



KME Group SpA

Registered office: 20121 Milan (MI) - Foro Buonaparte 44

Share capital Euro 200,072,198.28, fully paid-up

Tax Code and Milan Companies Register no. 00931330583

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PRESS RELEASE

- **Public cash tender offers on KME Group ordinary shares, savings shares and warrants aimed at delisting:**
 - **Euro 1.00 per ordinary share**
 - **Euro 1.20 (*cum dividend*) per savings share**
 - **Euro 0.45 per warrant**
- **The binding offer received from investment funds managed by JP Morgan Asset Management (UK) Limited to finance the offers has been accepted**
- **The transaction offers the Company greater flexibility in effectively pursuing strategies aimed at strengthening its competitive positioning on the market**
- **The ordinary and extraordinary shareholders' meeting already called for 3 and 4 April 2023 has been revoked**

Milan, 28 March 2023 - KME Group S.p.A. (“**KME**” or the “**Issuer**” or the “**Offeror**” or the “**Company**”) announces that it has received from investment funds managed by JP Morgan Asset Management (UK) Limited (“**JPM**”) a *binding offer* aimed at financing a transaction that envisages, among other things, subject to obtaining the necessary authorisations and subject to the occurrence of certain conditions indicated below, the promotion by KME of public purchase offers on ordinary shares, savings shares and KME warrants (the “**Offers**”), to be settled with consideration in cash, as part of a project aimed, if the conditions are met, at the delisting of the aforementioned financial instruments and in particular:

- a total or partial, as indicated below, public tender offer on ordinary shares of KME Group S.p.A. at a unit price of Euro 1.00 (the “**Public Ordinary Shares Tender Offer**”);
- a total public tender offer on KME Group S.p.A. savings shares at a unit price of Euro 1.20 (*cum dividend of Euro 0.21723*) (the “**Public Savings Share Offer**”);
- a total public tender offer on “*KME Group S.p.A. 2021 - 2024*” warrants (the “**Warrants**”) at a unit price of Euro 0.45 (the “**Public Warrant Tender Offer**”).

The Ordinary Shares PTO will be promoted:

- in total (“**Total Ordinary Shares PTO**”), where the necessary consents have been received in good time from the current lending banks of the KME Group pursuant to the existing loan agreements (“**Waiver**”); or
- in partial form on 130,000,000 ordinary shares of KME Group S.p.A. (the “**Partial Ordinary Shares PTO**”), if the necessary *Waivers* have not been received in due time.

The Board of Directors of KME, which met today, accepted the binding offer, deeming the Offers significantly improved compared to the offers proposed in the press release of 28 February 2023, as all Offers provide for

a consideration to be paid in cash, they are also extended to savings shareholders and warrants, and for ordinary shares, they provide for an increase in consideration and a higher number of securities to be included in the offer.

The transaction and the Offers are conditional on the achievement of an amount of subscriptions of no less than a total value of Euro 120.0 million. In consideration of the total value of the individual offers (indicated below), the fulfilment of the aforementioned condition will largely depend on the amount of ordinary shares tendered for the Ordinary Shares PTO.

In addition, the transaction and, consequently, the promotion of the Offers are subject to approval by the Shareholders' Meeting of the Company of the authorisation to purchase treasury shares and Warrants pursuant to art. 2357 of the Italian Civil Code and art. 132 of the Consolidated Law on Finance, as well as obtaining all necessary authorisations, including regulatory authorisations, including those related to the obligations pursuant to Italian Law Decree 21/2012 as subsequently supplemented and amended (“**Golden Power**”) and related implementing provisions.

Taking into account that delisting is the purpose of the overall transaction, this objective can be achieved through:

- (i) in the event of the promotion of the Total Ordinary Shares PTO, where the conditions are met, the fulfilment of the purchase obligations pursuant to art. 108 of the Consolidated Law on Finance and the exercise of the right to purchase pursuant to art. 111 of the Consolidated Law on Finance on ordinary shares, by KME as a party acting in concert with Quattrodedue S.p.A.;
- (ii) in the event of the promotion of the Partial Ordinary Shares PTO, the possible promotion of additional tender offers on ordinary shares, including in full after obtaining the Waivers;
- (iii) following the Savings Shares PTO, any proposed conversion of the savings shares into ordinary shares;
- (iv) following the Warrant PTO, the promotion of a voluntary public exchange offer on the Warrants still in circulation, at a ratio of one ordinary share for every 2.3 Warrants subscribed; and/or
- (v) the possible proposal to the Shareholders' Meeting to proceed to a merger, for the purpose of delisting.

To cover the financial requirements deriving from the payment obligations connected to the Offers, equal - in the case of full acceptance of the same - to a total maximum of Euro 203.4 million (*ex dividend*¹) in the event of a Total Ordinary Shares PTO or a maximum total of Euro 179.0 million (*ex dividend*¹) in the event of a partial Ordinary Shares PTO, the Company will mainly use amounts deriving from an intercompany loan (the “**Intercompany Loan**”) to be disbursed by the wholly-owned direct subsidiary KMH S.p.A. (hereinafter also “**KMH**”).

In this regard, it should be noted that the financial resources underlying the Intercompany Loan will in turn refer to the issue of bonds (for a maximum of Euro 135.1 million) and a capital increase (for a maximum of Euro 70.0 million) which will be approved by KMH and fully subscribed, for a total amount of up to Euro 205.1 million, by JPM.

The Transaction provides for the signing of an investment agreement aimed at regulating relations between KME and JPM in relation to the project, in which Quattrodedue S.p.A. (hereinafter also “**Quattrodedue**”) will also participate in relation to certain specific agreements relating to KME. Quattrodedue, as an additional recipient of the binding offer, accepted the same in order to support the Company in the overall transaction.

In addition, in relation to the project, among other things, the signing is envisaged of an agreement containing some shareholders' pacts, typical of similar transactions, between KME and JPM in relation to KMH.

¹ equivalent value calculated taking into account the distribution of a dividend to savings shares for a total of Euro 0.3 million

1. Reasons for the operation

The delisting is considered by the Company functional to the objective of concentrating its activities in the industrial management of the KME Group and of offering the Company greater flexibility in the pursuit of strategies aimed at strengthening its market position, also through external growth, taking into account that the listing does not allow the KME Group to be adequately valued. Furthermore, the Company believes that the delisting, in addition to representing a corporate simplification with related cost savings, may make it possible to implement, with greater effectiveness, any opportunities for reorganisation of the KME Group aimed at further strengthening it, more easily pursued as an unlisted company.

Taking into account current market prices, the Offers would allow recipients who intend to participate to benefit, with equal treatment for all, from the possibility of liquidating their investment at a certain price, in cash, at a premium with respect to the securities prices average of the last few months.

The Offers are consistent with the path taken by the Issuer with the adoption of the strategy resolved by the Board of Directors on 22 April 2022 (the “**New Strategy**”), which indicated that the new structure of the KME Group needed a lower level of capital and the opportunity to concentrate its activities in the industrial management of KME SE, based on the growth expectations of the copper laminates sector and the strengthening of the overall competitive position following the extraordinary transactions carried out in the last few years.

The aforementioned Board of Directors of KME had in fact carried out a series of transactions relating, among other things, to the voluntary public exchange offers on ordinary shares and warrants promoted by the Company in 2022 (for more details please refer to the press release of 27 February 2023) and to the valuation of other equity investments, including Culti Milano S.p.A. and Ducati Energia S.p.A.

2. Structure of the loan by JPM

The Transaction envisages the participation of JPM through:

- (i) the subscription in cash of bonds (“**Notes**”) that will be issued by the subsidiary KMH for a maximum of Euro 135.1 million with maturity on 31 December 2025, to be repaid in three annual instalments of the same amount as at 31 December of each year; and
- (ii) the subscription in cash of a capital increase of KMH, for a maximum of Euro 70.0 million, with the issue of special category shares with some specific characteristics depending on the project (“**KMH Shares**”);

and, therefore, for a total amount (taking into account the Notes and the KMH Shares) of a maximum of Euro 205.1 million, which will be paid by JPM to KMH, depending on the acceptance of the public tender offers promoted by KME.

The transaction envisages the granting by Quattrodue and KME of some collateral vis-à-vis JPM, including the pledge on the ordinary shares of KME held by Quattrodue to guarantee the obligations assumed by the subsidiary KMH.

As indicated above, the transaction envisages the signing by the parties involved of additional contractual documentation, including the Investment Agreement and the aforementioned shareholders' pact.

3. Description of the Offers

A description of the main characteristics of the Offers is provided below.

3.1. Ordinary shares PTO

The Ordinary Shares PTO will have the following main characteristics, depending on the type of offer.

A) Total Ordinary Shares PTO

The Total Ordinary Shares PTO would consist of a total public tender offer on 154,432,623 ordinary shares, equal to 50.28% of the ordinary share capital, at the unit price of Euro 1.00. The offer does not include the 145,778,198 ordinary shares held by the shareholder Quattrodue and the 6,937,311 ordinary treasury shares held by the Company.

The total value of the Total Ordinary Shares PTO, in the event of full acceptance of the same, would be approximately Euro 154.4 million.

B) Partial Ordinary Shares PTO

The Partial Ordinary Shares PTO would consist of a partial public tender offer on 130,000,000 ordinary shares, equal to 42.32% of the ordinary share capital, at the unit price of Euro 1.00. The offer does not include the 145,778,198 ordinary shares held by the shareholder Quattrodue and the 6,937,311 ordinary treasury shares held by the Company.

The total value of the Partial Ordinary PTO, in the event of full acceptance of the same, would be approximately Euro 130.0 million.

If the number of ordinary shares tendered in the offer exceeds the 130,000,000 shares included in the same, they will be allocated according to the “pro-rata” method, with the Company purchasing from all the ordinary shareholders the same proportion of the ordinary shares they have contributed to the Offer.

C) Ordinary Shares PTO premiums

The consideration for the Total Ordinary Shares PTO and the Partial Ordinary Shares PTO is the same and includes a premium of 46.3% with respect to the official price recorded on 27 February 2023 (last trading day prior to the press release of 28 February 2023) and the premiums indicated in the table below, compared to the weighted average of official prices in the 1-month, 3-month, 6-month and 12-month periods prior to 27 February 2023.

Ordinary Shares PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in the Consideration (%)
Official price at 27 February 2023	0.6836	46.3%
1 month	0.6925	44.4%
3 months	0.6312	58.4%
6 months	0.5894	69.7%
12 months	0.5563	79.8%

Source: Based on Borsa Italiana data

The consideration for the Total Ordinary Shares PTO and the Partial Ordinary Shares PTO is the same and includes a premium of 29.7% with respect to the official price recorded on 28 March 2023 (last trading day prior to this press release) and the premiums indicated in the table below, compared to the weighted average of official prices in the 1-month, 3-month, 6-month and 12-month periods prior to 28 March 2023.

Ordinary Shares PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in the Consideration (%)
Official price at 28 March 2023	0.7712	29.7%
1 month	0.7854	27.3%
3 months	0.7273	37.5%
6 months	0.6579	52.0%
12 months	0.5880	70.1%

Source: Based on Borsa Italiana data

3.2. Savings shares PTO

The Savings Share PTO consists of a total voluntary public tender offer on 13,822,473 savings shares, corresponding to all outstanding savings shares, excluding 1,424,032 savings shares held by the shareholder Quattrodue.

The total value of the Savings Shares PTO, in the event of full acceptance of the same, is approximately Euro 13,6 million (*ex dividend*²).

The consideration for the Saving Shares PTO (*cum dividend*) is the same and includes a premium of 18.4% with respect to the official price recorded on 27 February 2023 (last trading day prior to the press release of 28 February 2023) and the premiums indicated in the table below, compared to the weighted average of official prices in the 1-month, 3-month, 6-month and 12-month periods prior to 27 February 2023.

Savings Shares PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in the Consideration (%)
Official price at 27 February 2023	1.0133	18.4%
1 month	0.9806	22.4%
3 months	0.8991	33.5%
6 months	0.8404	42.8%
12 months	0.7923	51.5%

Source: Based on Borsa Italiana data

² equivalent value calculated taking into account the distribution of a dividend to savings shares for a total of Euro 0.3 million

The consideration for the Savings Shares PTO (*cum dividend*) includes a premium of 23.3% with respect to the official price recorded on 28 March 2023 (last trading day prior to the date of this press release) and the premiums indicated in the table below, compared to the weighted average of official prices in the 1-month, 3-month, 6-month and 12-month periods prior to 28 March 2023.

Savings Shares PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in Consideration (%)
Official price at 28 March 2023	0.9734	23.3%
1 month	0.9962	20.5%
3 months	0.9411	27.5%
6 months	0.9018	33.1%
12 months	0.8224	45.9%

Source: Based on Borsa Italiana data

On completion of the Savings Shares PTO and depending on the subscriptions to the same, if the free float is not sufficient, there is no provision for the reconstitution of a suitable float to guarantee the regular trading performance of savings shares on Euronext Milan. In any case, the Company reserves the right to propose to the competent corporate bodies the conversion (possibly also mandatory) of savings shares into ordinary shares.

3.3. Warrants PTO

The Warrant PTO consists of a voluntary public tender offer on a maximum of 78,635,148 Warrants corresponding to all the Warrants outstanding as of today, excluding the additional 73,680,892 Warrants held by the shareholder Quattrodue, at the unit price of Euro 0.45.

The total value of the Warrant PTO, in the event of full acceptance of the same, is approximately Euro 35.4 million.

The consideration for the Warrants PTO includes a premium of 53.5% with respect to the official price recorded on 27 February 2023 (last trading day prior to the press release of 28 February 2023), the premiums indicated in the table below, compared to the weighted average of official prices in the 1-month, 3-month, 6-month and 12-month periods prior to 27 February 2023.

Warrants PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in Consideration (%)
Official price at 27 February 2023	0.2931	53.5%
1 month	0.3011	49.5%

3 months	0.2411	86.6%
6 months	0.2177	106.7%
12 months	0.1802	149.7%

Source: Based on Borsa Italiana data

The consideration for the Warrants PTO includes a premium of 47.0% with respect to the official price recorded on 28 March 2023 (last trading day prior to the date of this press release), the premiums indicated in the table below, compared to the weighted average of official prices in the 1-month, 3-month, 6-month and 12-month periods prior to 28 March 2023.

Warrants PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in Consideration (%)
Official price at 28 March 2023	0.3061	47.0%
1 month	0.3201	40.6%
3 months	0.2985	50.8%
6 months	0.2615	72.1%
12 months	0.1948	131.0%

Source: Based on Borsa Italiana data

On completion of the Warrant PTO and depending on the subscriptions to the same, if the free float is not sufficient, there is no provision for the reconstitution of a suitable float to guarantee the regular trading performance of Warrants on Euronext Milan. In any case, the Company intends to subsequently promote a public exchange offer on warrants still in circulation at the conclusion of the Warrants PTO, at a ratio of one ordinary share for every 2.3 Warrants subscribed.

4. Indicative timeline of the transaction

As indicated above, the promotion of the Offers is subject to approval, by the Shareholders' Meeting of the Company, of the authorisation to purchase treasury (ordinary and savings) shares and Warrants pursuant to art. 2357 of the Italian Civil Code and art. 132 of the Consolidated Law on Finance. Therefore, the Board of Directors resolved to revoke the Shareholders' Meeting called for 3 April 2023 in first call and for 4 April 2023, in second call, and to call a new ordinary and extraordinary Shareholders' Meeting, within the legal terms (the “**New Shareholders' Meeting**”) to be indicatively held in May 2023.

The New Shareholders' Meeting will be called to resolve on (i) the authorisation to purchase ordinary shares, savings shares and Warrants, in preparation for the promotion of the Offers; (ii) the cancellation of the ordinary and savings shares purchased through the Ordinary Shares PTO and the Savings Shares PTO, within the applicable legal limits and taking into account the needs of the Company; (iii) the cancellation of all the Warrants purchased through the Warrant PTO and the revocation of the related share capital increase for the portion of Warrants purchased.

The transaction is subject to the necessary authorisations pursuant to current legislation, including the Golden Power authorisation.

Following the above, the Board of Directors of KME will take the necessary resolutions for the purpose of promoting the Offers, promptly informing the market.

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The press release is available on the website www.itkgroup.it, where it is possible to request information directly from the Company (phone: +39 02-806291; email: info@itk.it) and on the authorised “eMarket Storage” system at www.emarketstorage.it.