THE ITALIAN SEA GROUP S.P.A.

registered office in Marina di Carrara, Carrara (MS), Viale C. Colombo, 4bis

Share capital Euro 26,500,000.00 fully subscribed and paid up

Registered in the Companies Register of North-West Tuscany, registration number and Tax Code 00096320452

Explanatory Report of the Board of Directors on the first item on the Agenda of the Extraordinary Shareholders' Meeting convened for 1 July 2024 in a single call.

(drafted pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code and Articles 125-*ter* and 158 of Italian Legislative Decree no. 58/98 and Article 72 and Annex 3A of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999)

This document is an English courtesy translation from Italian. The Italian original shall prevail in case of differences in interpretation and/or factual errors.

1. Proposal to increase the share capital with exclusion of the option right, pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code, for a maximum nominal amount of Euro 795,000, plus any share premium, subject to the revocation of the resolution to increase the share capital to service the "Long Term Incentive Plan 2026-2028", adopted by the Shareholders' Meeting on 18 February 2021, through the issue of a maximum of 1,590,000 new ordinary shares without any indication of par value to service a stock option plan; related and consequent resolutions.

Dear Shareholders,

This report (the "**Report**") has been drafted pursuant to Article 2441, paragraph 6 of the Italian Civil Code and Articles 125-*ter* and 158 of Italian Legislative Decree no. no. 58 of 24 February 1998 ("**Italian Consolidated Law on Finance**"), and Article 72 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999 ("**Issuers' Regulation**") and in accordance with schedule no. 2 of Annex 3A to the Issuers' Regulation.

This Report was approved by the Board of Directors of The Italian Sea Group S.p.A. ("**TISG**" or the "**Company**") at its meeting of 15 May 2024 and is made available to the public, within the terms of the law and regulations, at the Company's registered office, on the Company's website www.investor.theitalianseagroup.com, "*Corporate Governance*"/"*Annual General Meeting*" section, as well as on the "eMarket Storage" mechanism, available at www.emarketstorage.com.

** ** **

TISG's Board of Directors held on 15 May 2024 resolved, *inter alia*, to submit for your approval the proposal for a share capital increase, in a divisible manner and against payment, with exclusion of the option right, pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code, subject to revocation of the resolution to increase the share capital to service the "Long Term Incentive Plan 2026-2028", adopted by the Shareholders' Meeting on 18 February 2021, for a maximum nominal amount of Euro 795,000, plus any share premium, by issuing, even in several tranches, a maximum of 1,590,000 newly-issued ordinary shares, without any express par value, having the same characteristics as those already outstanding, with regular dividend entitlement; this is to service a stock option plan whose guidelines will be approved in the ordinary part by the convened Shareholders' Meeting and thus reserved for executive directors, general managers, key management personnel and employees with permanent employment contracts of the Company and its subsidiaries pursuant to Article 93 of the Italian Consolidated Law on Finance, at an issue price per share equal, for each cycle of the plan, to the weighted average of the official closing prices recorded by the TISG stock on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., in the 90 calendar days preceding the publication date of the notice of call of the Shareholders' Meeting, for approval of the financial statements, prior to the allocation date of the options, to be subscribed by the final subscription deadline pursuant to Article 2439, paragraph 2 of the Italian Civil Code, identified as 31 December 2029 (the "**Capital Increase**").

This report must therefore be drafted in order to illustrate (i) the proposed resolution of the Board of Directors, as well as (ii) the reasons for the Capital Increase, (iii) the criteria that will be used by the Board of Directors for determining the issue price of the respective shares, and (iv) the reasons for excluding the option right.

1 Reasons for and allocation of the Capital Increase

The Capital Increase submitted for the approval of the extraordinary Shareholders' Meeting of the Company is aimed at creating a set of ordinary shares to execute a new stock option plan (the "**Stock Option Plan**") reserved to executive directors, general managers, key management personnel and employees with permanent employment contracts of the Company and its subsidiaries pursuant to Article 93 of the Italian Consolidated Law on Finance (the "**Beneficiaries**").

The resolution on the share capital increase to service the "Long Term Incentive Plan 2026-2028", adopted by the Shareholders' Meeting on 18 February 2021, which has never been implemented, must be revoked in order to redetermine the criteria for identifying the issue price of the shares to be issued to service the Stock Option Plan.

The Stock Option Plan, which will replace the incentive plan currently in force, as approved by the Company's Shareholders' Meeting on 27 April 2023, provides for a maximum of 1,590,000 options to be allocated to the Beneficiaries, giving the holder the right to subscribe newly-issued shares, deriving from the Capital Increase, or to purchase treasury shares in the Company's portfolio, at the rate of one ordinary share for each option.

The reasons that led the Board of Directors to propose to you the adoption of the Stock Option Plan lie in the need to offer to the Beneficiaries a variable remuneration system that facilitates: (i) the connection of their remuneration to the achievement of performance objectives, aligning the interests of the Beneficiaries to the priority objective of creating value in the medium-long term for the Company's shareholders; and (ii) the encouragement of retention by providing incentives to remain with the Company, thus supporting the continuity and sustainability of medium-long term success.

Therefore, it is necessary to approve the Capital Increase to service the Stock Option Plan.

For further details on the proposal to adopt the Stock Option Plan, please refer to the explanatory report drafted pursuant to Articles 114-*bis* and 125-*ter* of the Italian Consolidated Law on Finance and the information document on the plan itself, drafted pursuant to Article 84-*bis* of the Issuers' Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999 as amended and supplemented (the "**Issuers' Regulation**"), made available to the public within the terms of the law and available on the Company's website at www.investor.theitalianseagroup.com, "*Corporate Governance*"/"*Annual General Meeting*" section.

2 Reasons for excluding the option right pursuant to Article 2441, paragraph 6 of the Italian Civil Code.

The Capital Increase provides for the exclusion of the option right pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code, since the newly-issued shares are exclusively intended for Beneficiaries of the Stock Option Plan, for details of which refer to the directors' explanatory report on the first item on the agenda of the Shareholders' Meeting, part in ordinary session, convened for 1 July 2024 drafted pursuant to Articles 114-*bis* and 125-*ter* of the Italian Consolidated Law on Finance and the information document drafted pursuant to Article 84-*bis* of the Regulation adopted by Consob with resolution 11971 of 14 May 1999 and in accordance with Annex 3A, schedule no. 7 to that regulation, available on the Company's website at www.investor.theitalianseagroup.com, "*Corporate Governance*"/"*Annual General Meeting"* section, as well as on the authorised storage mechanism "eMarket Storage" at www.emarketstorage.it.

In fact, the exclusion of the option right is justified on the basis of the purpose of the capital increase transaction, which is to service the Stock Option Plan. These plans, according to best market practices adopted by listed companies nationally and internationally, are in fact an effective incentive and retention tool for individuals in key roles and for employees to maintain and improve performances, as well as to contribute to and increase the growth and success of companies.

Therefore, the Board of Directors considers the above reasons sufficient to justify the exclusion of the option right pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code.

The adoption of share-based remuneration plans is also in line with the recommendations of the Corporate Governance Code for listed companies, which states that share-based remuneration plans for executive directors and top management provide incentives to align with shareholders' interests over the long term.

3 Criteria for determining the price, and consideration by the Board of Directors as to whether the issue price of the new shares corresponds to the market value

In order to provide a strike price of the options corresponding to the market value of the shares, the Company's Board of Directors proposes to the Shareholders' Meeting, as a criterion for determining the price of the shares to be issued with the Capital Increase, the weighted average of the official closing prices recorded by TISG's shares on Euronext Milan in the 90 calendar days preceding the publication date of the notice of call of the Shareholders' Meeting, for approval of the financial statements, prior to the allocation date of the options for each cycle. In application of this criterion, the Board of Directors shall determine the exercise price of the options in each cycle of the Stock Option Plan.

The criterion for the determination of the price described above has been identified in order to express a share price which reflects a high level of alignment with the results of the fiscal year prior to the allocation date of the options, and on which the performance parameters determining the number of shares which may be subscribed or purchased by any Beneficiary are calculated. Indeed, in the 90 days preceding the publication date of the notice of call of the Shareholders' Meeting, the reliability and accuracy of the market consensus are supported by the publication of the preliminary results as of 31 December of the fiscal year prior to the allocation date of the options and the draft financial statements of results as of 31 December. Furthermore, in case a longer period of price reporting should be considered, time periods preceding the closing of the Company's financial year should be taken into account, or time intervals in which, even in view of the Company's communication policy, the stock price could not reflect expectations related to results, communicate preliminary results, and the data reported in the draft financial statements and/or the consolidated financial statements approved in the meantime. Therefore, it is believed that, by adopting such reporting period, the subscription value of the shares by the Beneficiaries would be based on a stock price which reflects the market's reactions to the official results of the fiscal year prior to the allocation date of the option.

The reference to the weight of the reported closing prices is aimed at considering, in the determination of the strike price, the relevancy – in terms of volumes of shares traded – of the closing price in each day of trading. Such determination criterion ensures that the calculated price reflects the effective trading volumes recorded on the stock in the reference period, avoiding to overweight the closing values on days with low trading volumes.

In order to give evidence of the values taken into account for the evaluation of the reporting period of the strike price, the following table shows the weighted averages of closing price of the TISG stock recorded in the 30, 60, and 90 days prior to 28 March 2024:

Weighted average	Euro 10.13	Euro 10.17	Euro 9.84
Timeframe	30 days	60 days	90 days

** the 90 days have been calculated from 29 December 2023 to 28 March 2024*

The table shows how the fluctuations in the weighted average of the stock prices with the variation of the timeframe observed are extremely limited. Therefore, the Company opted for a larger timeframe, in order to sterilise any market volatility, although limited.

In this regard, the Board of Directors forwarded the Report to the auditing firm BDO Italia S.p.A., asking them to issue the report containing the opinion on the fairness of the criteria used to determine the issue price, which will be filed at the Company's registered office and made available to the public on the website www.investor.theitalianseagroup.com, "*Corporate Governance*"/"*Annual General Meeting*" section, as well as on the authorised storage mechanism EMarket Storage, within the terms established by law.

4 Amendments to the Articles of Association

The transaction involving the Capital Increase as described above will entail the amendment of Article 6.9 – which will become Article 6.22 following the approval of the statutory amendments of the next item on the agenda of the forthcoming Shareholders' Meeting – of the Articles of Association.

The proposed amendment to the text of the aforementioned Article of the Articles of Association is illustrated below.

CURRENT TEXT	PROPOSED TEXT
6.9 The extraordinary Shareholders' Meeting held on 18 February 2021 resolved: (a) to increase the share capital, in a divisible manner, against payment, by issuing a maximum number of ordinary shares of the Company without indication of par value, with regular dividend entitlement, not exceeding 3.65% (three point sixty-five per cent) of the total number of shares outstanding at the trading start date, with the exclusion of the option right pursuant to Article 2441, paragraphs 5, 6 and/or 8 of the Italian Civil Code, to be executed one or more times, for a maximum nominal amount - in compliance, however, with the aforementioned maximum percentage - of Euro 1,000,000.00 (one million), plus any share premium, through the issue of a maximum 2,000,000.00 (two million) ordinary shares without indication of par value, post-split and with regular dividend entitlement, to be allocated to the beneficiaries of the stock option plan, the guidelines for which were approved by the ordinary Shareholders' Meeting on the same	6.9 The extraordinary Shareholders' Meeting on ~~**18 February 2021**~~ **1 July 2024** resolved: (a) to ~~**further**~~ increase the share capital, against payment and in a divisible manner~~**, by issuing a maximum number of the Company's ordinary shares without indication of par value, with regular dividend entitlement, not exceeding 3.65% (three point sixty-five per cent) of the total number of shares existing at the trading start date**~~, excluding the option right pursuant to Article 2441, paragraphs 5, 6 and/~~**or**~~ 8 of the Italian Civil Code, to be executed one or more times, for a maximum nominal amount ~~**– in compliance, however, with the maximum percentage mentioned above - of Euro 1,000,000.00 (one million), plus any share premium, through the issue of a maximum of 2,000,000 (two million)**~~ **<u>of Euro 795,000.00 (seven hundred and ninety-five thousand), plus any share premium, through the issue of a maximum of 1,590,000 (one million five hundred and ninety thousand)</u>** ordinary shares without indication

date and therefore reserved for executive directors, general managers, key management personnel and employees with a permanent employment contract with the Company and its subsidiaries, even in future, and generally anyone who collaborates in the growth and development of the Company, at an issue price for each share equal to the placement price of the Company's Shares on the MTA. If the increase is not fully implemented by the final subscription deadline pursuant to Article 2439, paragraph 2 of the Italian Civil Code, identified as 31 December 2031, the capital shall be deemed to be increased by an amount equal to the subscriptions collected and as of the date thereof, provided that such subscriptions are after the date on which the relevant resolution has been filed with the Companies Register; (b) to grant a mandate to the Board of Directors in office, with the right to sub-delegate to the Chair and to the Chief Executive Officer severally, within the limits permitted by law, to execute the above-mentioned share capital increase, granting to the same the power to determine the timing, methods, terms and conditions of the increase, including the power to identify the related recipients, within the above-mentioned categories, making any proper allocation and, if necessary, setting a quota, determining the precise number of shares to be issued, and the terms and duration of any lock-up commitments of the newly-issued shares, in the interest of the Company.	of par value~~, post-split,~~ and with regular dividend entitlement**, having the same characteristics as the ordinary shares outstanding on the issue date,** to be allocated to the beneficiaries of the stock option plan, approved by the ordinary Shareholders' Meeting on the same date and thus reserved for executive directors, general managers, key management personnel and employees with permanent employment contracts of the Company and its subsidiaries, ~~even in future, and in general anyone who collaborates in the growth and development of the Company,~~ at an issue price per share equal, for each cycle of the plan, **to the weighted average of the closing prices recorded by the TISG stock on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., in the 90 calendar days preceding the publication date of the notice of call of the Shareholders' Meeting, for approval of the financial statements, prior to the allocation date of the options of each cycle** ~~at the placement price of the Company's Shares on the MTA~~. If the increase is not fully ~~implemented~~ **subscribed** by the final subscription deadline *pursuant to* Article 2439, paragraph 2 of the Italian Civil Code, identified as **31 December 2029** ~~December 2031~~, the capital shall be deemed to be increased by an amount equal to the subscriptions collected and as of the date thereof, provided that such subscriptions are after the date on which the relevant resolution has been filed with the Companies Register; (b) to confer ~~grant a mandate~~ to the Board of Directors *pro tempore* in office, with the right to sub-delegate ~~to the Chair and~~ to the Chief Executive Officer ~~severally, within the limits allowed by law~~, **any power necessary**

	or even appropriate to implement ~~to implement~~ the resolved share capital increase ~~**conferring on the same the power to determine the timing, terms and conditions of the increase, including the power to identify the relevant recipients, within the above-mentioned categories, making any proper allocation and, if necessary, setting a quota, determining the precise number of shares to be issued, the terms and duration of any *lock up* commitments of the newly-issued shares, in the interest of the Company.**~~ **including the power to *(i)* determine the timing, terms and conditions of the increase, *(ii)* determine the time of allocation of the subscription rights, taking into account the period in which they may be exercised, and *(iii)* identify by name the individual beneficiaries, within the indicated categories, at the proposal of the Appointments and Remuneration Committee or the Chief Executive Officer, having consulted the Board of Statutory Auditors, and the quantity of options to be allocated to them.**

This proposal to amend the Articles of Association does not give rise to the right of withdrawal pursuant to Article 2437 of the Italian Civil Code for shareholders who did not take part in the resolution that is the subject of this Explanatory Report, as none of the cases provided for by the aforementioned provision apply.

5 Proposed resolution

Dear Shareholders,

For the reasons outlined above, the Board of Directors proposes that you pass the following resolution:

"*The Shareholders' Meeting of The Italian Sea Group S.p.A., in extraordinary session,*

– *having acknowledged the explanatory report of the Board of Directors;*

– *having taken into account the opinion issued by BDO Italia S.p.A. on the fairness of the issue price;*

– *having acknowledged that the currently subscribed share capital of Euro 26,500,000.00 is fully paid up, as confirmed by the Board of Statutory Auditors,*

RESOLVES

1 to revoke the resolution to increase the share capital, in a divisible manner, against payment, through the issue of a maximum number of ordinary shares without indication of par value, with regular dividend entitlement, not exceeding 3.65% of the total number of shares existing at the trading start date, with the exclusion of the option right pursuant to Article 2441, paragraphs 5, 6 and/or paragraph 8 of the Italian Civil Code, to be executed one or more times, for a maximum nominal amount – in compliance, however, with the maximum percentage mentioned above – of Euro 1,000,000, plus any share premium, through the issue of a maximum of 2,000,000 ordinary shares without indication of par value, post-split, and with regular dividend entitlement, adopted by the Shareholders' Meeting on 18 February 2021;

2 to increase the share capital, against payment and in a divisible manner, excluding the option right pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code, to be executed one or more times, for a maximum nominal amount of Euro 795,000.00 (sevenhundred ninetyfivethousand.00), plus any share premium, through the issue of a maximum of 1,590,000 (one millionfivehundredninetythousand) ordinary shares without indication of par value and with regular dividend entitlement, having the same characteristics as the ordinary shares outstanding on the issue date, to be allocated to the beneficiaries of the stock option plan, approved by the Ordinary Shareholders' Meeting on the same date and therefore reserved for executive directors, general managers, key management personnel and employees with permanent employment contracts of the Company and its subsidiaries, at an issue price per share equal, for each cycle of the plan, to the weighted average of the official prices recorded by the TISG stock on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., in the 90 calendar days preceding the publication date of the notice of call of the Shareholders' Meeting, for approval of the financial statements, prior to the allocation date of the options for each cycle.

If the increase is not fully subscribed by the final subscription deadline pursuant to Article 2439, paragraph 2 of the Italian Civil Code, identified as 31 January 2030, the share capital shall be deemed to be increased by an amount equal to the subscriptions collected and as of the date of the same, provided that such subscriptions are after the date on which the relevant resolution has been filed with the Companies Register.

3 to grant the Board of Directors pro tempore in office, with the power to sub-delegate to the Chief Executive Officer, all powers necessary or even only appropriate to execute this resolution, including the power to (i) determine the timing, terms and conditions of the increase, (ii) determine *the time of allocation of the subscription rights, taking into account the period in which they may be exercised, and (iii) identify by name the individual beneficiaries, within the indicated categories, upon the proposal of the Appointments and Remuneration Committee or the Chief Executive Officer, having consulted the Board of Statutory Auditors, and the quantity of options to be allocated to them.*

4 consequently to the resolutions passed in the preceding points, to amend Article 6.9 of the Articles of Association as follows:

"The extraordinary Shareholders' Meeting on 1 July 2024 resolved:

(a) to increase the share capital, against payment and in a divisible manner, excluding the option right pursuant to Article 2441, paragraphs 5, 6 and 8 of the Italian Civil Code, to be executed one or more times, for a maximum nominal amount of Euro 795,000.00 (sevenhundred ninetyfivethousand.00), plus any share premium, through the issue of a maximum of 1,590,000 (one millionfivehundredninetythousand) ordinary shares without indication of par value and with regular dividend entitlement, having the same characteristics as the ordinary shares outstanding on the issue date, to be allocated to the beneficiaries of the stock option plan approved by the ordinary Shareholders' Meeting on the same date and thus reserved for executive directors, general managers, key management personnel and employees with permanent employment contracts of the Company and its subsidiaries, at an issue price per share equal, for each cycle of the plan, to the weighted average of the official closing prices recorded by the TISG stock on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., in the 90 calendar days preceding the publication date of the notice of call of the Shareholders' Meeting, for approval of the financial statements, prior to the allocation date of the options for each cycle.

If the increase is not fully subscribed by the final subscription deadline pursuant to Article 2439, paragraph 2 of the Italian Civil Code, identified as 31 December 2029, the share capital shall be deemed to be increased by an amount equal to the subscriptions collected and as of the date of the same, provided that such subscriptions are after the date on which the relevant resolution has been filed with the Companies Register;

(b) to grant the Board of Directors pro tempore in office, with the power to sub-delegate to the Chief Executive Officer, any power necessary or even only appropriate to execute the resolved capital increase, including the power to (i) determine the timing, terms and conditions of the increase, (ii) determine the time of allocation of the subscription rights, taking into account the period in which they may be exercised, and (iii) identify by name the individual beneficiaries, within the indicated categories, at the proposal of the Appointments and Remuneration Committee or the Chief Executive Officer, having consulted the Board of Statutory Auditors, and the quantity of options to be allocated to them."

Marina di Carrara, Carrara (MS), 15 May 2024

The Chair of the Board of Directors

(Filippo Menchelli)

The Italian Sea Group S.p.A.

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