assets	61.655	61.526	129	0%
Total intangible non-current assets	61.655	61.526	129	0%
Property, plant and equipment	21.559	22.666	(1.107)	-5%
Other non-current tangible assets	20.015	4.348	15.667	360%
Total Non-current tangible assets	41.574	27.014	14.560	54%
Participations	81	71	10	14%
Non-current receivables from shareholders and group companies		105	(105)	-100%
Non-current financial assets	1.627	1.883	(256)	-14%
Other non-current receivables	13	18	(5)	-27%
Deferred tax assets	1.320	1.205	115	10%
Total Other non-current assets	3.041	3.282	(241)	-7%
Non-current assets (B)	106.271	91.822	14.449	16%
Non-current assets held for sale or being disposed of (C)	39.179	39.576	(397)	-1%
Total assets (A + B + C)	241.052	213.975	27.077	13%
Liabilities and Shareholders' Equity				
	34.885	28.319	6.566	23%
Trade payables	696	2.438	(1.742)	-71%
Payables to shareholders and group companies	16.670	10.008	6.662	67%
Other payables	29.031	30.997	(1.966)	-6%
Short-term borrowings	18	38	(20)	-54%
Interest rate swaps	2.888	3.016	(128)	-4%
Tax payables	3.623	3.390	233	7%
Provisions for risks	87.811	78.206	9.605	12%
Current Liabilities (D)	16.732	2.170	14.562	671%
Medium/long-term financial debt	4.034	3.242	792	24%
Post-employment benefits	523	1.132	(609)	-54%
Provision for deferred tax liabilities	460	460	-	0%
Non-current payables to shareholders and group companies	81	85	(4)	-5%
Other non-current payables	-	14	(14)	-100%
Non-current provisions for risks (E)	21.829	7.103	14.726	207%

Share capital	84.902	84.897	5	0%
Reserves and Losses carried forward	12.198	13.171	(973)	-7%
Fair value reserve	(2.405)	(2.839)	434	-15%
Profit (loss) for the period	3.716	(802)	4.518	-563%
Shareholders' equity (F)	98.411	94.427	3.984	4%
Minority interest in shareholders' equity	2.613	1.747	866	50%
Minority interest in profit (loss)	108	1.042	(934)	-90%
Minority interest in shareholders' equity (G)	2.721	2.789	(68)	-2%
Non-current liabilities held for sale or being disposed of (H)	30.281	31.450	(1.169)	-4%
Total liabilities (D + E + F + G + H)	<u>241.052</u>	<u>213.975</u>	<u>27.077</u>	<u>13%</u>

(*)

Consolidated income statement

(in thousands of Euro)

	01/01/2018 30/06/2018	% on net revenues 2018	01/01/2017 30/06/2017	% on net revenues 2017	variation 2018-2017	variation 2018-2017
Sales revenues	60.182	81,0%	593	52,7%	59.589	1004
Change in inventories for contract work in progress	3.239	4,4%	-	0,0%	3.239	#D
Total gross revenues	63.421	85,4%	593	52,7%	62.828	1059
Other revenues and income	8.202	11,0%	532	47,3%	7.670	144
Increases in Fixed assets for internal work	2.644	3,6%	-	0,0%	2.644	#D
Other revenues and income and discounts	10.846	14,6%	532	47,3%	10.314	193
Production value	74.267	100,0%	1.125	100,0%	73.142	650
Production costs	(38.298)	-51,6%	(7)	-0,6%	(38.291)	54701
Change Inventories of raw materials, subsidies, consumption and goods	229	0,3%	-	0,0%	229	#D
Costs for services	(11.474)	-15,4%	(1.122)	-99,7%	(10.352)	92
Costs for use of third party assets	(2.054)	-2,8%	(97)	-8,6%	(1.957)	201
Other operating costs	(1.398)	-1,9%	(352)	-31,3%	(1.046)	29
Total operating costs	(52.995)	-71,4%	(1.578)	-140,3%	(51.417)	325
Wages and salaries	(7.905)	-10,6%	(441)	-39,2%	(7.464)	169
Social security charges	(2.193)	-3,0%	(85)	-7,6%	(2.108)	247
Provision for employee severance indemnities	(330)	-0,4%	(16)	-1,4%	(314)	195
Other personnel costs	(295)	-0,4%	(7)	-0,6%	(288)	412
Total personnel costs	(10.723)	-14,4%	(549)	-48,8%	(10.174)	185
Gross operating profit	10.549	14,2%	(1.002)	-89,1%	11.551	-115
Depreciation	(3.472)	-4,7%	(399)	-35,5%	(3.073)	77
Writedowns/reversal of impairment losses	-	0,0%	(25)	-2,2%	25	-10
Total amortisation, depreciation and write-downs	(3.472)	-4,7%	(424)	-37,7%	(3.048)	71
Net operating result	7.077	9,5%	(1.426)	-126,8%	8.503	-59
Financial income	156	0,2%	14	1,2%	142	101
Financial charges	(1.539)	-2,1%	(43)	-3,8%	(1.496)	347
Charges on valuations at amortised cost		0,0%	24	2,1%	(24)	-10
Total financial management	(1.383)	-1,9%	(5)	-0,4%	(1.378)	2755
Profit before taxes	5.694	7,7%	(1.431)	-127,2%	7.125	-49
Taxes	(1.912)	-2,6%	(69)	-6,1%	(1.843)	267
Prepaid taxes	298	0,4%	-	0,0%	298	#D
Total taxes	(1.615)	-2,2%	(69)	-6,1%	(1.546)	224
Net profit from continuing operations	4.080	5,5%	(1.500)	-133,3%	5.580	-37
Net result from discontinued operations	(256)	-0,3%	389	34,6%	(645)	-16
Consolidated net profit	3.824	5,1%	(1.111)	-98,8%	4.935	-44
of which : Group net profit	3.716	5,0%	(1.612)	-143,3%	5.328	-33
of which: Third parties	108	0,1%	501	44,5%	(393)	-7

Consolidated cash flow statement

<i>(in thousands of Euro)</i>	30/06/2018	31/12/2017
Operating activity		
Net result for the year	3.824	240
Adjustment for :		
Write-down of receivables	394	24
Depreciation	3.472	3.664
Cash flows from operating activities before changes in working capital	10.687	3.928
(Increase)/decrease in inventories	(3.170)	(36.159)
(Increase)/decrease in trade and other receivables	(10.789)	(38.785)
Increase/(decrease) in trade payables and other liabilities	11.482	39.260
Increase/(decrease) in provisions for risks and charges	218	3.422
Increase/(Decrease) Post-employment benefits	791	
Increase/(Decrease) in tax liabilities/assets	(427)	56
Increase/(decrease) in tax payables/(receivables)	(2.040)	
Net cash flow from operating activities	(3.935)	(32.206)
Investment activities		
Increase/(Decrease) in derivative instruments	(21)	
(Increase) in fixed assets:	-	
- tangible fixed assets	(16.667)	(86.939)
- Intangible fixed assets	(1.494)	
- Financial	(1.140)	(21)
- Other	-	
Net cash flow used in investing activities	(19.323)	(86.960)
Assets and liabilities held for sale and discontinued operations		
(Increase)/decrease in assets and liabilities held for sale	(772)	939
Net cash from operating assets/liabilities held for sale and discontinued operations	(772)	939
Financial assets		
Increase/(decrease) in long-term financial debt	14.562	1.459
Increase/(decrease) in short-term financial payables	(1.966)	32.916
Increase/(Decrease) in minority interests and Group interest in shareholders' equity	92	83.276
Net cash flow used in investing activities	12.688	117.651
Increase/(Decrease) in cash and cash equivalents and equivalent bundles	(655)	3.352
Cash and cash equivalents at the beginning of the year	4.013	661
Cash and cash equivalents at the end of the year	3.358	4.013

Statement of changes in consolidated shareholders' equity

	<i>Share capital</i>	<i>Reserves</i>	<i>Fair value reserve</i>	<i>Operating result</i>	<i>TOTAL NET EQUITY OF THE GROUP</i>	<i>Minority interest in capital and reserves</i>	<i>Minority interest</i>	<i>TOTAL NET EQUITY</i>
Balance at 31 December 2015	41.019	(10.130)	(2.645)	(3.559)	24.685	2.244	(313)	26.616
Result carried forward		(3.559)		3.559	0	(313)	313	0
Other changes in shareholders' equity		691			691	(3.753)		(3.062)
Rounding					0			0
Change in fair value reserve			204		204			204
Change in share premium reserve due to allocation of capital increase costs		(105)			(105)			(105)
Consolidated economic result				(8.418)	(8.418)		168	(8.250)
Balance at 31 December 2016	41.019	(13.103)	(2.441)	(8.418)	17.057	(1.822)	168	15.403
IAS 8 - Change in estimates				(1.703)	(1.703)			(1.703)
Balance at 31 December 2016	41.019	(13.103)	(2.441)	(10.121)	15.354	(1.822)	168	13.700
Result carried forward		(10.121)		10.121	-	168	(168)	-
Contribution of 29/06/2017	43.878	21.434			65.312			65.312
First-time consolidation Seri Industrial		17.206			17.206	15		17.222
Other changes in shareholders' equity		(778)			(778)	3.386		2.608
Change in fair value reserve			(398)		(398)			(398)
Change in reserve for allocation of capital increase costs		(1.468)			(1.468)			(1.468)
Consolidated economic result				(802)	(802)		1.042	240

Balance at 31 December 2017	84.897	13.171	(2.839)	(802)	94.427	1.747	1.042	97.216
Result carried forward		(1.039)	237	802	-	1.042	(1.042)	-
Warrant Exercise (03/04/2018)	5	7			12			12
Other changes in shareholders' equity		59			59	(176)		(117)
Change in fair value reserve			197		197			197
Change in reserve for allocation of capital increase costs					-			-
Consolidated economic result				3.716	3.716		108	3.824
Balance at 30 June 2018	84.902	12.198	(2.405)	3.716	98.411	2.613	108	101.132

Consolidated net financial position

<i>(in thousands of Euro)</i>	30/06/2018	31/12/2017	Variation	Variation %
A. Cash and cash equivalents	3.358	4.013	(655)	-16,3%
B. Securities held available		-	-	
C. Liquidity (A+B)	<u>3.358</u>	<u>4.013</u>	<u>(655)</u>	<u>-16,3%</u>
D. Current financial receivables	<u>109</u>	<u>728</u>	<u>(619)</u>	<u>-85,0%</u>
E. Current bank receivables (payables)	(24.191)	(24.519)	328	-1,3%
F. Current portion of non-current debt	(3.476)	(5.716)	2.240	-39,2%
G. Other current financial payables	<u>(1.114)</u>	<u>(1.247)</u>	<u>133</u>	<u>-10,7%</u>
H Current financial debt (E+ F+G)	<u>(28.781)</u>	<u>(31.482)</u>	<u>2.701</u>	<u>-8,6%</u>
I Net current financial debt (H+D+C)	<u>(25.314)</u>	<u>(26.741)</u>	<u>1.427</u>	<u>-5,3%</u>
J. Non-current bank receivables (payables)	(15.576)	(774)	(14.802)	1912,4%
K. Bonds issued	-	-	-	0,0%
L. Other non-current receivables (payables)	(1.156)	(1.291)	135	-10,5%
M. Non-current financial debt (J+K+L)	<u>(16.732)</u>	<u>(2.065)</u>	<u>(14.667)</u>	<u>710,3%</u>
N. Net financial debt (I+M)	<u>(42.046)</u>	<u>(28.806)</u>	<u>(13.240)</u>	<u>46,0%</u>
O. NFP assets held for sale	<u>(20.439)</u>	<u>(22.693)</u>	<u>2.254</u>	<u>-9,9%</u>
P. Net financial indebtedness (N+O)	<u>(62.485)</u>	<u>(51.499)</u>	<u>(10.986)</u>	<u>21,3%</u>