



The English text is a translation of the Italian official "Report KID Warrant". For any conflict or discrepancies between the two texts the Italian text shall prevail.

KEY INFORMATION DOCUMENT (KID)

▪ Purpose

This document contains key information relating to this investment product (the "**Product**"). It is not a promotional document. Under the law this information helps the investor understand the product's features, risks, costs, earnings and potential losses and allow comparison with other investment products.

▪ Product

- **INNOVA ITALY 1 S.P.A. Warrants ("II1") - ISIN Code:** IT0005215337
- Name of the issuer: Innova Italy 1 S.p.A.
- Contacts: www.innovaitaly1.it
- Relevant Authority: Commissione Nazionale per le Società e la Borsa (CONSOB) (Italian stock exchange regulator)
- KID drafting date: 6 March 2018
- For further information: Website: www.innovaitaly1.it – email: ir@innova-italy.it – tel: 02 87157714

WARNING: You are about to buy a complex product with features that may be difficult to understand.

▪ What is this product?

Type: Warrants

Objectives: By investing in a *warrant* under this document, the investor has the right but is not obliged to subscribe to the Innova Italy 1 S.p.A. newly issued ordinary shares (the "**Issuer**"), under the terms and conditions outlined in the "Innova Italy 1 S.p.A. Warrants" Regulation (the "**Regulation**"), available at www.innovaitaly1.it.

The Product has an exercise period with an effective date depending on the Business Combination taking place within the Issuer's duration, which means the first event occurring among the following dates: (i) 31 December 2018 or if earlier (ii) the 24th calendar month following the listing of the Issuer's ordinary shares on AIM Italia (if an agreement was signed on the above date for the implementation of the Business Combination disclosed to the market under applicable legislation, the Issuer duration will be considered automatically extended, until the expiry of the 6th (sixth) calendar month following the same date). All Product rights will lapse and will be invalid if the Business Combination is unapproved by the relevant corporate bodies within the Issuer's duration term.

The Product's trading value is tied to Underlying ordinary Share value. During the Product's life, positive and negative changes to the Underlying share will impact the Product value.

Key dates and values:

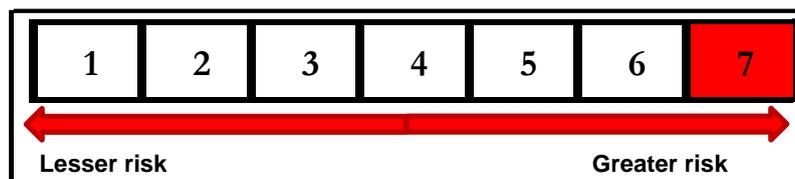
Underlying share	Innova Italy 1 S.p.A. Ordinary shares (ISIN IT0005215329)
Underlying Share Currency	Euro
Underlying share's reference stock exchange	AIM Italia organised and managed by Borsa Italiana S.p.A.
<i>Warrant's</i> reference stock exchange	AIM Italia organised and managed by Borsa Italiana S.p.A.

Innova Italy 1



Warrant issue price	The warrants were combined free of charge with the Innova Italy 1 ordinary shares issued under the 10 October 2016 extraordinary Shareholders' Meeting resolution.
Warrant issue date	19 October 2016
Warrant expiration date	The first of the following dates: (i) the 5th (fifth) year from the Business Combination effective date, and (ii) the 30th (thirtieth) day following the acceleration notice (<i>i.e.</i> the communication under the Regulation announcing that the Acceleration Condition has occurred) (the " Acceleration Notice "). " Acceleration Condition " is the event for which the Average Monthly Price of the Issuer's ordinary shares is higher than the Threshold Price of €13 (thirteen). " Average Monthly Price " is the arithmetic average of Daily Average Prices (weighted average prices for the quantities of a trading day) of the calendar month before the Warrant's date of exercise.
Warrant exercise period	Every open market day starting from the entire month following the Business Combination effective date until the expiration date.
Warrant exercise price	The subscription price of the conversion shares following the warrant exercise is € 0.1 (zero point one) per share or a value decided by the Board of Directors (after the Business Combination effective date and within the second open market day of each month included in a range between € 0.1 (zero point one) and € 7 (seven) (" Subscription Price ").
Exercise Ratio	The exercise ratio is based on the following formula: $\frac{\text{Average Monthly Price} - \text{Strike Price}}{\text{Average Monthly Price} - \text{Subscription Price}}$ where " Strike Price " means € 9.50 (nine point fifty).
Exercise Ratio after the Acceleration Condition occurrence	The Exercise Ratio after the Acceleration Condition occurrence has the following formula: $\frac{\text{Threshold Price} - \text{Strike Price}}{\text{Threshold Price} - \text{Subscription Price}}$ where " Threshold Price " means € 13 (thirteen).
Exercise right suspension period	The exercise of <i>warrants</i> will be suspended from the date (excluded) in which the Issuer's Board of Directors resolved to convene a Shareholders' Meeting for the approval of the financial statements up to the date (included) in which it took place and up to any ex-dividend date (excluded) set by the Shareholders' Meeting.

• What are the risks, and what is the potential return?



The Synthetic risk indicator (SRI) refers to the cases where the *warrant* is held up to one of the exercise periods. If the *warrant* holder intends to sell it on the market in advance, it may not be possible to sell the product easily, or it may be possible to sell only at a price that significantly affects the investment result.



Synthetic risk indicator (SRI):

The synthetic risk indicator shows the possible product risk level compared to other products. It is the probability that the product will suffer monetary losses due to market movements or due to the Issuer's inability to pay the amount due.

This product has been classified in risk Class Seven (out of seven), which is the highest risk class. This means that the potential losses due to the product *performance* are classified as being very high and that any bad market conditions are likely to influence the investment result negatively.

This product does not include any protection against future market performance; therefore, the investor could lose all or part of their investment.

Performance scenarios:

Stress scenario	If the price of the Underlying share is less than € 9.50 at maturity, the exercise of the II1 Warrant will become uneconomic, and the buyer will lose the entire investment.
Unfavourable scenario	If it is assumed that the price of the Underlying share is slightly higher than the Strike Price, for example € 10.5, the return for the buyer will be equal to: (Warrant Purchase Price - (€ 10.5 - € 9.50)). This amount could be negative and result in a loss.
Moderate scenario	If it is assumed that the price of the Underlying share is intermediate at maturity, for example € 12, the return for the buyer will be equal to: (Warrant Purchase Price - (€ 12 - € 9.50)). This amount could be negative and result in a loss.
Favourable scenario	If the Underlying share reaches the price of € 13, the II1 Warrant must be exercised within thirty days, except for forfeiture, and the theoretical maximum value deriving from the investment in the Warrant will be equal to: (Warrant Purchase Price - (€ 13 - € 9.50)) A rational investor would not buy II1 Warrants for a price above € 3.5.

The scenarios presented are an estimate of possible future performance and are not an exact indicator. The investor must consider that, upon maturity, the exercise of the II1 Warrant requires the availability of resources equal to the Subscription Price for each. In the absence of such resources, the investor would be forced to sell the warrant on the market, and this could realise a lower amount than the difference between the value of the Underlying share and the Exercise Price.

The figures shown do not consider your tax situation or any costs related to the activities of your broker.

▪ What happens if Innova Italy 1 S.p.A. cannot pay the amount due?

In case of insolvency or if Innova Italy 1 is subject to bankruptcy or other insolvency proceedings, any claims of the investor are not covered by any compensation or guarantees. The investor could lose all the invested capital. For the *warrant* purchase and sale on the relevant listing market, Innova Italy 1 is not the counterparty of any product transaction and is not responsible for the relevant buyer or seller.

▪ What are the costs?

Innova Italy 1 S.p.A. is not the counterparty of any product transaction and does not charge any fee, penalty, or commission on *warrant* transactions. Parties acting as investment brokers and



consultants may charge costs in connection with the above activities. The costs requested by these parties cannot be controlled or verified by Innova Italy 1 S.p.A. These parties must provide the investor with information about the costs applied and indicate the impact that these costs may have on the potential investment return over time.

▪ **How long should I hold it? Can I withdraw the capital upfront?**

This product does not provide for any minimum or Issuer-recommended holding period. The investor may buy or sell the product at any time, within the expiration date, on the market or exercise the rights during those periods and under the conditions established by the Regulation for the subscription of newly issued shares. The related choice and its timing depend on the retail investor's investment strategy, risk profile and assessments related to future market trends. The investor may be subject to costs applied by those acting as brokers and consultants.

The time limit for exercising the *warrant* is the first of the following dates: (i) the 5th (fifth) year from the Business Combination effective date, and (ii) the 30th (thirtieth) day following the Acceleration Notice (*i.e.* the communication under the Regulation announcing that the Acceleration Condition has occurred).

How can I file a complaint?

If the investor wishes to complain about the product or the conduct of Innova Italy 1 S.p.A. as the product issuer, the investor may submit this complaint to the following email address: ir@innova-italy.it.

If the investor wishes to complain about the conduct of the product distributor or the person who provides advice on investments in the product, the investor must ask them for the complaint lodging method.

▪ **Other relevant information**

For any other information, refer to the *Warrant* Regulations and the other documentation on the Innova Italy 1 S.p.A. *website* (www.innovaitaly1.it) which you should consult before investing.

Information contained in this document does not constitute a recommendation to buy or sell the product and does not replace individual consultations with your broker or consultant.

The company reserves the right to integrate or modify the Key Information Documents to cover any later guidelines released by the relevant Supervisory Authorities.