

## PROSPECTUS FOR THE SECO S.P.A. STOCK OPTION PLAN

*(prepared pursuant to Article 84-bis of the Issuers' Regulation adopted by Consob with Resolution No. 11971 of May 14, 1999 and subsequent amendments and additions)*

### Definitions

For purposes of this Prospectus, the terms below shall have the meanings ascribed to them as follows:

"**Shares**" or "SECO Shares" means the ordinary shares of the Company, with no par value indicated;

"**Shareholders' Meeting**" means the Shareholders' Meeting of SECO;

"**2021 Shareholders' Meeting**" means the Shareholders' Meeting of SECO held on March 1, 2021;

"**2022 Shareholders' Meeting**" means the Shareholders' Meeting of SECO called for April 27, 2022, in single call;

"**Beneficiary(ies)**" means the recipient(s) of the Plan who are employees or Senior Executives who have an ongoing employment relationship (or otherwise an equivalent relationship under applicable law from time to time) of indefinite duration with the Company or companies within the SECO Group;

"**Committee**" means the Appointments and Remuneration Committee;

"**Board of Directors**" or "**Board**" means the Board of Directors of the Company;

"**2022 Board**" means the Board of Directors of the Company held on March 21, 2022.

"**Subsidiaries**" means the companies controlled, directly or indirectly, by SECO pursuant to Article 93 of the CFA, or which qualify as subsidiaries in accordance with the accounting standards applicable from time to time, or which are included in the consolidation scope.

"**Grant Date**" and/or "**Assignment Date**" means the date on which the Board resolves to grant the Options to the Beneficiary; such date, unless otherwise determined by the Board of Directors, shall be the date on which the Options are actually granted to the Beneficiary;

"**Final Exercise Date**" means the deadline for exercising the Options, as identified in the Regulations and/or the Option Contract;

"**Prospectus**" means this document prepared in accordance with Article 84-bis of the Issuers' Regulation and complying with, also in terms of the numbering of the relative paragraphs, the indications of Schedule 7 of Annex 3A of the same Issuers' Regulation.

"**SECO Group**" means SECO and the Subsidiaries;

"**Options**" means the financial instruments covered by the Plan, which give the Beneficiaries the right to receive newly issued SECO Shares;

"**Performance Period**" means the period of time required for the purposes of exercising the Options;

"**Plan**" means the stock option-based incentive plan for the Beneficiaries originally approved by the Company's Shareholders' Meeting on March 1, 2021;

"**Relationship**" means the employment relationship of indefinite duration and/or the equivalent relationship under the laws from time to time applicable to the Company or Subsidiaries, between the Beneficiary and, as the case may be, the Company or a Subsidiary.

"**Regulation**" means the regulation of the SECO S.p.A. Stock Option Plan, together with the annexes that form an integral part thereof.

"**Issuers' Regulation**" means the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

"**Company**" or "**Issuer**" or "**SECO**" means SECO S.p.A.

"**CFA**" means Legislative Decree No. 58/1998, as subsequently amended and supplemented.

## Introduction

This prospectus (the "**Prospectus**"), drawn up pursuant to Article 84-*bis* and Schedule 7 of Annex 3A of the Regulations adopted by Consob with Resolution No. 11971 of May 14, 1999 and subsequent amendments and additions (the "**Issuers' Regulation**"), concerns the incentive and loyalty plan (hereinafter the "**Plan**") originally approved by the Shareholders' Meeting of SECO S.p.A. (the "**Company**" or "**SECO**") of March 1, 2021 (the "**2021 Shareholders' Meeting**") prior to the listing of the Company's ordinary shares on the *Mercato Telematico Azionario - Star Segment* (now Euronext Star Milan) organized and managed by Borsa Italiana S.p.A on May 5, 2021 and illustrates, in square brackets with the caption "Proposal to Amend the Plan - 2022 Shareholders' Meeting", the amendments to the Plan submitted, pursuant to Article 114-*bis*, first paragraph, of the CFA, for approval by the ordinary Shareholders' Meeting of the Company called in single call for April 27, 2022 as per the explanatory report approved by the Board of Directors meeting on March 21, 2022, subject to the opinion of the Committee of March 14, 2022 ("**Proposal to Amend the Plan - 2022 Shareholders' Meeting**").

The Plan is to be considered of "particular relevance" in accordance with Article 114-*bis*, paragraph 3 of the CFA and Article 84-*bis*, paragraph 2 of the Issuers' Regulation as addressing the Senior Executives of the Company and subsidiaries as per Article 93 of the CFA.

At the date of this Prospectus, the Plan has already been partially implemented as the options have already been granted to the Beneficiaries.

The Proposal to Amend the Plan - 2022 Shareholders' Meeting will be submitted for approval to the Company's Ordinary and Extraordinary Shareholders' Meeting called in single call for April 27, 2022 on point 3) on the Agenda of the same meeting in ordinary session.

At the date of this Prospectus, the Proposal to Amend the Plan - 2022 Shareholders' Meeting has not yet been approved by the Shareholders' Meeting. Therefore:

- (i) this Prospectus is prepared on the basis of the Plan approved by the 2021 Shareholders' Meeting and the content of the Proposal to Amend the Plan - 2022 Shareholders' Meeting approved by the 2022 Board, subject to the opinion of the Committee on March 14, 2022;
- (ii) any reference in this Prospectus to amendments to the Plan shall be deemed to refer to the Proposal to Amend the Plan - 2022 Shareholders' Meeting.

## **1. The beneficiaries**

**1.1 Names of the beneficiaries who are members of the financial instruments issuer's Board of Directors or of the management board, the companies controlling the issuer and the companies directly or indirectly controlled by it.**

**1.2 Categories of employees or collaborators of the issuer and of the parent companies or subsidiaries of this issuer.**

The Plan does not provide for beneficiaries who are members of the financial instrument issuer's Board of Directors or of the management board, the companies controlling the issuer or the companies directly or indirectly controlled by it.

The Plan is aimed at employees or Senior Executives who have an employment relationship (or in any case an equivalent relationship pursuant to the legislation applicable from time to time) of indefinite duration with the Company or with companies belonging to the SECO Group.

Options may be granted to other employees also identified as other Executives with strategic responsibilities by the Company's Board of Directors or Chief Executive Officer and/or who also serve as Directors in certain subsidiaries. In some rare cases, persons having relationships similar to those of an employee who hold corporate offices in the Subsidiaries fall into the category of Beneficiaries of the Plan and therefore potential recipients of Options.

We note that the Plan qualifies as a "particularly significant" plan, pursuant to Article 114-bis, paragraph 3 of the CFA and Article 84-bis, paragraph 2 of the Issuers' Regulation, since the Beneficiaries of the Options include other Executives with strategic responsibilities.

**1.3 Beneficiaries of the plan belonging to the following groups:**

**a) General Managers of the issuer of financial instruments.**

Not applicable, as the Company has not appointed General Managers.

**b) other Executives with strategic responsibilities of the issuer of financial instruments which are not considered of "small", as per Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010, in the case in which they have received during the year total remuneration (obtained by adding the monetary compensation and the financial instrument-based compensation) of greater than the higher total compensation between that allocated to the members of the Board of Directors, or the management board, and to General Managers of the issuer of financial instruments.**

Not applicable.

**c) physical persons controlling the issuer of the shares, who are employees or who collaborate with the issuer.**

Not applicable.

**1.4 Description and numeric indication, by category:**

**a) of Executives with strategic responsibilities other than those indicated at letter b) of paragraph 1.3.**

Information regarding the Executives with strategic responsibilities is set out in (b) below.

**b) in the case of "small" companies, pursuant to Article 3, paragraph 1 (f) of Regulation No. 17221 of March 12, 2010, the aggregate indication of all the Executives with strategic responsibilities of the issuer of the financial instruments.**

At the date of the Prospectus, two Beneficiaries are Executives with strategic responsibilities of the Company.

**c) of any other categories of employees or collaborators for which differentiated features of the plan are provided for (e.g. Executives, managers, white-collar employees etc.)**

There are no categories of employees or collaborators for which differentiated features of the Plan are provided for.

**2. Reasons for the adoption of the Plan**

**2.1 The objectives intended to be achieved through the plan.**

The Company, in line with international practices, believes that the Plan, based on the granting of stock options, the maturity and exercise of which are subject to a vesting period, is a suitable incentive tool, as well as an instrument for attracting and retaining staff, capable of relating this further variable component of the total remuneration of

the Beneficiaries to objective and predetermined parameters such as the creation of new value for the Group and the growth of the share price on the market.

Specifically, the Company believes that this incentive system ensures full and constant alignment between the interests of employees and Executives and those of shareholders, being naturally linked to the growth in value of SECO's share.

The objectives that the Company intends to achieve through the adoption of the Plan are in line with the 2022 Remuneration Policy (as illustrated in the relevant Section I) whose approval is subject to the binding vote of the Shareholders' Meeting, and with the recommendations of the Corporate Governance Code promoted by the Corporate Governance Committee of Borsa Italiana S.p.A.

The Plan has a multi-year timeframe with the Options maturing in three tranches, as illustrated in greater detail in section 4 below. Options granted are subject to a vesting period of 12 months and may be exercised by Beneficiaries in arrears in the years following vesting. It is believed that the above terms facilitate the achievement of the incentive and retention objectives of management and employees under the Plan.

The number of Options to be granted to each of the Beneficiaries is established by the Board of Directors, with the right to sub-delegate to the Chairperson of the Board of Directors and/or to one of the Chief Executive Officers of the Company *pro tempore* in office, also severally, upon proposal of the Committee.

The Plan does not provide for a predetermined ratio between the number of Options granted to an individual Beneficiary and the total compensation received.

In identifying the Beneficiaries and the number of Options granted to each, the Board of Directors will take into account not only the importance of the role played by each Beneficiary within the Group, but also the market benchmarks, as well as the Company's interest in graduating their long-term incentive as part of its strategies.

## ***2.2 Key variables, also in the form of performance indicators, considered for the granting of financial instrument based plans.***

Below are the key variables considered in the Plan for the granting of options:

### Vesting

The Options granted within each Tranche mature upon completion of the vesting period and therefore: (i) 30% twelve months after granting; (ii) 30% twenty-four months after granting; (iii) 40% thirty-six months after granting.

Vesting is contingent upon the continued existence of the Relationship between the Beneficiaries and the Company or other Group companies on the vesting date of each Tranche.

The granting of Options under the Plan is not linked to the achievement of performance targets, being instead linked to the position held by the Beneficiary as specified in paragraph 2.3 below.

## **2.3 Factors underlying the determination of the extent of remuneration based on financial instruments, or the criteria used for its determination.**

The number of Options granted to Beneficiaries is linked to the Company's organizational structure and is determined taking into account not only the importance of the organizational position held by the Beneficiaries concerned, but also market benchmarks and the Company's interest in graduating their long-term incentive as part of its strategies.

In determining the total number of Options, the Board of Directors, upon proposal of the Remuneration Committee, shall act with discretion in accordance with the Company's compensation and incentive policies. This discretion shall be exercised:

- having regard to the interests of the Company and the Group;
- with a view to ensuring that the granting of Options is consistent with the Company's overall choices in terms of strategies, long-term objectives and corporate governance structure;
- taking into account, among other things, the role of the employee for the results of the Company and the Group, the strategic importance of the position, the potential of the employee and any other useful element, within the limits established by the applicable laws and regulations. In granting Options to each of the Beneficiaries, the Board of Directors and the Chief Executive Officer also consider the criticality of the role held and the value of the individual performance of the Beneficiaries.

**2.4 Reasons for any decision to grant remuneration plans based on financial instruments not issued by the issuer of financial instruments, such as the financial instruments issued by subsidiaries or parent companies or third party companies outside of the Group; in the case in which the above instruments are not traded on regulated markets, information on the criteria utilized for the calculation of the attributable value.**

Not applicable.

**2.5 Evaluations concerning significant tax and accounting implications impacting the drawing up of the plans.**

There are no significant tax or accounting implications impacting the drawing up of the Plan.

**2.6 Support to the Plan by the Special fund to incentivize worker involvement in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003.**

The Plan does not receive support from the special fund for the incentivization of the involvement of workers in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003.

### **3. Approval procedure and timeframe for the granting of the instruments**

**3.1 Scope of powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementation of the Plan.**

### **3.2 Indication of the parties appointed to administer the Plan and their functions and duties.**

The Plan was originally approved by the 2021 Shareholders Meeting prior to the listing of the Company's ordinary shares on May 5, 2021. This Shareholders' Meeting delegated to the Company's Board of Directors all powers necessary or appropriate to implement the Plan.

The 2022 Board resolved to submit for approval to the 2022 Shareholders' Meeting the proposal to make some amendments to the Plan currently in force, pursuant to Article 114-bis of the CFA. The Ordinary Shareholders' Meeting is therefore called to resolve, *inter alia*, (i) to approve the amendments to the Plan, and (ii) to grant the Board of Directors, and on its behalf the Chief Executive Officer, with the right to sub-delegate all powers necessary to implement the motion.

It is proposed to the Shareholders' Meeting to delegate the implementation and administration of the Plan to the Board of Directors of the Company, with the right to sub-delegate, also granting it all the powers indicated in this prospectus, including, by way of example, all the powers necessary or appropriate to implement the Plan, and thus, in particular, by way of example only, all the powers to identify the Beneficiaries and determine the number of Options to be granted to each of them, to proceed with the assignment to the Beneficiaries, as well as to perform any act, fulfilment, formality, communication that is necessary or appropriate for the management and/or implementation of the Plan.

It is understood that in the aforementioned cases, motions shall be taken by the Board in compliance with the rules on related party transactions, where applicable.

At any time, the Company may entrust, in whole or in part, the management of the administrative tasks related to the Plan, to an external trust company or a company specialized in the operational management of stock option plans.

### **3.3 Any existing procedures for the review of the plans, also in relation to potential changes in the underlying objectives.**

Subject to the Shareholders' Meeting to resolve any substantial amendments with respect to the Plan, the Board of Directors is the competent body to make amendments to the Plan.

### **3.4 Means to establish availability and for the assignment of the financial instruments on which the Plans are based (e.g.: free allocation of shares, share capital increases with exclusion of pre-emption rights, purchase and sale of treasury shares)**

The Plan is based on the grant of Options entitling the holder to receive ordinary shares of the Company. Specifically, it provides for the free granting of Options giving the Beneficiary the right to receive ordinary shares of the Company to which he/she is entitled following the exercise of the Options, at a ratio of 1 (one) newly issued SECO ordinary share for every 1 (one) Option exercised. The Plan also provides that, at the Company's discretion, the Beneficiary may be allocated (i) newly issued shares and/or,



in whole or in part, (ii) treasury shares held by the Company or, alternatively, the Substitute Amount, as described below.

The newly issued shares will come from the paid increase in share capital, in divisible form, approved by the Company's Extraordinary Shareholders' Meeting on March 1, 2021, for a maximum nominal amount of Euro 54,000 to be charged to capital, plus share premium, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6 of the Civil Code, by issuing a maximum of 5,400,000 new SECO ordinary shares (the "**Paid-In Increase**").

The Plan provides that in lieu of and in substitution for the allocation of SECO ordinary shares, the Company reserves the right to pay such Beneficiaries a cash amount (the "**Substitute Amount**") equal to the difference between the normal value of SECO shares and the Exercise Price. Throughout the period in which the Company's shares are listed on a regulated market, the normal value of SECO's shares: (i) shall be calculated on the basis of the arithmetic average of the official prices of SECO's ordinary shares recorded on the regulated market on which the shares are listed in the last month prior to the Exercise Date; (ii) in the event of promotion of a total public tender offer on SECO's shares with a view to delisting and in the event of the success of the bid, shall be equal to the consideration for the total public tender offer bid. In the event that the Company's ordinary shares are no longer listed on a regulated market, the normal value of SECO's ordinary shares will be calculated in accordance with Article 9 of Presidential Decree 917 of December 22, 1986.

***"Proposal to Amend the Plan - 2022 Shareholders' Meeting"***

*The 2022 Board resolved to submit for approval to the 2022 Shareholders' Meeting the proposal to make some amendments to the Plan currently in force, pursuant to Article 114-bis of the CFA. Specifically, the Extraordinary Shareholders' Meeting is called upon to pass motions relating to the proposed free share capital increase, to be reserved for employees and Senior Executives of SECO S.p.A. or one of its subsidiaries, for a maximum nominal amount of Euro 54,000.00, in a divisible manner, by means of granting, pursuant to Article 2349 of the Civil Code, of a corresponding amount taken from retained earnings reserves (the "**Free Share Capital Increase**"), with the issue of a maximum of 5,400,000 ordinary shares to service the Plan whose amendment is proposed to the 2022 Shareholders' Meeting, ordinary session.*

*The proposal to be examined by the 2022 Shareholders' Meeting therefore provides for a change in the methods for implementing the Plan, envisaging that, as an alternative to that described above in relation to the Paid-In Increase, the SECO shares may be allocated to the Beneficiaries free of charge (and therefore without the payment of the Strike Price by the Beneficiaries), upon their request when exercising the Options to which they are entitled, but for a variable amount, in any case no greater than that previously provided for, determined on the basis of the following formula:*

$\text{Number of Shares Received} = \frac{[\text{Market Value Opted Shares} - (\text{IPO Price} * \text{Opted Shares})]}{\text{Unitary market value}}$
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*For the purposes of the above formula:*



- *"Opted Shares" means the number of ordinary shares of SECO that would accrue to the Beneficiaries based on the ratio of 1 Share for each Option exercised;*
- *"IPO Price" means the unit price of placement on the MTA of the Company's shares (i.e. Euro 3.70);*
- *"Market Value Opted Shares" is the value equal to the arithmetic average of the official prices of SECO's ordinary shares recorded on the regulated market on which such shares are listed, during the last month prior to the Exercise Date;*
- *"Unitary Market Value" is the price equal to the arithmetic average of the official prices of SECO's ordinary shares recorded on the regulated market on which such shares are listed, during the last month prior to the Exercise Date.*

*In the event that a public tender offer is made for all of SECO's shares for the purpose of delisting, and if such offer is successful, the Market Value Opted-Shares and the "Unitary Market Value" will be equal to the consideration for the public tender offer. In the event that the Company's ordinary shares are no longer listed on a regulated market, the normal value of SECO's ordinary shares will be calculated in accordance with Article 9 of Presidential Decree 917 of December 22, 1986.*

*The additional provisions of the Plan Regulations relating to SECO's shares derived from the Paid-In Increase shall apply mutatis mutandis with respect to SECO's shares derived from the Free Capital Increase.*

*For further information on the Free Capital Increase, reference should be made to the explanatory report made available to the public through publication on the Company's website [www.seco.com](http://www.seco.com) in the Investor Relations/Corporate Governance/Shareholders' Meeting section.*

*In addition, the proposal before the Shareholders' Meeting provides for the elimination from the Plan of the Company's option to pay the Beneficiaries, as an alternative to the SECO ordinary shares resulting from the Paid-In Increase, the Substitute Amount (as described above). This elimination follows the proposal under consideration by the Shareholders' Meeting described above regarding the possibility that SECO shares may be allocated to the Beneficiaries, upon their request, free of charge under the Free Capital Increase]*

### **3.5 Role carried out by each Director in defining the features of these plans; any conflicts of interest involving the Directors concerned.**

The features of the Plan were determined collectively by the Board of Directors of the Company - also with the assistance of some corporate functions (Group Finance Department, Group Legal and Corporate Affairs Department, Group Human Resources Department) - and approved by the Shareholders' Meeting on March 1, 2021.

Subsequently, the 2022 Board, together with the Remuneration Committee, approved some amendments to the Plan, which are submitted to the 2022 Shareholders' Meeting for approval.

***3.6 For the purposes of the requirements as per Article 84-bis, paragraph 1, the date of the decision taken by the relevant body to propose the approval of the plans to the Shareholders' Meeting and any proposal of the Remuneration Committee.***

Please refer to paragraph 3.1 of this Prospectus.

***3.7 For the purposes of Article 84-bis, paragraph 5, letter a), the date of the decision taken by the relevant body for the granting of the instrument and the proposal to the aforementioned body by the Remuneration Committee.***

The Board of Directors determined the aggregate number of Options to be granted and the Chief Executive Officer identified the Beneficiaries during the period April-December.

**3.8 Market price, recorded on the above-stated dates, of the financial instruments on which the plans are based, if traded on regulated markets.**

The Company's shares are traded starting from May 5, 2021 and for the price of market, see attached table 1.

**3.9 In case of plans based on financial instruments traded on regulated markets, within which terms and according to which procedures the issuer takes into account, when identifying the timing for the granting of the instruments in implementation of the plans, the possible timeframe between:**

- i) the granting or any decisions undertaken by the Remuneration Committee, and**
- ii) the communication of any relevant information in accordance with Article 17 of Regulation (EU) No. 596/2014; for example, where this information is:**
  - a) not yet published and which may prompt an increase in the market share price, or**
  - b) already published and may prompt a decrease in the market share price.**

At present, the structure of the Plan, the conditions, the duration and the granting methods of the Options do not suggest that this could be significantly influenced by any disclosure of relevant information pursuant to Article 114, paragraph 1, of the CFA.

The Directors and Executives shall be required to comply with the applicable regulatory provisions, particularly with regards to the market abuse regulation and concerning the exercise of Options and the availability of shares from the exercise of the Options allocated as a result of participation in the Plan.

#### **4. Features of the instruments granted**

**4.1 Description of the forms by which the financial instrument-based compensation plans are structured; e.g. indicate whether the Plan is based on the granting of: financial instruments (granting of restricted stock); the increase in the value of these instruments (phantom stock); rights which permit the subsequent acquisition of financial instruments (grant options) with settlement by physical provision ("stock options") or in cash on the basis of a differential ("stock appreciation right").**

As described above, the Plan is based on the granting of stock options, i.e. option rights that allow the Beneficiaries to receive ordinary shares of the Company, with settlement by physical delivery and/or payment of the Substitute Amount, in relation to which please refer to paragraph 3.4 above.

### ***“Proposal to Amend the Plan - 2022 Shareholders’ Meeting”***

*As indicated in paragraph 3.4. above, to which reference should be made for further information, the 2022 Board resolved to submit the proposed Free Capital Increase for approval at the 2022 Shareholders’ Meeting as an alternative to the Paid-In Increase. If this proposal is approved, the shares due to the Beneficiaries as a result of the exercise of the stock options may be derived from the execution of Free Capital Increase. In addition, as indicated in the same paragraph 3.4, to which reference is made for further information, the 2022 Board resolved to submit for approval to the 2022 Shareholders’ Meeting the proposal to eliminate the Company’s right to pay the Beneficiaries the Substitute Amount. In the event that this proposal is approved, the Plan will provide for settlement by physical delivery.]*

#### **4.2 Indication of the effective implementation period of the plan with regards also to any differing cycles.**

#### **4.3 Plan duration.**

The Plan has a duration until the final deadline for the subscription of the share capital increase to service the Plan, set at December 31, 2024.

The exercise of all the Options granted to each Beneficiary will be governed, subject to retention of the Relationship, as follows:

- a) 30% of all the Options granted to each Beneficiary may be exercised 12 months after the Grant Date;
- b) 30% of all the Options granted to each Beneficiary may be exercised 24 months after the Grant Date;
- c) the remaining 40% of all the Options granted to each Beneficiary may be exercised 36 months after the Grant Date;

Options that have not become exercisable pursuant to the Regulations will automatically lapse and will be deprived of any effect and validity with regard to the Beneficiary. Forfeited Options shall be reallocated by the Board, taking into account the provisions of the Regulations.

We also note that the Plan provides for a right of early exercise of the Options by the Beneficiaries upon the occurrence of the events indicated below and provided, at that time, retention of the Relationship:

- (i) for the whole period in which the Company's shares are listed on a regulated market, promotion of a public tender offer bid for the Company's shares pursuant to Article 102 and thereafter of the CFA; or
- (ii) for the whole period in which the Company's shares are listed on a regulated market, resolution of transactions from which the listing on a regulated market of SECO's ordinary shares may be revoked.

The procedures and terms of the early exercise of the Options are set out in the Regulation, pursuant to which the Beneficiary must exercise the Early Exercise Right within 30 Business Days from the occurrence of the relevant event by sending a written notice to the Company (the "Early Exercise Notice"), which shall contain the information set forth in the Early Exercise Notice form attached to the Regulation.

**4.4 Maximum number of financial instruments, also in the form of options, granted in each fiscal year in relation to the parties identified or to the categories indicated.**

The Plan does not provide for a maximum number of Options to be granted to Beneficiaries for each year of the Plan.

**4.5 Methods and implementation clauses of the Plan, specifying whether the effective granting of the instrument is subject to the achievement of conditions or the achievement of results (including performance based); description of these conditions and results.**

With regard to the methods and clauses for the implementation of the Plan, please refer to that set out in the individual sections of this Prospectus and, in particular, to paragraphs 4.2 and 4.3 above. The plan does not require conditions to be met related to the achievement of certain economic/financial performance targets.

**4.6 Indication of any restrictions on the availability of the instruments granted or the instruments resulting from the exercise of the options, with particular reference to the terms within which the subsequent transfer to the company or third parties is permitted or prohibited.**

The Plan provides that, unless otherwise resolved by the Board, Options may not be transferred under any title, other than *mortis causa*, or traded, pledged or otherwise encumbered by the Beneficiary and/or pledged as security by the Beneficiary, whether by deed between living persons or pursuant to law. The Options shall become null and void and may not be exercised as a result of any attempted transfer or negotiation, including, without limitation, any attempted transfer by deed between living persons or in application of law, pledge or other real right, seizure and attachment of the Option. The Options may only be exercised by the Beneficiary or his/her legal representative, in case of incapacity, or by his/her heirs, in case of death.

Furthermore, it should be noted that the Options, once vested, can be exercised during the Exercise Period, and therefore in the years following vesting.

Each Beneficiary shall have the right to sell, at any time, all or part of the shares resulting from the exercise of the Options.

**4.7 Description of any resolution conditions for the granting of plans if the beneficiaries undertake hedging transactions that neutralize any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of such options.**

Not applicable.

#### 4.8 Description of the effects caused by the termination of the relationship with the Company or a subsidiary.

Reference should be made to paragraphs 2.2 and 4.5 of this Prospectus.

Except as otherwise provided in specific agreements entered into between the Company or Subsidiaries and the individual Beneficiary or in the related Option Agreement, in the event that, for any reason, the Relationship between the Beneficiary and, as the case may be, the Company or a Subsidiary terminates (each such event, the "**Relationship Termination**"), the following rules shall apply:

- A. "**Just Cause**": shall mean (a) the breach by the Beneficiary of the legal provisions relating to the Relationship; (b) the definitive criminal conviction of the Beneficiary for an intentional or negligent crime; (c) the performance of acts that irreparably damage the fiduciary relationship that characterizes the Relationship and prevent its continuation;
- B. "**Bad Leaver**": means those cases of Relationship Termination due to: (i) revocation of the office held by the Beneficiary, or dismissal of the Beneficiary, upon the occurrence of a Just Cause; (ii) voluntary resignation of the Beneficiary not justified by the occurrence of a Good Leaver event;
- C. "**Good Leaver**": means those cases of Relationship Termination due to: (i) dismissal of the Beneficiary, without Just Cause; (ii) revocation or substantial diminution without Just Cause of the powers or duties held by the Beneficiaries as of the Grant Date, without the written consent of the said Beneficiaries, where provided for in the relevant Option Agreement; (iii) removal from the office held by the Beneficiary, or dismissal of the Beneficiary, as a result of permanent physical or mental incapacity (due to illness or injury) of the Beneficiary resulting in more than 50% inability to work; and (iv) death of the Beneficiary.

In the event of Relationship Termination, the conditions for the application of the above rules shall not apply if the Beneficiary - without interruption - maintains (or takes on) another Relationship that is suitable for attributing to him/her the status of Beneficiary pursuant to the Regulations.

In the event of Relationship Termination before the Options are exercised, due to a Bad Leaver scenario, all the Options assigned to the Beneficiary shall automatically lapse and be deprived of any effect and validity, regardless of the date of the Relationship Termination, with consequent release of the Company from any obligation or liability towards the Beneficiary. Forfeited Options shall be reallocated by the Board in accordance with the provisions of the Regulations.

In the event of the Relationship Termination prior to exercise of the Options, due to one of the Good Leaver scenarios, the Beneficiary (or the Beneficiary's heirs as per the previous point C(iv)) will retain the right to exercise the Options vested at the date of the Relationship Termination. All unvested Options shall automatically lapse and be deprived of any effect and validity, thereby releasing the Company from any obligation or liability to the Beneficiary.

The Plan also provides that, unless otherwise determined by the Board of Directors, in the event that the employer of the Beneficiary with the Relationship is no longer a Subsidiary, the exercisable Options must be exercised under penalty of forfeiture by (a) the 30th calendar day following the Initial Exercise Date or, if later, (b) the 30th calendar day following the cessation of the status of Subsidiary.

#### **4.9 Details of any other causes for the plan cancellation.**

Except for that indicated in other paragraphs of this Prospectus, there are no other causes for the cancellation of the Plan.

**4.10 Reasons behind the provision for the “redemption”, by the company, of the financial instruments subject to the plans, established as per Articles 2357 and subsequent of the Civil Code; for the beneficiaries of the redemption indicate whether such applies only to particular categories of employees; the effects of termination of the employment relationship on this redemption.**

The Plan does not stipulate redemption clauses in favor of the Company.

**4.11 Any loans or other facilities intended to be granted for the purchase of shares pursuant to Article 2358 of the Civil Code.**

If necessary, the Company may consider granting financing to the Beneficiaries who are employees of the Company or other SECO Group companies, on market terms, in connection with the subscription, purchase of the shares and payment of all or part of the amounts owed by each of the Beneficiaries in connection with the execution of the Plan. The granting of financing is reserved for the sole discretion of the Company.

**4.12 Indication on the valuations regarding the expected charge upon the company at the relative grant date, as may be estimated on the basis of the terms and conditions thus far defined, for the total amount and in relation to each plan instrument.**

The expected charge for the Company in relation to the Plan with regard to the Options granted to the Beneficiaries and outstanding as at December 31, 2021, in accordance with international accounting standards, has been estimated at Euro 4,614,192.00.

If the exercise of the Options is satisfied by the granting of Treasury Shares, the charge to the Company will be calculated to the difference between the price paid by the Company to acquire the Treasury Shares and the Exercise Price.

#### ***“Proposal to Amend the Plan - 2022 Shareholders’ Meeting”***

*As indicated in paragraph 3.4. above, to which reference should be made for further information, the 2022 Board resolved to submit the proposed Free Capital Increase for approval at the 2022 Shareholders’ Meeting as an alternative to the Paid-In Increase. In the event that this proposal is approved, the expected charge for the Company in relation to the Plan with regard to the Options granted to the Beneficiaries and outstanding as at December 31, 2021, in accordance with international accounting standards, has been estimated at Euro 4,614,192.00.*

**4.13 Details of any dilution effects on the capital resulting from the remuneration plans.**



The maximum number of shares servicing the Plan represents, as of the date of the Prospectus, approximately 4.7% of fully diluted capital.

***"Proposal to Amend the Plan - 2022 Shareholders' Meeting"***

*As indicated in paragraph 3.4. above, to which reference should be made for further information, the 2022 Board resolved to submit the proposed Free Capital Increase for approval at the 2022 Shareholders' Meeting as an alternative to the Paid-In Increase. Even if this proposal is approved, the maximum number of shares to service the Plan does not change and therefore represents, as of the date of the Prospectus, approximately 4.7% of the fully diluted capital.*

**4.14 Any limits for the exercise of voting rights and for the granting of equity rights.**

Not applicable.

**4.15 In the case in which the shares are not traded on regulated markets, all useful information for a comprehensive valuation.**

Not applicable.

**4.16 Number of financial instruments underlying each option.**

As illustrated in the preceding paragraphs, the Plan provides that each Option grants the right to receive one ordinary share of the Company.

***"Proposal to Amend the Plan - 2022 Shareholders' Meeting"***

*As indicated in paragraph 3.4. above, to which reference should be made for further information, the 2022 Board resolved to submit the proposed Free Capital Increase for approval at the 2022 Shareholders' Meeting as an alternative to the Paid-In Increase. In the event that this proposal is approved, the number of shares due to the Beneficiaries and resulting from the Free Capital Increase shall consist of a variable amount of shares for each Option exercised (in any case not exceeding the amount provided for above), determined according to the market price on the date of exercise of the stock options, based on the formula indicated in paragraph 3.4 above:*

**4.17 Maturity of the options.**

See paragraph 4.3.

**4.18 Mode (American/European), timing (e.g., valid exercise periods), and exercise clauses (e.g., knock-in and knock-out clauses).**

Once vested, the Options may be exercised in arrears during the Exercise Period starting from the relative vesting date, in compliance with the provisions of paragraph 4.3.

**4.19 The exercise price of the option or the methods and criteria for its determination, with particular regard to:**

**a) the formula for calculating the exercise price in relation to a given market price (so-called fair market value) (for example: exercise price equal to 90%, 100% or 110% of the market price), and**

**b) the methods for determining the market price used as a reference for determining the exercise price (for example: last price on the day prior to the granting, average for the day, average of the last 30 days, etc.).**

The exercise price of each Option, which is the same for all the Beneficiaries of the Plan, was set at Euro 3.70, corresponding to the placement price as part of the listing procedure.

***"Proposal to Amend the Plan - 2022 Shareholders' Meeting"***

*The proposal to be examined by the 2022 Shareholders' Meeting therefore provides a change in the Plan implementation methods, providing that the SECO shares as an alternative to the Paid-In Increase may be granted to the Beneficiaries free of charge and, therefore, without the payment of the Strike Price by the Beneficiaries, but for a variable amount (in any case not higher than what was previously envisaged) determined according to the market price on the date of exercise of the stock options, on the basis of the formula indicated in paragraph 3.4 above.*

*For further information on the Free Capital Increase, reference should be made to the explanatory report made available to the public through publication on the Company's website [www.seco.com](http://www.seco.com) in the Investor Relations/Corporate Governance/Shareholders' Meeting section.]*

**4.20 In the case in which the exercise price is not equal to the market price as indicated in point 4.19.b (fair market value), reasons for this difference.**

The strike price of each Option, equal for all Beneficiaries of the Plan, is fixed at Euro 3.70, corresponding to the price of the placement within the listing procedure, and therefore in the absence of a market price detectable. For further information please refer to the attached Table 1.

**4.21 Criteria upon which different exercise prices are considered between the various parties or various beneficiaries.**

Not applicable.

**4.22 In the case in which the underlying financial instruments to the options are not traded on regulated markets, indication of the value attributable to the underlying instruments or their measurement criteria.**

Not applicable.

**4.23 Criteria for adjustments necessary following extraordinary share capital operations or other operations affecting the number of underlying instruments (share capital increases, extraordinary dividends, reverse stock split and splits of underlying shares, mergers and spin-offs, conversions to other share classes etc.).**

The Plan provides that, if the SECO ordinary shares are converted into a different number of shares of the Company as a result of capital transactions resolved after the commencement of trading of SECO's shares on the MTA, including the regrouping or splitting of shares, the Board may resolve the necessary changes regarding the number of shares to be attached to the Options granted under the Plan in accordance with the applicable generally accepted adjustment criteria and methodologies.

Notwithstanding the above, the Plan provides that the Board, if necessary in order to

allow the Beneficiaries to exercise the rights deriving from the Plan, shall activate the necessary procedures by the competent corporate boards in order to adjust, according to generally accepted methods, the terms and conditions for the exercise of the Options on the occasion of the following transactions:

- (a) mergers, incorporation of the Company into another company and demerger of the Company;
- (b) operations to reduce the capital for losses by cancelling shares, except for those that may be held by the Company;

or upon the occurrence of other circumstances beyond the control of the Beneficiaries that make it necessary.

Any rounding that may be necessary due to the existence of fractions shall be made downward and therefore the Beneficiary, regardless of the size of the fraction, will have the right, subject to all other conditions, to one less Share,

As an express exception to the foregoing, the Plan will not be affected by the execution of transactions already resolved by the Company prior to May 5, 2021 that may result in a change in the amount and/or composition of the Company's share capital, including the cases, provided for in the Company's By-Laws, of conversion of special category shares into ordinary shares of the Company.

For information on the early exercise of the Options, please refer to paragraphs 4.2 and 4.3.

#### **4.24 Financial instrument-based remuneration plans (table)**

Please see Annex.

**COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**

**Table n. 1 of Schedule 7 of Annex 3A of the Issuers' Regulation**

Data: 21 March 2022

**Definitions:**

"Shares" means the ordinary shares of SECO S.p.A.

"Other Executives" mean Executives with strategic responsibilities of Seco S.p.A.

<b>Nominative or category</b>	<b>Qualification</b>	<b>BOX 2</b>						
		<b>Stock Option</b>						
		<b><u>SECTION 1</u></b>						
		<b>Options for plans, valid, approved on the basis of previous resolutions</b>						
		<b>Date of the Shareholders' Meeting</b>	<b>Description Instrument</b>	<b>Number of financial instruments underlying the options allocated but not exercisable</b>	<b>Number of financial instruments underlying exercisable but not exercised options</b>	<b>Date of assignment by the competent body</b>	<b>Strike Price</b>	<b>Market price of financial instruments at allocation date</b>

Other Executives (n. 2)	/	1 <sup>st</sup> March 2021	Stock Option	550.000 Shares	0 Shares	26 April 2021	Euro 3,70	N/A <sup>1</sup>	30 May 2024
Employees (n. 29)	/	1 <sup>st</sup> March 2021	Stock Option	3.400.000 Shares	0 Shares	26 April 2021	Euro 3,70	N/A <sup>2</sup>	30 May 2024
Employees (n. 1)	/	1 <sup>st</sup> March 2021	Stock Option	30.000 Shares	0 Shares	17 May 2021	Euro 3,70	Euro 3,75	30 June 2024
Employees (n. 32)	/	1 <sup>st</sup> March 2021	Stock Option	320.000 Shares	0 Shares	29 September 2021	Euro 3,70	Euro 5,80	30 June 2024
Employees (n. 7)	/	1 <sup>st</sup> March 2021	Stock Option	55.000 Shares	0 Shares	12 October 2021	Euro 3,70	Euro 7,08	30 June 2024
Employees (n. 22)	/	1 <sup>st</sup> March 2021	Stock Option	830.000 Shares	0 Shares	25 October 2021	Euro 3,70	Euro 8,19	30 June 2024
Employees (n. 2)	/	1 <sup>st</sup> March 2021	Stock Option	63.000 Shares	0 Shares	19 November 2021	Euro 3,70	Euro 8,36	30 June 2024
Employees (n. 1)	/	1 <sup>st</sup> March 2021	Stock Option	10.000 Shares	0 Shares	10 December 2021	Euro 3,70	Euro 9,46	30 June 2024

<sup>1</sup> At the allocation date the shares were not yet traded on the regulated market

<sup>2</sup> At the allocation date the shares were not yet traded on the regulated market