



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

www.itkgroup.it

PRESS RELEASE

Public cash tender offers on KME Group ordinary shares, savings shares and warrants as part of an overall project aimed at delisting:

- **increase in the consideration of the full PTO on savings shares and of the full PTO on warrants:**
from Euro 1.20 (*cum dividend*) to Euro 1.30 (*cum dividend*) per savings share;
from Euro 0.45 to Euro 0.60 per warrant;
- **the Investment Agreement with the investment fund managed by JP Morgan Asset Management (UK) Limited to finance the offers has been signed;**
- **the ordinary and extraordinary shareholders' meeting of KME Group has been called for 10 and 12 June 2023.**

Milan, 10 May 2023 - The Board of Directors of KME Group SpA (“KME” or the “Company”), meeting today, following the acceptance of the *binding offer* received from investment funds managed by JP Morgan Asset Management (UK) Limited (the “Investor”) aimed at financing a transaction that envisages, inter alia, the promotion of takeover bids on ordinary shares, savings shares and KME warrants (the “PTO”), to be settled with consideration in cash as part of a project - if the conditions exist - aimed at *delisting*, approved the terms and conditions of the overall transaction announced on 28 March 2023 and, in particular, the increase to Euro 1.30 (*cum dividend*) of the price of the full PTO on the savings shares and Euro 0.60 of the consideration of the full PTO on the warrants. Therefore, following the resolutions passed today, the transaction envisages the promotion of:

- a total or partial, as specified below, public tender offer on ordinary shares of KME at a unit price of Euro 1.00 (the “**Ordinary Shares PTO**”);
- a total public tender offer on KME savings shares at a unit price of Euro 1.30 (*cum dividend of Euro 0.21723*) (the “**Saving Shares PTO**”);
- a total public tender offer on “KME Group S.p.A. 2021 - 2024” warrants (the “**Warrants**”) at a unit price of Euro 0.60 (the “**Warrant PTO**”).

As already announced in the press release of 28 March (to which reference should be made for further details), the transaction and the PTOs are subject to 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 any case, the ordinary shares, savings shares and warrants held by the shareholder Quattrodedue S.p.A. ("**Quattrodedue**") and the ordinary treasury shares held by the Company are excluded from the PTOs.

In addition, the transaction and, consequently, the promotion of the PTOs 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 the waivers from banks and 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 the related implementing provisions. At this regard, the Board of Directors resolved to convene the KME's Ordinary and Extraordinary Shareholders' Meeting for 10 June on first call and 12 June on second call. The notice of call of the Shareholders' Meeting will be available on the Company's *website* at www.itkgroup.it, Governance/Shareholders' Meetings section, and on the authorized storage mechanism www.emarketstorage.it.

For a summary of the main characteristics of the PTOs, please refer to the following paragraph 2.

Taking into account that the transaction - whose purpose, in the last resort, is to carry out the PTOs aimed at *delisting* - is characterized by an overall coherence and is developed in a series of components, connected and mutually necessary, and that the contractual structure also provides for the involvement of the controlling shareholder Quattrodedue, the Company has prudentially applied the procedures envisaged by Consob Regulation 17221/2010 (the "**RPT Regulation**"), as well as the "*Procedure on Related Party Transactions*" adopted by KME (the "**RPT Procedure**"). Therefore, the resolutions of the Board of Directors today were made subject to the favourable binding opinion given by the Independent Directors of KME in their capacity of Related Party Transactions Committee (the "**RPT Committee**"), as better specified in the following paragraph 3.

1. *Investment Agreement signed with the investment fund managed by JP Morgan Asset Management (UK) Limited*

Today, KME and the Investor signed an agreement called "**Investment Agreement**" aimed at regulating relations between KME and the Investor (which also involves Quattrodedue with reference to certain specific commitments relating to KME in order to support the latter in carrying out the overall transaction).

The Investment Agreement provides for the participation of the Investor in the overall transaction through:

- (i) the subscription in cash of bonds ("**Notes**") that will be issued, between a minimum of Euro 79 million and a maximum of Euro 135.1 million, by the wholly-owned direct subsidiary KMH Sp.A., ("**KMH**"), maturing on 31 December 2025 and to be repaid in three annual instalments of the same amount on 31 December of each year, on which interest will accrue equal to (i) 10% per year, for the periods expiring on 30 June 2023, 30 September 2023 and 31 December 2023, (ii) 12% per year, for the periods ending 31 March 2024, 30 June 2024, 30 September 2024 and 31 December 2024, (iii) 15% per year for the periods ending 31 March 2025, 30 June 2025, 30 September 2025 and 31 December 2025; and
- (ii) the subscription in cash of a capital increase of KMH, for between a minimum of Euro 41 million and a maximum of Euro 70 million, with the issue of special category shares with some

specific characteristics depending on the project and representative of between a minimum of 12.0% and a maximum of 20.5% of the relative share capital ("**KMH Shares**");

and, therefore, for a total amount (through a mix of equity and debt equal, respectively, to 33%-34% and 66%-67%) of a maximum of Euro 205.1 million, which will be paid by the Investor to KMH, based on subscriptions to the PTOs promoted by KME.

The Company will cover the financial requirements deriving from the payment obligations related to the PTOs mainly by making recourse to the amounts deriving from an intercompany loan to be disbursed by KMH using the financial resources deriving from the Investor's investment in KMH.

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

The Investment Agreement contains some shareholders' agreements typical of similar transactions mainly relating to (a) the governance of KME and KMH and its subsidiaries, (b) the transfer of the equity investments of the Group companies. The essential information of the shareholders' agreements contained in the Investment Agreement relevant pursuant to art. 122 of the Consolidated Law on Finance will be published within the terms and in the manner prescribed by law and available on the Company's *website* at www.itkgroup.it, Profile section.

2. Main characteristics of PTOs

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

2.1 Ordinary shares PTO

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**");
- in partial form (the "**Partial Ordinary Shares PTO**"), if all the necessary Waivers for the Total Ordinary Shares PTO offer have not been received in time and without prejudice to the need for a *waiver* from one of KME's lending banks.

A) Total Ordinary Shares PTO

The Total Ordinary Shares PTO will involve 154,432,623 ordinary KME shares (equal to 50.28% of the ordinary share capital subscribed to date), corresponding to all shares outstanding, less the 145,778,198 ordinary shares held by the shareholder Quattrodue and the 6,937,311 ordinary treasury shares held by the Company, for a value of Euro 154,432,623; the subject of the Total Ordinary Shares PTO may be increased by a further maximum 78,635,148 ordinary KME shares possibly deriving from the exercise of a maximum 78,635,148 Warrants in circulation as of today, for an additional maximum value of Euro 78,635,148, and therefore with a maximum total outlay of Euro 233,067,771; at the end of the Total Ordinary Shares PTO, where the conditions are met, KME (as the party acting in concert with the shareholder Quattrodue) will fulfil the obligation to purchase pursuant to art. 108 of the Consolidated Law on Finance and will exercise the right to purchase pursuant to art. 111 of the Consolidated Law on Finance.

B) Partial Ordinary Shares PTO

The Partial Ordinary Shares PTO will have as its object a number of ordinary shares such as to maintain, at the end of the same, a float sufficient to guarantee normal trading pursuant to art. 108, paragraph 2, of the Consolidated Law on Finance and therefore - taking into account the subscribed ordinary share capital at the date of this Report (represented by 307,148,132 ordinary shares) - 130,000,000 KME ordinary shares (equal to 42.32% of the ordinary share capital subscribed to date), for a value of Euro 130,000,000, it being understood that - without prejudice to the partial nature of the offer and the need to maintain, for outcome of the same, a free float sufficient to guarantee the regular performance of trading pursuant to art. 108, paragraph 2, of the Consolidated Law on Finance - the number of ordinary shares included in the Partial Ordinary Shares PTO may be increased by the Company, at its sole discretion, according to the new shares issued to service the Warrants exercised. The 145,778,198 ordinary shares held by the shareholder Quattrodue and the 6,937,311 ordinary treasury shares held by the Company are excluded from the object of the Partial Ordinary Shares PTO.

In the event of subscriptions for a total amount of ordinary shares exceeding the maximum number of ordinary shares covered by this offer, the allotment will take place according to the proportional method, according to which the Company will purchase from the shareholders participating in the Ordinary Shares PTO the same proportion of ordinary shares as they 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 price communicated on 28 March 2023 and, therefore, incorporates the same premiums indicated therein which, for the sake of completeness, are indicated below.

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

Ordinary Shares PTO price		
Time period before the announcement date	Weighted average prices (Euro)	Implicit premium in 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

2.2 Savings Shares PTO

The Savings Shares PTO concerns 13,822,473 saving shares, corresponding to all outstanding savings shares in circulation, excluding 1,424,032 savings shares held by the shareholder Quattrodue due for a total value of Euro 14,966,559.09 (*ex dividend*). As delisting is the objective of the Savings Shares PTO, on completion of the same and depending on the relative subscriptions, if the free float is not sufficient, there is no provision for the reconstitution of a suitable float to guarantee the normal trading of savings shares on Euronext Milan. In any case, the Company intends to pursue the delisting also through the mandatory conversion of savings shares into ordinary shares, within the terms and with the methods that will be resolved by the competent corporate bodies.

The consideration for the Saving Shares PTO, equal to Euro 1.30 (*cum dividend* of Euro 0.21723) per share and includes a premium of 28.3% 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.

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	28.3%
1 month	0.9806	32.6%
3 months	0.8991	44.6%
6 months	0.8404	54.7%
12 months	0.7923	64.1%

Source: Based on Borsa Italiana data

The consideration for the Savings Shares PTO includes a premium of 33.6% with respect to the official price recorded on 28 March 2023 (last trading day prior to the press release of 28 March 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 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	33.6%
1 month	0.9962	30.5%
3 months	0.9411	38.1%
6 months	0.9018	44.2%
12 months	0.8224	58.1%

Source: Based on Borsa Italiana data

2.3 Warrants PTO

The Warrant PTO will concern a maximum of 78,635,148 Warrants corresponding to all the Warrants in circulation to date, excluding 73,680,892 Warrants held by the shareholder Quattrodue, and therefore for a total value of the Warrant PTO of Euro 47,181,088.80. As delisting is the objective of the Warrants PTO, on completion of the same and depending on the relative subscriptions, if the free float is not sufficient, there is no provision for the reconstitution of a suitable float to guarantee the normal trading of Warrants on Euronext Milan.

The consideration for the Warrants PTO, equal to Euro 0.60 per Warrant, includes a premium of 104.7% 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.

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	104.7%
1 month	0.3011	99.3%
3 months	0.2411	148.8%
6 months	0.2177	175.6%

12 months	0.1802	233.0%
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Source: Based on Borsa Italiana data

The consideration for the Warrants PTO includes a premium of 96.0% with respect to the official price recorded on 28 March 2023 (last trading day prior to the date of the press release of 28 March) 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.

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	96.0%
1 month	0.3201	87.5%
3 months	0.2985	101.0%
6 months	0.2615	129.5%
12 months	0.1948	208.0%

Source: Based on Borsa Italiana data

In any case, the Company intends to promote – after completion of the Warrant PTO – a voluntary 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.

3. Application of the RPT Procedure - Disclosure pursuant to and for the purposes of art. 6 of the RPT Regulation and art. 18 of the RPT Procedure

As anticipated, the Company prudentially applied the procedures envisaged by art. 8 of the RPT Regulation and art. 11 of the RPT Procedure and, therefore, the resolutions of the Board of Directors today were adopted – with Directors Vincenzo Manes and Ruggero Magnoni abstaining from voting – subject to the favourable binding opinion issued on 6 May 2023 by the Independent Directors of KME in their role of RPT Committee. In particular, the RPT Committee, with the support of Prof. Maurizio Dallochio, partner of DGPA & Co. S.p.A., as independent financial advisor (the “Expert”) of the RPT Committee, and of Starclx - Studio Legiato Associato Guglielmetti, as legal advisor to the RPT Committee, carried out the assessments under its responsibility, as well as on the Company's interest upon completion of the transaction as a whole and on its substantial correctness and convenience, also on the fairness of the considerations of the PTOs. In this regard, it should be noted that the RPT Committee, during the preliminary investigation under its responsibility, after having examined and analysed the Expert's results, submitted them to the attention of the Board of Directors of the Company, which decided to resolve today the increase in the price of the Savings Shares PTO and the price of the Warrants PTO. At the end of the investigation, the RPT Committee expressed its favourable and binding opinion to the Board of Directors on the approval of the Investment Agreement and the related agreements, and, given the effects deriving from it, in relation

to (i) KME's corporate interest in the completion of the transaction as a whole, as well as (ii) its convenience, including the fairness of the consideration of the Ordinary Shares PTO, the consideration of the Savings Shares PTO and the consideration of the Warrants PTO; (iii) the substantial correctness of the related conditions.

The transaction was classified as a transaction of “greater significance” pursuant to art. 8 of the RPT Regulation and art. 11 of the RPT Procedure and the correlation elements, as identified by the RPT Committee, are linked to Quattrodue's involvement in the transaction, in relation to certain specific commitments undertaken by the same in favour of KME and the Investor, as well as KMH (a wholly-owned subsidiary of KME). It should also be noted that (i) Vincenzo Manes, Executive Chairman of KME and KMH, is also an indirect Quattrodue shareholder through Mapa S.r.l., which holds 35.12% of Quattrodue's share capital; (ii) Ruggero Magnoni, non-executive director of KME, is an indirect Quattrodue's shareholder through RFM & Partners S.p.A., which holds 32.44% of Quattrodue's share capital.

The information document relating to the transaction of greater significance with related parties, drawn up pursuant to Article 5 and in compliance with the format set out in Annex 4 of the Consob Regulation as well as the RPT Procedure, will be made available to the public in the time and with the procedures established by the applicable legal and regulatory provisions, together with the opinion of the RPT Committee and the Expert's fairness opinion.

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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.