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Oggetto : Notice of Extraordinary and Ordinary
General Meeting of the Shareholders

Testo del comunicato

Vedi allegato.

Notice of Extraordinary and Ordinary General Meeting of the Shareholders

Milan, 29 July 2022 – The Board of Directors of CIR S.p.A. – Compagnie Industriali Riunite (“CIR” or the “Company”), which met today in Milan under the chairmanship of Rodolfo De Benedetti, resolved to call an extraordinary and ordinary General Meeting of the Shareholders for 12 September 2022, at 10:00 am, at a single call, with the following Agenda:

Extraordinary Part

1. Cancellation of 170,000,000 treasury shares currently owned by the company without a corresponding share capital reduction. Amendment to Art. 4.1 of the Company Bylaws. Resolutions pertaining to and resulting from the same.
2. Reduction of the share capital pursuant to Art. 2445 of the Civil Code by posting to reserves an amount of euro 218,603,657 and thus from the current euro 638,603,657 to 420,000,000, without the cancellation of shares, with the aim of making the capital structure of the company more flexible. Amendment of Art. 4.1 of the Company Bylaws. Resolutions pertaining to and resulting from the same.

Ordinary Part

1. Authorization to buy back treasury shares subject to the revocation of the previous and related authorization to dispose of the same treasury shares.

The Board of Directors also approved the explanatory reports pursuant to Art. 125-ter of D. Lgs. no. 58 of 24 February 1998, as subsequently amended and supplemented, and to Art. 72, paragraph 1-bis, of Consob Regulation no. 11971 of 14 May 1999, as subsequently amended.

Extraordinary Part

As regards the **first item on the Agenda of the Extraordinary General Meeting of the Shareholders**, it is proposed that 170,000,000 treasury shares currently owned by the Company, representing 13.31% of the share capital be cancelled. The cancellation would be carried out without any share capital reduction given that the shares representing the Company’s share capital have no indication of a nominal value.

From an accounting point of view, if deliberated, the cancellation of the treasury shares would not have any effects on the economic result and would not cause any change in the total value of shareholders’ equity, but would lead to an increase in the implicit value of the shares that have not been cancelled. Indeed, from an accounting point of view, there would be a reduction

CIR Group contacts:

Press Office

Mariella Speciale
infostampa@cirgroup.com

Investor Relations

Michele Caviglioli
Pietro Landenna
ir@cirgroup.com

Corporate Secretariat

Pietro La Placa
Flavia Torriglia
segreteria societaria@cirgroup.com

Ph: +39 02 722701
cirgroup.it

of the own shares in the portfolio and a corresponding reduction of an equal amount in the treasury share reserve.

Following the cancellation of 170,000,000 treasury shares, on the basis of the treasury shares owned by the Company as of 28 July 2022, the Company would have a remaining number of 20,164,977 treasury shares, representing 1.82% of the number of shares that make up the share capital. The residual treasury shares would be sufficient to fulfil the obligations resulting from the current programs of assignment of shares in the Company to employees, members of the Boards of Directors of CIR and its subsidiaries, in line with the purposes of the authorization to buyback and/or dispose treasury shares approved by the Ordinary General Meeting of the Shareholders held on April 29 2022.

As regards the rationale, the operation is proposed because the number of treasury shares currently owned by the Company is close to the threshold established by Art. 2357, paragraph 3, of the Civil Code of one fifth of the share capital, and thus the Company's flexibility to buy back more treasury shares is limited vis-à-vis its shareholders' equity and its free cash flow. Moreover, for the moment there are no plans for the own shares in question to be used for extraordinary capital transactions.

If the transaction is effected it will entail the amendment of Article 4.1 of the Bylaws to reflect the new number of shares making up the share capital.

Lastly, it should be noted that:

- > For the proposed resolution to take effect, it must be registered in the Register of Companies pursuant to Art. 2436, paragraph 5, of the Civil Code;
- > The envisaged amendment to the Bylaws does not refer to any of the circumstances that allow the shareholders to exercise the right of withdrawal pursuant to Art. 2437 of the Civil Code.

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As regards the **second item on the Agenda of the Extraordinary General Meeting of the Shareholders**, the proposed transaction consists of the following:

- > A reduction of the share capital of Euro 218,603,657, from Euro 638,603,657 to Euro 420,000,000;
- > A concurrent increase of the same amount, Euro 218,603,657, of the available reserves, which considering their value at 30 June 2022, would rise from Euro 16,472,719 to Euro 235,076,376.

Therefore, at the time when this operation is carried out the amount of shareholders' equity would not change as only the qualitative nature of the same would change. Furthermore, as the Company's shares have no nominal value indication, the proposed capital reduction involves no cancellation of shares, or change in their intrinsic patrimonial value.

As for the rationale, the transaction is being put forward because the current situation makes it impossible to continue the distribution policy, either in terms of dividends and/or the buyback of shares, that the Company has adopted in the past, except within the limits of its net income

for the year and thus the distributable reserves that may be generated in the future. The operation in question has, therefore, the aim of reconstituting a certain amount of available reserves for the Company, in order to give it in the future greater flexibility in the use of the group's available financial resources not used for operational purposes and/or to service the operations of its investors. In particular, as an effect of the operation, such resources could be used even to approve possible dividend distributions or the buyback of shares. On the other hand, without the transaction any such decisions would not be easily pursuable precisely because of the current composition of equity, in which distributable reserves have reached a very minimal level.

The operation would not involve any immediate outflow of resources from the Company's capital.

It would rather form a basis to enable the Company to arrange such outflows at any time in the light of sustainability analyses that would be carried out from time to time by CIR's Board of Directors on the basis of the information updated at that time, and after having considered a series of elements – such as the situation of the group and of the companies in the group, their business plans, the strategic options available – as a whole in order that a conscious decision can be taken that is consistent with the strategic and financial framework of the company and of the markets.

The decision to reduce the share capital and increase available reserves is consistent with other such operations effected in our country by various companies in the last few years for similar reasons and a similar rationale as those on which this proposed operation rests.

Implementation of the operation will involve an amendment to Article 4.1 of the Company Bylaws to reflect the new amount of share capital, which would stand at Euro 420,000,000 after the voluntary capital reduction has been put in place. Article 4.1 of the Bylaws would therefore be reformulated to this effect without prejudice to any further amendments proposed in item 1 of the Agenda of the Extraordinary General Meeting of the Shareholders which – when actually approved and then registered in the Register of Companies – will amend Art. 4.1 in the part relating to the number of shares into which the Company's capital is divided.

Lastly, it should be noted that:

- > although the capital reduction does not involve any repayment of capital to the shareholders, we believe that, in compliance with the prevailing legal and juridical opinion on the matter, Art. 2445 of the Civil Code is applicable. This article states that the capital reduction can be effected only 90 days after the date on which it is recorded in the register of companies even if it does not involve any repayment of capital to the shareholders, provided that no creditor of the company from prior to the registration has presented opposition to the same;
- > The proposed amendment to the Bylaws does not involve any of the circumstances under which the shareholders can exercise the right of withdrawal as per the terms of Art. 2437 of the Civil Code.

Ordinary Part

As regards the **sole item on the Agenda of the Ordinary General Meeting of the Shareholders**, the proposal is for the cancellation (of the part not utilized) and renewal of the authorization of the same Board of Directors, in the light of the rules stated in Articles 2357 and following articles of the Civil Code, of Art. 32 of D.Lgs no. 58/98 (the “TUF”), of Art. 144-bis of CONSOB Resolution no. 11971/1999, of EU Regulation no. 596/2014 (the “MAR”), of EU Delegated Regulation no. 2016/1052, of Consob Resolution no. 20876 of April 3 2019 and Consob Guidelines of July 2019, for a period of 18 months to buy back a maximum of 220.000.000 of its own shares at a unit price that cannot be more than 15% higher or lower than the benchmark price recorded by the shares on regulated markets on the trading day preceding each single buyback transaction or preceding the date on which the price is fixed in the event of purchases made in accordance with the procedures stated in points (i), (iii) and (iv) of the following paragraph. In any case, when the shares are bought back with orders placed in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market, in compliance with Art. 3 of EU Delegated Regulation no. 2016/1052.

The buyback must take place in the market, in compliance with the terms of Art. 132 of the TUF and with the terms of the law or the regulations in force at the moment of the transaction and more precisely *(i)* through a public tender offer to buy or exchange shares; *(ii)* on regulated markets following operating procedures established in the rules for organizing and managing the said markets, which do not allow bids and offers to be matched directly; *(iii)* through the assignment pro-rata of put options to the shareholders to be assigned within 15 months of the date of the AGM resolution authorizing the same with exercise within 18 months of the same resolution; *(iv)* through the purchase and sale of derivative instruments traded on regulated markets that involve physical delivery of the underlying shares in compliance with the further provisions contained in Art. 144-bis of the Rules for Issuers issued by Consob, and as per the terms of Articles 5 and 13 of the MAR.

The maximum number of treasury shares that the Company is holding at any one time as an effect of deals regarding own shares held in the portfolio will in any case be limited to 20% of the total number comprising the share capital, in compliance with the terms of Art. 2357, paragraph 3, of the Civil Code.

Purchases and collocation of treasury shares must be made in accordance with the terms of Art. 5 of the Regulations and the Delegated Regulation, where applicable.

As regards the disposal (alienation) of own shares, the resolution put forward would give the Board of Directors the right to establish from time to time, in compliance with the rules applicable and/or recognized market practice at any one time, the criteria to be used for establishing the price of the same, taking into account the realization procedures to be followed, the trend of the share price in the period preceding the transaction and the best interests of the Company.

The main reasons why this authorization is being renewed are the following: *(a)* to fulfil obligations resulting from possible stock option plans or other awards of shares of the Company to employees or members of the Board of Directors of CIR or its subsidiaries, or to fulfil any obligations resulting from debt instruments that are convertible into or exchangeable with equity instruments; *(b)* to have a portfolio of own shares to use as consideration for any extraordinary transactions, even those involving an exchange of shareholdings, with other parties within the scope of transactions of interest to the Company (a so-called “stock of securities”); *(c)* to engage in action to support market liquidity, optimize the capital structure and remunerate shareholders in particular market conditions, all within the limits established by current rules and regulations; *(d)* to take advantage of opportunities for creating value, as well as investing liquidity efficiently in relation to the market trend; *(e)* for any other purpose qualified by the competent Authorities as admitted market practice in accordance with applicable European and domestic rules, and with the procedures established therein.

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The notice of the General Meeting of the Shareholders and the above reports illustrating the items on the Agenda will be made available to the public following the procedures and within the time limits laid down by law and by regulations applicable.

Fine Comunicato n.0097-68

Numero di Pagine: 7