

## EXPLANATORY NOTES TO THE DEMERGER PROPOSAL

11 February 2026

with regards to the intended statutory Dutch law demerger (*juridische afsplitsing*)  
between

**IDV Group N.V.**

having its official seat in Amsterdam, the Netherlands, as acquiring company

and

**Iveco Group N.V.**

having its official seat in Amsterdam, the Netherlands, as demerging company

## **DRAWN UP BY THE BOARD OF DIRECTORS OF:**

1. **IDV Group N.V.**, a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands and its registered office address at Via Alessandro Volta 6, 39100 Bolzano, Italy and registered with the trade register of the Dutch Chamber of Commerce under number: 97498513 (**Acquiring Company**); and
2. **Iveco Group N.V.**, a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands and its registered office address at Via Puglia 35, 10156 Turin, Italy and registered with the trade register of the Dutch Chamber of Commerce under number: 83102701 (**Demerging Company**).

hereinafter jointly also referred to as: the **Companies** and each a **Company**.

### **1. INTRODUCTION**

- 1.1 On 30 July 2025, Demerging Company announced the signing of a definitive agreement to sell its Defence business (which designs, manufactures and distributes vehicles for defence and civil protection under the IDV brand, and vocational heavy-duty trucks for heavy haulage and off-road missions under the ASTRA brand) (the **IDV Group Business**) to Leonardo S.p.A., a European defence company, expected to be completed no later than 31 March 2026, subject to regulatory approvals and carve-out completion (the **Sale Transaction**). On the same date, Demerging Company also announced to have reached an agreement with Tata Motors Limited on a recommended voluntary tender offer for all issued common shares of Demerging Company after (and conditional upon) the separation of the IDV Group Business. In light of this scenario, for the event that completion of the sale to Leonardo S.p.A. cannot occur prior to or on 31 March 2026, Demerging Company announced it would take all actions necessary to complete the separation of the IDV Group Business through the Demerger (as defined below) and have all common shares of Acquiring Company admitted to listing and trading (the **Admission**) on Euronext Milan. In this context, the proposed Demerger represents the precautionary, fall-back solution only alternative to the Sale Transaction in order to achieve the separation of the IDV Group Business to which Demerging Company is committed as per the agreement with Tata Motors Limited.
- 1.2 As a consequence, while preparing for the Sale Transaction, in parallel, the Demerging Company and the Acquiring Company are preparing for a separation of the IDV Group Business from Demerging Company's other activities (the **Remaining Business**) by way of a statutory demerger under Dutch law (*juridische afsplitsing*) as referred to in Section 2:334a, paragraph 3, of the Dutch Civil Code (*Nederlands Burgerlijk Wetboek*) pursuant to which certain assets of Demerging Company together will be transferred to and assumed by Acquiring Company under universal title of succession (*algemene titel*) (the **Demerger**) with the Demerging Company

to continue to exist. The shareholders of Demerging Company will receive common shares (the **New Common Shares**) and, as applicable, special voting shares (the **New Special Voting Shares**) in the capital of Acquiring Company in accordance with the demerger Allotment Ratio (as defined below).

1.3 A demerger proposal in the meaning of Section 2:334f of the Dutch Civil Code, dated 11 February 2026, has been prepared in relation to the Demerger (the **Demerger Proposal**). The Demerger Proposal sets out further information regarding the Demerger.

1.4 Defined terms used hereinafter shall have the meaning as set out in the Demerger Proposal, unless specifically stated otherwise.

## **2. EXPECTED CONSEQUENCES FOR THE BUSINESS ACTIVITIES OF THE DEMERGING COMPANY**

2.1 Acquiring Company, as parent company of the IDV Group Business, shall continue the activities related to the IDV Group Business, comprising of the design, production and sale of defence and civil protection vehicles under the IDV brand, and of vocational heavy-duty trucks for heavy haulage and off-road missions under the ASTRA brand.

2.2 The activities related to the Remaining Business shall be continued by Demerging Company.

## **3. CONSEQUENCES OF THE DEMERGER FROM A LEGAL PERSPECTIVE**

3.1 The Demerger will result in a transfer of the IDV Group Business under universal title of succession (*overgang onder algemene titel*) from Demerging Company to Acquiring Company, whereby Demerging Company shall not cease to exist.

3.2 The Demerger will be effective as at 00.00 CET following the date on which the notarial deed of demerger (the **Deed**) is executed before a civil law notary officiating in the Netherlands (the **Effective Date**, and the date on which the Deed is executed: the **Execution Date**).

3.3 As a result of the Demerger and as per the Effective Date, Acquiring Company will allot New Common Shares and, as applicable, New Special Voting Shares in accordance with the Allotment Ratio to those persons who are shareholders of Demerging Company (the **Demerging Company Shareholders** and each a **Demerging Company Shareholder**) on the Execution Date, after reflecting all debit and credit entries on that day (the **Demerger Record Date**). The allotment of shares pursuant to the Demerger does not require a separate deed or action: the allotment is accomplished by operation of law pursuant to the execution of the notarial deed of demerger. No fractions of shares shall be allotted.

3.4 Immediately upon the Demerger having become effective, Acquiring Company shall cancel all 4,500,000 issued ordinary shares, numbered 1 through 4,500,000, each share having a nominal value of €0.01 (the

**Existing Acquiring Company Shares**), that it will then have acquired as part of the Demerger by virtue of Section 2:334x, paragraph 3 DCC. Upon cancellation, the aggregate nominal value of the Existing Acquiring Company Shares will be added to the share premium reserve attached to the New Common Shares.

- 3.5 Demerging Company does not have any shares in its capital without voting rights and/or shares without profit rights.

#### **4. CONSEQUENCES OF THE DEMERGER FROM AN ECONOMIC PERSPECTIVE**

- 4.1 The Demerging Company is of the view that the separation of the IDV Group Business from the Remaining Business will strengthen their respective market positions, better position them to achieve their growth ambitions as well as optimise businesses' value creation potential, align investment priorities and incentives, better meet respective business needs and optimise their cost and capital structures facilitating profitable growth.

- 4.2 As a result of the Demerger, the Company will include the following product groups, which are synergic:

- (a) Design, manufacturing, and distribution of Defence vehicles for civil defence and peace-keeping missions under the IDV brand;
- (b) Design, manufacturing, and distribution of specialty vehicles for off road missions (heavy duty) and heavy haulage transport under the ASTRA brand.

- 4.3 Until the completion of the Demerger, the IDV Group Business will continue to be managed in the context of the more complex organisational infrastructure of Demerging Company (including a Senior Leadership Team (as defined below) chaired by the Chief Executive Officer of the Demerging Company and whose members also include managers of businesses and functions other than the IDV Group Business). The Demerger will accomplish the corporate separation of the Acquiring Company and each of its subsidiaries (from time to time) (the **IDV Group**) with its Defence and ASTRA brands, and dedicated corporate functions, such as Finance (including tax, treasury and accounting), Human Resources and Information Technology. It will allow the establishment of a senior managerial committee (the **Senior Leadership Team**) entirely and exclusively dedicated to the IDV Group reporting to the board of directors of the Acquiring Company, and it will enable IDV Group to operate as a stand-alone entity with a capital structure adequate to the needs of its business. After the Demerger, there will be an independent and stand-alone entity that, through the support of its separate financial, human and managerial capital, will be in a better position to realise the full potential of its business in terms of financial performance, shareholder and broader stakeholder value generation and sustainability commitment; notwithstanding that, as set out above, the proposed Demerger represents the precautionary, fall-back solution only alternative to the Sale Transaction. Through the Demerger the Acquiring Company will have the financial, technical, and human capital resources to

meet the challenges arising from the Defence business especially in terms of developing enabling technologies, growing organically and inorganically, ensuring the match between Customer demands and offered capabilities in the different countries of operation.

- 4.4 With regard to the current relations with Demerging Company, the management of Demerging Company and the Acquiring Company have carefully investigated the areas where cooperation between the two groups is necessary or beneficial for both groups following the Demerger. As a result of this process, effective on the Effective Date, Acquiring Company and Demerging Company will enter into several agreements related to the provision of general services from Iveco Group to IDV Group and its subsidiaries; the supply of engines and axles (and related spare parts) from FPT Industrial to IDV Group and its subsidiaries; the supply of commercial vehicles and buses (and related spare parts) from Iveco Truck and Iveco Bus to IDV Group and its subsidiaries.
- 4.5 These three agreements will allow the Acquiring Company (and its subsidiaries) to benefit from the support currently received from Demerging Company and its subsidiaries substantially at the same terms and conditions applicable before the Demerger and will ensure that the Acquiring Company (and its subsidiaries) will be able to operate on a stand-alone basis after the Demerger.
- 4.6 After their separation, both businesses will benefit from enhanced management focus, enabling them to accelerate innovation, be more agile in their strategic thinking, and be better equipped to respond to industry dynamics.

## **5. CONSEQUENCES OF THE DEMERGER FROM A SOCIAL PERSPECTIVE**

- 5.1 On occurrence of the Demerger, the employees who are part of the IDV Group Business will be transferred to the group which is headed by Acquiring Company. Their employment conditions and circumstances shall in principle not change as a direct consequence of the Demerger.
- 5.2 The Demerger is in principle not expected to have a direct material impact on the employment created by the IDV Group Business nor the Remaining Business.

## **6. ALLOTMENT RATIO ESTABLISHED AND CRITERIA ADOPTED TO DETERMINE THE RATIO**

- 6.1 Each holder of common shares in the capital of Demerging Company (the ***Demerging Company Common Shares***) as determined after close of trading and settlement of all transactions on the Demerger Record Date will receive 1 New Common Share for every 5 Demerging Company Common Shares which it holds on the Demerger Record Date, while keeping the same number of Demerging Company Common Shares. Fractions of New Common Shares shall not be allotted. Any entitlement to fractions of New Common Shares due to rounding down to whole numbers shall be aggregated to whole New Common Shares which shall be sold on the market. The proceeds

of such sale shall be paid to those persons with an entitlement to fractions of New Common Shares.

- 6.2 Each Demerging Company Shareholder that, in addition to holding Demerging Company Common Shares, is registered in the loyalty register of Demerging Company (the **Demerging Company Loyalty Register**) will be registered in the loyalty register of Acquiring Company (the **Acquiring Company Loyalty Register**) for the corresponding number of New Common Shares. If such Demerging Company Shareholder also holds special voting shares in the capital of Demerging Company (**Demerging Company Special Voting Shares**), it will, by operation of law, receive a number of New Special Voting Shares that is equal to the number of New Common Shares for which it will be registered in the Acquiring Company Loyalty Register. If such Demerging Company Shareholder is registered in the Demerging Company Loyalty Register electing to receive Demerging Company Special Voting Shares upon completion of the required holding period, it will also be registered in the Acquiring Company Loyalty Register electing to receive New Special Voting Shares upon completion of the required holding period, whereby the holding period to receive New Special Voting Shares shall be shortened with the period for which such holder of New Common Shares had already been registered in the Demerging Company Loyalty Register. As a result of the Demerger, Demerging Company Shareholders will become shareholders of two independent public companies: Demerging Company and Acquiring Company.
- 6.3 The ratio for which holders of common shares and, as applicable, special voting shares in the capital of the Demerger Company will receive New Common Shares and, as applicable, New Special Voting Shares as set out above under 6.1 and 6.2 (the **Allotment Ratio**) does not represent an evaluation of the IDV Group Business and the Remaining Business respectively. The ratio is a technical measure introduced solely for the purpose of reducing the total number of New Common Shares (and New Special Voting Shares (as defined below) as the case may be), whereby each Demerging Company Shareholder on the Demerger Record Date is allotted a pro rata number of New Common Shares (and New Special Voting Shares as applicable) representing exactly the same proportion of the shareholding in Demerging Company held by each of such shareholders at the Record Date. The number of Demerging Company Common Shares (and Demerging Company Special Voting Shares as the case may be) held by Demerging Company Shareholders will not change as a result of the Demerger and the related allotment of New Common Shares (and New Special Voting Shares as the case may be).

***Method pursuant to which the Allotment Ratio has been established***

- 6.4 The Demerger will be carried out on the basis of the demerger interim accounts as of 30 September 2025 for Demerging Company and the IDV Group Business.

- 6.5 The value of the IDV Group Business has been determined on the basis of its net carrying value in the accounts of Demerging Company pre-Demerger, which corresponds to the net carrying value, in Demerging Company accounts, of all assets attributable to the IDV Group Business.
- 6.6 The net carrying value of Demerging Company post Demerger corresponds to the net carrying value of Demerging Company pre-Demerger less the net carrying value of Acquiring Company.

***Applicability of the method applied***

- 6.7 In the context of a demerger, the objective of each company's board of directors' valuation is to estimate relative (rather than absolute) equity values of the demerged business and the business that will remain under control of the Demerging Company in order to determine the allotment ratio; the estimated relative values should not be taken as reference in different contexts. Best practice requires that companies involved in a demerger are valued on the basis of consistent criteria, in order for the results of the relative valuation analysis to be fully comparable.
- 6.8 The relative value of Demerging Company and the IDV Group Business have been determined under the going-concern assumption and ignoring any potential economic and financial impacts of the Demerger.
- 6.9 In light of the above, and taking into account the objective of the valuation analysis, the methods applied as set out above are considered appropriate for the Demerger.

***The method to determine the Allotment Ratio has led to the following valuation***

- 6.10 When valuing the IDV Group Business, its net carrying value is used (and not its historic cost price or any other valuation method applied to those assets in Demerging Company's annual accounts and the Q3 financial statements of Demerging Company). The net carrying value of the IDV Group Business is equal to EUR 248,432 thousand as at 30 September 2025.
- 6.11 The value of Demerging Company pre-Demerger is equal to EUR 2,627,451 thousand as at 30 September 2025, while the value of Demerging Company post-Demerger is equal to EUR 2,379,018 thousand.
- 6.12 When valuing the assets of Acquiring Company at their historic cost price and any other valuation method applied to those assets in the interim balance sheet of Acquiring Company, the value of the assets of Acquiring Company as of 31 December 2025 is relatively negligible.

***The problems that have arisen with regard to the valuation and determination of the Allotment ratio***

- 6.13 No particular difficulties have arisen as a result of the valuation method used or as a result of the determination of the Allotment Ratio.

***The relative weight of the methods***

- 6.14 The relative weight of the methods used to establish at the valuation is generally acceptable.

### ***Particular difficulties valuation and determination of the Allotment Ratio***

- 6.15 There are no particular difficulties to report in respect of the valuation and the determination of the Allotment Ratio.

## ***7. Equity Incentive Plans***

- 7.1 As part of the Demerger, Demerging Company has agreed that (i) all outstanding but unvested Performance Share Units (***PSUs***) and Restricted Share Units (***RSUs***) awarded to directors, managers and employees of IDV Group entities under the Demerging Company equity incentive plan (Demerging Company EIP) will vest in full on the first day of trading of the New Common Shares, subject to the service requirements below described, (ii) all performance criteria, to the extent applicable, shall be deemed achieved at target levels and all other terms and conditions (other than the service requirements) shall be deemed met for PSUs, (iii) all restrictions shall lapse and all other terms and conditions (other than the service requirements) shall be deemed met for RSUs and (iv) subsequent substitution of the outstanding and vested PSUs and RSUs for a conditional right to receive a (gross) cash payment equal to the Demerger Company share price immediately prior to the first day of trading of the New Common Shares.
- 7.2 Service requirements: If the employment or service relationship is terminated by the employer for a reason other than for cause prior the vesting date of the original awards, being 28 February 2027 or 29 February 2028, the right to payment shall become unconditional and will be settled; if the employment or services agreement terminates for any other reasons prior to the vesting date of the original awards the right to payment shall lapse (without any compensation being due).
- 7.3 Future equity incentive plans in favour of directors, officers, and other employees of Acquiring Company, if any, will be in compliance with the remuneration policy of the Acquiring Company (expected to be adopted by the general meeting of the Acquiring Company at the proposal of the board of directors of the Acquiring Company shortly before the completion of the Demerger) and will be subject to approval of the board of directors of the Acquiring Company (upon recommendation of the Compensation and Nomination Committee of the Acquiring Company) and, to the extent required by applicable laws and regulations, to the favourable vote of the general meeting of the shareholders.

\*\*\*