



**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS  
OF SECO S.P.A.  
ON POINT 3) OF THE AGENDA OF THE  
SHAREHOLDERS' MEETING, IN ORDINARY SESSION, CALLED FOR  
APRIL 27, 2022 IN SINGLE CALL**

**prepared pursuant to Articles 114-*bis* and 125-*ter* of Legislative Decree No. 58 of February 24, 1998, as subsequently amended.**

**Explanatory Report of the Board of Directors of SECO S.p.A. prepared pursuant to Articles 114-bis and 125-ter of Legislative Decree No. 58 of February 24, 1998, as subsequently amended.**

Dear Shareholders,

with regard to point 3) on the Agenda of the Ordinary Shareholders' Meeting, you have been called to the Shareholders' Meeting in order to discuss and resolve on the approval, pursuant to Article 114-bis of Legislative Decree No. 58/1998, as subsequently amended and supplemented (the "CFA"), of the amendment to the incentive and loyalty plan called "*SECO S.p.A. Stock Option Plan*" (hereinafter the "**Plan**") originally approved by the Shareholders' Meeting of SECO S.p.A. (the "**Company**" or "**SECO**") on 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, which took place on May 5, 2021. The amendment proposed to the Shareholders' Meeting provides for Beneficiaries (as defined below) to request the granting of free shares for a total maximum of 5,400,000 SECO ordinary shares to service the Plan as an alternative to the subscription of the paid capital increase resolved to service the Plan by the 2021 Shareholders' Meeting, all based on the proposal formulated by the Board of Directors in its motion of March 21, 2022, taking into account the proposal of the Appointments and Remuneration Committee which met on March 14, 2022.

We note that the 2021 Shareholders' Meeting approved the Plan reserved for 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 SECO or with companies belonging to the SECO Group (respectively the "**Relationship**" and the "**Beneficiaries**"). The Plan provided for the free granting of options (the "**Options**") entitling the Beneficiaries to subscribe to SECO ordinary shares at a ratio of 1 share for every 1 Option. The newly issued shares referred to in the Plan are the subject of a share capital increase, for cash and in separate tranches, approved by the 2021 Shareholders' Meeting (the "**Paid-In Increase**"), for a maximum nominal amount of Euro 54,000 as share capital, plus share premium, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6, of the Civil Code in that they are reserved for subscription by the Beneficiaries of the Options, for a maximum of 5,400,000 new ordinary shares at the unit price established at the time of placement for the purposes of listing SECO shares on Euronext STAR Milan ("**IPO Price**"). The IPO Price was set at Euro 3.70 per share and, therefore, the exercise price of the Options ("**Exercise Price**") was Euro 3.70.

The proposal to be examined by the Shareholders' Meeting 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 ("**Free Capital Increase**") - and therefore without the payment of the Exercise 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 based on the market price at the exercise date of the Options, 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 vest 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.

We note that 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 granting, pursuant to Article 2349 of the Civil Code, 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; 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 to be examined by the Shareholders' Meeting provides for the elimination from the Plan of the Company's right to pay the Beneficiaries, as an alternative to the SECO ordinary shares resulting from the Paid-In Increase, a cash sum (the "**Substitute Amount**") equal to the difference between the normal value of the SECO shares (to 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 such shares are listed in the last month prior to the Exercise Date) and the Exercise Price. 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.

The proposal does not contemplate any further material changes to the Plan, except as noted in the Prospectus (as defined below).

The Plan maintains the following features:

- the Plan is aimed at employees or Senior Executives who have an employment relationship (or in any case an equivalent relationship pursuant to the applicable legislation) of indefinite duration with SECO or with companies belonging to the SECO Group;
- the reasons behind the Plan can be summarized as being the objective of continuing to have a tool for enhancing employee loyalty and involving employees in the Group's results that complies with the principles and recommendations of the Corporate Governance Code;
- the vesting of the Options and the related exercise are subject to the continuation of the Relationship between the Beneficiaries and the Company or other Group companies on the date the Options are exercised;
- the vesting period for the Options is broken down as follows: (i) 30% of the original Options twelve months after the grant date; (ii) 30% of the original Options twenty-four after the grant date; (iii) the remaining 40% of the original Options thirty-six months after the grant date

all as governed by the relevant Plan Regulation and illustrated in the Prospectus (as defined below).

We note that the reasons for the proposed amendments to the Plan, together with its content, are in line with the 2022 Remuneration Policy submitted to the binding vote of the Shareholders' Meeting as point 2 on the Agenda in the Ordinary session.

For information on the key features of the Plan - and in particular, by way of example, on the beneficiaries of the Plan, the procedures and clauses for its implementation, as well as the additional procedures for the allocation of shares to the Beneficiaries - please refer to the prospectus published on the website of the Company [www.seco.com](http://www.seco.com), in the Investor Relations/Corporate Governance section and prepared pursuant to Article 84-bis of Consob Regulation No. 11971/1999, as subsequently amended and supplemented, in accordance with the indications contained in Schedule No. 7 of Annex 3A of the Regulation (the "**Prospectus**").

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In view of that outlined, we propose the following motions:

"The Ordinary Shareholders' Meeting of SECO S.p.A.,

- having acknowledged the explanatory report of the Board of Directors concerning the "*SECO S.p.A. Stock Option Plan*"

### **Resolves**

- to approve, pursuant to Article 114-*bis* of Legislative Decree No. 58/1998, the incentive plan called the "*SECO S.p.A. Stock Option Plan*", as amended on the basis of the above proposal, with the features (including conditions and terms) described in the Prospectus prepared pursuant to Article 84-*bis* of Consob Regulation No. 11971/1999, as subsequently amended and supplemented, granting the Board the mandate to adapt the related regulations and delegating the implementation and administration of the Plan to the Board of Directors of the Company, with the right to sub-delegate;
- to grant the Board of Directors, with the right to sub-delegate, all powers necessary or appropriate to implement the "*SECO S.p.A. Stock Option Plan*" as amended by the Shareholders' Meeting, and thus, by way of non-exhaustive example, any power indicated in the Prospectus pursuant to Article 84-*bis* of Consob Regulation No. 11971/1999, as subsequently amended and supplemented, including any power to identify the beneficiaries and determine the number of options to be assigned to each of them, to proceed with the granting 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. Any amendment and/or integration of the "*SECO S.p.A. Stock Option Plan*" Regulation are in any case the responsibility of the Board of Directors in a collegial form."

Arezzo, March 21, 2022

For the Board of Directors

The Chairperson

Daniele Conti