



**EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS
OF SECO S.P.A.
ON POINT 1) OF THE AGENDA
OF THE ORDINARY SHAREHOLDERS'
MEETING CALLED FOR DECEMBER 16TH, 2024
IN SINGLE CALL**

drafted pursuant to Article 114-*bis* and Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998, as amended

Explanatory report of the Board of Directors of SECO S.p.A. drafted pursuant to Article 114-bis and Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as amended

Dear Shareholders,

the Board of Directors of SECO S.p.A. (hereinafter, "**SECO**", the "**Issuer**", or the "**Company**") has called you to the Ordinary Shareholders' Meeting for December 16th, 2024 scheduled at 11.30 AM, at the offices of Notary Jacopo Sodi, in Florence, Via dei Della Robbia n. 38, in single call, to discuss and consider, among other matters, the following point 1) on the Agenda of the Ordinary session:

- 1) **Approval of the "2024-2027 Chief Executive Officer New Stock Option Plan", upon withdrawal of the "2024-2027 Chief Executive Officer Stock Option Plan".**
 - 1.1 **Proposal to withdraw the "2024-2027 Chief Executive Officer Stock Option Plan" and the related approval resolution adopted by the Ordinary Shareholders' meeting held on July 28th, 2023.**
 - 1.2 **Proposal to approve the "2024-2027 Chief Executive Officer New Stock Option Plan". Resolutions thereon as per Article 114-bis of Legislative Decree No. 58/1998.**

With this report (the "**Report**") - prepared pursuant to Article 114-bis and Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as subsequently amended ("**CFA**"), we wish to provide an explanation of the reasons for the proposals related to point 1) on the Agenda of the Shareholders' Meeting, in Ordinary session.

Specifically, the Board of Directors has called you to the Shareholders' Meeting to discuss and resolve on the approval, pursuant to Article 114-bis of the CFA, of an incentive and loyalty plan called the "*2024-2027 Chief Executive Officer New Stock Option Plan*" (hereinafter the "**New Plan**"), based on the free grant to the Company's current Chief Executive Officer (the "**Beneficiary**") of 4.000.000 (four million) options (hereinafter the "**Options**"), entitling him/her to receive an amount of ordinary shares of the Company calculated as follows:

- (i) 1 (one) newly-issued SECO ordinary share for each 1 (one) Option exercised, in case of exercise of the Options with payment of the Exercise Price; or, alternatively
- (ii) upon request of the Beneficiary to the Company and subject to the Company's consent, a variable number of ordinary SECO treasury shares determined according to the market price of the shares on the date of exercise of the Options, granted free of charge and therefore without payment of the exercise price, as outlined in greater detail in the Plan Prospectus, attached to this Report.

The proposal for the adoption of the New Plan formulated by the Board of Directors' resolution on November 13rd, 2024 took into account the proposal of the Appointments and Remuneration Committee ("**REMCO**"), which had its meeting on November 8th, 2024, as well as the opinion of the Related Parties Committee, which had its meeting on November 11st, 2024.

Preliminary, it is hereby noted that the resolution included in this Report, which is subject to the approval of the Ordinary Shareholders' meeting, concerning the Proposal to approve the "*2024-2027 Chief Executive Officer New Stock Option Plan*", upon withdrawal of the "*2024-2027 Chief Executive Officer Stock Option Plan*" (the "**Current SOP**") and of the related resolution on the paid-in share capital increase supporting the Current SOP approved by the Extraordinary Shareholders'

Meeting held on July 28th, 2023, is subject to the approval of the resolution to increase the paid-in share capital set out in Agenda point 2) of today's Extraordinary Shareholders' Meeting.

Having regard to the rationale underlying the proposal to approve the New Plan, it has the objective of ensuring to have an actual and effective vehicle capable of (i) involving and incentivizing the Beneficiary, whose activity is deemed of fundamental importance to the achievement of the Company's strategic objectives, (ii) building the Beneficiary's loyalty by incentivizing his/her retention in the Company, and (iii) aligning the Beneficiary's interests with those of the Company and the shareholders over the New Plan's time horizon by recognizing the Beneficiary's contribution to increasing the value of the Company.

In this regard, it is herein noted that the 3,000,000 (three million) options granted under the Current SOP (referred to at the July 28th, 2023 Shareholders' Meeting) provided for an annual vesting for each tranche of 1,000,000 (one million) options and an exercise price equal to Euro 4.15 (four/15), while the additional 1,000,000 (one million) options provided for a three-year vesting and an exercise price equal to Euro 10.00 (ten/00).

The approval of the resolution to withdraw the Current SOP and adopt the New Plan submitted for the attention of the Shareholders' Meeting is required in order to adjust and actualize the incentive plan following the different market conditions in which the Company operates.

In particular, an analysis of the performance of Italian stock market indexes in the period between December 29th, 2023, and November 7th, 2024, reveals, while the performance of the MIB index was positive, a downturn in the STAR segment, to which the Company belongs, of about five percentage points. Furthermore, with specific reference to the sectorial index including technology stocks (the so-called High Tech index) to which the Company is part of, a sharp decline of more than 38% is recorded in the same period, as shown in the following table.

MIB INDEX		
Start	End	YTD %
12/29/2023	07/11/2024	11.96%

STAR INDEX		
Start	End	YTD %
12/29/2023	07/11/2024	- 4.98%

HIGH TECH INDEX		
Start	End	YTD %
12/29/2023	07/11/2024	- 38.15%

The performance of the Company's stock over the past twelve months is also showing a downward trend, as shown in the summary table of the various 1-, 3-, 6-, 9-, 12-month time averages below.

SECO' STOCK PERFORMANCE			
Start	End	Average	
10/08/2024	11/07/2024	1 month	€ 1.6736
08/08/2024	11/07/2024	3 months	€ 2.0713
05/08/2024	11/07/2024	6 months	€ 2.5301
02/08/2024	11/07/2024	9 months	€ 2.8025
11/08/2023	11/07/2024	12 months	€ 2.9087

These negative trends are related, on the one hand, to the persistent geopolitical tensions related to the conflicts in the Middle East and between Russia and Ukraine and, on the other hand, to destocking activities concerning major customers, regardless of the different geographic area or industry sector, which have focused on containing and making efficient inventory levels, following the stockpiling effect during the Covid-19 pandemic period, resulting in a significant drop in sales volumes of SECO and the SECO Group. Additionally, the slowdown demanding in the edge computing market has been enhanced by the reduction in the investment capacity of companies, which has also been influenced by the restrictive monetary policies of central banks. The above trends are common to many other companies operating in the technology sector and beyond. The actual market contingency related to the phenomenon of customer destocking is the result of a trend developed in the post-Covid 19 pandemic period which, in a medium to long term perspective such as the one on which the New Plan is based, is expected to be overcome.

The arithmetic average value of the most recent coverage analysis of the SECO stock, equal to € 2,76, reflects the above-mentioned trends. More detailed information regarding these valuations, issued by analysts following the approval of the latest half-year financial report by the Company's Board of Directors meeting held on September 12th, 2024, can be found on the Company's website under the section "Investors > Analyst Coverage."

In light of the above, it appears necessary to revoke the Current SOP, which as of today does not appear to be consistent to the targets set by the Company's Remuneration Policy 2024 approved by the Shareholders' Meeting held on April 29th, 2024 (the "**Policy**"), which provides, on the one hand, the need to attract, retain and motivate personnel with the expertise and professionalism required by the role held in the Company and, on the other hand, the objective of linking a significant portion of the compensation of the Executive Directors', also in the form of monetary incentive plans and/or those based on financial instruments, to the financial results achieved by the Company and/or the achievement of specific pre-set objectives that are not exclusively short-term.

The specifications relating to the exercise prices of the Current SOP, indeed, do not appear as of today to be suitable for the achievement of the objectives set for the same and mentioned above,

and need to be adjusted taking into account the changed market environment, while still maintaining, in line with the Policy, the feature of a medium-long term variable component based on financial instruments, allocated according to the achievement of Company value growth targets, in accordance with the best market practice approach.

The objectives of the Company in withdrawing the Current SOP and simultaneously adopting the New Plan are in line with that recommended by Article 5 of the Corporate Governance Code promoted by the Corporate Governance Committee of Borsa Italiana S.p.A., which provides for periodic evaluation of the adequacy and overall consistency of the policy for the remuneration of directors and top management.

The New Plan covers a long-term timeframe (2024-2027) with the vesting of Options in two tranches. Specifically, the Options granted under the first tranche vest upon completion of a vesting period as follows: (i) for 1 million Options, starting from April 30th, 2025; (ii) for an additional 1 million Options, starting from April 30th, 2026; (iii) for an additional 1 million Options, starting from April 30th, 2027. The 1 million Options granted under the second tranche, may be exercised starting from April 30th, 2027.

With specific reference to the exercise price of the Options, the New Plan proposed to the Shareholders' Meeting for approval provides for an exercise price determined as follows:

- (i) Euro 4.15 (four/15) for the subscription of each of the newly issued SECO shares resulting from the exercise of the Options covered by the first tranche; and
- (ii) Euro 10.00 (ten/00) for the subscription of each of the newly issued SECO shares resulting from the exercise of the Options covered by the second tranche.

The exercise price of the Options granted under the New Plan ("**Exercise Price**") was identified as being equal to the arithmetic average of the closing prices recorded by SECO's ordinary shares on the market organized and managed by Borsa Italiana S.p.A., STAR index ("**Euronext STAR Milan**") in the 6 (six) months preceding the date of November 7th, 2024 included (the day before the meeting of the REMCO), increased by a premium of 64%, therefore amounting to Euro 4.15, per newly-issued SECO ordinary share, except for the shares arising from the exercise of the Options covered by the second tranche - as better explained in the Prospectus - for which an issue price is set equal to the arithmetic average of the closing prices recorded by SECO's ordinary shares on the Euronext STAR Milan in the 6 (six) months preceding the date of November 7th, 2024 included, increased by a premium of 295%, therefore equal to Euro 10.00 per share.

It should be noted that the Exercise Prices shown above compare to the following arithmetic average of the closing prices of SECO Shares recorded up to November 7th, 2024 included:

- arithmetic average of the closing prices recorded in the one month preceding the date of the REMCO's meeting: Euro 1.6736;
- arithmetic average of the closing prices recorded in the three months preceding the date of the REMCO's meeting: Euro 2.0713.
- arithmetic average of the closing prices recorded in the six months preceding the date of the REMCO's meeting: Euro 2.5301.

In this regard, it should be highlighted that the percentage premium provided for in the Current SOP for the first tranche of the exercise is 17%, compared to the percentage premium provided for in the New Plan proposed to be adopted, which, in the same reference period, is 64% and, therefore, is 47%

higher than the Current SOP. Consequently, the New Plan requires the realization of a higher performance than the Current SOP and implicitly assumes a significant appreciation of the Company's stock.

Furthermore, the Exercise Price incorporates a premium over the stock price higher than that provided in the "2024-2027 Plan for Employees, Senior Executives and Collaborators," approved by the Company's Shareholders' Meeting on July 28th, 2023, which provides for a percentage premium of 17% over the price determined by the arithmetic average of the closing stock market prices of SECO's Shares in the previous 6 (six) months.

The premium applied, as well as the increase applied over the Current SOP, is aimed at promoting the achievement of operational and financial results that contribute to lead the Company's strategic choices toward solid and sustainable growth, as well as value creation in the interests of the Company and all shareholders. Moreover, if the conditions for the exercise of the Options by the Beneficiary were met, it would also benefit the shareholders excluded from the option right, who would therefore not have their interests affected by the information available to date.

Finally, the exercise price of Euro 4.15, although it implies a premium over the most recent share price, also influenced by the current market contingency related to the destocking phenomenon developed in the post-Covid period, and higher than that used for the purposes of the Current SOP, is consistent with the logic of value creation and medium to long term incentive that underlies the New Plan, since it has already been recorded by Seco's stock in the past on a repeated basis in the period between August 2021 and September 2023.

In addition, the New Plan (as well as the Current SOP) also provides for an alternative way of granting SECO Shares, at the request of the Beneficiary to the Company and upon the Company's consent, without payment of the exercise price, in which case the number of SECO Shares held by the Company in its portfolio and granted to the Beneficiary will be variable and determined according to the market price of the SECO Shares on the date of exercise of the Options, as better described in the New Plan Prospectus attached to this Report.

Options granted by reason of the New Plan may be exercised by the Beneficiary in arrears in the years following vesting periods, by December 31st, 2032. The New Plan does not require conditions to be met related to the achievement of certain economic/financial performance targets. The granting of Options is however linked to the position held by the Beneficiary, according to the cases of good leavers, bad leavers and leavers, in line with market practice and the Current SOP.

For further information on the key features of the New Plan - and in particular, by way of example, the procedures and clauses for its implementation, as well as the determination of the exercise price of the Options and the restriction on the non-transferability of the Options - please refer to the Prospectus attached to this Report and prepared pursuant to Article 84-bis of Consob Regulation No. 11971/1999, as subsequently amended and supplemented, in accordance with the indications contained in Schedule No. 7 of Annex 3A of the Regulation.

* * *

In light of the above, the Board of Directors intends to propose to the Shareholders' Meeting the following proposal resolution regarding point 1) on the agenda of the Ordinary session Meeting:

Proposed resolution on point 1.1)

"The Ordinary Shareholders' Meeting of SECO S.p.A.,

- *having acknowledged the explanatory report of the Board of Directors concerning the withdrawal of the "2024-2027 Chief Executive Officer Stock Option Plan" adopted by the Ordinary Shareholders' meeting held on July 28th, 2023.*

resolves

1. *to withdraw, as of the day of this resolution, the incentive plan called the "2024-2027 Chief Executive Officer Stock Option Plan" approved by the Ordinary Shareholders' meeting held on July 28th, 2023, for the reasons explained in the Explanatory Report of the Board of Directors and, in particular, in order to adjust the exercise price of the options to the Company's stock performance.*
2. *To grant the Board of Directors, with the right to sub-delegate to the Chairperson, any power necessary for the performance of all activities inherent in, consequent to, or related to the implementation of the above resolution."*

Proposed resolution on point 1.2)

"The Ordinary Shareholders' Meeting of SECO S.p.A.,

- *having acknowledge the explanatory report of the Board of Directors concerning the "2024-2027 Chief Executive Officer New Stock Option Plan";*

resolves

1. *to approve, pursuant to and in accordance with Article 114-bis of Legislative Decree No. 58/1998, the establishment of a new incentive plan called the "2024-2027 Chief Executive Officer New Stock Option Plan" having the characteristics (including the conditions and prerequisites for implementation) illustrated in the Prospectus attached to the Board of Directors' Explanatory Report, empowering the Board of Directors to adopt the relevant regulations and delegating the implementation and administration of the Plan to the Board of Directors of the Company, with the right to sub-delegate to the Chairperson;*
2. *to grant the Board of Directors, with the right to sub-delegate to the Chairperson, the performance of all activities inherent in, consequent to, or related to the implementation of the above resolution and thus, in particular, by way of example only, any power indicated in the Prospectus prepared pursuant to Article 84-bis of Consob Regulation No. 11971/1999, as subsequently amended and supplemented, including any power to make allocations to the beneficiaries, make any necessary or appropriate amendments and/or additions to the Plan, within the limits permitted by the applicable regulations and according to the applicable adjustment criteria and generally-accepted financial markets methods, also in the case of any corporate transactions affecting the company share capital structure and/or which modify the financial content of the Plan, extraordinary and/or non-recurring and/or non-core activity events, significant changes to the economic environment and/or other events which may affect the shares and, more generally, the Plan, in order to adjust it to the altered situation and reflect the above changes, while at the same time maintaining the substantial content and financial content of the Plan unchanged, as well as perform any act, fulfillment, formality, and/or communication that is necessary or appropriate for the purposes of managing and/or*

implementing the Plan."

* * *

Arezzo, November 13rd, 2024

For the Board of Directors

The Chairman

Daniele Conti

Annex

PROSPECTUS FOR THE 2024-2027 SECO S.P.A. CHIEF EXECUTIVE OFFICER NEW STOCK OPTION PLAN

(prepared pursuant to Article 84-bis of the Issuers' Regulation adopted by Consob with Resolution No. 11971 of May 14th, 1999 and subsequent amendments and additions)

Definitions

For purposes of this Prospectus, the terms below shall have the meanings ascribed to them as follows:

"**Beneficiary**" means the addressee of the Plan, i.e. the Company's current chief executive officer;

"**Board of Directors**" or "**Board**" means the Board of Directors of the Company;

"**Cashless**" means the exercise of Options without the payment of the Exercise Price, which grants the right to receive a number of SECO Treasury shares calculated according to the formula indicated in Section 3.4;

"**Company**" or "**Issuer**" or "**SECO**" means SECO S.p.A.

"**CFA**" means Legislative Decree No. 58/1998, as subsequently amended and supplemented.

"**Exercise Price**" means the subscription price for newly-issued SECO Shares arising from the exercise of the Options, as set out in Section 4.19;

"**Issuers' Regulation**" means the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

"**Options**" means the financial instruments covered by the Plan, which give the Beneficiary the right to receive SECO Shares;

"**Plan**" means the incentive plan based on stock options reserved for the Beneficiary, subject to approval by the Shareholders' Meeting;

"**Prospectus**" means this document prepared in accordance with Article 84-bis of the Issuers' Regulation and complying with, also in terms of the numbering of the relative paragraphs, the indications of Schedule 7 of Annex 3A of the same Issuers' Regulation;

"**Related Party Committee**" means the related party transactions committee;

"**Relationship**" means the management with powers relationship between the Beneficiary and the Company;

"**REMCO**" means the Appointments and Remuneration Committee;

"**SECO Group**" means SECO and the companies controlled, directly or indirectly, by SECO pursuant to Article 93 of the CFA, or which qualify as subsidiaries in accordance with the currently applicable accounting standards, or which are included in the consolidation scope;

"**Shareholders' Meeting**" means the Shareholders' Meeting of SECO;

"**Shares**" or "**SECO Shares**" means the ordinary shares of the Company, with no par value indicated.

Introduction

This prospectus (the "**Prospectus**"), drawn up pursuant to Article 84-bis and Schedule 7 of Annex 3A of the Issuers' Regulation, which concerns the incentive and loyalty plan (hereafter the "**Plan**")

submitted, in accordance with Article 114-bis, first paragraph of the CFA, for the approval of the Shareholders' Meeting, as per the explanatory report approved by the Board of Directors on November 13rd, 2024, on the basis of the proposal of REMCO of November 8th, 2024 and following the issue of the opinion of the Related Parties Committee on November 11st, 2024.

The Plan is to be considered of "particular relevance" in accordance with Article 114-bis, paragraph 3 of the CFA and Article 84-bis, paragraph 2 of the Issuers' Regulation, as the Chief Executive Officer is the Beneficiary.

The above proposal to adopt the Plan is submitted for the approval of the Shareholders' Meeting called on December 16th, 2024 as point 1 on the Agenda of this Shareholders' Meeting in ordinary session.

At the date of this Prospectus, the proposal to adopt the Plan has therefore not yet been approved by the Shareholders' Meeting and therefore:

- (i) this Prospectus is prepared based on the contents of the proposal for adoption of the Plan approved by the Board of Directors, upon the proposal of the REMCO and following the issue of the opinion of the Related Parties Committee mentioned above;
- (ii) any reference to the Plan in this Prospectus should be understood to refer to the proposed adoption of the Plan.

1. The beneficiaries

1.1 Names of the beneficiaries who are members of the financial instruments issuer's Board of Directors or of the management board, the companies controlling the issuer and the companies directly or indirectly controlled by it.

1.2 Categories of employees or collaborators of the issuer and of the parent companies or subsidiaries of this issuer.

As of the Date of the Prospectus, the Plan has not yet been approved by the Shareholders' Meeting.

It is hereby noted that the resolution approving the Plan proposed for the approval of the Ordinary Shareholders' Meeting is subject to the following: (i) to the withdrawal of the "2024-2027 Chief Executive Officer Stock Option Plan" and of the related resolution approved by the Shareholders' Meeting on July 28th, 2023, referred to in point 1) of the Agenda of the Ordinary Shareholders' Meeting; (ii) to the withdrawal of the resolution increasing the paid-in share capital approved by the Shareholders' Meeting on July 28th, 2023, referred to in Agenda item 2 of the Extraordinary Shareholders' Meeting; and, lastly, (iii) to the approval of the resolution to increase the share capital for consideration referred to in item 2) of the Agenda of the Extraordinary Shareholders' Meeting.

1.3 Beneficiaries of the plan belonging to the following groups:

a) General Managers of the issuer of financial instruments.

Not applicable, as the Company has not appointed General Managers.

b) other Senior Executives of the issuer of financial instruments which are not considered of "small", as per Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12th, 2010, in the case in which they have received during the year total remuneration (obtained by adding the monetary compensation and the financial instrument-based compensation) of greater than the higher total compensation between that allocated to the members of the Board of Directors, or the management board, and to General Managers of the issuer of financial instruments.

Not applicable.

c) physical persons controlling the issuer of the shares, who are employees or who collaborate with the issuer.

Not applicable.

1.4 Description and numeric indication, by category:

a) of Senior Executives other than those indicated at letter b) of paragraph 1.3.

Not applicable.

b) in the case of "small" companies, pursuant to Article 3, paragraph 1 (f) of Regulation No. 17221 of March 12th, 2010, the aggregate indication of all the Senior Executives of the issuer of the financial instruments.

Not applicable.

c) of any other categories of employees or collaborators for which differentiated features of the plan are provided for (e.g. Executives, managers, white-collar employees etc.)

Not applicable.

2. Reasons for the adoption of the Plan

2.1 The objectives intended to be achieved through the plan.

The Plan is an instrument which supplements the monetary component of the remuneration package of the Beneficiary through a variable medium/long-term component, to be granted on the basis of the achievement of a number of company value growth targets and in line with the strategic plans of the Group, according to best market practice, although maintaining the principle of sound and prudent management of the Group's activities and of the related risks.

Specifically, the Plan has the function of (i) involving and incentivizing the Beneficiary, whose activity is deemed of fundamental importance to the achievement of the Group's strategic objectives, (ii) building the Beneficiary's loyalty by incentivizing his/her retention in the Group, and (iii) aligning the Beneficiary's interests with those of the Company and the shareholders over the Plan's time horizon by recognizing the Beneficiary's contribution to increasing the value of the Company.

The objectives that the Company seeks to achieve with the adoption of the Plan are in line with the 2024 Remuneration Policy (as outlined in the relative Section I), approved by the Shareholders' Meeting held on April 29th, 2024, as well as with the recommendations of the Corporate Governance Code promoted by the Corporate Governance Committee of Borsa Italiana S.p.A.

The Plan has a long-term timeframe with the Options granted in two tranches, as illustrated in greater detail in Section 4 below. The Options granted are subject to a period of vesting as set forth below in Section 2.2 and may be exercised by the Beneficiary in arrears in the years following vesting, by December 31st, 2024. It is believed that the above terms facilitate the achievement of the incentive and retention objectives under the Plan.

2.2 Key variables, also in the form of performance indicators, considered for the granting of financial instrument based plans.

Below are the key variables considered in the Plan for the granting of options:

Vesting

The proposed Plan covers a long-term timeframe (2024-2027) with the vesting of Options in two tranches. Specifically, the Options granted under the first tranche vest upon completion of a vesting period as follows: (i) for 1 million Options, starting from April 30th, 2025, with an exercise price of the Options equal to Euro 4.15; (ii) for an additional 1 million Options, starting from April 30th, 2026, with an exercise price of the Options equal to Euro 4.15; (iii) for an additional 1 million Options, starting from April 30th, 2026, with an exercise price of the Options equal to Euro 4.15. The 1 million Options granted under the second tranche, may be exercised starting from April 30th, 2027, with an exercise price of the Options equal to Euro 10.00.

The granting of Options under the Plan is not tied to the achievement of certain performance targets, being instead linked to the position held by the Beneficiary, according to the cases of good leavers, bad leavers, and leavers, described further in Section 4.8.

2.3 Factors underlying the determination of the extent of remuneration based on financial instruments, or the criteria used for its determination.

The number of Options granted to the Beneficiary is linked to the Company's organizational structure and is determined taking into account not only the importance of the organizational position held by the Beneficiary concerned, but also market benchmarks and the Company's interest in graduating their long-term incentive as part of its strategies.

In determining the total number of Options, the Board of Directors, based on REMCO's proposal and following the advice of the Related Parties Committee, acted with discretion in accordance with the Company's remuneration and incentive policies. This discretion has been exercised:

- having regard to the interests of the Company and the Group;
- with a view to ensuring that the granting of Options is consistent with the Company's overall choices in terms of strategies, long-term objectives and corporate governance structure;
- taking into account, among other matters, the role of the employee for the results of the Company and the Group, the strategic importance of the position, the potential of the employee and any other useful element, within the limits established by the applicable laws and regulations. In awarding the Options to the Beneficiary, the Board of Directors also considered the criticality of the role held and the value of the Beneficiary's individual performance.

2.4 Reasons for any decision to grant remuneration plans based on financial instruments not issued by the issuer of financial instruments, such as the financial instruments issued by subsidiaries or parent companies or third party companies outside of the Group; in the case in which the above instruments are not traded on regulated markets, information on the criteria utilized for the calculation of the attributable value.

Not applicable.

2.5 Evaluations concerning significant tax and accounting implications impacting the drawing up of the plans.

There are no significant tax or accounting implications impacting the drawing up of the Plan.

2.6 Support to the Plan by the Special fund to incentivize worker involvement in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24th, 2003.

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

3. Approval procedure and timeframe for the granting of the instruments

3.1 Scope of powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementation of the Plan.

3.2 Indication of the parties appointed to administer the Plan and their functions and duties.

The Board of Directors' resolution of November 13rd, 2024, based on the proposal of the REMCO of November 8th, 2024 and following the opinion of the Related Parties Committee of November 11st, 2024, resolved to submit the proposal for adoption of the Plan under Article 114-*bis* of the CFA to the Shareholders' Meeting for approval. The Ordinary Shareholders' Meeting is therefore called to resolve, *inter alia*, (i) to approve the Plan, and (ii) to grant the Board of Directors, and on its behalf the Chairperson, with the right to sub-delegate all powers necessary to implement the resolution.

It is proposed to the Shareholders' Meeting to delegate the implementation and administration of the Plan to the Board of Directors, through the Chairperson, with the right to sub-delegate, also granting it all the powers indicated in this Prospectus, including, all the powers necessary or appropriate to implement the Plan, and thus, in particular, by way of example only, all the powers to ensure the execution of the grants to the Beneficiary, as well as to perform any act, fulfilment, formality, communication that is necessary or appropriate for the management and/or implementation of the Plan. It is understood that in the aforementioned cases, motions shall be taken by the Board in compliance with the rules on related party transactions, where applicable.

At any time, the Company may entrust, in whole or in part, the management of the administrative tasks related to the Plan, to an external trust company or a company specialized in the operational management of stock option plans.

3.3 Any existing procedures for the review of the plans, also in relation to potential changes in the underlying objectives.

Subject to the Shareholders' Meeting to resolve any substantial amendments with respect to the Plan, the Board of Directors is the competent body to make amendments to the Plan.

It is understood that the resolutions shall be taken by the Board in compliance with the rules on related party transactions, where applicable.

3.4 Means to establish availability and for the assignment of the financial instruments on which the Plans are based (e.g.: free allocation of shares, share capital increases with exclusion of pre-emption rights, purchase and sale of treasury shares)

The Plan stipulates the free grant of 4 million Options for the right to receive an amount of SECO Shares calculated as follows:

- (i) 1 (one) newly-issued SECO Share for each 1 (one) Option exercised, in case of exercise of the Options with payment of the Exercise Price; or, alternatively;
- (ii) upon the Beneficiary's request to the Company, and upon the Company's consent, a number of SECO Treasury Shares allotted free of charge in the ratio calculated using the formula described below in the case of exercising the Options in a Cashless manner.

The newly-issued Shares will come from the paid increase in share capital, in divisible and progressive form, in two tranches, which will be subject to approval by the Shareholders' Meeting, for a maximum nominal amount of Euro 40,000, plus share premium, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6 of the Civil Code, by issuing a maximum of

4,000,000 new SECO shares (the "**Paid Capital Increase**"), without par value, to be reserved for subscription by the Beneficiary.

As an alternative to that described above in relation to the Paid Capital Increase, the Plan Beneficiary may apply to the Company, with the Company's consent, for the possibility of exercising the Options granted through the free granting, and therefore without payment of the Exercise Price, of a variable number of shares determined according to the market price on the date of exercise of the Options, as indicated by the following formula:

$$\frac{\text{Number of Shares Received} = [\text{Market Value Opted Shares} - (\text{Exercise Price} * \text{Opted Shares})]}{\text{Unitary market value}}$$

For the purposes of the above formula:

- "**Opted Shares**" means the number of ordinary Shares of SECO that would vest to the Beneficiaries based on the ratio of 1 Share for each Option exercised;
- "**Exercise Price**" means the exercise price of the Options equal to Euro 5.90 or Euro 10.00, as the case may be;
- "**Market Value Opted Shares**" is the value equal to the arithmetic average of the official prices of SECO's shares recorded on the regulated market on which such shares are listed, during the last month prior to the exercise date;
- "**Unitary Market Value**" is the price equal to the arithmetic average of the official prices of SECO's Shares recorded on the regulated market on which such shares are listed, during the last month prior to the Option exercise date.

Cashless mode is subject to obtaining consent from the Company. The Shares to be assigned to the Beneficiary in the case of Cashless mode will consist of treasury shares held in the Company's portfolio.

3.5 Role carried out by each Director in defining the features of these plans; any conflicts of interest involving the Directors concerned.

As of the date of the Prospectus, the Plan has not yet been approved by the Shareholders' Meeting. The features of the Plan were determined collectively by the Board of Directors based on the proposal of the REMCO and following the issue of the opinion of the Related Parties Committee.

3.6 For the purposes of the requirements as per Article 84-bis, paragraph 1, the date of the decision taken by the relevant body to propose the approval of the plans to the Shareholders' Meeting and any proposal of the Remuneration Committee.

Please refer to paragraph 3.2 of this Prospectus.

3.7 For the purposes of Article 84-bis, paragraph 5, letter a), the date of the decision taken by the relevant body for the granting of the instrument and the proposal to the aforementioned body by the Remuneration Committee.

As of the date of the Prospectus, the Plan has not yet been approved by the Shareholders' Meeting.

3.8 Market price, recorded on the above-stated dates, of the financial instruments on which the plans are based, if traded on regulated markets.

Although at the date of this Prospectus the Plan has not yet been approved by the Shareholders' Meeting, the market price of the Shares was: (i) Euro 1.55 as of the date of approval of the Plan proposal to be submitted to the Shareholders' Meeting by the Board of Directors (i.e. November 13rd, 2024); (ii) Euro 1.5860 as of the date of approval of the Plan proposal to be submitted to the Board of Directors by REMCO (i.e. November 8th, 2024).

3.9 In case of plans based on financial instruments traded on regulated markets, within which terms and according to which procedures the issuer takes into account, when identifying the timing for the granting of the instruments in implementation of the plans, the possible timeframe between:

- i) the granting or any decisions undertaken by the REMCO, and**
- ii) the communication of any relevant information in accordance with Article 17 of Regulation (EU) No. 596/2014; for example, where this information is:**
 - a) not yet published and which may prompt an increase in the market share price, or**
 - b) already published and may prompt a decrease in the market share price.**

The structure of the Plan, the conditions, the duration and the means to assign the Options, currently does not indicate that the assignment may be significantly influenced by any circulation of relevant information as per Article 114, paragraph 1 of the CFA, while the procedure to assign the options shall be undertaken, in any case, in full compliance with the disclosure obligations upon the company, in order to ensure transparency and the provision of equal information to the market, in addition to compliance with the internal procedures adopted by the company.

The Beneficiary shall in any case be required to comply with the applicable regulatory provisions, particularly with regards to the market abuse regulation and concerning the exercise of Options and the availability of Shares from the exercise of the Options allocated as a result of participation in the Plan.

4. Features of the instruments granted

4.1 Description of the forms by which the financial instrument-based compensation plans are structured; e.g. indicate whether the Plan is based on the granting of: financial instruments (granting of restricted stock); the increase in the value of these instruments ("phantom stock"); rights which permit the subsequent acquisition of financial instruments ("grant options") with settlement by physical provision ("stock options") or in cash on the basis of a differential ("stock appreciation right").

The Plan is based on the grant of stock options, i.e., option rights that allow the Beneficiary to receive Shares, with settlement by physical delivery and in relation to which please refer to Section 3.4 above.

4.2 Indication of the effective implementation period of the plan with regards also to any differing cycles.

4.3 Plan duration.

The exercise of all the Options granted to the Beneficiary will be governed, subject to retention of the Relationship, as indicated below.

Specifically, Options granted under the first tranche vest upon completion of a vesting period as follows:

- a) 1 million Options, starting from April 30th, 2025;
- b) a further 1 million Options, starting from April 30th, 2026;
- c) an additional 1 million Options, starting from April 30th, 2027.

1 million Options granted under the second tranche may be exercised starting from April 30th, 2027.

The Options granted may be exercised by the Beneficiary in arrears in the years following vesting, by December 31st, 2024. It is believed that the above terms facilitate the achievement of the incentive and retention objectives of the Beneficiary under the Plan.

Vested Options may be exercised at any time, in whole or in part. However, the exercise of the Options will be suspended in the period prior to the Shareholders' Meeting called to approve the proposed dividend distribution.

The terms of exercise will be determined by the Board of Directors when granting the Options to the Beneficiary; at that time, the Board of Directors may provide that partial exercise of the vested Options may take place no more than six times in each fiscal year.

We also note that the Plan provides for a right of early exercise of the Options by the Beneficiary upon the occurrence of the events indicated below and provided, at that time, retention of the Relationship:

- (i) promotion of a public tender offer for SECO Shares pursuant to Article 102 and subsequent of the CFA; or
- (ii) deliberation of transactions from which the revocation of the listing on a regulated market of SECO Shares may result.

4.4 Maximum number of financial instruments, also in the form of options, granted in each fiscal year in relation to the parties identified or to the categories indicated.

Please refer to Section 4.3 above.

4.5 Methods and implementation clauses of the Plan, specifying whether the effective granting of the instrument is subject to the achievement of conditions or the achievement of results (including performance based); description of these conditions and results.

With regard to the methods and clauses for the implementation of the Plan, please refer to that set out in the individual sections of this Prospectus and, in particular, to Paragraphs 4.3 above.

The Plan does not require conditions to be met related to the achievement of certain economic/financial performance targets. The granting of Options is however linked to the position held by the Beneficiary, according to the cases of good leavershship, bad leavershship and leavershship, in line with market practice.

4.6 Indication of any restrictions on the availability of the instruments granted or the instruments resulting from the exercise of the options, with particular reference to the terms within which the subsequent transfer to the company or third parties is permitted or prohibited.

Under the Plan, Options are granted on a personal basis and may be exercised only by the Beneficiary (or his/her heirs, in case of death, or his/her legal representative, in case of incapacity). Therefore, the Options may not be transferred under any guise, other than *mortis causa*, or negotiated either by deed between living persons or pursuant to law.

In view of the features of the Plan, there are no restrictions on the transfer of the Shares subscribed

as a result of the exercise of the Options.

4.7 Description of any resolution conditions for the granting of plans if the beneficiaries undertake hedging transactions that neutralize any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of such options.

Not applicable.

4.8 Description of the effects caused by the termination of the relationship with the Company or a subsidiary.

Reference should be made to paragraphs 2.2 and 4.5 of this Prospectus.

In the event that, for any cause, the Relationship between the Beneficiary and the Company ceases (the "**Termination of Relationship**"), the following rules apply:

- A. "**Just Cause for Termination**" means: (i) the removal of the Beneficiary from office or powers and/or the reduction of such in the absence of Just Cause for Termination, except in the case of changes in office and powers as a result of Board of Directors' resolutions passed with the Beneficiary's affirmative vote and/or prior consent; (ii) the appointment of a person having similar powers to those of the Beneficiary without the Beneficiary's prior written consent, except for the role of the Executive Chairperson currently provided for; (iii) non-payment of remuneration owed to the Beneficiary or delayed payment for more than sixty days; and; (iv) the supervening inability to assume or complete the office due to death, disqualification or debarment (other than in cases of disqualification or debarment that constitute just cause for revocation) or due to disability as a result of illness or injury, certified by a treating physician, that results in the failure to perform the functions and duties associated with the office for a continuous period of more than 12 months.
- B. "**Just Cause for Revocation**" means (i) the Beneficiary's serious breach of the obligations set forth in Shareholders' Meeting or Board resolutions of the Company and/or other obligations imposed by law on a Director of a corporation, as well as by applicable provisions of law and/or by-laws, or other just cause pursuant to Article 2383, paragraph 3, of the Civil Code; (ii) the final criminal conviction of the Beneficiary for a willful or culpable crime that may harm the image and/or reputation of the Company and that results in the automatic exclusion from procedures for the award of public contracts; (iii) the conviction at first instance of the Beneficiary for one of the crimes set forth in Legislative Decree No. 231/2001 for offenses committed against the interest of the Company and for the purpose of personal enrichment; (iv) the issuance and publication of a judgment of disqualification from public office or bankruptcy against the Beneficiary which results in the disqualification from holding office and/or powers pursuant to Article 2382 of the Civil Code or the occurrence of a cause of ineligibility or disqualification pursuant to Article 2382 of the Civil Code; and/or (v) the breach by the Beneficiary of the non-competition obligations incumbent on him/her;
- C. "**Bad Leaver**": means those cases of Termination of Relationship due to: (i) removal from the office of Chief Executive Officer upon the occurrence of a Just Cause for Revocation; (ii) termination at the initiative of the Beneficiary of the office of Chief Executive Officer in the absence of a Just Cause for Termination and/or not justified by the occurrence of a Good Leaver scenario;
- D. "**Good Leaver**": shall mean the cases of Termination of the Relationship due to: (i) revocation

from the office of Chief Executive Officer in the absence of a Just Cause for Revocation; (ii) revocation or substantial reduction of the Beneficiary's powers held as of the date of grant of the Options in the absence of Just Cause; (iii) termination at the initiative of the Beneficiary from the office of Chief Executive Officer in the presence of a Just Cause for Termination.

- E. **"Leaver"**: means the Termination of Relationship assumptions, other than Bad Leaver and Good Leaver assumptions, due to: (i) renunciation, by the Beneficiary, of the office together with the powers by reason of illness and/or injury to the spouse and/or child/children, which resulted in permanent disability and/or in any case more than 50%, proven by appropriate medical certification; (ii) physical and/or mental disability resulting in the inability of the Beneficiary to exercise the office and powers for a continuous period of more than six months, substantiated by appropriate medical certification; (iii) events resulting in a disqualification and/or incapacitation for the Beneficiary to exercise the office and/or powers due to a physical and/or mental disability and/or inability on the part of the Beneficiary, substantiated by appropriate medical certification.

In the event of Relationship Termination before the Options are exercised, due to a Bad Leaver scenario, all the Options assigned to the Beneficiary and not yet exercised shall automatically lapse and be deprived of any effect and validity, regardless of the date of the Relationship Termination, with consequent release of the Company from any obligation or liability towards the Beneficiary.

In the event of Termination of the Relationship prior to the exercise of the Options, due to one of the Good Leaver assumptions, the Beneficiary or the Beneficiary's heirs shall retain the right to exercise (i) the Options vested as of the date of Termination of the Relationship, as well as (ii) the Options that have not yet vested as of the date of Termination of the Relationship in a number proportional to the duration of the Relationship as of the grant date with respect to the period between such grant date and the vesting date of the Options or on the basis of the different criterion to be adopted by the Board, also after consultation with the REMCO where necessary, provided that it is not more unfavorable to the Beneficiary.

In the event of a Termination of Relationship prior to the exercise of the Options due to one of the Leaver assumptions, the Beneficiary or his/her heirs will accrue the right to exercise the Options in accordance with the Plan by applying the *pro rata temporis* criterion given by the ratio of the period during which the Beneficiary was in a continuous Relationship with the Company to the entire period of the Plan. These Options may be exercised by the Beneficiary or his/her heirs.

4.9 Details of any other causes for the plan cancellation.

In addition to the provisions of Section 4.8 above with reference to the effects on the Plan brought about by the Termination of the Relationship, as well as the provisions of the Introduction and Section 3.2 above with reference to the effects of the termination condition on the Plan brought about by the non-election of the Beneficiary as a member of the New Board of Directors, there are no other causes for the cancellation of the Plan.

4.10 Reasons behind the provision for the "redemption", by the company, of the financial instruments subject to the plans, established as per Articles 2357 and subsequent of the Civil Code; for the beneficiaries of the redemption indicate whether such applies only to particular categories of employees; the effects of termination of the employment relationship on this redemption.

The Plan does not stipulate redemption clauses in favor of the Company.

4.11 Any loans or other facilities intended to be granted for the purchase of shares pursuant to Article 2358 of the Civil Code.

Not applicable.

4.12 Indication on the valuations regarding the expected charge upon the company at the relative grant date, as may be estimated on the basis of the terms and conditions thus far defined, for the total amount and in relation to each plan instrument.

Not applicable, as at the date of this Prospectus, the Plan has not yet been approved by the Shareholders' Meeting.

4.13 Details of any dilution effects on the capital resulting from the remuneration plans.

The maximum number of Shares servicing the Plan represents, as of the date of the Prospectus, 2.9% of the fully diluted capital.

4.14 Any limits for the exercise of voting rights and for the granting of equity rights.

Not applicable.

4.15 In the case in which the shares are not traded on regulated markets, all useful information for a comprehensive valuation.

Not applicable.

4.16 Number of financial instruments underlying each option.

As outlined in the preceding paragraphs, the Plan provides that each Option grants the right to receive 1 (one) newly-issued SECO Share, subject to the Cashless mode.

4.17 Maturity of the options.

See paragraph 4.3.

4.18 Mode (American/European), timing (e.g., valid exercise periods), and exercise clauses (e.g., knock-in and knock-out clauses).

See paragraph 4.3.

4.19 The exercise price of the option or the methods and criteria for its determination, with particular regard to:

- a) the formula for calculating the exercise price in relation to a given market price (so-called fair market value) (for example: exercise price equal to 90%, 100% or 110% of the market price), and**
- b) the methods for determining the market price used as a reference for determining the exercise price (for example: last price on the day prior to the granting, average for the day, average of the last 30 days, etc.).**

Subject to the Cashless mode described in Section 3.4 above, the Exercise Price was set:

- (i) as Euro 4.15 (four/15) for the subscription of newly-issued SECO Shares arising from the exercise of the Options, except for the Options covered by the second tranche; and
- (ii) as Euro 10.00 (ten/00) for the subscription of newly-issued SECO Shares arising from the exercise of the Options covered by the second tranche.

The Exercise Price was identified as being equal to the arithmetic average of the closing prices recorded by SECO's ordinary shares on the Euronext Milan market, STRA index, organized and

managed by Borsa Italiana S.p.A. ("**Euronext STAR Milan**") in the 6 (six) months preceding the date of November 7th, 2024 included (the day before the meeting of the Appointments and Remuneration Committee), increased by a premium of 64%, therefore amounting to Euro 4.15, per newly-issued SECO ordinary share, except for the shares arising from the exercise of the Options covered by the second tranche - as better explained in the Prospectus - for which an issue price is set equal to the arithmetic average of the closing prices recorded by SECO's ordinary shares on the Euronext STAR Milan in the 6 (six) months preceding the date of November 7th, 2024 included, increased by a premium of 295%, therefore equal to Euro 10.00 per share. It should be recalled that the application of a large premium over the stock's price performance was previously carried out under the Current SOP.

The premium applied, as well as the increase applied over the Current SOP, is aimed at promoting the achievement of operational and financial results that contribute to lead the Company's strategic choices toward solid and sustainable growth, as well as value creation in the interests of the Company and all shareholders. Moreover, if the conditions for the exercise of the Options by the Beneficiary were met, it would also benefit the shareholders excluded from the option right, who would therefore not have their interests affected by the information available to date.

It should be noted that the Exercise Prices shown above compare to the following arithmetic average of the closing prices of SECO Shares recorded up to November 7th, 2024 included:

- arithmetic average of the closing prices recorded in the one month preceding the date of the REMCO's meeting: Euro 1.6736;
- arithmetic average of the closing prices recorded in the three months preceding the date of the REMCO's meeting: Euro 2.0713.
- arithmetic average of the closing prices recorded in the six months preceding the date of the REMCO's meeting: Euro 2.5301.

Finally, the exercise price of Euro 4.15, although it implies a premium over the most recent share price, also influenced by the current market contingency related to the destocking phenomenon developed in the post-Covid period, and higher than that used for the purposes of the Current SOP, is consistent with the logic of value creation and medium to long term incentive that underlies the New Plan, since it has already been recorded by Seco's stock in the past on a repeated basis in the period between August 2021 and September 2023.

4.20 In the case in which the exercise price is not equal to the market price as indicated in point 4.19.b (fair market value), reasons for this difference.

The Exercise Price, as indicated in Section 4.19 above, was set by the Board of Directors, based on the proposal of the REMCO and following the issue of the opinion of the Related Parties Committee, according to the features of the Plan.

4.21 Criteria upon which different exercise prices are considered between the various parties or various beneficiaries.

Not applicable.

4.22 In the case in which the underlying financial instruments to the options are not traded on regulated markets, indication of the value attributable to the underlying instruments or their measurement criteria.

Not applicable.

4.23 Criteria for adjustments necessary following extraordinary share capital operations or other operations affecting the number of underlying instruments (share capital increases, extraordinary dividends, reverse stock split and splits of underlying shares, mergers and spin-offs, conversions to other share classes etc.).

The Plan provides that in the event of (i) corporate transactions affecting the Company's share capital structure (such as, purely by way of example, stock splits, reverse stock splits, free or paid increases in the Company's capital with the issuance of shares or other instruments of a dilutive nature - such as, e.g., warrants and/or convertible bonds - mergers by incorporation, spin-offs and/or distribution of extraordinary dividends) and/or having the effect of modifying the economic contents of the Plan, (ii) events of an extraordinary and/or non-recurring nature and/or not concerning core operations (by way of example only, purchase or sale of business units), (iii) significant changes in the economic environment and/or (iv) other events likely to affect the Shares and, more generally, the Plan, the Board of Directors shall make such changes to the Plan regulations as it deems necessary or, at its discretion, appropriate, within the limits permitted by the regulations in force from time to time and according to the applicable adjustment criteria and generally-accepted financial market methods, in order to adapt it to the changed situation and reflect the aforementioned changes, while keeping the substantive and economic content of the Plan unchanged.

The Board of Directors, therefore, will have the power to proceed with the modification of the Exercise Price per Share in order to reflect the changes resulting from the above-mentioned corporate transactions and to make further amendments and/or additions to the Plan itself where deemed necessary or appropriate to keep the essential contents of the Plan, the number of Shares issued and the maximum amount of the increase linked to the Plan, unchanged as much as possible, within the limits allowed by current regulations, subject to any proposal and/or resolution of the internal committees where necessary, notifying the Beneficiary.

In addition, the Board of Directors may make such amendments and additions to the Plan and its regulations as it deems appropriate, independently and without the need for further Shareholders' Meeting approval, subject to the matters falling within the competence of the Shareholders' Meeting, in order to, *inter alia*, (i) take into account any legislative changes; (ii) ensure that the Beneficiary may benefit, or continue to benefit, from favorable regulations, by promptly notifying the Beneficiary of such changes.

Any rounding that may be necessary due to the existence of fractions shall be made downward and therefore the Beneficiary, regardless of the size of the fraction, will have the right, subject to all other conditions, to one less Share.

For information on the early exercise of the Options, please refer to Paragraph 4.3.

4.24 Financial instrument-based remuneration plans (table)

Table No. 1 required by paragraph 4.24 of the same Schedule 7 of Annex 3A of the Issuers' Regulation will be provided according to the terms and conditions indicated by Article 84-bis, paragraph 5, letter a) of the same Regulation.