

"FIRST4PROGRESS CV 2021-2026" DOCUMENT CONTAINING KEY INFORMATION ('KID')

PURPOSE OF THE DOCUMENT

This document contains key information about an investment product. It is not a promotional document. The information, which is required by law, is intended to help you (i) understand the features, risks, costs, potential gains and losses of the investment product and (ii) to 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
 Competent Authority: Financial Market Authority (FMA) - Austria
 Date of last KID update: 4 August 2023
 Unless otherwise specified, the definitions in the KID are the same as those used within the POC Rules (the "Rules"), which are 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?

Type

Convertible bonds: a debt instrument that incorporates a derivative, the holder of which has the option of deciding whether to convert it or request its redemption in kind into equity securities. 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 allow the Issuer to put in place a Relevant Transaction (implemented on 29 June 2022), giving the holder of the POC, (i) in the context of the Relevant Transaction, the right to convert, in whole or in part, the Bonds held in the Issuer into Conversion Shares of the Issuer on the basis of a Conversion Ratio or to request, in whole or in part the Redemption in Kind into Financial Instruments in Payment consisting of the ordinary shares of the company which is the subject of the Relevant Transaction on the basis of the IPO Price of such company and (ii) in certain periods following the Relevant Transaction, the right to request the Redemption in Kind, in whole or in part, of the Bonds held in Financial Instruments in Payment on the basis of a price equal to the IPO Price increased by 15% per annum compounded for each Subsequent Redemption in Kind Period.

Product durability

The Product has a maturity of 60 months starting on 4 August 2021 (Execution Date) and ending on 4 August 2026 (Maturity Date), subject to the provisions in the event of Conversion of the Bonds, Redemption in Kind or Early Redemption (pursuant to Articles 8, 9 and 6 of the Rules, respectively)

Interests

The Product bears interest at a fixed annual nominal gross rate equal to: (i) 1.20 per cent. of the Nominal Value from the God Date (excluded) and up to and including the Step Up Coupon Term; and (ii) 2.00 per cent. of the Nominal Value from the Step Up Coupon Term (excluded) and up to and including the Maturity Date. Step Up Coupon Deadline means 29 June 2022.

Accrued interest is paid annually 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 bear interest before the Maturity Date in the following cases (i) in the case of Bond Conversion, accrued and not yet paid interest shall be paid by conversion into Conversion Shares in accordance with the Conversion Ratio; (ii) in the case of Redemption in Kind, accrued and not yet paid interest shall be paid by delivery of financial instruments, in accordance with the terms established in the Relevant Transaction; and (iii) in the case of Early Redemption, accrued and not yet paid interest shall be paid on the Early Redemption Date.

Conversion Right

On 29 June 2022, the Issuer implemented the Relevant Transaction following a favourable vote by the Bondholders' meeting. On that occasion, the Bondholders were able to either (i) automatically convert the Bonds into shares of the Issuer (the "Conversion Shares") in the ratio of 2,000 Conversion Shares for every 1 Bond presented for conversion on the date of completion of the Relevant Transaction, net of any redemption cash redemption component approved by the Bondholders' meeting, or (ii) request Redemption in Kind of the

Bonds pursuant to Article 9 of the Rules, by allotment of Financial Instruments in Payment at the IPO Price. All Bondholders may request Redemption in Kind in Instruments

Loans in Payment in certain periods following the Relevant Transaction, on the terms and conditions set forth in Article 9.5 of the Rules on the basis of a price that varies in consideration of the applicable Subsequent Redemption Period in Kind.

In the event of transactions on the Issuer's share capital and the distribution of extraordinary dividends 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 on maturity

The Bonds, which are not subject to Conversion, Redemption in Kind or Early Redemption, are redeemed in a lump sum on the Maturity Date, at par, together with accrued and unpaid interest.

Dates and key values

- **Nominal Value:** Euro 10,000.00 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 increased by any accrued and unpaid interest up to the date of subscription
- **Enjoyment Date:** 4 August 2021
- **Issue Date:** 4 August 2021
- **Expiry Date:** 4 August 2026
- **Nominal fixed rate:** (i) 1.20% per annum of the Nominal Value from the Accrual Date to the Step Up Coupon Term; (ii) 2.00% of the Nominal 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:** MTF segment of the Vienna Stock Exchange
- **Conversion Ratio:** to the Relevant Transaction no. 2000 Shares for every no. 1 Bond being converted
- **Redemption in Kind:** following the Relevant Transaction, Bondholders may request the Redemption in Kind of their Bonds, once one year has elapsed from the date of Admission to Listing of the Financial Instruments in Payment and for four years, in the window between each anniversary of the date of Admission to Listing and the next 30 Business Days (each a "**Subsequent Redemption in Kind Period**"). The valuation, for this purpose, of the Financial Instruments in Payment will be increased from the IPO Price by 15% per annum compounded for each subsequent Redemption in Kind Period

Retail investors to whom the Product is intended to be marketed: This Product is intended for retail investors who: (i) have specific knowledge or investment experience in financial markets including derivative financial instruments, and the ability to understand the Product and its risks and rewards; (ii) have an investment horizon consistent with the Product's Maturity Date; (iii) have a high financial risk tolerance and are capable of losing 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 due.

This product has been classified in risk class 6 out of 7, which corresponds to the second highest risk class



The synthetic risk indicator assumes that the investor will hold 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 to maturity. The actual risk may vary significantly if the Product is divested at an earlier stage and the amount redeemed may be less. It may not be possible to sell the Product easily or it may only be possible to sell at a price that significantly affects the amount received.

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 will 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 various exogenous factors that cannot be predicted (e.g. fluctuations in interest rates, conditions in the markets in which the Issuer operates, changes in the competitive environment, changes in legislation 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 could lose the entire investment. For the purposes of evaluating the exercise of the option of Redemption in Kind, the investor should consider, inter alia, that the valuation of the Financial Instruments in Payment varies over time under the terms and conditions set out in the Rules.

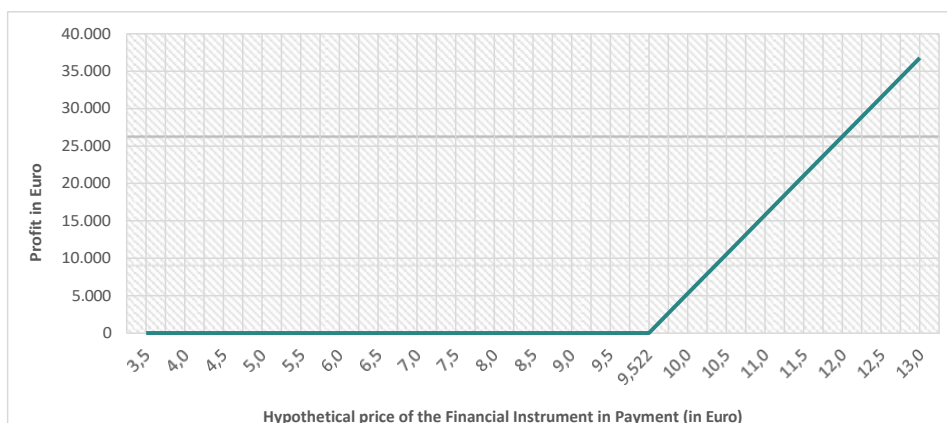
It should be noted that, subsequent to any Redemption in Kind, the Financial Instrument(s) in Payment may be subject to the risks typical for this class of financial instruments, including the risks associated with the listing market and fluctuations in their stock market price. Therefore, no guarantee can be given that the market price of the Financial Instruments in Payment will remain at least equal to the valuation at the time of Redemption in Kind. Where, therefore, the beneficial owner intends to sell the Financial Instrument(s) in Payment after delivery thereof, the proceeds of such sale may not permit full recovery of the Nominal Value of the Product.

Finally, it should be noted that, being listed on the MTF segment of the Vienna Stock Exchange, the POC carries, as long as it is held, the typical risk elements associated with an investment in this market.

Performance scenarios. For the purposes of the performance scenarios below, reference is made here to a theoretical investment for a nominal Euro 100,000 in the Product, through the purchase of 10 Bonds.

The following graph shows *the pay-off* relating only to the Redemption in Kind option implied in the Product as the price of the Depositary Securities changes, with reference to the second Subsequent Redemption in Kind Period (from 1 July 2024 to 9 August 2024).

At the second Subsequent Redemption in Kind Period, as provided for by the Regulation, the valuation of the Financial Instruments in Payment is equal to the IPO Price of the company subject to the Relevant Transaction (equal to Euro 7.20 per share) increased by a compound annual rate of 15% and therefore the assignment of no. 1,050 Financial Instruments in Payment for every no. 1 Bond redeemed in kind (i.e. Euro 9.522 per financial instrument in payment) is provided for. As the market price of the financial instrument increases, the *fair value* of the Bond also increases:



As the value of the embedded derivative does not depend only on the value of the underlying, but also on other factors, such as the residual maturity, the volatility of the Paying Financial Instruments, the dividends distributed by the company subject to the Relevant Transaction and other variables, the above chart shows a number of possible outcomes relevant to the investment, but is not an exact indication of what may actually happen in the market 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.

Please note that the above chart assumes that the investment is made at a nominal value of 100/100, against a closing stock market price on 3 August 2023 of 99.85 (source: Vienna Stock Exchange).

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

The scenarios represent estimates of future performance based on past changes in the price of this Product, subject to the availability of historical data relating to the market price of the Product; the greater or lesser availability of historical data also determines the degree of accuracy of the estimate made. Such scenarios are not an exact performance indicator for the investor, also in consideration of the fact that this Product is not easily liquidated.

The amounts realised will vary depending on market performance and the time period for which the Product is held. This means that it is difficult to estimate the amount of possible realisation in the event of disinvestment before the maturity period. Furthermore, it may be impossible to disinvest early, or only possible to do so at a high cost or at a large loss.

In the event of redemption at maturity, the amounts collected will depend on the Issuer's creditworthiness at that time.

The following scenarios assume that in order to purchase 10 Bonds with a total nominal value of EUR 100,000.00, based on the stock exchange price as of 3 August 2023 of 99.85, it is necessary to invest EUR 99,850.00. The flows include interest at a gross annual nominal rate of 2.00%, possibly paid by the Issuer and received by the investor, only for the "Moderate" and "Favourable" scenarios. The redemption amounts at maturity for the "Unfavourable" and "Moderate" scenarios are assumed to be equal to 50% and 90%, respectively, of the nominal value invested. Finally, it is specified that in no case is the effect of a request for Redemption in Kind considered.

Currency in Euro		DIVESTMENT AT ONE YEAR 03/08/2024	DIVESTMENT AT 1.5 YEARS 04/02/2025	REFUND TO DEADLINE 04/08/2026
SCENARIO WORST	VALUE OF REIMBURSEMENT/DISPO SAL	0	0	0
	GROSS IRR	-100%	-66%	-33%
SCENARIO FAVORABLE	VALUE OF REIMBURSEMENT/DISPO SAL	99.850	99.774	50.000
	GROSS IRR	0,0%	-0,1%	-20,6%
SCENARIO MODERATE	VALUE OF REIMBURSEMENT/DISPO SAL	99.850	99.774	90.000
	IRR GROSS	2,0%	1,9%	-1,3%
SCENARIO FAVOURABLE	VALUE OF REIMBURSEMENT/DISPO SAL	100.000	100.000	100.000
	GROSS IRR	2,1%	2,1%	2,1%

The above calculations and estimates do not take into account the costs of buying and selling the Product and the Payment Financial Instruments that may be charged by brokers and advisors and do not take into account

account the investor's tax situation, which may affect the overall result of his investment.

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

This Product is not covered by any investor indemnification or guarantee scheme. In the event of insolvency of the Issuer or its subjection to bankruptcy or other insolvency proceedings, the investor may lose the entire capital invested and not receive any accrued interest.

WHAT ARE THE COSTS FOR THE SUBSCRIBER?

Composition of costs: No fees and expenses are charged by the Issuer to investors in connection with payments under the investment. Whoever sells this Product or advises on it may charge certain costs, about which he will have to inform the investor by explaining their impact on the investment over time. Payment of principal, interest and other amounts due on **the** Product will be subject to the 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 case of Redemption in Kind, the Issuer shall, without charge any fees or expenses, to assign the Financial Instruments in Payment.

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 Euronext Securities Milan in dematerialised form and are traded on the MTF segment of the Vienna Stock Exchange. Depending on the liquidity of this market, one must consider the possibility of not being able to sell the Product before the Maturity Date or only being able to do so at a price that significantly affects the amount received.

HOW TO SUBMIT COMPLAINTS?

Should the investor wish to lodge a complaint concerning 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, 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 regarding the conduct of the distributor, intermediary or consultant, if any, should be sent to them in accordance with their procedures.

OTHER RELEVANT INFORMATION

This document, further information on the Product and the Issuer, the Rules of the POC and all the documentation to which the investor is referred for careful reading, are available on the Issuer's website www.first4progress.it. All communications of the Issuer to the holders of the Product will be made, unless otherwise required by law, by means of a press release published on the same website.