



**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS OF  
SECO S.P.A  
ON POINT 5) OF THE AGENDA  
OF THE SHAREHOLDERS' MEETING, IN ORDINARY SESSION, CALLED FOR  
APRIL 27, 2022 IN SINGLE CALL**

**prepared pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as amended, and pursuant to Article 73 of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999 and subsequent amendments and additions.**

**Explanatory Report of the Board of Directors of SECO S.p.A. prepared pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as amended, and pursuant to Article 73 of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999 and subsequent amendments and additions**

Dear Shareholders,

the Board of Directors of SECO S.p.A. ("**SECO**" or the "**Issuer**" or the "**Company**") has called you to the Ordinary and Extraordinary Shareholders' Meeting, on 27 April 2022, at 10:00 a.m., at the office of Notary Jacopo Sodi, in Via delle Mantellate n. 9, Florence, in single call, to discuss and resolve, among other matters, on the following point 5) of the Agenda of the Shareholders' Meeting, in Ordinary session:

- 5) Authorization to the purchase and disposal of treasury shares pursuant to Artt .2357, 2357-ter of the Italian Civil Code, Art. 132 of the Legislative Decree no. 58/1998 and Art. 144-bis of the CONSOB Regulation adopted with Resolution no. 11971 of May 14, 1999, after revocation, for the portion not implemented, of the resolution on the authorization approved by the ordinary Shareholders' Meeting on 1 March 2021. Related and consequent resolutions.**

With this report (the "**Report**") - prepared pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as subsequently amended ("**CFA**"), and Article 73 of the Regulation adopted by Consob Resolution No. 11971 of May 14, 1999, as amended (the "**Issuers' Regulation**"), and in compliance with Annex 3A of the Issuers' Regulation - we wish to provide an explanation of the reasons for the proposals related to point 5) on the Agenda of the Shareholders' Meeting, in Ordinary session.

We note that by a motion passed on March 1, 2021, the Company's Shareholders' Meeting authorized the purchase and disposal of ordinary shares. This authorization had a duration of 18 months and therefore will expire during the year 2022, while the authorization for disposals was granted without time limits.

On November 11, 2021, the Board of Directors initiated the activities for the implementation of a treasury share purchase program, which began on December 1, 2021 and whose objective is a maximum of 3,500,000 treasury shares, corresponding to approximately 3.3% of the total number of SECO shares in circulation on that date and whose maximum value was set at Euro 32,000,000. Following the purchases made in execution of the purchase program, as at the Reporting Date, the Company holds 1,140,000 treasury shares, equal to 1.0321% of the share capital.

In view of the approaching expiry of the eighteen-month period for the authorization to purchase resolved by the aforementioned Ordinary Shareholders' Meeting on March 1, 2021, and also taking into account the continuing validity of the reasons underlying this authorization, it is proposed to the Shareholders' Meeting to renew the authorization to purchase treasury shares, for the purposes, terms and conditions indicated below, for a further period of eighteen months, and to grant a new authorization to dispose of treasury shares without time limits, subject to revocation of the motion passed on March 1, 2021.

### **1. Reasons for the requested authorization to purchase and dispose of treasury shares**

The request for authorization to purchase and dispose of treasury shares covered by the proposed authorization is targeted at providing the Company with a useful strategic investment opportunity, also taking into account the purposes permitted by current provisions - including the purposes contemplated in Article 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, hereinafter the "MAR") and in the practices permitted pursuant to Article 13 MAR where applicable including, purely by means of non-exhaustive example, to serve share option programs or other allocations of shares to employees or members of the administrative or control bodies and for the purposes of the possible use of the shares as consideration in corporate transactions, including the exchange of shareholdings with other parties, as part of transactions in the interest of the Company, all in any case within the terms and according to the procedures that may be decided by the competent boards of the Company.

### **2. Maximum number, class and nominal value of the shares to which the authorization refers**

At the Reporting Date, the share capital of the Company amounts to Euro 1,073,934.31, divided into a total of 110,451,131 shares, with no nominal value, of which (i) 110,447,631 ordinary shares traded on Euronext STAR Milan, (ii) 2,500 Management' 20 Shares; and (iii) 1,000 Management Performance Shares. At the same date, SECO holds 1,140,000 treasury shares, equal to 1.0321% of the share capital, whereas the Issuer's subsidiaries do not hold any SECO shares.

The authorization is requested for the purchase, including in several tranches, of SECO shares up to a maximum number that, taking into account the number of ordinary shares of the Company held in the portfolio at a given time, does not exceed the maximum limit set by the applicable *pro tempore* regulations (as at the Reporting Date, this limit is set at one fifth of the share capital pursuant to Article 2357, paragraph 3 of the Civil Code).

Therefore, it is proposed to grant a mandate to the Board of Directors to identify the amount of shares to be purchased, in relation to each purchase program, within the scope of the purposes indicated in the previous paragraph, before the start of the program, in compliance with the maximum limit mentioned above.

### **3. Useful information for a comprehensive review of compliance with the provision under Article 2357, paragraph 3 of the Civil Code**

As mentioned in the previous paragraph, at any time the maximum number of treasury shares held by the Issuer - also taking into account SECO ordinary shares held by subsidiaries - shall never exceed the maximum limit set out by the applicable *pro tempore* regulations. With a view to ensuring compliance with legal limits, appropriate procedures will be put in place to guarantee timely and exhaustive information on the shareholdings of the Issuer's subsidiaries.

In accordance with Article 2357, paragraph 3 of the Civil Code, treasury share purchases will be made within the limits of the distributable profits and available reserves as per the latest financial statements, including interim accounts, approved at the time of each transaction. Only fully paid shares may be purchased.

Purchase and sale transactions of treasury shares shall be accounted for in compliance with the applicable legal provisions and accounting standards.

#### **4. Duration of the requested authorization**

Authorization to purchase treasury shares is requested for a period of 18 months commencing from the date of the motion of the Shareholders' Meeting in Ordinary Session. The Board of Directors may proceed with the authorized transactions on one or more occasions and at any time, to an extent which may be freely established in compliance with the applicable rules and considered to be in the interest of the Company. The authorization to utilize treasury shares is requested without time limit.

#### **5. Minimum and maximum payments for treasury shares purchased**

The Board of Directors proposes that share purchases be made in compliance with the limits and conditions relating to trading set out in Articles 3 and 4 of Delegated Regulation (EU) 2016/1052 (the "**Regulation 1052**") implementing MAR, where applicable.

The purchases may be made for a consideration not exceeding the highest price between the price of the last independent transaction and the price of the highest independent bid in the trading venues where the purchase is made, it being understood that the unit price may not in any case be lower than a minimum of 10% (ten percent) or higher than a maximum of 10% (ten percent) with respect to the official price recorded by the Company's ordinary shares on the trading day preceding each individual purchase transaction.

#### **6. Manner by which the purchases and disposals will be made.**

The Board of Directors proposes that the purchases are carried out according to the methods set out in the applicable provisions of the Issuers' Regulation implementing Article 132 of the CFA, in compliance with the conditions related to trading as set out in Articles 3 and 4 of Regulation 1052 and the period deemed appropriate in the interest of the Company.

The Board of Directors also proposes to authorize the use pursuant to Article 2357-*ter* of the Civil Code, at any time, in whole or in part, on one or more occasions, of the treasury shares purchased on the basis of this proposal, or in any case in the Company's portfolio, by means of:

- (i) granting to the beneficiaries share incentive plans implemented from time to time in accordance with the terms and conditions set out in the plans;
- (ii) use of treasury shares as consideration in corporate transactions, including the exchange of investments with other parties, as part of transactions in the interest of the Company;
- (iii) allocation of treasury shares in excess of those to be used to service the incentive plans referred to in point (i) above, to other purposes permitted by current legislation in the interest of the Company;
- (iv) disposal of the same by means of sale on the stock exchange or over the counter, including by means of transfer of real and/or personal rights, including but not limited to securities lending, in compliance with the applicable legal and regulatory provisions and for the pursuit of the purposes set out in this Report, with the terms, methods and

conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of the Company.

It remains understood that:

- a) deeds carried out as part of corporate transactions, including those involving the exchange of equity investments with other parties, may be carried out at a price or value that will be fair and in line with the transaction, due to the characteristics and nature of the transaction and also taking into account market trends; and
- b) the disposal of treasury shares to service incentive plans shall be carried out according to the terms and conditions set out, from time to time, by the plans themselves.

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In view of the above, the Board of Directors intends to submit to the Shareholders' Meeting the following proposal for a motion relating to point 5) on the Agenda, in Ordinary Session:

*"The Ordinary Shareholders' Meeting of SECO S.p.A., having reviewed the explanatory report of the Board of Directors,*

*resolves*

- *to revoke the motion authorizing the purchase and disposal of treasury shares passed by the Ordinary Shareholders' Meeting on March 1, 2021, with effect from the date of this motion;*
- *to authorize the Board of Directors to purchase and dispose of the Company's treasury shares pursuant to Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58/1998, and the applicable regulatory provisions, for the purposes illustrated by the Chairperson and therefore:*
- *to authorize, pursuant to and for the purposes of Article 2357 of the Civil Code, the purchase, on one or more occasions, for a period of eighteen months from the date of the motion passed by the Ordinary Shareholders' Meeting, of a number of fully paid-up ordinary shares of the Company which, taking into account the ordinary shares held in portfolio by the Company and any of its subsidiaries at the time, does not exceed the maximum limit established by the applicable pro tempore regulations, for a consideration not exceeding the highest price between the price of the last independent transaction and the price of the highest current independent bid in the trading venues where the purchase is made, it being understood that the unit price may not in any case be lower than a minimum of 10% (ten percent) or higher than a maximum of 10% (ten percent) with respect to the official price recorded by the Company's ordinary shares on Euronext STAR Milan on the trading day preceding each individual purchase transaction, in compliance with the conditions and the restrictions relating to trading established in Articles 3 and 4 of the Delegated Regulation (EU) 2016/1052;*
- *to grant a mandate to the Board of Directors, and on its behalf to the Chief Executive Officers, severally and jointly, to proceed with the purchase of the shares under the conditions and for the purposes described above, within the period deemed appropriate in the interest of the Company and in the manner set out in the applicable provisions of Consob Regulation 11971/1999 (as subsequently amended) implementing Article 132 of the CFA, in compliance with the conditions and restrictions*

*on trading set out in Articles 3 and 4 of Delegated Regulation (EU) 2016/1052, granting the widest powers to execute the purchase transactions referred to in this motion, as well as any other related formality, including the possible assignment of tasks to qualified intermediaries pursuant to law and with the right to appoint special attorneys;*

- *to authorize the Board of Directors, and on its behalf the Chief Executive Officers, severally and jointly, granting the widest possible powers to execute the disposal transactions referred to in this motion, in addition to any other related formality, including the possible assignment of tasks to qualified intermediaries pursuant to the law and with the power to appoint special attorneys, so that, pursuant to Article 2357-ter of the Civil Code, they may dispose of the treasury shares purchased on the basis of this motion, or in any case in the Company's portfolio, at any time, in whole or in part, in one or more tranches, without time limits, even before having completed the purchases, (i) through granting to the beneficiaries share incentive plans implemented from time to time in accordance with the terms and conditions set out in the plans; (ii) use of treasury shares as consideration in corporate transactions, including the exchange of investments with other parties, as part of transactions in the interest of the Company; (iii) allocation of treasury shares in excess of those to be used to service the incentive plans referred to in point (i) above, to other purposes permitted by current legislation in the interest of the Company and in any case disposal of the same by means of sale on the stock exchange or over the counter, even by means of transfer of real and/or personal rights, including but not limited to securities lending, in compliance with the applicable legal and regulatory provisions and for the pursuit of the purposes set out in this motion, with the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of the Company; it being understood that (a) deeds carried out as part of corporate transactions, including those involving the exchange of equity investments with other parties, may be carried out at a price or value that will be fair and in line with the transaction, due to the characteristics and nature of the transaction and also taking into account market trends; and (b) the disposal of treasury shares to service incentive plans shall be carried out according to the terms and conditions set out, from time to time, by the plans themselves; the authorization set out in this point is without time limit;*
- *to provide, pursuant to the law, that the purchases referred to in this authorization shall be limited to the limits of distributable profits and available reserves as shown in the latest financial statements (including interim statements) approved at the time of the transaction and that, upon purchase and disposal of treasury shares, the necessary accounting entries are made in compliance with the provisions of law and the applicable accounting standards".*

Arezzo, March 21, 2022

For the Board of Directors

The Chairperson

Daniele Conti