



**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS  
OF SECO S.P.A.  
ON POINT 1) OF THE AGENDA  
OF THE SHAREHOLDERS' MEETING, IN EXTRAORDINARY 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 72 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 72 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 1) of the Agenda of the Shareholders' Meeting, in Extraordinary session:

**1) Amendment of Articles 2, 6, 7 and 8 of the By-Laws. 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 72 of the Regulation adopted by Consob Resolution No. 11971 of May 14, 1999, as amended (the "**Issuers' Regulation**"), as well as in compliance with Annex 3A of the Issuers' Regulation - we wish to provide an explanation of the reasons for the proposals related to point 1) on the Agenda of the Shareholders' Meeting, in Extraordinary session.

**1. REASONS FOR THE PROPOSALS TO AMEND THE BY-LAWS**

The Board of Directors has called the Shareholders' Meeting, in Extraordinary session, to submit to your attention the proposal to amend Articles 2, 6, 7 and 8 of the By-Laws in order to: (i) correct a typographical error in Article 6.1(i), adding the words "Ordinary Shares"; (ii) remove from the text of the By-Laws any reference contained therein to the rules governing the "Management '19" share class (the "**Management '19 Shares**"), since they are no longer effective following the full conversion of these shares, as already disclosed to the market by means of specific press releases issued by the Company and available on its website ([www.seco.com](http://www.seco.com)) in the section "Investor Relations/Media/Press Releases section".

In particular, with reference to the amendments related to point (ii) above, the Shareholders' Meeting, in Extraordinary session, it is therefore proposed to:

- amend the definition of "Conversion Right" in Article 2 of the By-Laws by removing the reference to Management '19 Shares;
- amend the definition of "Significant Event" in Article 2 of the By-Laws, removing the reference to Manager '19 Shareholders;
- eliminate the definition of "Management '19 Shares" in Article 2 of the By-Laws;

- amend the definition of "Conversion Price" in Article 2 of the By-Laws by removing the reference to Management '19 Shares and Manager'19 Shareholders;
- eliminate the definition of "Manager '19 Shareholders" in Article 2 of the By-Laws;
- amend Article 6.3 of the By-Laws, removing the reference to the bonus issue of shares to service the conversion of Management '19 Shares, while keeping the other parts of Article 6 of the By-Laws unchanged;
- delete Article 7.4(i) of the By-Laws, relating to the regulation of Management '19 Shares, resulting in the renumbering of the paragraphs and keeping the other parts of Article 7 of the By-Laws unchanged;
- delete Article 8.1 of the By-Laws, relating to the conversion of Management '19 Shares, resulting in the renumbering of Articles 8.2 through 8.6 throughout the text of the By-Laws, while keeping the other parts of Article 8 of the By-Laws unchanged.

## 2 COMPARISON OF THE ARTICLES OF THE CURRENT BY-LAWS AND THOSE PROPOSED FOR AMENDMENT

Existing Text	Proposed text
<p><b>2.1 "Conversion Right"</b> means the conversion right referred to in Sections 8.1, 8.2 and 8.3, respectively, held by the holders of the Management '19 Shares, Management '20 Shares and Management Performance Shares following the Trading Commencement Date, pursuant to the provisions of the By-Laws in effect prior to the Trading Commencement Date, in each case subject to the achievement of the economic value of the shares and the rates of return provided for in the respective Sections.</p>	<p><b>2.1 "Conversion Right"</b> means the conversion right referred to in Sections 8.1, <del>8.2</del> e 8.2<del>3</del>, respectively, held by the holders of the <del>Management '19 Shares</del>, Management '20 Shares and Management Performance Shares following the Trading Commencement Date, pursuant to the provisions of the By-Laws in effect prior to the Trading Commencement Date, in each case subject to the achievement of the economic value of the shares and the rates of return provided for in the respective Sections.</p>
<p><b>2.1 "Subscription Right"</b> means the subscription right referred to in Section 8.3.3 held by the holders of the Management Performance Shares following the Trading Commencement Date, pursuant to the provisions of the By-Laws in effect prior to the Trading Commencement Date, in each case</p>	<p><b>2.1 "Subscription Right"</b> means the subscription right referred to in Section 8.3<del>2</del>.3 held by the holders of the Management Performance Shares following the Trading Commencement Date, pursuant to the provisions of the By-Laws in effect prior to the Trading Commencement Date, in each case</p>

<p>subject to the achievement of the economic value of the shares and the rates of return provided for in the aforementioned Section.</p>	<p>subject to the achievement of the economic value of the shares and the rates of return provided for in the aforementioned Section.</p>
<p><b>2.1 "Relevant Event"</b> means any of the following events with respect to any of the Manager '19 Shareholders, Manager '20 Shareholders and Manager Performance Shareholders:</p> <ul style="list-style-type: none"> <li>(i) the occurrence of a Bad Leaver scenario (for Manager '19 Shareholders, Manager '20 Shareholders and Manager Performance Shareholders); or</li> <li>(ii) the occurrence of a termination of employment or directorship prior to December 31, 2023 for reasons/circumstances that do not qualify as a Bad Leaver (for Manager '19 Shareholders only); or</li> <li>(iii) death; or</li> <li>(iv) failure to exercise the Conversion Right within the terms provided for each class of Shares pursuant to these By-Laws and/or failure to meet all the conditions provided for each class of Shares pursuant to these By-Laws for the exercise of the Conversion Right.</li> </ul>	<p><b>2.1 "Relevant Event"</b> means any of the following events with respect to any of the <del>Manager '19 Shareholders,</del> Manager '20 Shareholders and Manager Performance Shareholders:</p> <ul style="list-style-type: none"> <li>(i) the occurrence of a Bad Leaver scenario (for <del>Manager '19 Shareholders,</del> Manager '20 Shareholders and Manager Performance Shareholders); or</li> <li><del>(ii) the occurrence of a termination of employment or directorship prior to December 31, 2023 for reasons/circumstances that do not qualify as a Bad Leaver (for Manager '19 Shareholders only); or</del></li> <li>(iii) death; or</li> <li><del>(iv)</del>(iii) failure to exercise the Conversion Right within the terms provided for each class of Shares pursuant to these By-Laws and/or failure to meet all the conditions provided for each class of Shares pursuant to these By-Laws for the exercise of the Conversion Right.</li> </ul>
<p><b>2.1 "Management '19 Shares"</b> means Shares of the class named "Management '19" having the rights and characteristics described in these By-Laws.</p>	<p><b>2.1 "<del>Management '19 Shares</del>"</b> means Shares of <del>the class named "Management '19" having the rights and characteristics described in these By-Laws.</del></p>
<p><b>2.1 "Conversion Price"</b>: means the price payable by the Manager '19 Shareholder and the Manager '20 Shareholder in connection with the exercise of the Conversion Right and equal to</p>	<p><b>2.1 "Conversion Price"</b>: means the price payable by the <del>Manager '19 Shareholder and the</del> Manager '20 Shareholder in connection with the exercise of the Conversion Right and equal to</p>

<p>Euro 0.6516 for the Management '19 Shares and Euro 2.6064 for the Management '20 Shares.</p>	<p><del>Euro 0.6516 for the Management '19 Shares and Euro 2.6064 for the Management '20 Shares.</del></p>
<p><b>2.1 "Manager '19 Shareholders"</b> means Shareholders who hold Management '19 Shares.</p>	<p><del><b>2.1 "Manager '19 Shareholders"</b> means Shareholders who hold Management '19 Shares.</del></p>
<p><b>2.1 Shareholders with Special Rights</b> means Manager '19 Shareholders, Manager '20 Shareholders and Manager Performance Shareholders.</p>	<p><del><b>2.1 Shareholders with Special Rights</b> means Manager '19 Shareholders, Manager '20 Shareholders and Manager Performance Shareholders.</del></p>
<p><b>6.1</b> The share capital is Euro 1,073,934.31 divided into 110,451,131 Shares with no express par value, of which:</p> <ul style="list-style-type: none"> <li>(i) 110,447,631</li> <li>(ii) 2,500 Management '20 Shares;</li> <li>(iii) 1,000 Management Performance Shares.</li> </ul>	<p><b>6.1</b> The share capital is Euro 1,073,934.31 divided into 110,451,131 Shares with no express par value, of which:</p> <ul style="list-style-type: none"> <li>(i) 110,447,631 <b>Ordinary Shares;</b></li> <li>(ii) 2,500 Management '20 Shares;</li> <li>(iii) 1,000 Management Performance Shares.</li> </ul>
<p><b>6.3</b> Pursuant to a motion of the Extraordinary Shareholders' Meeting on November 30, 2020, as amended on March 1, 2021 and March 25, 2021 the following was resolved:</p> <ul style="list-style-type: none"> <li>- to issue free of charge, subject to the conversion referred to below, Ordinary Shares, in a number determined pursuant to Section 8.1.1 of the By-Laws referred to below, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management '19 class shares into Ordinary Shares, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.1 of the By-Laws referred to below, to be placed no later than November 30, 2030;</li> <li>- to issue free of charge, subject to the conversion referred to below, Ordinary Shares,</li> </ul>	<p><del><b>6.3</b> Pursuant to a motion of the Extraordinary Shareholders' Meeting on November 30, 2020, as amended on March 1, 2021 and March 25, 2021 the following was resolved:</del></p> <ul style="list-style-type: none"> <li><del>— to issue free of charge, subject to the conversion referred to below, Ordinary Shares, in a number determined pursuant to Section 8.1.1 of the By-Laws referred to below, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management '19 class shares into Ordinary Shares, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.1 of the By-Laws referred to below, to be placed no later than November 30, 2030;</del></li> <li>- to issue free of charge, subject to the conversion referred to below, Ordinary Shares,</li> </ul>

<p>in a number determined pursuant to Section 8.2.1 of the By-Laws referred to below, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management '20 class shares into Ordinary Shares, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.2 of the By-Laws referred to below, to be placed no later than November 30, 2030;</p> <p>- to issue, subject to the conversion referred to below, without share capital increase, Ordinary Shares, in a number determined pursuant to Section 8.3, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management Performance class shares into Ordinary Shares and the related subscription right as per Section 8.3.3, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.3, to be placed within the maximum period permitted;</p> <p>-- without further payment, in the case of Shares issued for the purpose of conversion into Ordinary Shares on the basis of the ratio referred to in Section 8.3.1;</p> <p>-- against payment, in the event of exercise of the subscription right referred to in Section 8.3.3, of the sum indicated therein and full allocation of the same to share premium;</p> <p>upon expiry of the aforesaid term, a number of Shares equal to the conversions and subscriptions made up to that moment shall be issued, with the specification that those entitled shall acquire the status of Shareholder, with the consequent right to exercise all the related</p>	<p>in a number determined pursuant to Section 8.21.1 of the By-Laws referred to below, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management '20 class shares into Ordinary Shares, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.21 of the By-Laws referred to below, to be placed no later than November 30, 2030;</p> <p>- to issue, subject to the conversion referred to below, without share capital increase, Ordinary Shares, in a number determined pursuant to Section 8.32, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management Performance class shares into Ordinary Shares and the related subscription right as per Section 8.32.3, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.32, to be placed within the maximum period permitted;</p> <p>-- without further payment, in the case of Shares issued for the purpose of conversion into Ordinary Shares on the basis of the ratio referred to in Section 8.32.1;</p> <p>-- against payment, in the event of exercise of the subscription right referred to in Section 8.32.3, of the sum indicated therein and full allocation of the same to share premium;</p> <p>upon expiry of the aforesaid term, a number of Shares equal to the conversions and subscriptions made up to that moment shall be issued, with the specification that those entitled shall acquire the status of Shareholder, with the consequent right to exercise all the related</p>
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<p>rights upon exercise of the conversion and subscription right due to him/her.</p>	<p>rights upon exercise of the conversion and subscription right due to him/her.</p>
<p>7.4. The Ordinary Shares, Management '19 Shares, Management '20 Shares and Management Performance Shares, whoever the respective holder thereof, confer the same administrative and property rights, except as provided below:</p> <p>(i) Management '19 Shares:</p> <ul style="list-style-type: none"> <li>- do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and these By-Laws and in any case in which a motion affecting the rights of the Management '19 Shares must be passed;</li> <li>- until May 11, 2030, do not confer the right to distribute dividends of the Company;</li> <li>- are subject to the Conversion Right in accordance with the provisions of Section 8.1, it being understood that the Conversion Right shall automatically terminate in the event of an <i>inter vivos</i> Transfer (while it shall remain with the heirs in the event of a <i>mortis causa</i> Transfer).</li> </ul> <p>(ii) Management '20 Shares:</p> <ul style="list-style-type: none"> <li>- do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and these By-Laws and in any case in which a motion affecting the rights of the Management '20 Shares must be passed;</li> </ul>	<p>7.4 The Ordinary Shares, <del>Management '19 Shares,</del> Management '20 Shares and Management Performance Shares, whoever the respective holder thereof, confer the same administrative and property rights, except as provided below:</p> <p>(i) <del>Management '19 Shares:</del></p> <ul style="list-style-type: none"> <li><del>- do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and these By-Laws and in any case in which a motion affecting the rights of the Management '19 Shares must be passed;</del></li> <li><del>- until May 11, 2030, do not confer the right to distribute dividends of the Company;</del></li> <li><del>- are subject to the Conversion Right in accordance with the provisions of Section 8.1, it being understood that the Conversion Right shall automatically terminate in the event of an <i>inter vivos</i> Transfer (while it shall remain with the heirs in the event of a <i>mortis causa</i> Transfer).</del></li> </ul> <p>(ii) The Management '20 Shares:</p> <ul style="list-style-type: none"> <li>- do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and these By-Laws and in any case in which a motion affecting the rights of the Management '20 Shares must be passed;</li> </ul>

<ul style="list-style-type: none"> <li>- until May 11, 2030, do not confer the right to distribute dividends of the Company;</li> <li>- grant the Conversion Right in accordance with the provisions of Section 8.2, it being understood that the Conversion Right shall automatically terminate in the event of an <i>inter vivos</i> Transfer (while it shall remain with the heirs in the event of a <i>mortis causa</i> Transfer).</li> </ul> <p>(iii) Management Performance Shares</p> <ul style="list-style-type: none"> <li>- do not grant the right to vote at either the ordinary or extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and these By-Laws and in any case in which a motion affecting the rights of the Management Performance Shares must be passed;</li> <li>- until May 11, 2030, do not confer the right to distribute dividends of the Company;</li> <li>- grant the Conversion Right and the Subscription Right in accordance with the provisions of Section 8.3, it being understood that the Conversion Right and the Subscription shall automatically terminate in the event of an <i>inter vivos</i> Transfer (while it shall remain with the heirs in the event of a <i>mortis causa</i> Transfer).</li> </ul>	<ul style="list-style-type: none"> <li>- until May 11, 2030, do not confer the right to distribute dividends of the Company;</li> <li>- grant the Conversion Right in accordance with the provisions of Section 8.21, it being understood that the Conversion Right shall automatically terminate in the event of an <i>inter vivos</i> Transfer (while it shall remain with the heirs in the event of a <i>mortis causa</i> Transfer).</li> </ul> <p>(iii) The Management Performance Shares</p> <ul style="list-style-type: none"> <li>- do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and these By-Laws and in any case in which a motion affecting the rights of the Management Performance Shares must be passed;</li> <li>- until May 11, 2030, do not confer the right to distribute dividends of the Company;</li> <li>- grant the Conversion Right and the Subscription Right in accordance with the provisions of Section 8.32, it being understood that the Conversion Right and the Subscription shall automatically terminate in the event of an <i>inter vivos</i> Transfer (while it shall remain with the heirs in the event of a <i>mortis causa</i> Transfer).</li> </ul>
<p><b>8.1 Conversion of Management '19 Shares.</b></p> <p>In consideration of the fact that a Qualified Exit has occurred as of the effective date of these By-Laws, the Management '19 Shares may be converted, at the option of the Manager '19 Shareholders holding such shares, into</p>	<p><del><b>8.1 Conversion of Management '19 Shares.</b></del></p> <p><del>In consideration of the fact that a Qualified Exit has occurred as of the effective date of these By-Laws, the Management '19 Shares may be converted, at the option of the Manager '19 Shareholders holding such shares, into</del></p>



<p>Ordinary Shares of the Company ("<b>Conversion Right</b>"), provided - in each case - that:</p> <p>(a) the Listing Price was at least equal to the Initial Value plus an IRR of 15% (calculated as of April 19, 2018); and</p> <p>(b) on the date of Qualifying Exit all Shareholders Without Enhanced Equity Rights have realized an IRR on their Initial Investment, calculated on the basis of the Income received by them of at least 5% (the so-called hurdle rate); and</p> <p>(c) on the date of Qualified Exit, the Manager '19 Shareholder is still in an employment or directorship relationship with the Company, it being understood that such terms shall be effective solely with respect to the Manager '19 Shareholder whose employment or directorship relationship has terminated. Verification of the fulfillment of these conditions will be made by the Board of Directors of the Company.</p> <p><b>8.1.1</b> The Conversion Right may only be exercised by Manager '19 Shareholders for 100% of the Management '19 Shares and on the basis of a conversion ratio that provides for 1 (one) Management '19 Share to be allocated a number (N) of Ordinary Shares (rounded up to the nearest whole number), according to the following formula:</p> $N = \frac{(P.A.TxPrice - CPrice) \times 100}{P.A.TxPrice}$ <p>Where by:</p> <ul style="list-style-type: none"> <li>- N will be equal to zero if the result of the above formula is negative;</li> </ul>	<p><del>Ordinary Shares of the Company ("<b>Conversion Right</b>"), provided - in each case - that:</del></p> <p><del>(a) the Listing Price was at least equal to the Initial Value plus an IRR of 15% (calculated as of April 19, 2018); and</del></p> <p><del>(b) on the date of Qualifying Exit all Shareholders Without Enhanced Equity Rights have realized an IRR on their Initial Investment, calculated on the basis of the Income received by them of at least 5% (the so-called hurdle rate); and</del></p> <p><del>(c) on the date of Qualified Exit, the Manager '19 Shareholder is still in an employment or directorship relationship with the Company, it being understood that such terms shall be effective solely with respect to the Manager '19 Shareholder whose employment or directorship relationship has terminated. Verification of the fulfillment of these conditions will be made by the Board of Directors of the Company.</del></p> <p><del><b>8.1.1</b> The Conversion Right may only be exercised by Manager '19 Shareholders for 100% of the Management '19 Shares and on the basis of a conversion ratio that provides for 1 (one) Management '19 Share to be allocated a number (N) of Ordinary Shares (rounded up to the nearest whole number), according to the following formula:</del></p> <del><math display="block">N = \frac{(P.A.TxPrice - CPrice) \times 100}{P.A.TxPrice}</math></del> <p><del>Where by:</del></p> <p><del>— N will be equal to zero if the result of the above formula is negative;</del></p>
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<ul style="list-style-type: none"> <li>- "P.A. Tx Price" means the average price of the Company's share recorded in the month preceding the date of exercise of the Conversion Right</li> <li>- "C Price" means the Conversion Price.</li> </ul> <p>8.1.2 During the 60 months following the Trading Commencement Date, Manager '19 Shareholders may exercise their Conversion Right, under penalty of forfeiture, by written notice delivered by hand at the Company's registered office or sent by certified email and/or registered mail with return receipt to the Company stating their irrevocable intention to exercise their Conversion Right under the terms and conditions set forth in these By-Laws.</p> <p>8.1.3 In the event of the death of a Manager '19 Shareholder prior to the occurrence of the Qualifying Exit, upon such event the conversion ratio of the Management '19 Shares subject to Transfer <i>mortis causa</i> shall be determined by applying a <i>pro rata temporis</i> criterion, based on the ratio between (i) the period between November 30, 2020 and the date of death of such Manager '19 Shareholder and (ii) the period between November 30, 2020 and the Qualifying Exit (and thus, for example, if the death occurred on November 30, 2021 and the Qualifying Exit on November 30, 2022, if all the conditions for the exercise of the Conversion Right were met, the conversion rate of the Management '19 Shares subject to Transfer <i>mortis causa</i> would be 1:50).</p> <p>8.1.4 In the event that a Manager '19 Shareholder fails to comply with the provisions of Section 8.1.3 above, as well</p>	<ul style="list-style-type: none"> <li>- <del>"P.A. Tx Price"</del> means the average price of the Company's share recorded in the month preceding the date of exercise of the Conversion Right</li> <li>- <del>"C Price"</del> means the Conversion Price.</li> </ul> <p><del>8.1.2</del> During the 60 months following the Trading Commencement Date, Manager '19 Shareholders may exercise their Conversion Right, under penalty of forfeiture, by written notice delivered by hand at the Company's registered office or sent by certified email and/or registered mail with return receipt to the Company stating their irrevocable intention to exercise their Conversion Right under the terms and conditions set forth in these By Laws.</p> <p><del>8.1.3</del> In the event of the death of a Manager '19 Shareholder prior to the occurrence of the Qualifying Exit, upon such event the conversion ratio of the Management '19 Shares subject to Transfer <i>mortis causa</i> shall be determined by applying a <i>pro rata temporis</i> criterion, based on the ratio between (i) the period between November 30, 2020 and the date of death of such Manager '19 Shareholder and (ii) the period between November 30, 2020 and the Qualifying Exit (and thus, for example, if the death occurred on November 30, 2021 and the Qualifying Exit on November 30, 2022, if all the conditions for the exercise of the Conversion Right were met, the conversion rate of the Management '19 Shares subject to Transfer <i>mortis causa</i> would be 1:50).</p> <p><del>8.1.4</del> In the event that a Manager '19 Shareholder fails to comply with the provisions of Section 8.1.3 above, as well</p>
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<p>as in the event that a Relevant Event (other than death) occurs with respect to the same, the Manager '19 Shareholder shall lose their Conversion Right and the Management '19 Shares shall be automatically converted into Ordinary Shares of the Company on the basis of a 1:1 conversion ratio, i.e., for each 1 (one) Management '19 Shares they shall receive 1 (one) Ordinary Share.</p> <p><b>8.1.5</b> In the event of conversion pursuant to this Article 8.1, such conversion shall be deemed to have occurred on the date of exercise of the Conversion Right.</p> <p><b>8.2 <u>Management '20 Share conversion</u></b></p> <p>In consideration of the fact that a Qualified Exit has occurred as of the effective date of these By-Laws, the Management '20 Shares may be converted, at the option of the Manager '20 Shareholders holding such shares, into Ordinary Shares of the Company ("<b>Conversion Right</b>"), provided - in each case - that:</p> <ul style="list-style-type: none"> <li>(a) the Listing Price was at least equal to the Initial Value plus an IRR of 15% (calculated as of April 19, 2018); and</li> <li>(b) on the date of Qualifying Exit all Shareholders Without Enhanced Equity Rights have realized an IRR on their Initial Investment, calculated on the basis of the Income received by them of at least 5% (the so-called hurdle rate); and</li> <li>(c) at the date: <ul style="list-style-type: none"> <li>a. of Commencement of Trading for the Management '20 Shares referred to in 8.2.2(a) below</li> <li>b. of the 1st anniversary of the Qualifying Exit for Management</li> </ul> </li> </ul>	<p><del>as in the event that a Relevant Event (other than death) occurs with respect to the same, the Manager '19 Shareholder shall lose their Conversion Right and the Management '19 Shares shall be automatically converted into Ordinary Shares of the Company on the basis of a 1:1 conversion ratio, i.e., for each 1 (one) Management '19 Shares they shall receive 1 (one) Ordinary Share.</del></p> <p><del><b>8.1.5</b> In the event of conversion pursuant to this Article 8.1, such conversion shall be deemed to have occurred on the date of exercise of the Conversion Right.</del></p> <p><b>8.21 <u>Conversion of Management '20 Share</u></b></p> <p>In consideration of the fact that a Qualified Exit has occurred as of the effective date of these By-Laws, the Management '20 Shares may be converted, at the option of the Manager '20 Shareholders holding such shares, into Ordinary Shares of the Company ("<b>Conversion Right</b>"), provided - in each case - that:</p> <ul style="list-style-type: none"> <li>(a) the Listing Price was at least equal to the Initial Value plus an IRR of 15% (calculated as of April 19, 2018); and</li> <li>(b) on the date of Qualifying Exit all Shareholders Without Enhanced Equity Rights have realized an IRR on their Initial Investment, calculated on the basis of the Income received by them of at least 5% (the so-called hurdle rate); and</li> <li>(c) at the date: <ul style="list-style-type: none"> <li>a. of Commencement of Trading for the Management '20 Shares referred to in 8.21.2 (a) below</li> <li>b. of the 1st anniversary of the Qualifying Exit for Management</li> </ul> </li> </ul>
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<p>'20 Shares referred to in 8.2.2. (b) below</p> <p>c. of the 2nd anniversary of the Qualifying Exit for Management '20 Shares referred to in 8.2.2. (c) below</p> <p>d. of the 3rd anniversary of the Qualifying Exit for Management '20 Shares referred to in 8.2.2. (d) below</p> <p>the Manager '20 Shareholder is not in such circumstances as to qualify him/her as a Bad Leaver (subject to the provisions of Section 8.2.4 below), it being understood that such condition shall be effective only with respect to the Manager '20 Shareholder whose employment or management relationship is terminated due to a Bad Leaver scenario. Verification of the fulfillment of this condition will be made by the Board of Directors of the Company.</p> <p><b>8.2.1</b> The Conversion Right may only be exercised by the Manager '20 Shareholders on the basis of a conversion ratio that provides for 1 (one) Management '20 Share to be allocated a number (N) of Ordinary Shares (rounded up to the nearest whole number), according to the following formula:</p> $N = \frac{(P.A.TxPrice - CPrice) \times 100}{P.A.TxPrice}$ <p>Where by:</p> <ul style="list-style-type: none"> <li>- N will be equal to zero if the result of the above formula is negative;</li> <li>- <b>"P.A. Tx Price"</b> means the average price of the Company's share recorded in the month</li> </ul>	<p>'20 Shares referred to in 8.21.2. (b) below</p> <p>c. of the 2nd anniversary of the Qualifying Exit for Management '20 Shares referred to in 8.21.2. (c) below</p> <p>d. of the 3rd anniversary of the Qualifying Exit for Management '20 Shares referred to in 8.21.2. (d) below</p> <p>the Manager '20 Shareholder is not in such circumstances as to qualify him/her as a Bad Leaver (subject to the provisions of Section 8.21.4 below), it being understood that such condition shall be effective only with respect to the Manager '20 Shareholder whose employment or management relationship is terminated due to Bad Leaver. Verification of the fulfillment of this condition will be made by the Board of Directors of the Company.</p> <p><b>8.21.1</b> The Conversion Right may only be exercised by the Manager '20 Shareholders on the basis of a conversion ratio that provides for 1 (one) Management '20 Share to be allocated a number (N) of Ordinary Shares (rounded up to the nearest whole number), according to the following formula:</p> $N = \frac{(P.A.TxPrice - CPrice) \times 100}{P.A.TxPrice}$ <p>Where by:</p> <ul style="list-style-type: none"> <li>- N will be equal to zero if the result of the above formula is negative;</li> <li>- <b>"P.A. Tx Price"</b> means the average price of the Company's share recorded in the month preceding the date of exercise of the Conversion Right</li> </ul>
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<p>preceding the date of exercise of the Conversion Right</p> <p>- "C Price" means the Conversion Price.</p> <p><b>8.2.2</b> The Conversion Right matures to the extent of and may be exercised, subject to forfeiture,</p> <p>(a) during the 60 months following the Trading Commencement Date for a number of Management '20 Shares (rounded down) equal to:</p> <p>(i) if the Qualifying Exit is made before May 10, 2021, 50% of the Management '20 Shares held by them on that date;</p> <p>(ii) if the Qualifying Exit is made after May 11, 2021, 57% of the Management '20 Shares held by them on that date;</p> <p>(b) during the 48 months following the 1st anniversary of the Qualifying Exit, for 33% of the Management '20 Shares held by them on such date (rounded down); it being understood that such calculation shall be made net of the Management '20 Shares subject to conversion pursuant to Section 8.2.2(a)(i) above, whether or not the relevant Conversion Right is exercised by the Management '20 Shareholder;</p> <p>(c) during the 36 months following the 2nd anniversary of the Qualifying Exit, for 50% of the Management '20 Shares held by them on such date (rounded down); it being understood that such calculation shall be made net of the Management '20 Shares subject to conversion pursuant to Section 8.2.2(a)(i) and (ii) above, whether or not</p>	<p>- "C Price" means the Conversion Price.</p> <p><b>8.21.2</b> The Conversion Right accrues in an amount equal to and may be exercised, subject to forfeiture,</p> <p>(a) during the 60 months following the Trading Commencement Date for a number of Management '20 Shares (rounded down) equal to:</p> <p>(i) if the Qualifying Exit is made before May 10, 2021, 50% of the Management '20 Shares held by them on that date;</p> <p>(ii) if the Qualifying Exit is made after May 11, 2021, 57% of the Management '20 Shares held by them on that date;</p> <p>(b) during the 48 months following the 1st anniversary of the Qualifying Exit, for 33% of the Management '20 Shares held by them on such date (rounded down); it being understood that such calculation shall be made net of the Management '20 Shares subject to conversion pursuant to Section 8.21.2(a)(i) above, whether or not the relevant Conversion Right is exercised by the Management '20 Shareholder;</p> <p>(c) during the 36 months following the 2nd anniversary of the Qualifying Exit, for 50% of the Management '20 Shares held by them on such date (rounded down); it being understood that such calculation shall be made net of the Management '20 Shares subject to conversion pursuant to Section 8.21.2(a)(i) and (ii) above, whether or not the relevant Conversion Right is exercised by the Management '20 Shareholder;</p>
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<p>the relevant Conversion Right is exercised by the Management '20 Shareholder;</p> <p>(d) during the 24 months following the 3rd anniversary of the Qualifying Exit, for 100% of the Management '20 Shares held by them on such date; it being understood that such calculation shall be made net of the Management '20 Shares subject to conversion pursuant to Section 8.2.2(a)(i), (ii) and (iii) above, whether or not the relevant Conversion Right is exercised by the Management '20 Shareholder.</p> <p>it being understood that the Conversion Right may be exercised in advance by each Management '20 Shareholder in the event of the presentation of a public tender offer and/or exchange offer (from the date of communication to Consob pursuant to Article 102 of the CFA; the "PTA"), in order to allow the holders to adhere to the PTA and will concern 100% (and not less) of the Management '20 Shares held by them at that date.</p> <p><b>8.2.3</b> Within the timeframe indicated in Section 8.2.2 above, except as indicated above with respect to acceleration scenarios (in which case the Conversion Right must be exercised, under penalty of forfeiture, within 10 days of the date of the PTA), the Manager '20 Shareholders shall be entitled to exercise their Conversion Right by means of written notice delivered by hand at the Company's registered office or sent by certified e-mail and/or registered mail with return receipt to the Company setting forth their irrevocable intention to exercise their Conversion Right with respect to each window</p>	<p>(d) during the 24 months following the 3rd anniversary of the Qualifying Exit, for 100% of the Management '20 Shares held by them on such date; it being understood that such calculation shall be made net of the Management '20 Shares subject to conversion pursuant to Section 8.2.1.2(a)(i), (ii) and (iii) above, whether or not the relevant Conversion Right is exercised by the Management '20 Shareholder.</p> <p>it being understood that the Conversion Right may be exercised in advance by each Management '20 Shareholder in the event of the presentation of a public tender offer and/or exchange offer (from the date of communication to Consob pursuant to Article 102 of the CFA; the "PTA"), in order to allow the holders to adhere to the PTA and will concern 100% (and not less) of the Management '20 Shares held by them at that date.</p> <p><b>8.2.1.3</b> Within the timeframe indicated in Section 8.2.1.2, above, except as indicated above with respect to acceleration scenarios (in which case the Conversion Right must be exercised, under penalty of forfeiture, within 10 days of the date of the PTA), the Manager '20 Shareholders shall be entitled to exercise their Conversion Right by means of written notice delivered by hand at the Company's registered office or sent by certified e-mail and/or registered mail with return receipt to the Company setting forth their irrevocable intention to exercise their Conversion Right with respect to each window under the terms and conditions set out herein.</p> <p><b>8.2.1.4</b> If prior to the occurrence of the Qualified Exit event, the employment or directorship relationship between the Manager '20 Shareholder and the</p>
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<p>under the terms and conditions set out herein.</p> <p><b>8.2.4</b> If prior to the occurrence of the Qualified Exit event, the employment or directorship relationship between the Manager '20 Shareholder and the Company terminates for reasons/circumstances such that he/she does not qualify as a Bad Leaver, the Conversion Right shall be limited to the first window set forth in Section 8.2.2(a) only and the conversion ratio of the Management '20 Shares subject to conversion shall be determined by applying a <i>pro rata temporis</i> basis, based on the ratio of (i) the period between November 30, 2020 and the date of termination of the employment or directorship relationship between the Manager '20 Shareholder and the Company for reasons/circumstances such that he/she does not qualify as a Bad Leaver, and (ii) the period between November 30, 2020 and the Qualified Exit. If the relationship is terminated for reasons/circumstances such that the Manager '20 Shareholder does not qualify as a Bad Leaver after the Qualified Exit scenario occurs, however, the Conversion Right will lapse for all subsequent conversion time windows.</p> <p><b>8.2.5</b> In the event that a Manager '20 Shareholder fails to comply with the provisions of Section 8.2.3 above, as well as in the event that a Relevant Event (other than death) occurs with respect to the same, the Manager '20 Shareholder shall lose their Conversion Right and the Management '20 Shares shall be automatically converted into Ordinary Shares of the Company on the basis of a 1:1 conversion ratio.</p>	<p>Company terminates for reasons/circumstances such that he/she does not qualify as a Bad Leaver, the Conversion Right shall be limited to the first window set forth in Section 8.21.2(a) only and the conversion ratio of the Management '20 Shares subject to conversion shall be determined by applying a <i>pro rata temporis</i> basis, based on the ratio of (i) the period between November 30, 2020 and the date of termination of the employment or directorship relationship between the Manager '20 Shareholder and the Company for reasons/circumstances such that he/she does not qualify as a Bad Leaver, and (ii) the period between November 30, 2020 and the Qualified Exit. If the relationship is terminated for reasons/circumstances such that the Manager '20 Shareholder does not qualify as a Bad Leaver after the Qualified Exit scenario occurs, however, the Conversion Right will lapse for all subsequent conversion time windows.</p> <p><b>8.21.5</b> In the event that a Manager '20 Shareholder fails to comply with the provisions of Section 8.21.3 above, as well as in the event that a Relevant Event (other than death) occurs with respect to the same, the Manager '20 Shareholder shall lose their Conversion Right and the Management '20 Shares shall be automatically converted into Ordinary Shares of the Company on the basis of a 1:1 conversion ratio.</p> <p><b>8.21.6</b> In the event of conversion pursuant to this Article 8.21, such conversion shall be deemed to have occurred on the date of exercise of the Conversion Right.</p> <p><b><u>8.32</u></b> <u>conversion of Management Performance Shares and Subscription Rights</u></p>
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<p><b>8.2.6</b> In the event of conversion pursuant to this Article 8.2, such conversion shall be deemed to have occurred on the date of exercise of the Conversion Right.</p> <p><b>8.3</b> <u>Conversion of Management Performance Shares and Subscription Rights</u></p> <p>In consideration of the fact that a Qualified Exit has occurred as of the effective date of these By-Laws, the Management Performance Shares may be converted, at the option of the Manager Performance Shareholders holding such shares, into Ordinary Shares of the Company, 3 years from the Trading Commencement Date ("<b>Conversion Right</b>"), provided that:</p> <ul style="list-style-type: none"> <li>(a) on the date of Qualifying Exit all Shareholders Without Enhanced Equity Rights have realized an IRR on their Initial Investment, calculated on the basis of the Income received by them of at least 5% (the so-called hurdle rate); and</li> <li>(b) on the date of conversion, the Manager Performance Shareholder is not in such circumstances as to qualify him/her as a Bad Leaver, it being understood that such condition shall be effective only with respect to the Manager Performance Shareholder whose employment or management relationship is terminated due to a Bad Leaver scenario. Verification of the fulfillment of these conditions will be made by the Board of Directors of the Company.</li> </ul> <p>This Conversion Right may also be exercised early by each Manager Performance Shareholder in case of (i) submission of a PTA (from the date of communication to Consob pursuant to Article 102 of CFA) in order to allow the holders to join the PTA, and/or (ii) interruption of his employment or</p>	<p>In consideration of the fact that a Qualified Exit has occurred as of the effective date of these By-Laws, the Management Performance Shares may be converted, at the option of the Manager Performance Shareholders holding such shares, into Ordinary Shares of the Company, 3 years from the Trading Commencement Date ("<b>Conversion Right</b>"), provided that:</p> <ul style="list-style-type: none"> <li>(a) on the date of Qualifying Exit all Shareholders Without Enhanced Equity Rights have realized an IRR on their Initial Investment, calculated on the basis of the Income received by them of at least 5% (the so-called hurdle rate); and</li> <li>(b) on the date of conversion, the Manager Performance Shareholder is not in such circumstances as to qualify him/her as a Bad Leaver, it being understood that such condition shall be effective only with respect to the Manager Performance Shareholder whose employment or management relationship is terminated due to a Bad Leaver scenario. Verification of the fulfillment of these conditions will be made by the Board of Directors of the Company.</li> </ul> <p>This Conversion Right may also be exercised early by each Manager Performance Shareholder in case of (i) submission of a PTA (from the date of communication to Consob pursuant to Article 102 of CFA) in order to allow the holders to join the PTA, and/or (ii) interruption of his employment or administration relationship for reasons/circumstances other than death and such as not to qualify him/her as a Bad Leaver.</p> <p><b>8.32.1</b> Subject to the foregoing in relation to acceleration scenarios (in which case the Conversion Right must be exercised,</p>
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<p>administration relationship for reasons/circumstances other than death and such as not to qualify him/her as a Bad Leaver.</p> <p><b>8.3.1</b> Subject to the foregoing in relation to acceleration scenarios (in which case the Conversion Right must be exercised, under penalty of forfeiture, within 10 days of the date of the PTA or within 30 days of the date of termination of the relationship for reasons/circumstances other than death and a Bad Leaver scenario), the Conversion Right may be exercised by each Manager Performance Shareholder within 60 months following the 3rd anniversary of the Trading Commencement Date, including at different times for each Management Performance Share held, based on a conversion ratio of 1: N, i.e., for 1 (one) Management Performance Share they will receive a number N of Ordinary Shares calculated as follows (rounded up):</p> $N = \frac{(P.A.TxPrice - PriceQuotation) \times NumberSha}{P.A.TxPrice}$ <p>Where by:</p> <ul style="list-style-type: none"> <li>- N will be equal to zero if the result of the above formula is negative;</li> <li>- "<b>Number of Shares</b>" means the higher of 2,800 and the result of the following formula:</li> </ul> $2,800 + \left( 400 \times \frac{EV - 250.000.000}{350.000.000 - 250.000.000} \right)$ <p>"EV" means the pre-money equity value of the Company as at the Trading Commencement Date (obviously determined without taking into account the capital increase to service the Listing), calculated taking into account the</p>	<p>under penalty of forfeiture, within 10 days of the date of the PTA or within 30 days of the date of termination of the relationship for reasons/circumstances other than death and Bad Leaver), the Conversion Right may be exercised by each Manager Performance Shareholder within 60 months following the 3rd anniversary of the Trading Commencement Date, including at different times for each Management Performance Share held, based on a conversion ratio of 1: N, i.e., for 1 (one) Management Performance Share they will receive a number N of Ordinary Shares calculated as follows (rounded up):</p> $N = \frac{(P.A.TxPrice - PriceQuotation) \times NumberSha}{P.A.TxPrice}$ <p>Where by:</p> <ul style="list-style-type: none"> <li>- N will be equal to zero if the result of the above formula is negative;</li> <li>- "<b>Number of Shares</b>" means the higher of 2,800 and the result of the following formula:</li> </ul> $2,800 + \left( 400 \times \frac{EV - 250.000.000}{350.000.000 - 250.000.000} \right)$ <p>"EV" means the pre-money equity value of the Company as at the Trading Commencement Date (obviously determined without taking into account the capital increase to service the Listing), calculated taking into account the Listing Price reportioned on the entire share capital of the Company.</p> <p>In no event shall the Number per Share exceed 3,200;</p> <ul style="list-style-type: none"> <li>- "<b>P.A. Tx Price</b>" means the average price of the Company's</li> </ul>
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<p>Listing Price re-proportioned on the entire share capital of the Company.</p> <p>In no event shall the Number per Share exceed 3,200;</p> <ul style="list-style-type: none"> <li>- "P.A. Tx Price" means the average price of the Company's equity recorded in the month preceding the date of exercise of the Conversion Right.</li> </ul> <p><b>8.3.2</b> To proceed with the conversion, the Manager Performance Shareholders must:</p> <ul style="list-style-type: none"> <li>(i) send - within 60 months from the date on which the conversion right matures pursuant to this Article 8.3 - a written notice by registered letter with return receipt to the Company stating their irrevocable intention to exercise the Conversion Right under the terms and conditions set forth in these By-Laws, indicating the number of Management Performance Shares for which they intend to exercise such Conversion Right;</li> <li>(ii) make the Management Performance Shares subject to conversion available to the Company.</li> </ul> <p>In the event that a Manager Performance Shareholder fails to comply with the provisions of Section 8.3.2 above, as well as in the event that a Relevant Event (other than death) occurs with respect to the same, the Manager Performance Shareholder shall lose their Conversion Right (and the subsequent Subscription Right) and the Management</p>	<p>equity recorded in the month preceding the date of exercise of the Conversion Right.</p> <p><b>8.32.2</b> To proceed with the conversion, the Manager Performance Shareholders must:</p> <ul style="list-style-type: none"> <li>(i) send - within 60 months from the date on which the conversion right accrues pursuant to this Article 8.32 - a written notice by registered letter with return receipt to the Company stating their irrevocable intention to exercise the Conversion Right under the terms and conditions set out herein, indicating the number of Management Performance Shares for which they intend to exercise such Conversion Right;</li> <li>(ii) make the Management Performance Shares subject to conversion available to the Company.</li> </ul> <p>In the event that a Manager Performance Shareholder fails to comply with the provisions of Section 8.32.2 above, as well as in the event that a Relevant Event (other than death) occurs with respect to the same, the Manager Performance Shareholder shall lose their Conversion Right (and the subsequent Subscription Right) and the Management Performance Shares shall be automatically converted into Ordinary Shares of the Company on the basis of 1:1 conversion ratio, i.e., for each 1 (one) Management Performance Shares they shall receive 1 (one) Ordinary Share.</p> <p><b>8.32.3</b> In addition to the foregoing, each Management Performance Share also confers the right to subscribe - at the same time as the conversion referred to</p>
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<p>Performance Shares shall be automatically converted into Ordinary Shares of the Company on the basis of 1:1 conversion ratio, i.e., for each 1 (one) Management Performance Shares they shall receive 1 (one) Ordinary Share.</p> <p><b>8.3.3</b> In addition to the foregoing, each Management Performance Share also confers the right to subscribe - at the same time as the conversion referred to in Section 8.3.1 above - (the "<b>Subscription Right</b>") a number Z of Ordinary Shares calculated as follows (rounded down):</p> $Z = \text{NumberShares} - N$ <p>against the simultaneous payment to the Company of a consideration for each Ordinary Share subscribed equal to the Price P.A.Tx.. Such Subscription Right is exercisable by each Manager Performance Shareholder provided that (i) they have exercised the Conversion Right for a number N (positive) of Ordinary Shares, and (ii) on the conversion date such Manager Performance Shareholder is not in circumstances that would qualify him/her as a Bad Leaver, it being understood that such condition shall be effective only with respect to the Manager Performance Shareholder whose employment/management relationship has terminated due to Bad Leaver. Verification of the fulfillment of these conditions will be made by the Board of Directors of the Company.</p> <p><b>8.3.4</b> In order to exercise the Subscription Right, the Manager Performance Shareholders must supplement the conversion notice referred to in Section 8.3.2. with an irrevocable statement that they intend to exercise the Subscription Right on the terms and conditions set forth in these By-Laws, indicating the number of Management Performance Shares for which they intend to exercise</p>	<p>in Section 8.32.1 above - (the "<b>Subscription Right</b>") a number Z of Ordinary Shares calculated as follows (rounded down):</p> $Z = \text{NumberShares} - N$ <p>against the simultaneous payment to the Company of a consideration for each Ordinary Share subscribed equal to the Price P.A.Tx.. Such Subscription Right is exercisable by each Manager Performance Shareholder provided that (i) they have exercised the Conversion Right for a number N (positive) of Ordinary Shares, and (ii) on the conversion date such Manager Performance Shareholder is not in circumstances that would qualify him/her as a Bad Leaver, it being understood that such condition shall be effective only with respect to the Manager Performance Shareholder whose employment/management relationship has terminated due to Bad Leaver. Verification of the fulfillment of these conditions will be made by the Board of Directors of the Company.</p> <p><b>8.32.4</b> In order to exercise the Subscription Right, the Manager Performance Shareholders must supplement the conversion notice referred to in Section 8.32.2. with an irrevocable statement that they intend to exercise the Subscription Right on the terms and conditions set forth in these By-Laws, indicating the number of Management Performance Shares for which they intend to exercise such Subscription Right and simultaneously pay to the Company (by payment into equity) for each Ordinary Share subscribed an amount equal to the P.A. Tx. Price.</p> <p><b>8.32.5</b> In the event of the death of a Manager Performance Shareholder prior to the</p>
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<p>such Subscription Right and simultaneously pay to the Company (by payment into equity) for each Ordinary Share subscribed an amount equal to the P.A. Tx. Price.</p> <p><b>8.3.5</b> In the event of the death of a Manager Performance Shareholder prior to the date on which the right to conversion matures pursuant to this Article 8.3:</p> <p>(i) the conversion ratio of the Management Performance Shares subject to Transfer <i>mortis causa</i> shall be determined by applying a <i>pro rata temporis</i> basis, on the basis of the ratio between (i) the period between the Trading Commencement Date and the date of death of such Manager Performance Shareholder, and (ii) the period between the Trading Commencement Date and the date on which the conversion right matures pursuant to this Article 8.3 (and so, for example, if the death occurs on November 30, 2022 and the third anniversary of the date of Listing of the Company falls on November 30, 2024, the conversion ratio of only the Management Performance Shares subject to Transfer <i>mortis causa</i> would be 1: 1/3 N);</p> <p>(ii) the Subscription Right of the Management Performance Shares subject to Transfer <i>mortis causa</i> shall be determined by applying a <i>pro rata temporis</i> criterion, on the basis of the same ratio indicated in the preceding Paragraph.</p> <p><b>8.4</b> The rights to Shares provided for in these By-Laws have been determined using numerical formulas and conversion rates calculated based on the current number of Shares of the Company outstanding. Accordingly, should the Company carry</p>	<p>date on which the right to conversion matures pursuant to this Article 8.32:</p> <p>(i) the conversion ratio of the Management Performance Shares subject to Transfer <i>mortis causa</i> shall be determined by applying a <i>pro rata temporis</i> basis, on the basis of the ratio between (i) the period between the Trading Commencement Date and the date of death of such Manager Performance Shareholder, and (ii) the period between the Trading Commencement Date and the date on which the conversion right matures pursuant to this Article 8.32 (and so, for example, if the death occurs on November 30, 2022 and the third anniversary of the date of Listing of the Company falls on November 30, 2024, the conversion ratio of only the Management Performance Shares subject to Transfer <i>mortis causa</i> would be 1: 1/3 N);</p> <p>(ii) the Subscription Right of the Management Performance Shares subject to Transfer <i>mortis causa</i> shall be determined by applying a <i>pro rata temporis</i> criterion, on the basis of the same ratio indicated in the preceding Paragraph.</p> <p><b>8.43</b> The rights to Shares provided for in these By-Laws have been determined using numerical formulas and conversion rates calculated based on the current number of Shares of the Company outstanding. Accordingly, should the Company carry out any splitting/fractioning or grouping/merger of its Shares, the numerical formulas and conversion rates contained in these By-Laws shall be automatically recalculated by the Board of Directors in consideration of the ratio on the basis of which the</p>
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<p>out any splitting/fractioning or grouping/merger of its Shares, the numerical formulas and conversion rates contained in these By-Laws shall be automatically recalculated by the Board of Directors in consideration of the ratio on the basis of which the splitting/fractioning or grouping/merger of the Shares will be carried out.</p> <p><b>8.5</b> Notwithstanding the provisions of Article 8.4 above and Article 8.6 below, no amendment may be made to the provisions of this Article 8.5 concerning the automatic conversion of the Company's Shares of one class into another class or into Ordinary Shares, unless a majority vote of the Special Shareholders is affirmative, limited to only those amendments that may, directly and/or indirectly, affect the rights to the Shares of the Special Shareholders.</p> <p><b>8.6</b> If the conditions for the effectiveness of the conversion of the shares from one class to another provided for by these By-Laws are met, the Board of Directors shall ascertain that the conversion has been carried out and shall proceed with the consequent annotations and communications, as well as filing the updated text of the By-Laws with the Register of Companies.</p>	<p>splitting/fractioning or grouping/merger of the Shares will be carried out.</p> <p><b>8.54</b> Notwithstanding the provisions of Article 8.43 above and Article 8.65 below, no amendment may be made to the provisions of this Article 8.54 concerning the automatic conversion of the Company's Shares of one class into another class or into Ordinary Shares, unless a majority vote of the Special Shareholders is affirmative, limited to only those amendments that may, directly and/or indirectly, affect the rights to the Shares of the Special Shareholders.</p> <p><b>8.65</b> If the conditions for the effectiveness of the conversion of the shares from one class to another provided for by these By-Laws are met, the Board of Directors shall ascertain that the conversion has been carried out and shall proceed with the consequent annotations and communications, as well as filing the updated text of the By-Laws with the Register of Companies.</p>
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**3 INFORMATION ON THE RIGHT OF WITHDRAWAL: NON-EXISTENCE RIGHT TO WITHDRAWAL IN RELATION TO THE PROPOSED STATUTORY AMENDMENTS**

The adoption of the motions referred to in this Report does not give rise to a right of withdrawal pursuant to Article 2437 of the Civil Code.

**4 MOTION PROPOSED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING**

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 1) on the Agenda of the Extraordinary Session:

"The Extraordinary Shareholders' Meeting of SECO S.p.A.:

- *having reviewed the Explanatory Report of the Board of Directors;*

*resolves*

- 1 to amend Articles 2, 6, 7 and 8 of the By-Laws in accordance with the proposal made by the Board of Directors and set out in its Explanatory Report, thereby adopting the respective new texts contained therein;*
- 2 to grant the Chairperson and the Chief Executive Officers- severally or jointly, and also through special attorneys appointed for this purpose, within the limits set out by law - the widest possible powers and authorities, without any exclusion whatsoever, to take all necessary measures to fully implement the motions taken, including the power to file the updated version of the By-Laws with the Register of Companies, pursuant to Article 2436 of the Civil Code, including, moreover, the right to introduce in the same motion and in compliance with its substance all the modifications, additions or cancellations that were considered necessary or even only opportune or that were eventually requested by the competent authorities at the time of authorization and registration, or that were imposed or suggested by the definitive regulatory framework, all this with any and all powers for this purpose necessary and opportune and as of now accurate and valid".*

Arezzo, March 21, 2022

For the Board of Directors

The Chairperson

Daniele Conti