



## **GIGLIO GROUP S.P.A.**

### **ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

(OCTOBER 29, 2018 IN SINGLE CALL)

#### **BOARD OF DIRECTORS' REPORT ON THE MATTERS ON THE AGENDA AS PER ARTICLES 125-*TER* AND 114-*BIS* OF LEGISLATIVE DECREE 58/1998 AND ARTICLES 72 AND 84-*TER* OF THE REGULATION ADOPTED WITH CONSOB MOTION NO. 11971/99**

Dear Shareholders,

In accordance with Articles 125-*ter* and 114-*bis* of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented (the "**CFA**"), in addition to Articles 72 and 84-*ter* of Consob Regulation No. 11971/99, as subsequently amended and supplemented (the "**Issuers' Regulation**"), the Board of Directors of Giglio Group S.p.A. makes available a report to you on the matters upon the agenda of the Shareholders' Meeting called for October 29, 2018 at the time of 10:30 AM in 20123 – Milan, piazza Armando Diaz 6, in single call, to discuss and consider the following:

#### **Agenda**

##### **Ordinary session**

1. Approval of the "2018 – 2021 Stock Option Plan" concerning ordinary Giglio Group S.p.A. shares, reserved for Executive Directors and/or Senior Executives. Resolutions thereon.

##### **Extraordinary session**

2. Assignment to the Board of Directors, for a period of five years from the date of the Shareholders' Meeting motion, of the faculty to undertake a divisible paid-in share capital increase of Giglio Group S.p.A., as per Article 2443 of the Civil Code, with the exclusion of the rights option, as per Article 2441, paragraph 8 and – as far as applicable – paragraph 5 of the Civil Code, for a maximum nominal amount of Euro 138,000, through the issue, even in a

number of tranches, of a maximum 690,000 ordinary company shares without nominal value, in exclusive service of the "2018 - 2021 Stock Option Plan". Resolutions thereon.

3. Assignment to the Board of Directors, for a period of five years from the date of the Shareholders' Meeting motion, of the faculty to undertake a divisible paid-in share capital increase of Giglio Group S.p.A., as per Article 2443 of the Civil Code, with the exclusion of the rights option, as per Article 2441, paragraph 4, second point, of the Civil Code, to a limit of 10% of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without nominal value, to be offered to parties identified by the Board of Directors - including qualifying industrial and/or financial investors - on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm. Resolutions thereon.
4. Amendments to Article 6 of the By-Laws in accordance with the motions at points 2 and 3 of the Agenda. Resolutions thereon.

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## Point 1 of the Ordinary session agenda

### **Approval of the "2018 – 2021 Stock Option Plan" concerning ordinary Giglio Group S.p.A. shares, reserved for Executive Directors and/or Senior Executives. Resolutions thereon.**

Dear Shareholders,

the Board of Directors has called you to the Ordinary Shareholders' Meeting to submit for your approval, as per Article 114-*bis* of the CFA, an incentive and loyalty creation plan to comprise a component of the medium/long-term remuneration of a number of members of Giglio Group S.p.A. (the "**company**") management.

This concerns a stock option plan called the "2018-2021 Stock Option Plan" (the "**Plan**") reserved for executive directors and senior executives of the company, identified as beneficiaries by the Board of Directors, having consulted the Appointments and Remuneration Committee (the "**Beneficiaries**").

The initiative's objective is to focus managers in certain positions on business goals, whom are however considered worthy of incentivisation and retention mechanisms from an operating viewpoint, on growing the value of the share over the medium/long-term, through assigning options for the purchase of company shares at a pre-set price, of a variable number and however subject to achieving pre-established performance levels.

The key terms and conditions of the Plan subject to the approval of the Shareholders' Meeting are summarised below, considering also that the proposal includes also the assignment to the Board of Directors of the power to draw up the Plan regulation before submittal for the approval of the Appointments and Remuneration Committee – having acquired (where required) – the opinion of the Board of Statutory Auditors as per Article 2389 of the Civil Code (the "**Plan Regulation**").

For further details, reference should be made to the Plan document (the "**Disclosure Document**"), prepared as per Article 84-bis and Annex 3A of the Issuers' Regulation, available for consultation on the company website [www.giglio.org](http://www.giglio.org) in the Corporate Governance Section.

#### **1. Reasons for adoption of the Plan**

The company considers share-based remuneration plans as an effective instrument to incentivise and create loyalty among those in key roles, in order to maintain and improve performance levels and also to contribute to boosting growth and the success of the company and of the Group.

In particular, the Plan is an appropriate instrument to align the interest of the Beneficiaries with those of shareholders, supporting the pursuit of the key objective of creating value over the medium/long-term.

The Plan also recognises key personnel for their dedicated efforts to the Group's growth over recent years, culminating with the successful listing and the transfer from the AIM – Italian market to the STAR Segment on the main Italian Stock Exchange index.

## **2. Subject and duration of the Plan**

The Plan stipulates the assignment to Beneficiaries of a total maximum 690,000 options (the “**Options**”), freely and non-transferable, assigning the right to subscribe or purchase ordinary company shares in the ratio of 1 ordinary share for every 1 Option exercised.

At the assignment date, the Board of Directors of the company, having consulted with the Appointments and Remuneration Committee, will identify the Beneficiaries of the Plan and establish the number of Options corresponding to each Beneficiary (the “**Assignment Date**”). The number of Options assigned shall be defined by assessing the contribution of each Beneficiary to the achievement of the strategy and the objectives to create fresh value, taking account of the strategic relevance of the position held and the centrality of the activities undertaken to company and Group operations.

The Options shall be assigned to the Beneficiaries in a personal capacity and may not in any case be transferred by deed between living persons, nor shall they form the basis of any guarantee, privilege, restriction, or option, at the risk of lapse of all relative rights. In the case of violation by the Beneficiary of the prohibition upon transfer, such Options shall lose all rights and all validity.

The duration of the Plan extends until the final deadline by which the options relating to the third tranche may be exercised by the Beneficiary and therefore covers six years from the Assignment Date. The Shareholders' Meeting may renew it or extend its duration, applying all the supplementations and amendments considered necessary or appropriate to adjust the Plan to regulations, as applicable, or to altered Group needs.

## **3. Exercise of the Options**

The Options may be exercised by each Beneficiary over a three-year vesting period (the “**Vesting Period**”), broken down into three tranches, as indicated below:

- **first tranche:** up to 20% of the assigned options; such may be exercised within 1 year from the Assignment Date;
- **second tranche:** up to 30% of the assigned options; such may be exercised within 2 years from the Assignment Date; and
- **third tranche:** up to 50% of the assigned options; such may be exercised within 3 years from the Assignment Date;

The options assigned under the above-mentioned tranches shall mature, in full or in part, only where the specific annual performance objectives (the “**Objectives**”) based on the consolidated EBITDA of the Group indicated in the Disclosure Document have been achieved. The achievement of these Objectives shall be verified annually by the Board of Directors following the approval of the company’s financial statements.

For each tranche, following verification of the achievement of the Objectives, the company shall communicate to each Beneficiary the number of assigned Options maturing, and therefore exercisable. All the Options which, on the basis of the Objectives, do not mature, shall be considered as lapsed and may no longer be exercised, except where otherwise decided by the Board of Directors.

Beneficiaries exercising their matured Options have the right to receive for each Option exercised 1 ordinary share with full rights, following payment of the exercise price, which shall be established at the Assignment Date by the Board of Directors, having consulted the Appointments and Remuneration Committee, on the basis of the average of the official share price recorded by the company on the Italian Stock Exchange in the month preceding the Assignment Date.

Each Beneficiary may exercise the Options matured from each tranche for a period of three years from the relative maturation date, on conclusion of which the relative purchase and/or subscription rights shall lapse.

The Plan stipulates that the Beneficiaries may not exercise the Options during the thirty calendar days preceding the announcement to the market of the annual financial statements and the interim financial reports which the company is required to publish in accordance with applicable legislation and regulations. The Board of Directors, having consulted the Appointments and Remuneration Committee, may in addition set additional blocking periods regarding the exercise of the options or amend the terms indicated in the Plan Regulation in the case of significant legislative or regulatory changes.

#### **4. Plan implementation means and clauses**

The company shall make available to the Beneficiary the ordinary shares of the company devolving to the former following exercise of the matured Options according to the terms and means established by the Plan Regulation.

The Plan may be executed through utilising (i) treasury shares acquired following authorisation as per Article 2357 of the Civil Code granted by the Shareholders’ Meeting of the company; (ii) newly issued shares from a paid-in divisible share capital increase approved by the Board of Directors, including in a number of tranches, subject to approval by the Shareholders’ Meeting of the Plan and the faculty to increase the share capital as per Article 2443 of the Civil Code, for a maximum nominal Euro 138,000, without pre-emption rights in accordance with Article 2441, paragraph 8 – and where applicable – paragraph 5 of the Civil Code, through the issue of a maximum 690,000 ordinary shares, without nominal value, and attaching

the same features as the ordinary shares in circulation at the issue date, with full rights, to be reserved to the Plan beneficiaries.

As a condition of the Plan, this latter requires the existence and the maintenance of a managerial and/or employee relationship between the Beneficiaries and the company. The conclusion of this relationship, according to the situations envisaged by the Plan, affects the exercise of the Options and may result in the cancelling of the Options, according to the terms and conditions set out by the Plan Regulation. The right of the Beneficiaries to exercise the Options matured shall however be suspended from the moment any letter regarding disciplinary action is sent and until conclusion of the disciplinary process.

## **5. Limit upon the transfer of shares obtained**

For each tranche, the Beneficiaries are required to hold on a continuous basis, for at least 18 months from the Assignment Date, at least 20% of the shares subscribed or acquired as a result of exercising the Options matured, less an amount of shares whose value corresponds to the exercise price of the Options matured which have been exercised and the related tax, pension and social security charges related to the conversion of the exercised options which have been effectively paid (the "sell to cover").

In addition, as per the recommendations of the Self-Governance Code, the Beneficiaries holding executive directorship positions are obliged, also following the above-indicated period of unavailability, to hold on a continuous basis, until the conclusion of mandate concerning each of the Vesting Periods, at least 20% of the shares subscribed or acquired as a result of exercising the Options matured, less a number of shares corresponding to the exercise price of the matured options converted and the tax, pension and social security charges related to the exercise of the options matured which have been effectively paid.

There are no further unavailability restrictions binding the Shares assigned following the exercise of the Matured Options.

The Plan also stipulates revocation and return clauses. In particular, where the Board of Directors, following consultation with the Appointments and Remuneration Committee, declares, within 3 years from conclusion of the Plan, that the Objectives had been considered on the basis of data which was manifestly erroneous, or where declaring the malicious alteration of the data used as the basis for the achievement of the Objectives, the Board of Directors, following consultation with the Appointments and Remuneration Committee, has the right to obtain from the Beneficiaries or the Beneficiary responsible for one of the above-stated acts and/or events, revocation of the Options assigned, or the return of the Shares owned by the Beneficiary, less a number of shares corresponding to the exercise price of the Options exercised and the tax, pension and social security charges related to the conversion of the exercised Options effectively paid, or, the return of the sale value (less the amount corresponding to the exercise price of the converted Options and

the tax, pension and social security charges related to the exercise of the matured Options) where the shares of the Beneficiary have been sold.

## **6. Support of the Plan from the special fund to incentivise worker involvement in enterprises**

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

## **7. Plan adjustments**

In the case of corporate transactions concerning the company or other events which may impact the Objectives, the Options, the shares or the Plan, the Board of Directors (having consulted the Appointments and Remuneration Committee) may apply to the Plan the amendments and supplements considered necessary and/or appropriate to maintain the essential content of the Plan, as far as possible, in accordance with the objectives and the goals pursued and the economic and equity rights recognised.

In view of that outlined above, and referring you to the Disclosure Document for an analytical overview of the Plan, we submit for your approval the following

### **motion**

*"The Shareholders' Meeting of Giglio Group S.p.A.,*

- *having reviewed the report of the Board of Directors, drawn up as per Articles 114-bis and 125-ter of Legislative Decree No. 58 of February 24, 1998, as subsequently amended;*
- *noting the Disclosure Document drawn up as per Article 84-bis of the regulation adopted by Consob with motion No. 11971 of May 14, 1999, as subsequently amended;*

*approves*

1. *as per Article 114-bis of Legislative Decree No. 58 of February 24, 1998, adoption of the "2018-2021 Stock Option Plan", presenting the features (including the implementing conditions and requirements) indicated in the report of the Board of Directors and in the "2018-2021 Stock Option Plan" Disclosure Document;*
2. *the assignment to the Board of Directors, with the power to subdelegate, of all powers necessary or beneficial to execute the "2018-2021 Stock Option Plan", also utilising as shares in service of the options, any treasury shares in the company's portfolio, in particular – for example purposes only and not to be considered exhaustive – all powers to prepare and adopt the enacting regulation of the above plan, in addition to amend and/or supplement it, identify the beneficiaries and establish the quantity of options to be assigned*

*to each, make assignments to the beneficiaries, establish the exercise price, in addition to undertake any act, requirement, formality and communication which may be necessary or beneficial for the management and/or implementation of the Plan, with the faculty to delegate its powers, duties and responsibilities regarding the execution and application of the Plan to the Chairman of the Board of Directors, subject to the stipulation that any decision related to any assignment of options to the Chairman as a beneficiary (in addition to any other decision concerning the management and/or implementation of the plan as pertaining to him/her) shall remain within the exclusive scope of the Board of Directors;*

- 3. the assignment to the Chairman of the Board of Directors, of all powers, with the faculty to subdelegate, to execute the legislative and regulatory requirements relating to the motions adopted."*



## **Point 2 of the Extraordinary session agenda**

**Assignment to the Board of Directors, for a period of five years from the date of the Shareholders' Meeting motion, of the faculty to undertake a divisible paid-in share capital increase of Giglio Group S.p.A., as per Article 2443 of the Civil Code, with the exclusion of the pre-emption right, as per Article 2441, paragraph 8 and – as far as applicable – paragraph 5 of the Civil Code, for a maximum nominal amount of Euro 138,000, through the issue, even in a number of tranches, of a maximum 690,000 ordinary company shares without nominal value, in exclusive service of the “2018 – 2021 Stock Option Plan”. Resolutions thereon.**

Dear Shareholders,

the Board of Directors has called you, in extraordinary session, to submit for your approval a proposal concerning the assignment to the Board of Directors of the faculty (the “**Stock Option Faculty**”), for a period of five years from the date of the Shareholders' Meeting motion, to undertake a divisible paid-in share capital increase, as per Article 2443 of the Civil Code, with the exclusion of pre-emption rights, as per Article 2441, paragraph 8 and – as far as applicable – paragraph 5 of the Civil Code, for a maximum nominal amount of Euro 138,000, through the issue, even in a number of tranches, of a maximum 690,000 ordinary company shares without nominal value (the “**Stock Option Share Capital Increase**”), in exclusive service of the “2018 – 2021 Stock Option Plan”.

### **1. Reasons for the Stock Option Share Capital Increase**

The motion submitted to the Extraordinary Shareholders' Meeting is required to implement the Plan reserved for executive directors and/or senior executives of the company, which will be submitted for the review and approval of the Ordinary Shareholders' Meeting as point 1 on the agenda of the ordinary session of the Shareholders' Meeting of October 29, 2018.

Therefore, the proposal concerning the approval to assign to the Board the Stock Option Faculty is subject to approval of the Plan by the Ordinary Shareholders' Meeting.

The Plan states that a maximum 690,000 options are assigned to the Beneficiaries, conferring the right to subscribe or acquire ordinary company shares, without nominal value, in the ratio of one share to each option.

For execution of the Stock Option Share Capital Increase in service of the Plan, it is proposed therefore to assign to the Board of Directors, as per Article 2443 of the Civil Code, for a period of five years from the Shareholders' Meeting motion, the faculty to undertake a divisible paid-in share capital increase in accordance with Article 2443 of the Civil Code, with exclusion of the pre-emption right: (i) in accordance with Article 2441, paragraph 8 of the Civil Code in relation to Plan beneficiaries who are employees of the company and, as far as applicable, (ii) in accordance with Article

2441, paragraph 5 of the Civil Code, in relation to Plan beneficiaries who are not employees of the company, for a maximum nominal amount of Euro 138,000, through the issue, even in a number of tranches, of a maximum 690,000 ordinary company shares without nominal value, in exclusive service of the “2018-2021 Stock Option Plan”.

The Stock Option Share Capital Increase excludes the pre-emption right in accordance with Article 2441, paragraph 8 and – as far as applicable – paragraph 5 of the Civil Code, as the newly issued shares are to be assigned to employees or directors of the company and such purposes justify exclusion of the pre-emption rights to shareholders.

The Board of Directors retains the faculty, having consulted the Appointments and Remuneration Committee, to utilise in service of the exercise of the options any shares held by the company and acquired as part of the treasury share buy-back programmes approved and executed in accordance with the applicable legal provisions.

For further details upon the Plan and the reasoning behind its adoption, reference should be made to that outlined above in this report concerning point 1 on the agenda of the Ordinary Shareholders' Meeting and the Disclosure Document drawn up as per Article 84-*bis* and Annex 3A of the Issuers' Regulation.

## **2. Results for the last financial year and general overview of current operations**

The 2017 Annual financial report was approved by the Shareholders' Meeting on May 11, 2018 and is available, together with the Group consolidated financial statements, at the registered office, on the company website [www.giglio.org](http://www.giglio.org) and on the eMarket Storage authorised storage mechanism.

With regards to the results for the last financial year, reference should therefore be made to the annual financial report and the accompanying documentation.

For a general overview of the operating performance and the outlook for the current year, reference should be made to the 2018 Half-Year Report, approved by the Board of Directors on September 10, 2018 and available at the registered office, on the company website [www.giglio.org](http://www.giglio.org) and on the eMarket Storage authorised storage mechanism.

## **3. Underwriting and/or placement consortium**

No underwriting and/or placement consortiums, nor other forms of placement, have been established.

#### **4. Share issue price**

The Plan provides for the free allocation of a maximum 690,000 options for the subscription or purchase of ordinary company shares, in the ratio of 1 (one) share for every 1 (one) option, in accordance with the terms and conditions established by the Plan.

The exercise price of the options, corresponding to the issue or sales price of the shares, shall be calculated, at the Assignment Date of the options to the beneficiaries, by the Board of Directors, having consulted with the Appointments and Remuneration Committee, on the basis of the average official price of the company shares on the Italian Stock Exchange in the month preceding the option assignment date.

The criterion proposed for the calculation of the issue price of the shares was assessed by the Board of Directors as representative of the market price and as in line with best practice for listed companies with regards to the criterion adopted to establish the issue price of shares in service of stock option plans.

In exercising its faculty, the Board of Directors shall establish the portion of the issue price to be recognised as share capital and that to be recognised to the share premium reserve, subject to the fact that the increase in the nominal value of the share capital may not be greater than Euro 138,000.

#### **5. Period for the execution of the Stock Option Faculty and the Stock Option Share Capital Increase**

It is proposed to establish the duration of the Stock Option Faculty as the maximum legally permitted period of five years from the Shareholders' Meeting motion date and to establish that such may be exercised by the Board of Directors where considered beneficial and in line with the Plan objectives, providing disclosure to the market according to the terms and means for each individual tranche of the share capital increase, once established by the Board of Directors.

The Stock Option Share Capital Increase consists of a divisible share capital increase in accordance with Article 2439, paragraph 2 of the Civil Code and, therefore, may be partially or fully executed and subscribed, also in a number of tranches, by the conclusion of the exercise periods of the options assigned to Plan beneficiaries, as long as the directors are expressly authorised to issue new shares and that such are subscribed; therefore, partial subscriptions shall have immediate efficacy.

#### **6. Rights of shares issued in exercise of the options**

The newly issued shares from the Stock Option Share Capital Increase shall have the same rights as the ordinary company shares in circulation at the issue date of the new shares.

## 7. By-Law changes

The assignment of the Stock Option Faculty concerning the Stock Option Share Capital Increase, as described above, requires the amendment of Articles 6 of the By-Laws. For further details upon the By-Law amendments, reference should be made to that outlined in this report regarding point 4 of the agenda of the Extraordinary Shareholders' Meeting.

In light of that outlined above, we submit for your approval the following

### **motion**

*"The Shareholders' Meeting of Giglio Group S.p.A.,*

- *noting the motion of today's Ordinary Shareholders' Meeting which approved in accordance with Article 114-bis of Legislative Decree No. 58/1998 and subsequent amendments the "2018-2021 Stock Option Plan";*
- *having examined the report of the Board of Directors, prepared in accordance with Article 125-ter of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments, and Article 72 of the Regulation adopted with Consob motion No. 11971 of May 14, 1999, as subsequently amended and supplemented;*
- *noting that the current subscribed share capital of Euro 3,208,050.00 has been fully paid-in, as confirmed by the Statutory Auditors;*

*approves*

1. *the assignment to the Board of Directors, in accordance with Article 2443 of the Civil Code, for a period of five years from the date of today's Shareholders' Meeting motion, of the faculty to increase the divisible paid-in share capital, with exclusion of the pre-emption right as per Article 2441, paragraph 8 and - as far as applicable - paragraph 5 of the Civil Code, as per Article 2439, paragraph 2 of the Civil Code, for a maximum nominal amount of Euro 138,000, through the issue, including in a number of tranches, of a maximum 690,000 ordinary shares, without nominal value and with the same features as the ordinary shares in circulation at the issue date, with full rights, in exclusive service of the "2018-2021 Stock Option Plan", to be offered to executive directors and/or senior executives of the company, to be identified by the Board of Directors in accordance with the Stock Option Plan regulation, establishing the deadline for their subscription and stipulating that, where the capital increase is not entirely subscribed by the stated deadline, the share capital will increase by an amount equal to the subscriptions until the deadline;*
2. *that the issue price of the conversion shares of the share capital increase (and the relative breakdown between share capital and the share premium reserve) should be set by the Board of Directors in accordance with the "2018-2021 Stock Option Plan" regulation, and however on the basis of the average of the official ordinary price of the company share on the stock exchange organised and managed by Borsa Italiana S.p.A. in the month preceding the*

*assignment date of the options regarding the above-stated plan, subject to any adjustments as per the relative regulation;*

- 3. the conferment to the Board of Directors - and through it to its pro tempore legal representatives - and also individually, of all powers to execute the formalities required to ensure that the motions adopted are recorded to the companies register, accepting and introducing to such non-substantial amendments, additions or cancellations required by the competent authorities, in addition to any power required to execute the regulatory requirements stemming from the motions adopted.*

### **Point 3 of the Extraordinary session agenda**

**Assignment to the Board of Directors, for a period of five years from the date of the Shareholders' Meeting motion, of the faculty to undertake a divisible paid-in share capital increase of Giglio Group S.p.A., as per Article 2443 of the Civil Code, with the exclusion of the rights option, as per Article 2441, paragraph 4, second point, of the Civil Code, to a limit of 10% of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without nominal value, to be offered to parties identified by the Board of Directors – including qualifying industrial and/or financial investors – on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm. Resolutions thereon.**

Dear Shareholders,

the Board of Directors has called you, in extraordinary session, to submit for your approval, the proposal concerning the assignment to the Board of Directors of a faculty (the "**Reserved Faculty**"), for a period of five years from the date of the Shareholders' Meeting motion, to undertake a divisible paid-in share capital increase of Giglio Group S.p.A., as per Article 2443 of the Civil Code, with the exclusion of the rights option, as per Article 2441, paragraph 4, second point, of the Civil Code, to a limit of 10% of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without nominal value, to be offered to parties identified by the Board of Directors – including qualifying industrial and/or financial investors – on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm (the "**Reserved Share Capital Increase**").

#### **1. Reasons for the Reserved Share Capital Increase**

Article 2441, fourth paragraph, second point of the Civil Code governs the faculty, reserved to companies with shares listed on regulated markets, to exclude the pre-emption right in their By-Laws for share capital increases within the limit of 10% of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that such is confirmed in a special report by the auditor or by the independent audit firm. The company By-Laws include this provision at Article 6.6.

The Board of Directors considers that the Reserved Share Capital Increase shall permit the company to strengthen – containing the dilutive effects for the pre-existing shareholders – its shareholder base, also with the presence of high-standing Italian and overseas investors, while at the same time ensuring greater share liquidity and supporting future company development programmes. In this regard, the Board of Directors states that the current company shareholders may take part in the Reserved Share Capital Increase where meeting the characteristics to be identified by the Board of Directors.

## **2. Results for the last financial year and general overview of current operations**

The 2017 annual financial report was approved by the Shareholders' Meeting on May 11, 2018 and is available, together with the Group consolidated financial statements, at the registered office, on the company website [www.giglio.org](http://www.giglio.org) and on the eMarket Storage authorised storage mechanism.

With regards to the results for the last financial year, reference should therefore be made to the financial report and the accompanying documentation.

For a general overview of the operating performance and the outlook for the current year, reference should be made to the 2018 Half-Year Report, approved by the Board of Directors on September 10, 2018 and available at the registered office, on the company website [www.giglio.org](http://www.giglio.org) and on the eMarket Storage authorised storage mechanism.

## **3. Means to execute the Reserved Share Capital Increase**

On exercise of the Reserved Faculty, the Board of Directors shall assess the most efficient technical means to execute the Reserved Share Capital Increase, taking account of market performances and the best interest of the company and of its shareholders.

In line with market practice, the technical means for execution of the Reserved Share Capital Increase which the Board of Directors may decide to undertake, includes the "accelerated bookbuilding" procedure consisting of private placement reserved for "*Qualifying Investors*" (as set out by Article 34-ter, paragraph 1, letter b) of the Issuers' Regulation) in Italy and institutional investors overseas, with express exclusion of countries where such is prohibited under law, without publication of a public offering and listing prospectus for the newly issued shares in accordance with the exemptions established by Article 34-ter, first paragraph, letter b) and Article 57, first paragraph, letter a) of the Issuers' Regulation.

## **4. Underwriting and/or placement consortium**

At the reporting date, no underwriting and/or placement consortiums, nor other forms of placement, have been established.

## **5. Share issue price**

The issue price of the shares from the Reserved Share Capital Increase shall be established by the Board of Directors on exercise of the Reserved Faculty, subject to the fact that this issue price should correspond to the related market value.

The correspondence between the issue price of the shares stemming from the Reserved Share Capital Increase and their market value should be confirmed by the report of an auditor or of an independent audit firm.

In exercising the Reserved Faculty, the Board of Directors shall calculate the portion of the issue price to be allocated as share capital and that however to be allocated to the share premium reserve, subject to the fact that the increase in the nominal value in the share capital may not be greater than 10% of the pre-existing share capital.

#### **6. Period for the execution of the Reserved Faculty and the Reserved Share Capital Increase**

It is proposed to establish the duration of the Reserved Faculty as the maximum legally permitted period of five years from the Shareholders' Meeting motion date and to establish that such may be exercised by the Board of Directors where considered beneficial and in line with the interests of the company, providing disclosure to the market according to the terms and means for each individual tranche of the share capital increase, once established by the Board of Directors.

The Reserved Share Capital Increase consists of a divisible share capital increase in accordance with Article 2439, paragraph 2 of the Civil Code and, therefore, may be partially or fully executed and subscribed, also in a number of tranches, as long as the directors are expressly authorised to issue new shares and that such are subscribed; therefore, partial subscriptions shall have immediate efficacy.

#### **7. Rights of the shares issued in execution of the Reserved Share Capital Increase**

The newly issued shares from the Reserved Share Capital Increase shall have the same rights as the ordinary company shares in circulation at the issue date of the new shares.

#### **8. By-Law changes**

The assignment of the Faculty concerning the Reserved Share Capital Increase, as described above, requires the amendment of Articles 6 of the By-Laws. For further details upon the By-Law amendments, reference should be made to that outlined in this report regarding point 4 of the agenda of the Extraordinary Shareholders' Meeting.



In light of that outlined above, we submit for your approval the following

**motion**

*“The Shareholders’ Meeting of Giglio Group S.p.A.,*

- *having examined the report of the Board of Directors, prepared in accordance with Article 125-ter of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments, and Article 72 of the Regulation adopted with Consob motion No. 11971 of May 14, 1999, as subsequently amended and supplemented;*
- *noting that the current subscribed share capital of Euro 3,208,050.00 has been fully paid-in, as confirmed by the Statutory Auditors;*

*approves*

1. *the assignment to the Board of Directors, in accordance with Article 2443 of the Civil Code, for a period of five years from today's Shareholders' Meeting motion, of the faculty to undertake a divisible paid-in share capital increase, with the exclusion of the pre-emption right, as per Article 2441, paragraph 4, second point, of the Civil Code, to a limit of 10% of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without indication of nominal value and with the same features as the ordinary shares in circulation, with full rights, to be offered to parties identified by the Board of Directors – including qualifying industrial and/or financial investors – on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm;*
2. *that the issue price of the conversion shares of the share capital increase (and the breakdown between share capital and share premium) is established by the Board of Directors on the condition they correspond to their market value and that such is confirmed by the report of an auditor or of an independent audit firm.*
3. *the conferment to the Board of Directors – and through it to its pro tempore legal representatives – and also individually, of all powers to execute the formalities required to ensure that the motions adopted are recorded to the companies register, accepting and introducing to such non-substantial amendments, additions or cancellations required by the competent authorities, in addition to any power required to execute the regulatory requirements stemming from the motions adopted.*

#### **Point 4 of the Extraordinary session agenda**

#### **Amendments to Article 6 of the By-Laws in accordance with the motions at points 2 and 3 of the Agenda. Resolutions thereon.**

Dear Shareholders,

the Board of Directors has called you, in an extraordinary session, to submit for your approval the proposal to amend Article 6 of the By-Laws, on the basis of the motions at points 2 and 3 of the agenda of the Shareholders' Meeting called for October 29, 2018.

As outlined above in this report, points 2 and 3 of the agenda provide for the assignment to the Board of Directors of the faculty to increase the share capital of the company in accordance with Article 2443 of the Civil Code. The stated article stipulates that this faculty may be assigned subsequent to the incorporation of the company through amendment of the By-Laws.

In accordance with that outlined above, the following table presents in the left column the current text of Article 6 of the By-Laws of the company and in the right column the proposed amendments in bold.

<b>Current text</b>	<b>Proposed text</b>
6.1 The share capital amounts to Euro 3,208,050.00 and comprises 16,040,250 shares without express nominal value.	[no change]
6.2 Each share assigns the right to one vote and is indivisible; co-ownership is governed by Article 2347 of the Civil Code.	[no change]
6.3 The shares are freely transferrable in accordance with law and may form the basis of liens, usufruct, sequestration.	[no change]
6.4 The shares are to bearer, indivisible and are subject to de-materialization as per the applicable regulations and are placed in the centralized management system for financial instruments, as per Article 83- <i>bis</i> and subsequent of Legislative Decree. No. 58 of February 24, 1998 (the "CFA).	[no change]

<p>6.5 The mere fact of being a shareholder shall constitute acceptance of these By-Laws.</p>	<p>[no change]</p>
<p>6.6 The share capital may be increased by Shareholders' Meeting motion, also through the issue of shares with rights differing from the ordinary shares and through differing monetary conferment, as permitted by law. In the case of share capital increases, approved by the Shareholders' Meeting, the rules and conditions relating to the issue of the new share capital and the date and the means for payment are established by the Board of Directors. In the event of a paid-in share capital increase, the pre-emption right may be excluded through shareholders' meeting motion or, in the case in which it has been delegated, by the Board of Directors, within the limits and in the manner established by Article 2441, paragraph four, point two of the civil code.</p>	<p>6.6 The share capital may be increased by Shareholders' Meeting motion, also through the issue of shares with rights differing from the ordinary shares and through differing monetary conferment, as permitted by law. In the case of share capital increases, approved by the Shareholders' Meeting, the rules and conditions relating to the issue of the new share capital and the date and the means for payment are established by the Board of Directors. In the event of a paid-in share capital increase, the pre-emption right may be excluded through shareholders' meeting motion or, in the case in which it has been delegated, by the Board of Directors, within the limits and in the manner established by Article 2441, <b>paragraph 4, point one and two, paragraph 5 and paragraph 8 of the civil code.</b></p>
<p>6.7 The Shareholders' Meeting may assign to the Director the faculty to increase on one or more occasions the share capital as per Article 2443 of the Civil Code.</p>	<p>[no change]</p>
<p>6.8 The Shareholders' Meeting may reduce the share capital in accordance with law.</p>	<p>[no change]</p>
	<p><b>6.9</b> On October 29, 2018, the Extraordinary Shareholders' Meeting assigned to the Board of Directors, in accordance with Article 2443 of the Civil Code, for a period of five years from the date of the Shareholders' Meeting motion, the faculty to increase the divisible paid-in share capital, with exclusion of the pre-emption right as per Article 2441, paragraph 8 and - as far as applicable - paragraph 5 of the Civil</p>

	<p>Code, as per Article 2439, paragraph 2 of the Civil Code, for a maximum nominal amount of Euro 138,000, through the issue, including in a number of tranches, of a maximum 690,000 ordinary shares, without nominal value and with the same features as the ordinary shares in circulation at the issue date, with full rights, to be offered for subscription to beneficiaries of the "2018-2021 Stock Option Plan", approved by the Ordinary Shareholders' Meeting of October 29, 2018. In accordance with Article 2439, paragraph 2 of the Civil Code, where not fully subscribed by the deadline established by the Board of Directors, the share capital will be increased by an amount equal to the subscriptions made.</p>
	<p><b>6.10</b> On October 29, 2018, the Shareholders' Meeting assigned to the Board of Directors, in accordance with Article 2443 of the Civil Code, for a period of five years from the Shareholders' Meeting motion, the faculty to undertake a divisible paid-in share capital increase, with the exclusion of the pre-emption right, as per Article 2441, paragraph 4, second point, of the Civil Code, to a limit of 10% of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without indication of nominal value and with the same features as the ordinary shares in circulation, with full rights, to be offered to parties identified by the Board of Directors - including qualifying industrial and/or financial investors - on the condition that the share issue price corresponds to the market value, as confirmed by a</p>

	specific report by an auditor or an independent audit firm.
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The By-Law amendments proposed do not permit shareholders in disagreement with the relative motion to withdraw in accordance with Article 2437 of the Civil Code.

Therefore, subject to approval by the Shareholders' Meeting of the motions as per points 2 and 3 of the agenda, we submit for your approval the following

**motion**

*"The Shareholders' Meeting of Giglio Group S.p.A.,*

- *noting the motions of today's Shareholders' Meeting approving the assignment to the Board of Directors of the faculty to increase the share capital in accordance with Article 2443 of the Civil Code;*
- *having examined the report of the Board of Directors, prepared in accordance with Article 125-ter of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments;*

*approves*

*1. the amendment of the current By-Laws:*

- a. replacing at the end of paragraph 6.6 of the By-Laws the words "paragraph 4, first and second points, paragraph 5 and paragraph 8 of the Civil Code" with the words "paragraph 4, second point of the Civil Code"; this paragraph shall therefore appear as follows:*

*"The share capital may be increased by Shareholders' Meeting motion, also through the issue of shares with rights differing from the ordinary shares and through differing monetary conferment, as permitted by law. In the case of share capital increases, approved by the Shareholders' Meeting, the rules and conditions relating to the issue of the new share capital and the date and the means for payment are established by the Board of Directors. In the event of a paid-in share capital increase, the pre-emption right may be excluded through shareholders' meeting motion or, in the case in which it has been delegated, by the Board of Directors, within the limits and in the manner established by Article 2441, **paragraph four, point one and two, paragraph 5 and paragraph 8 of the civil code.**"*

- b. *inserting after paragraph 6.8 of Article 6 of the By-Laws, the following new paragraph 6.9:*

*“On October 29, 2018, the Extraordinary Shareholders' Meeting assigned to the Board of Directors, in accordance with Article 2443 of the Civil Code, for a period of five years from the date of the Shareholders' Meeting motion, the faculty to increase the divisible paid-in share capital, with exclusion of the pre-emption right as per Article 2441, paragraph 8 and – as far as applicable – paragraph 5 of the Civil Code, as per Article 2439, paragraph 2 of the Civil Code, for a maximum nominal amount of Euro 138,000, through the issue, including in a number of tranches, of a maximum 690,000 ordinary shares, without nominal value and with the same features as the ordinary shares in circulation at the issue date, with full rights, to be offered for subscription to beneficiaries of the “2018–2021 Stock Option Plan”, approved by the Ordinary Shareholders' Meeting of October 29, 2018. In accordance with Article 2439, paragraph 2 of the Civil Code, where not fully subscribed by the deadline established by the Board of Directors, the share capital will be increased by an amount equal to the subscriptions made.”*

- c. *inserting after paragraph 6.9 of Article 6 of the By-Laws, as per the previous point b, the following new paragraph 6.10:*

*“On October 29, 2018, the Shareholders' Meeting assigned to the Board of Directors, in accordance with Article 2443 of the Civil Code, for a period of five years from the Shareholders' Meeting motion, the faculty to undertake a divisible paid-in share capital increase, with the exclusion of the pre-emption right, as per Article 2441, paragraph 4, second point, of the Civil Code, to a limit of 10% of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without indication of nominal value and with the same features as the ordinary shares in circulation, with full rights, to be offered to parties identified by the Board of Directors – including qualifying industrial and/or financial investors – on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm.”*

*with the remainder of Article 6 of the By-Laws remaining unchanged;*

2. *the conferment to the Board of Directors – and through it to its legal representatives – including separately, all powers necessary to:*
- a. *to make as required to Article 6 of the By-Laws the changes required following the approval, execution and completion of the individual tranches of the delegated share capital increases stated above, ensuring for such purposes the undertaking of all requirements and publications required by law;*
  - b. *to undertake all formalities required to ensure that the motions adopted are recorded to the companies register, accepting and introducing to such non-substantial amendments, additions or cancellations required by the competent authorities, in addition to any*

*power required to execute the regulatory requirements stemming from the motions adopted."*

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Milan, September 28, 2018

For the Board of Directors

The Chairman of the Board of Directors and the Chief Executive Officer

Mr. Alessandro Giglio