

## "FIRST4PROGRESS CV 2021-2026". KEY INFORMATION DOCUMENT ("KID")

### PURPOSE OF THE DOCUMENT

This document contains key information about an investment product. This is not a promotional document. The information, which is required by law, is intended to help you (i) understand the characteristics, risks, costs, potential gains and losses of the investment product and (ii) make a comparison with other investment products.

### THE PRODUCT

Name: **"First4Progress CV 2021-2026"** (the "Product" or the "POC")  
 Identification Code (ISIN): IT0005453029  
 Issuer and creator of the Product: **First4Progress S.p.A. or F4P S.p.A.** for short. (the "Issuer")  
 Website: [www.first4progress.it](http://www.first4progress.it), available from the end of the POC subscription period  
 Competent Authority: Commissione Nazionale per la Società e la Borsa (CONSOB)  
 KID generation date: 26 July 2021  
 Unless otherwise specified, the definitions set out in the KID are the same as those used in the Rules of the POC (the "Rules"), provided to subscribers and available on the Issuer's website

**You are about to buy a product that is not simple and can be difficult to understand.**

### WHAT IS THIS PRODUCT?

#### **Typology**

Convertible bonds: a debt instrument incorporating a derivative, the holder of which has the option of deciding whether to convert it into an equity security. The currency is defined in Euros. The nominal value of each Bond is Euro 10,000.00.

#### **Objectives**

The purpose of the Product is to grant the holder of the POC, in the context of the Relevant Transaction and in certain subsequent periods, the right to convert all or part of the Bonds held into Conversion Shares of the Issuer (or the "Shares"), on the basis of a Conversion Ratio.

#### **Product life**

The Product has a duration of 60 (sixty) months commencing on 4 August 2021 (maturity date) and ending on 4 August 2026 (maturity date), without prejudice to what is provided for in the event of Conversion of the Bonds, Redemption in Kind or Early Redemption (pursuant to articles 8, 9 and 6 of the Regulations, respectively)

#### **Interests**

The Product bears interest at a fixed annual nominal gross rate equal to: (i) 1.20% of the Nominal Value from the Issue Date (excluded) and up to and including the Step Up Coupon Term; and (ii) 2.00% of the Nominal Value from the Step Up Coupon Term (excluded) and up to and including the Maturity Date.

The accrued interest is paid with annual payment in arrears on 4 August of each year following the Issue Date for the entire duration of the Product, it being understood that the POC ceases to produce interest before the Maturity Date in the following cases (i) in the event of Conversion of the Bonds, accrued and unpaid interest shall be paid by conversion into Conversion Shares in accordance with the Conversion Ratio; (ii) in the event of Redemption in Kind, accrued and unpaid interest shall be paid by delivery of financial instruments, in accordance with the terms set out in the Relevant Transaction; and (iii) in the event of Early Redemption, accrued and unpaid interest shall be paid on the Early Redemption Date.

#### **Conversion right**

Notwithstanding the fact that the Issuer may execute the Relevant Transaction only if the Bondholders' meeting votes in favour, the Bonds for which the Bondholders voted in favour of the Relevant Transaction shall be (i) automatically converted into Conversion Shares at a ratio of 665 Conversion Shares for every 1 Bond presented for conversion (the "Basic Conversion Ratio") on the date of completion of the Relevant Transaction, net of any cash redemption component approved by the Bondholders' meeting. 1 Bond presented for conversion (the "Basic Conversion Ratio") on the date of completion of the Relevant Transaction net of any redemption cash component approved by the Bondholders' meeting or (ii) redeemed pursuant to Article 9 of the Regulation (Redemption in Kind). All Bondholders may exercise their right to request the conversion into Conversion Shares also for the Bonds for which they did not vote in favour of the Relevant Transaction, under the conditions set out in article 8 of the Regulations, by means of a Conversion Request to be made through the intermediary accredited with Monte Titoli S.p.A., on the basis of a conversion ratio. on the basis of a conversion ratio which varies in consideration of the applicable Conversion Period (each the "Modified Conversion Ratio", as specified below).

In the event of transactions on the Issuer's share capital that in practice entail an adjustment of the Exchange Ratio, such adjustment shall be calculated according to generally accepted methods in accordance with Article 11 of the Regulation.

**Repayment at maturity**

Bonds that are not subject to Conversion pursuant to Article 8 of the Regulations, or to Redemption in Kind or to Early Redemption, are redeemed in a lump sum on the Maturity Date, at par, together with the accrued interest.

**Dates and key values**

- Nominal Value: Euro 10,000.00 (ten thousand/00) per Bond
- Issue Price: 100% of the Nominal Value and therefore Euro 10,000.00 for each Bond with reference to Bonds subscribed by the Issue Date. In the case of Bonds subscribed after the Issue Date, the Issue Price will be equal to the Nominal Value plus any accrued and unpaid interest up to the date of subscription.
- Accrual Date: 4 August 2021
- Issue Date: 4 August 2021
- Expiry Date: 4 August 2026
- Nominal Fixed Rate: (i) 1.20% per annum of the Face Value from the Date of Enjoyment to the Step Up Coupon Term; (ii) 2.00% of the Face Value from the Step Up Coupon Term to the Maturity Date
- Interest Payment Date: 4 August of each year following the Issue Date (excluded) and up to the Maturity Date (included)
- Trading market: The Bonds may be admitted to trading on the MTF segment of the Vienna Stock Exchange.
- Conversion Ratio: on the Relevant Transaction, 665 Shares for every 1 Bond in conversion ("Basic Conversion Ratio"); thereafter, option to convert in the thirty days following each anniversary of the Relevant Transaction Date according to the following conversion ratios ("Modified Conversion Ratio"): in the first year thereafter, 605 Shares for every 1 Bond in conversion; in the second year thereafter, 555 Shares for every 1 Bond in conversion; from the third year, 510 Shares for every 1 Bond in conversion. 605 Shares for every 1 Bond in conversion; from the second year thereafter, 555 Shares for every 1 Bond in conversion; from the third year thereafter, 510 Shares for every 1 Bond in conversion

**Retail investors to whom the Product is intended to be marketed:** This Product is intended for retail investors who: (i) have specific knowledge or experience of investing in financial markets including derivative financial instruments, and the ability to understand the Product and its risks and benefits; (ii) have an investment horizon consistent with the Expiry Date of the Product; (iii) have a high financial risk tolerance and are able to lose the entire capital invested in the purchase of the Product, in accordance with the risk indicator shown below.

**WHAT ARE THE RISKS AND WHAT IS THE POTENTIAL RETURN?**

**Synthetic Risk Indicator (SRI)**

The synthetic risk indicator is an indicative indication of the level of risk of this Product compared to other products. It expresses the probability that the Product will suffer monetary losses due to market movements or the inability of the Issuer to pay what is owed.

**This product has been classified in risk class 6 out of 7 which corresponds to the medium-high risk class**



The synthetic risk indicator assumes that the investor keeps the Product until 4 August 2026. The risk of the Product may be significantly greater than that represented by the synthetic risk indicator if the Product is not held until maturity. The actual risk may vary significantly in the event of an early stage divestment and the amount repaid may be less. It may not be possible to easily sell the product or it may be possible to sell only at a price that significantly affects the amount collected.

The payment of interest and any repayment of principal of the Product are not secured by any collateral other than the assets of the Issuer and the investor assumes the risk that the Issuer may become insolvent or otherwise unable to fulfil its payment obligations.

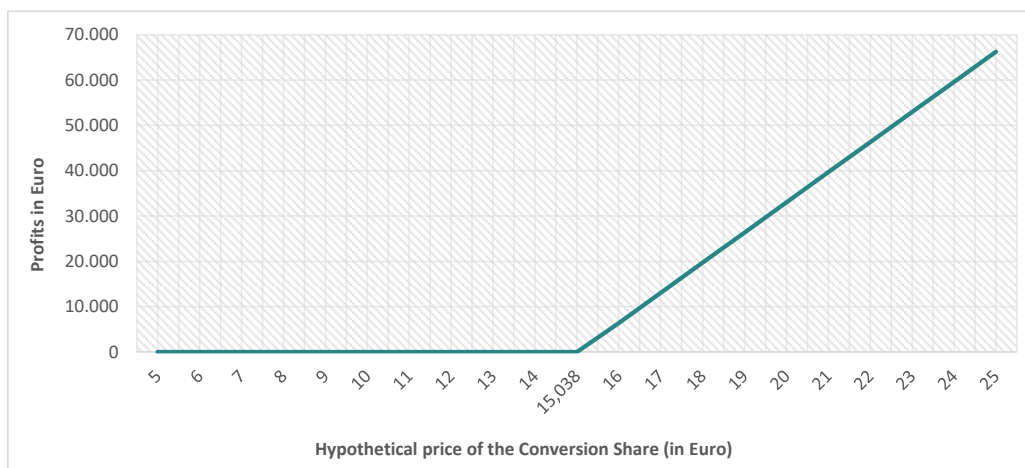
The Issuer's ability to pay interest on and repay the Product will depend on a number of exogenous factors (e.g., fluctuations in interest rates, conditions in the markets in which the Issuer operates, changes in the competitive environment, legislative changes in relevant industries). There can be no certainty that the Issuer will be able to pay interest and/or repay the Product in the future.

The Product does not include any protection against future market performance. Therefore, the investor may lose all or part of his investment. If the Issuer is unable to pay what is due, the investor may lose the entire investment. For the purpose of assessing the exercise of the conversion option, the investor should consider, inter alia, that the Conversion Ratio of the Product may change under the assumptions and in accordance with the terms of the Regulations.

It should be noted that, following any conversion of the Product, the Conversion Shares may be subject to related risks, including, if the Shares were listed on a stock market, price fluctuations. Therefore, no assurance can be given that the market price of the Shares after conversion will be at least equal to the Conversion Price. If, therefore, the holder intends to sell the Conversion Shares after their delivery, the proceeds of such sale may not allow the full recovery of the Nominal Value of the Product. If admitted to listing on the MTF segment of the Vienna Stock Exchange, the POC also involves the typical elements of risk associated with an investment in this market.

**Performance scenarios.** For the purposes of the performance scenarios, reference is made here to a theoretical investment of nominal Euro 100,000 in the Product, through the purchase of 10 Bonds at an Issue Price of Euro 10,000 per Bond.

For the Relevant Transaction, the Basic Conversion Ratio provides for the assignment of no. 665 Shares for every no. 1 Bond brought into conversion (i.e. Euro 15.038 per Share). As the price of the Share increases, the *fair value* of the Bond also increases. The following graph shows *the pay-off* relative only to the conversion option implicit in the Product as the price of the Share changes.



Since the value of the embedded derivative depends not only on the value of the underlying asset, but also on other factors, such as the residual maturity, the volatility of the Conversion Share and other variables, the following table shows a number of possible investment outcomes, but is not an exact indication of what may actually happen in terms of the precise value of the embedded derivative. The exercise of the right presupposes the assumption of the status of shareholder, instead of that of creditor. Consequently, the *pay-off* of the investment and the related risk profile resulting from the conversion become those typical of an investment in equity securities. As such, the risk profile of the investment becomes that of an equity-type investment.

The scenarios simulated here are intended to show an estimate of possible future performance, which could not be based on evidence of past price movements of this investment. Such scenarios are not an exact indicator of performance for the investor, considering that this Product may not be easily liquidated. This means that it is difficult to estimate the amount of the proceeds in the event of disinvestment before the Expiry Date. It may be impossible to disinvest early, or only possible at a high cost or at a large loss.

The performance scenarios presented below show the possible total performance of the investment, which may vary depending on the market trend and the period of time for which the Product is held. They can be compared with scenarios of other products.

		DISINVESTMENT AT ONE YEAR 04/08/2022	DISINVESTMENT AT 2.5 YEAR 04/02/2024	REFUND ON EXPIRY 04/08/2026
<i>Figures in Euro</i>				
<b>WORST SCENARIO (-100%; NO COUPONS)</b>	REIMBURSEMENT/ DISPOSAL AMOUNT	0	0	0
	GROSS IRR	-100%	-100%	-100%
<b>UNFAVORABLE SCENARIO (-20%; ALL COUPONS)</b>	REIMBURSEMENT/ DISPOSAL AMOUNT	80.000	80.000	80.000
	GROSS IRR	-18,80%	-7,07%	-2,52%
<b>MODERATE SCENARIO (+0%; ALL COUPONS)</b>	REIMBURSEMENT/ DISPOSAL AMOUNT	100.000	100.000	100.000
	GROSS IRR	1,20%	1,36%	1,67%
<b>FAVORABLE SCENARIO (+ 20%; ALL COUPONS)</b>	REIMBURSEMENT/ DISPOSAL AMOUNT	120.000	120.000	120.000
	GROSS IRR	21,20%	8,83%	5,26%

All the above calculations and estimates do not take into account the costs of buying and selling the Product and the Shares that may be charged by the intermediaries or advisors involved and do not take into account the tax situation of the investor, which may also affect the amount of the profit/loss.

#### WHAT HAPPENS IF THE ISSUER IS UNABLE TO PAY WHAT IS DUE?

This Product is not covered by any investor indemnity or guarantee scheme. In the event of insolvency of the Issuer or its submission to bankruptcy or other insolvency proceedings, the investor may lose the entire capital invested.

#### WHAT ARE THE COSTS FOR THE UNDERWRITER?

**Composition of costs:** No fees or expenses are charged by the Issuer to investors in connection with payments under the investment. The person selling or advising on this Product may charge certain costs, about which he will have to provide information to the investor explaining the impact on the investment over time.

**Costs over time:** Payment of principal, interest and other amounts due on the Product will be subject to tax and/or other laws and regulations applicable in the place of payment and depending on the type of investor. The Issuer does not charge any fees and expenses to investors in connection with such payments. In the event of conversion, the Issuer shall, without charging any fees or expenses to the investor, issue the Conversion Shares.

#### HOW LONG SHOULD I KEEP IT? CAN I WITHDRAW MY CAPITAL PREMATURELY?

**Recommended holding period:** The Product does not have a minimum or recommended holding period by the Issuer.

The Bonds are entered into the centralised management system at Monte Titoli S.p.A. in dematerialised form and may be admitted to trading on the MTF segment of the Vienna Stock Exchange. In view of the possible reduced liquidity of the securities traded on this stock exchange, it may not be possible to easily sell the Product before the Maturity Date or it may be possible to sell it only at a price which significantly affects the amount received.

#### HOW TO SUBMIT COMPLAINTS?

If the investor wishes to file a complaint regarding the Product or the conduct of the Issuer as the originator of the Product, he may do so by i) registered letter with return receipt to be sent to the address: First4Progress S.p.A. - Viale Luigi Majno 17/A - 20122 Milan or ii) Certified Electronic Mail (PEC) to the address [first4progress@legalmail.it](mailto:first4progress@legalmail.it), in both cases writing to the attention of the Chairman of the Board of Directors and specifying in the subject line the reference to the Product.

Complaints about the conduct of the distributor, intermediary or consultant, if any, should be sent to them in accordance with their own procedures.

#### OTHER RELEVANT INFORMATION

Further information on the Product and the Issuer, the Rules of the POC, to which the investor is referred for careful reading, as well as all communications of the Issuer to the holders of the POC, will be available on the Issuer's website, unless otherwise provided for by law.

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