

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS
KNM GROUP BERHAD ("KNM" OR "COMPANY") PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN FBM HUDSON ITALIAN S.P.A. ("FBMHI") BY KNM EUROPA B.V., A WHOLLY-OWNED SUBSIDIARY OF KNM ("PROPOSED DISPOSAL OF FBMHI")

KNM GROUP BERHAD

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1.0 INTRODUCTION

The Board of Directors of KNM Group Berhad ("**Board**") wishes to announce that KNM Europa B.V. ("**KNME**" or "**Seller**"), a wholly-owned subsidiary of KNM Process Systems Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, has on 9 July 2025 received a binding and irrevocable offer ("**Offer**") from two parties on a joint basis. The parties are:

- (1) SymbEx GmbH ("**SymbEx**"), a company incorporated under the laws of Switzerland; and
- (2) Terragarda GmbH ("**Terragarda**"), a company incorporated under the laws of Germany.

SymbEx and Terragarda are hereinafter collectively referred to as the "**Purchasers**". The Offer pertains to the proposed acquisition of the entire 100.00% of the equity interest in FBMHI and its wholly-owned subsidiary in the United Arab Emirates (collectively "**FBMHI Group**") from KNME.

This announcement is made following the Board's comprehensive assessment and deliberation of the strategic options available for FBMHI. The Board has taken into consideration the overall financial condition of FBMHI, which, despite a recent and commendable return to profitability in the fourth quarter of 2024 and the first quarter of 2025, requires a significant and immediate injection of new capital. This capital is essential for comprehensive debt restructuring, augmenting working capital to support its substantial tender pipeline, and funding future growth initiatives. The Board acknowledges that such financial resources are not presently available at the KNM Group level due to its own ongoing restructuring efforts.

Consequently, the Proposed Disposal of FBMHI is considered a critical and strategic initiative. It is designed not only to unlock the value of this asset for KNM's shareholders but also to secure the long-term operational and financial viability of FBMHI under new ownership that possesses substantial financial capacity and a clear strategic vision for the business.

2.0 STRUCTURE OF THE PROPOSED DISPOSAL OF FBMHI AND DISPOSAL CONSIDERATION

In response to the Offer, KNME has granted the Purchasers a 60-day exclusive negotiation period. This exclusivity is intended to allow the Purchasers to conduct a thorough due diligence exercise and to facilitate the negotiation of a definitive Sale and Purchase Agreement ("**SPA**"). A binding agreement for the Proposed Disposal of FBMHI will only come into effect upon the successful negotiation and execution of a definitive SPA and the subsequent fulfilment or waiver of all conditions precedent that will be stipulated therein.

The Proposed Disposal of FBMHI is structured as a comprehensive acquisition and recapitalization plan, reflecting a total enterprise value of EUR8.00 million. The key components are detailed below:

(1) Cash consideration - A direct cash payment of EUR8.00 million will be made by the Purchasers to KNME at the time of the legal completion of the Proposed Disposal of FBMHI ("**Cash Consideration**");

(2) Full assumption of all assets and liabilities - The Offer is conditional upon the full assumption by the Purchasers of all assets and liabilities of FBMHI Group as at the date of acquisition which are conditional on the net assets of FBMHI exceeding EUR10.00 million. The Purchasers would also assume an amount not exceeding EUR11.50 million owing by KNM and its group of companies to FBMHI ("**FBMHI Intercompany Debt Assumption**").

This includes a comprehensive plan to address and retire a substantial portfolio of FBMHI's remaining debts, which are estimated to be up to EUR35.00 million. This amount is understood to comprise remaining banking debts and significant non-trade creditor liabilities; and

(3) Immediate debt retirement - The Purchasers have committed to facilitate the retirement of a term loan with Banco Popolare di Milano ("**BPM**"). This will be achieved through a transaction wherein FBMHI will issue a convertible loan to Terragarda GmbH, amounting to a total of EUR3.20 million. These funds are earmarked to settle up to EUR3.00 million of the principal debt owed to BPM, with the remaining EUR0.20 million allocated to cover related consulting costs. This debt is currently secured against FBMHI's industrial property. As a pre-requisite to the main transaction, this debt retirement is scheduled to be completed within two weeks of KNME's confirmation of the exclusive negotiation period;

(4) Working capital injection – Immediate injection of EUR5.00 million fresh capital post-Offer acceptance to fund ongoing operations and support business continuity.

For avoidance of doubt, the Cash Consideration of EUR8.00 million and FBMHI Intercompany Debt Assumption of EUR11.50 million, collectively amounting to EUR19.50 million shall be the total disposal consideration of this Proposed Disposal of FBMHI ("**Disposal Consideration**").

3.0 CONDITIONS PRECEDENT

The Offer and the subsequent SPA for the Proposed Disposal of FBMHI are subject to and conditional upon the satisfactory fulfilment or waiver of several material conditions precedent. The key conditions include, but are not limited to, the following:

(1) Due diligence - The Purchasers are required to complete a comprehensive due diligence review covering all legal, financial, commercial, and technical aspects of FBMHI. This review must be completed to their satisfaction within a 30-day period commencing from the date of the Offer acceptance;

(2) Definitive agreement - A definitive SPA must be successfully negotiated and executed by KNME and the Purchasers. The terms and conditions of this SPA must be mutually acceptable to all parties. The Offer outlines a target timeline for the execution of the SPA within 60 days from the acceptance of the Offer;

(3) Seller's corporate approvals - The Proposed Disposal of FBMHI is conditional upon receiving all necessary corporate approvals on the part of the Seller, which include, among others:

(i) Approval from the Board;

(ii) Approval from Bursa Securities and shareholders of KNM at an extraordinary general meeting to be convened;

(iii) Approval from the High Court of Malaya, which is required in connection with KNM's ongoing scheme of arrangement and corporate restructuring exercises.

(4) Regulatory approvals (Italian Golden Power) - The transaction is expressly and critically conditional upon receiving clearance from the Government of Italy under its "Golden Power" regulations (Decreto Legge n. 21/2012). These regulations are designed to protect assets deemed strategic to the national interest of Italy, a category under which FBMHI's operations fall. The responsibility for preparing and filing the notification with the Ministero delle Imprese e del Made in Italy (MIMIT) rests solely with the Purchasers, who are required to do so within 10 days of the SPA's execution. The Purchasers have outlined a detailed action plan to secure this approval, which includes demonstrating their financial strength and long-term commitment to FBMHI's operations in Italy.

To facilitate the due diligence and SPA negotiation process, KNME has granted the Purchasers an exclusive right to negotiate the Proposed Disposal of FBMHI. This exclusivity period is for 60 days from the date of the Offer acceptance. The agreement includes a provision for an automatic extension of this period by an additional 30 days if the Italian Golden Power application is still under review by the Italian authorities at the end of the initial 60-day period. The parties are targeting a completion of the Proposed Disposal of FBMHI within a timeframe of 60 to 90 days from the acceptance of the Offer. This timeline is, however, subject to necessary extensions to accommodate the regulatory approval process, with the Offer providing for a maximum extension of up to 180 days from the initial filing date for the Golden Power review, should it be required.

4.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

To the best of the knowledge and belief of the Board, none of the directors, major shareholders of KNM, and/or any persons connected with them have any interest, whether direct or indirect, in the Proposed Disposal of FBMHI.

5.0 FURTHER ANNOUNCEMENT(S)

The detailed announcement pertaining to the Proposed Disposal of FBMHI in accordance with the requirements of Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, will be made upon the successful execution of the definitive SPA between KNME and the Purchasers later.

This announcement is dated 1 August 2025.

Announcement Info

Company Name	KNM GROUP BERHAD
Stock Name	KNM
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