

## KNM GROUP BERHAD ("KNM" OR "THE COMPANY")

### PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN FBM HUDSON ITALIANA S.p.A BY KNM EUROPA B.V., A SUB-SUBSIDIARY OF KNM ("PROPOSED DISPOSAL")

*(The definitions used in this announcement shall have the same meanings as defined in the announcement dated 8 September 2023 in relation to the Proposed Disposal, unless stated otherwise.)*

Reference is made to the Company's announcement dated 8 September 2023 in relation to the Proposed Disposal. The Board wishes to clarify certain facts disclosed in the said announcement as well as to disclose additional information as required by Bursa Malaysia Securities Berhad ("Bursa Securities").

The total cash consideration for the Proposed Disposal is EUR12,000,000 with the intercompany outstanding debt for an amount of EUR10,000,000 to be waived as agreed by the Purchaser.

Further information is as follows:

#### 1. EFFECTS OF THE PROPOSED DISPOSAL

##### 1.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the Company's issued share capital and substantial shareholders' shareholdings as the Proposed Disposal do not involve or result in any change to the number of issued ordinary shares of KNM ("KNM shares" or "Shares").

##### 1.2 Net assets ("NA"), NA per KNM Share and gearing

Based on the latest audited consolidated financial statements of KNM and its subsidiaries ("KNM Group") for the financial year ended ("FYE") 30 June 2022, the proforma effects of the Proposed Disposal on the NA, NA per share and gearing of the Group, assuming that the Proposed Disposal had been effected at the end of FYE 30 June 2022, is as follows:

	Audited as at 30 June 2022 RM'000	(I) <sup>(1)</sup> After subsequent events RM'000	(II) After (I) and Proposed Disposal RM'000
Share capital	2,061,878	2,081,181	2,081,181
Treasury shares	(4,215)	(4,215)	(4,215)
Reserves	(1,158,729)	(1,158,729)	<sup>(2)</sup> (1,253,670)
<b>Equity attributable to the owners of the Company</b>	<b>898,934</b>	<b>918,237</b>	<b>823,296</b>
Non-controlling interest	(66,678)	(66,678)	(66,678)
<b>Total equity</b>	<b>832,256</b>	<b>851,559</b>	<b>756,618</b>

	Audited as at 30 June 2022	(I) <sup>(1)</sup> After subsequent events	(II) After (I) and Proposed Disposal
	RM'000	RM'000	RM'000
No. of Shares	3,676,422	4,045,905	4,045,905
NA per Share (RM)	0.24	0.23	0.19
Borrowings (RM'000)	1,261,726	1,261,726	1,261,726
Gearing (times)	1.52	1.37	1.54

**Notes:**

(1) After taking into consideration the following:

- (a) issuance of 37,500,000 new KNM Shares on 20 April 2023 at the issue price of RM0.05 per KNM Share pursuant to the private placement of up to 367,642,100 new KNM Shares, representing not more than 10.0% of the total number of issued Shares (“Private Placement”); and
- (b) issuance of 330,142,100 new KNM Shares on 7 June 2023 at the issue price of RM0.0541 per KNM Share pursuant to the Private Placement,

as well as expenses incurred for the issuance of the above placement shares of RM432,688.

(2) After incorporating the estimated net loss on disposal of Euro 18.69 million or RM94.94 million arising from the Proposed Disposal

**1.3 Earnings and earnings per share (“EPS”)**

The Group is expected to incur a loss on disposal of approximately Euro 19.78 million or RM99.09 million as illustrated below:

	Euro	RM
Proceeds from disposal		
- Cash consideration	12,000,000	60,960,000
- Non-cash consideration	10,000,000	50,800,000
<b>Total proceeds from disposal [A]</b>	<b>22,000,000</b>	<b>111,760,000</b>
Audited net assets of FBM Hudson Italiana S.p.A. and its subsidiaries [B]	40,639,260	206,447,440
Estimated expenses for the Proposed Disposal [C]	50,000	254,000
<b>Estimated Loss on disposal [E] = [A] – [B] – [C]</b>	<b>(18,689,260)</b>	<b>(94,941,440)</b>

For illustrative purposes, the pro forma consolidated earnings and the EPS of KNM Group for the FYE 30 June 2022 are as follows:

	<b>Audited as at 30 June 2022</b>	<b>(I) After Proposed Disposal</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss after tax ("LAT") attributable to owners of KNM Group	(826,581)	(826,581)
Less: Estimated loss on disposal	-	(94,941)
Less: Estimated expenses in relation to the Proposed Disposal	-	(254)
<b>LAT attributable to owners of KNM Group</b>	<b>(826,581)</b>	<b>(921,776)</b>
No. of ordinary shares in issue ('000)	3,414,086	3,748,642
Loss per share (sen)	(0.24)	(0.25)

#### 1.4 Convertible securities

The Proposed Disposal will not give rise to any adjustment to the outstanding ESOS options pursuant to the provisions of the by-laws governing the Company's ESOS options.

## 2. HIGHEST PERCENTAGE RATIO

Based on KNM's audited financial statements for the financial year ended 30 June 2022, the highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is approximately 26.17%. As the highest percentage ratio applicable to the Proposed Disposal is more than 25%, the approval by KNM's shareholders is required for the Proposed Disposal.

Further development in relation to the Proposed Disposal will be announced in due course.

This announcement is dated 12 September 2023.