



**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS  
OF SECO S.P.A.  
ON POINT 2) 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**

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**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 things, on the following point 2) of the Agenda of the Shareholders' Meeting, in Extraordinary session:

- 2) **Proposal to increase the share capital free of charge, to be reserved - as an alternative to the paid-up capital increase approved on 1 March 2021 - to employees and senior executives of Seco S.p.A. or one of its subsidiary, for a maximum nominal amount of Euro 54,000 (fifty-four thousand), divisible, by means of the assignment, pursuant to art. 2349 of the Italian Civil Code, of a corresponding amount taken from retained earnings, by issuing a maximum of 5,400,000 (five million four hundred thousand) ordinary shares to serve the stock option plan called "Stock option plan of SECO S.p.A.". Consequent amendments to art. 6 of the Bylaws and related and consequential 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 2) on the Agenda of the Shareholders' Meeting, in Extraordinary session.

Specifically, the Board of Directors has called the Shareholders' Meeting, in Extraordinary session, to submit to your attention the proposal for the 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, 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 stock option Plan called "SECO S.p.A. Stock Option Plan" approved by the Shareholders' Meeting of March 1, 2021, which is proposed to be amended in today's Shareholders' Meeting, ordinary session (the "**Stock Option Plan**").

For further information on the Stock Option Plan and the proposed amendments, please refer to the prospectus published on the Company's website [www.seco.com](http://www.seco.com), in the Investor Relations/Corporate Governance/Shareholders' Meeting section, and on the storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com), and to the report of the Board of Directors on point 3 on the Agenda of the Shareholders' Meeting in Ordinary Session of April 27, 2022, also published on the Company's website [www.seco.com](http://www.seco.com), in the Investor Relations/Corporate Governance/Shareholders' Meeting section and on the storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com).

## 1. REASONS FOR AND USE OF THE FREE CAPITAL INCREASE

The Free Capital Increase submitted for your approval is intended to service requests to exercise options under the Stock Option Plan.

This increase in capital is exclusively for the purposes of the aforementioned Plan and is therefore exclusively intended, pursuant to the Plan, for employees and Senior Executives of the Company or of one of its subsidiaries, with an employment relationship of indefinite duration (or in any case a comparable relationship pursuant to the legislation applicable to the Company or its subsidiaries). The shares may also be issued in several tranches over the duration of the capital increase described above, and in any case by the date of December 31, 2024.

The Free Capital Increase is an alternative and additional instrument, for the benefit and choice of the aforementioned beneficiaries, for the implementation of the Stock Option Plan: the beneficiaries may in fact alternatively exercise the rights from the Stock Option Plan either by subscribing to the paid capital increase resolved in its service on March 1, 2021, or by requesting the assignment of free shares deriving from the motion that is proposed for approval.

## 2 CHARACTERISTICS OF THE SHARES AND RIGHTS

The Company's shares, which may be assigned to the beneficiaries of the Stock Option Plan in accordance with the terms and conditions set out therein, shall be ordinary shares of SECO S.p.A. with the same characteristics as those in circulation. In addition, they will have the same dividend rights as the ordinary company shares currently in circulation and will therefore carry current coupons.

Since your Company's shares do not have an express par value, the Board intends to submit to your attention the proposal to allocate to capital an amount equal to a maximum of Euro 54,000.00 and therefore an amount equal, for each share, to the current accounting parity of the shares rounded to the nearest cent of EUR 0.01, as calculated as at December 31, 2021.

## 3 AMENDMENT TO THE BY-LAWS CONSEQUENT TO THE PROPOSED CAPITAL INCREASE RESOLUTION

In the event that the Extraordinary Shareholders' Meeting of the Company approves the Free Capital Increase, the text of Article 6 of the By-Laws will be amended as follows, highlighting the newly inserted words in bold type.

Existing Text	Proposed text
<p><i>(As amended in relation to the adoption of the resolution referred to in the first point on the agenda of the extraordinary meeting)</i></p> <p>6.1 The share capital is Euro 1,073,934.31, divided into 110,451,131 Shares with no express par value, of which: (i) 110,447,631 Ordinary Shares; (ii) 2,500 Management '20 Shares; (iv) 1,000 Management Performance Shares.</p>	<p>Unchanged</p>

<p>6.2 The share capital may be increased by Shareholder Meeting motion even through the issue of shares having different rights and through conferment other than cash, within the legal limits permitted.</p>	<p>Unchanged</p>
<p>6.3 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 '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 8.1 of the By-Laws referred to below, to be placed no later than November 30, 2030;</li> <li>- to issue, subject to the conversion referred to below, without share capital increase, Ordinary Shares, in a number determined pursuant to Section 8.2, 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 8.2.3, 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 8.2, to be placed within the maximum period permitted;</li> <li>- 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 8.2.1;</li> <li>- against payment, in the event of exercise of the subscription right referred to in Section 8.2.3, of the sum indicated therein and full allocation of the same to share premium;</li> </ul>	<p>Unchanged</p>

<p>upon expiry of the aforementioned 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 rights upon exercise of the conversion and subscription right due to him/her.</p>	
<p>6.4 The Extraordinary Shareholders' Meeting of March 1, 2021 resolved - to increase the share capital for cash, on a divisible basis, by a maximum nominal amount of Euro 54,000 by issuing a maximum of 5,400,000 Ordinary Shares to service the "SECO S.p.A. Stock Option Plan", to be executed at the latest by December 31, 2024, providing that the effectiveness of this capital increase is subject to the commencement of trading of shares on the stock market.</p>	<p><b>6.4 To service a stock option plan called "SECO S.p.A. Stock Option Plan "</b> <del>The</del> Extraordinary Shareholders' Meeting:</p> <p>a) on March 1, 2021 resolved— to increase the share capital for cash, on a divisible basis, by a maximum nominal amount of Euro 54,000 by issuing a maximum of 5,400,000 Ordinary Shares <del>to service the "SECO S.p.A. Stock Option Plan", to be executed at the latest by December 31, 2024, providing that the effectiveness of this capital increase is subject to the commencement of trading of shares on the stock market.</del></p> <p>b) on April 27, 2022, resolved the 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, on a divisible basis, through the granting, pursuant to Article 2349 of the Civil Code, of a corresponding amount taken from retained earnings reserves, by issuing a maximum of 5,400,000 Ordinary Shares, to be executed by the maximum term of December 31, 2024.</p> <p>These increases may be carried out for a total maximum nominal amount of Euro 54,000, by issuing/granting a maximum of 5,400,000 Ordinary Shares, within the same maximum term of December 31, 2024; therefore, the resolved share capital of the Company, as a result of both the transactions referred to in letters a) and b), shall be deemed to have increased by a total of only Euro 54,000.</p>
<p>6.5 The allocation of profits and/or retained earnings to employees of the Company or the subsidiaries, through the issue of shares in accordance with the first paragraph of Article 2349 of the Civil Code is permitted.</p>	<p>Unchanged</p>

<p>6.6 The Shareholders' Meeting may confer to the Board of Directors the power to increase the share capital on one or more occasions up to an established amount and for a period of a maximum of 5 years from the date of the motion. The Extraordinary Shareholders' Meeting has the power to issue bonds convertible into newly issued shares, subject to the proxy power pursuant to Article 2420-ter of the Civil Code.</p>	<p>Unchanged</p>
<p>6.7 In the motions for a paid capital increase, pre-emption rights may be excluded by the Shareholders' Meeting to the maximum extent established pursuant to Article 2441, paragraph 4, second sentence of the Civil Code and/or other applicable legal provisions.</p>	<p>Unchanged</p>
<p>6.8 The Company has the right to issue other classes of shares and financial instruments, including - if the conditions required by law are present and by means of the amendments to the By-Laws - preference shares, savings shares, warrants and bonds, including convertible bonds; shares may also be issued through the conversion of other classes of shares or other securities, if permitted by law.</p>	<p>Unchanged</p>
<p>6.9 Amounts in Euros shown in these By-Laws to four decimal places shall be used for purposes of interim calculations only. Therefore, the total amount to be paid as a result of these calculations must produce values expressed to no more than two decimal places. To this end, if the third decimal place is equal to or greater than five, the second decimal place will be increased by one unit; in any other case the second decimal place will remain unchanged and the decimal places from the third onwards will be eliminated.</p>	<p>Unchanged</p>
<p>6.10 The Extraordinary Shareholders' Meeting of November 19, 2021 resolved to grant the Board of Directors a proxy to be exercised within 5 years from the date of the Shareholders' Meeting motion, containing powers: (i) pursuant to Article 2443 of the Civil Code, to increase the share capital for payment, and on a divisible basis, in one or more</p>	<p>Unchanged</p>

periods, through the issue of ordinary shares, with the exclusion of the option right pursuant to paragraph 5 of Article 2441 of the Civil Code and/or pursuant to paragraph 4, first sentence, of Article 2441 of the Civil Code, to be offered, at the choice of the Board of Directors, to persons identified by the Board of Directors; and/or (ii) pursuant to Article 2420-ter of the Civil Code, to issue convertible bonds (with the option of conversion also in advance at the initiative of the Company's Board of Directors) and/or convert into ordinary shares (the "**Bonds**") for a maximum total amount of Euro 200,000,000, resulting in a capital increase to service the conversion by issuing ordinary shares with the same characteristics as those in circulation, to be offered, at the choice of the Board of Directors, to parties identified by the same, with the exclusion of the option right pursuant to Article 2441, paragraph 5 of the Civil Code, granting the Board of Directors all the powers needed to define the contents of the regulation of the bond loan, including the right, in the regulation the characteristics of the Bonds, to grant any request for admission to listing of the same and/or any other deed and/or document necessary for this purpose; all this provided that the total maximum amount, including any share premium, of the capital increase against payment and in a divisible way, on one or more occasions, consequent to the issues or conversions referred to in the previous points (i) and (ii) will be Euro 200,000,000, according to the following rules:

a) the motions for the share capital increase (or related individual tranches) pursuant to Article 2443 of the Civil Code, which provide for the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Civil Code, shall (a) establish that the newly issued shares - which shall be ordinary shares - are offered to qualifying investors, pursuant to Article 34-ter, paragraph 1, letter b) of the Issuers' Regulation and/or commercial, financial and/or strategic partners identified from time to time, and (b) establish the issue price of the shares (or the parameters to determine it during execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of

<p>Directors' explanatory report prepared for the Shareholders' Meeting of November 19, 2021;</p> <p>b) the motions for the share capital increase (or related individual tranches) pursuant to Article 2443 of the Civil Code in relation to in-kind transfer operations pursuant to Article 2441, paragraph 4, first sentence of the Civil Code, shall (a) establish that the newly issued shares - which shall be ordinary shares - are offered to parties identified by the Board of Directors in the context of transactions that provide for the contribution in kind (wholly or in part) of equity investments, companies, company branches and/or industrial activities of interest to the Company, as part of the Group's development and growth strategy for external lines, and (b) establish the issue price of the shares (or the parameters to determine it during execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of November 19, 2021;</p> <p>c) the motions to issue the Bonds pursuant to Article 2420-ter of the Civil Code, with the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Civil Code, shall (a) establish that said Bonds are offered, in whole or in part, to qualifying investors, pursuant to Article 34-ter, paragraph 1, letter b) of Consob Regulation No. 11971, of May 14, 1999, as amended, and/or to commercial, financial and/or strategic partners identified as appropriate and (b) establish the issue price of the aforementioned Bonds and of the shares to be issued as part of the capital increase executed to service the conversion of the same (or the parameters for determining said prices during the execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of November 19, 2021;</p> <p>d) the motion or motions to increase capital shall establish the portion of the share issue price offered to be charged to capital and the portion of the issue price, if any, to be charged to share premium.</p>	
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#### 4 INFORMATION ON THE RIGHT OF WITHDRAWAL: NON-EXISTENCE OF RIGHT TO WITHDRAWAL IN RELATION TO THE PROPOSED AMENDMENTS TO THE BY-LAWS

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.

#### 5 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 2) 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;*
- *having acknowledged the approval by today's Ordinary Shareholders' Meeting of the amendments to the stock option plan called "SECO S.p.A. Stock Option Plan";*
- *in addition to and as an alternative means of executing the "SECO S.p.A. Stock Option Plan" with respect to the paid capital increase approved on March 1, 2021;*

#### *resolves*

- 1 *to increase the share capital by a maximum amount of Euro 54,000, by issuing, on a divisible basis, a maximum of 5,400,000 new ordinary shares, to be allocated free of charge, by means of granting pursuant to Article 2349 of the Civil Code, of a corresponding amount taken from retained earnings reserves, to employees and Senior Executives of the Company or one of its subsidiaries, beneficiaries of the incentive plan approved by the Ordinary Shareholders' Meeting of April 27, 2022, and to be executed by December 31, 2024, with a capital charge of Euro 0.01 per share;*
- 2 *to amend Article 6 of the By-Laws, reformulating paragraph 6.4 as follows:*

*"6.4 To service a stock option plan called "SECO S.p.A. Stock Option Plan" the Extraordinary Shareholders' Meeting:*

*a) on March 1, 2021 resolved to increase the share capital for cash, on a divisible basis, by a maximum nominal amount of Euro 54,000 by issuing a maximum of 5,400,000 ordinary shares, to be executed at the latest by December 31, 2024,;*

*b) on April 27, 2022, resolved the 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, on a divisible basis, through the granting, pursuant to Article 2349 of the Civil Code, of a corresponding amount taken from retained earnings reserves, by issuing a maximum of 5,400,000 Ordinary Shares, to be executed by the maximum term of December 31, 2024.*

*These increases may be carried out for a total maximum nominal amount of Euro 54,000, by issuing/granting a maximum of 5,400,000 Ordinary Shares, within the same maximum term of December 31, 2024; therefore, the resolved share capital of the Company, as a result of both the transactions referred to in letters a) and b), shall be deemed to have increased by a total of only Euro 54,000.*

- 3 *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;*
  - *to receive the declarations of subscription of the shares, to carry out all declarations and communications, including those of legal publicity, required in order to make the motions effective and to fulfil the necessary formalities so that all motions adopted today obtain the approvals required by law;*

- *in general, to do everything necessary for the complete execution of the motions, with any and all powers necessary and appropriate for this purpose, none excluded, including the power to sign and submit any and all documents that are necessary, or even just appropriate, preparatory, implementing or in any case inherent to the capital increase, and to carry out any and all activities necessary and/or appropriate for the subscription of the approved capital increase and the issue of shares;*
- *to make the consequent and necessary amendments to the By-Laws as may from time to time be required on the basis of the motions passed and of the outcome of the subscription of the share capital increase, as well as the power to file with the Companies Registration Office, pursuant to Article 2436 of the Civil Code, the text of the By-Laws updated in terms of share capital and number of shares, and the declaration pursuant to Article 2444 of the Civil Code, including the power to introduce in the motion and in compliance with its substance all the amendments, additions or deletions that are deemed necessary or appropriate or that may be required by the competent authorities at the time of authorization and registration, or that may be imposed or suggested by the final regulatory framework, all with any and all powers necessary and appropriate for this purpose and with the promise as of now to be effective;*
- *define and sign any act necessary in order to implement the share capital increase, carry out all the acts and transactions necessary and appropriate pursuant to current legislation for the issue of ordinary shares and the consequent share capital increase, including the preparation, signing and presentation of any statement, deed, notice to the market or document required by the competent authorities, as well as the management of relations with the competent bodies and authorities and the request for and receipt of all authorizations and approvals necessary for the successful outcome of the transaction;*
- *to make the adopted motions executive, in compliance with the law, by determining their implementation timeframe, to establish the issue date of the shares, to fix, integrate and better specify the terms and conditions of the issue and offer of the shares, including the power to determine the subscription methods, if not already established by this motion or by additional motions;*
- *prepare, submit, receive and sign any document required for the purposes of executing the approved transaction, and sign any deed, contract, communication or other document necessary and/or appropriate for the completion of the transaction;*
- *to establish that, should the resolved capital increase not be fully executed by the maximum term of December 31, 2024, the capital shall in any event be deemed to have been increased by an amount equal to the shares issued.”.*

Arezzo, March 21, 2022

For the Board of Directors

The Chairperson

Daniele Conti