

K.R.Energy S.p.A.
Updates on the Lithium Project

Signed a Soft Loan Agreement with Invitalia for a maximum of Euro 19, 92 million

San Potito Sannitico, 30th July 2018 - K.R.Energy S.p.A. (or the "Company"), informs that the 100% controlled company FIB S.r.l. has signed a soft loan agreement, pursuant to the decree dated 09/12/2014 of the Ministry of Economic Development with the National Agency for the attraction of investments and the business development S.p.A. ("Invitalia"), for a maximum of Euro 19,920,940.00 of which (i) Euro 16,447,600.00 for the Industrial Investment Project and (ii) Euro 3,473,340.00 for the Industrial Research and Experimental Development Project (jointly the "Lithium Project"). The Loan Agreement is part of the Development Agreement in force with Invitalia for the construction of a lithium battery production plant with high performance characteristics compared to traditional ones, currently under construction in Teverola (CE) and partly in Carinaro (CE) and acquired as part of the re-industrialization plan of the former Whirlpool area of Teverola (CE). As already communicated to the market on 26th April 2018, based on the Development Agreement, financial resources totaling € 36,696,486.00 are made available to FIB, including soft loans and non-repayable grant.

The soft loan, to be disbursed according to the progress of the work, must be repaid in 20 (twenty) deferred six-monthly installments, plus a pre-amortization period commensurate with the duration of realization of the Lithium Project, at an annual rate of 0.114%. It is expected that the Lithium Project including the experimental research activities will be carried out by 31.12.2019, except for any extension requests, with a duration not exceeding 12 (twelve) months and in any case within the limits of the reference legislation.

The contract provides, inter alia, that Fib (i) does not transfer the production activities involved in the Lithium Project in a non-EU Member State with a consequent reduction of staff of at least 50% before 5 (five) years have elapsed since the date of signature of the Resolution; (ii) does not transfer the production activities in a territory other than that of Teverola (CE) and of Carinaro (CE) before 5 (five) years have elapsed since the completion date of the Lithium Project; (iii) does not transfer elsewhere or disposes of investments eligible for aid or subsidized goods, before 5 (five) years have passed from the completion date of the Lithium Project; (iv) does not carry out corporate transactions relating to mergers, demergers, transfers or sales of companies or company branches; (v) does not cease its activity, or delocalize or reduce the activity in such a way as to significantly affect the employment levels declared in the Development Contract proposal and / or in the activation application of the Development Agreement with Invitalia in 5 (five) years following the completion date of the Lithium Project.

The loan agreement is guaranteed by a first mortgage amounting to € 19,920,940.00 on properties owned by Pmimmobiliare S.r.l. ("PM"), related party. PM is a company 100% owned by Seri Green Energy & Real Estate S.r.l., which in turn is 49% owned by Seri S.p.A. and for the remaining 51% from Cordusio Società Fiduciaria per Azioni, which in turn is 50% owned by the brothers Mr. Vittorio Civitillo and Mr. Andrea Civitillo. Mr. Vittorio Civitillo is the Sole Director of Seri Green Energy & Real Estate S.r.l. and the Managing Director of Pmimmobiliare S.r.l.. Mr. Vittorio Civitillo, indirectly holds, through Industrial S.p.A., shares of the Company corresponding to approximately 71.4% of the Company's share capital. Industrial S.p.A. is wholly owned by SE.R.I. S.p.A., the latter controlled by Mr. Vittorio Civitillo which owns 50.4%. Mr. Vittorio Civitillo is the Sole Administrator of both SE.R.I. S.p.A. and Industrial S.p.A.. Furthermore, Ing. Vittorio Civitillo is a Council Member with powers in K.R.Energy S.p.A. and he is Managing Director in Seri Industrial S.p.A. and in FIB S.r.l.

The guarantee issued by PM, under the soft loan, constitutes an ordinary transaction concluded on terms equivalent to market or standard terms pursuant to Article 6.7 of the procedure governing related party transactions adopted by the Company. The same is contemplated among the cases of exclusion from the sphere of the procedural discipline indicated above and, considering the amount, constitutes *a transaction of greater importance with related parties*.

K.R.ENERGY S.p.A. is a company listed on the MTA market of Borsa Italiana, operating along the entire chain of electrical accumulators. KRE controls the sub holding company SERI Industrial operating, through its subsidiaries, along the entire electricity storage supply chain and the sub holding company TOLO Energia, which holds investments in the renewable energy sector, currently in the process of being sold.

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