



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

prepared pursuant to Article 2441 Civil Code, Article 125-ter of Legislative Decree No. 58 of February 24TH, 1998, as amended, and pursuant to Article 72 of the Regulations adopted by Consob Resolution No. 11971 of May 14TH, 1999 and subsequent amendments and supplements

Explanatory Report of the Board of Directors of SECO S.p.A. prepared pursuant to Article 2441 of the Civil Code, Article 125-ter of Legislative Decree No. 58 of February 24TH, 1998, as amended, and pursuant to Article 72 of the Regulations adopted by Consob Resolution No. 11971 of May 14TH, 1999 and subsequent amendments and supplements

Dear Shareholders,

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

- 1. Proposal to withdraw the resolution increasing the paid-in share capital approved by the Shareholders' Meeting on July 28th, 2023, in service of the "2024-2027 Chief Executive Officer Stock Option Plan", adopted by the Shareholders Meeting in the same day. Consequent amendment of Article 6 of the By-laws. Resolutions thereon.**

With this report (the "**Report**") - prepared pursuant to Article 2441 of the Civil Code, Article 125-ter of Legislative Decree No. 58 of February 24th, 1998, as subsequently amended ("**CFA**"), and Article 72 of the Regulation adopted by Consob Resolution No. 11971 of May 14th, 1999, as amended (the "**Issuers' Regulation**") - we wish to provide an explanation of the reasons for the proposals related to point 1) on the Agenda of the Shareholders' Meeting, in Extraordinary session.

In particular, the Board of Directors has called you to the Extraordinary Shareholders' Meeting to submit for your approval the proposal to withdraw the resolution increasing the paid-in share capital approved by the Shareholders' Meeting on July 28th, 2023 ("**2023 Shareholders' Meeting**"), aimed at creating a bank of shares required to service the "2024-2027 Chief Executive Officer Stock Option Plan" approved by the 2023 Shareholders' Meeting, which as of today has not even partially executed ("**Actual SOP**").

It should be noted that the 2023 Shareholders' Meeting had resolved to approve the increase in the paid-in share capital, for cash, in a divisible and progressive manner, in two tranches, for a maximum nominal amount of Euro 40,000 (forty thousand), plus share premium, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6, of the Civil Code, by issuing up to 4,000,000 (four million) new ordinary shares of the Company, with no indication of par value, having the same features as those in circulation, to serve the Actual SOP reserved for the current Chief Executive Officer of SECO (the "**Beneficiary**"), of which 3,000,000 (three million) to be reserved for subscription at a price of Euro 5.90 (five point ninety) and 1,000,000 (one million) to be reserved for subscription at a price of Euro 10.00 (ten point zero zero).

For further information regarding the features of the increase in the paid-in share capital approved by the Shareholders' Meeting 2024, reference should be made to the explanatory report drafted by the Board of Directors dated June 23rd, 2023, pursuant to Article 2441 of the Civil Code, Article 125-ter of the CFA, and pursuant to Article 72 of the Issuers Regulation and in accordance with the indications contained in sheet No. 7 of Annex 3A of the Issuers Regulation

As a result of the withdrawal of the Current SOP, as proposed by today's Ordinary Shareholders' Meeting, the Board of Directors deems it appropriate to simultaneously revoke the resolution to increase the share capital adopted by the 2023 Shareholders' Meeting and to approve the resulting amendments to the By-laws that will automatically follow from such revocation.

As a consequence of the approval of the proposal submitted to you, the consequent changes indicated below shall be made to Article 6 of the By-Laws, highlighting in bold the newly inserted words and the amendments introduced, as indicated in the following table, whereby the text of Article 6 of the existing

By-Laws is compared to the proposed text.

It should be noted that these amendments to the By-Laws do not confer the right to withdrawal to shareholders refusing to accept them, as they do not fall within the scope of circumstances for withdrawal set out in Article 2437 of the Civil Code.

* * *

Existing Text	Proposed text
Article 6	Article 6
<p>6.1 The share capital is Euro 1,296,944.48 (one million two hundred and ninety-six thousand nine hundred and forty-four thousand and forty-eight cents), divided into 132,976,117 Shares (one hundred and thirty-two million nine hundred and seventy-six thousand one hundred and seventeen) with no express par value, of which: (i) 132,737,318 (one hundred thirty-two million nine hundred seventy-two thousand six hundred and seventeen) Ordinary Shares; (ii) 2,500 (two thousand five hundred) Management '20 Shares; (iii) 1,000 (one thousand) Management Performance Shares.</p>	(unchanged)
<p>6.2 The share capital may be increased by Shareholder Meeting motion even through the issue of shares having different rights and through conferment other than cash, within the legal limits permitted.</p>	(unchanged)
<p>6.3 Pursuant to a resolution of the Extraordinary Shareholders' on November 30, 2020, as amended on March 1, 2021 and March 25, 2021 the following was resolved:</p> <ul style="list-style-type: none"> - to issue free of charge, subject to the conversion referred to below, Ordinary Shares, in a number determined pursuant to Section 8.1.1 of the By-Laws referred to below, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management '20 class shares into Ordinary Shares, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.1 of the By-Laws referred to below, to be placed no later than November 30, 2030; - to issue, subject to the conversion referred to below, without share capital increase, Ordinary Shares, in a number determined pursuant to Section 8.2, without an increase in the share capital, with regular dividend entitlement, intended to service the conversion of Management Performance class shares into Ordinary Shares and the related subscription right as per Section 	(unchanged)

<p>8.2.3, with the consent to such placement and the waiver of any subscription/option/pre-emption rights by current Shareholders, under the terms and conditions set forth in Section 8.2, to be placed within the maximum period permitted;</p> <ul style="list-style-type: none"> - without further payment, in the case of Shares issued for the purpose of conversion into Ordinary Shares on the basis of the ratio referred to in Section 8.2.1; - against payment, in the event of exercise of the subscription right referred to in Section 8.2.3, of the sum indicated therein and full allocation of the same to share premium; <p>upon expiry of the aforesaid term, a number of Shares equal to the conversions and subscriptions made up to that moment shall be issued, with the specification that those entitled shall acquire the status of Shareholder, with the consequent right to exercise all the related rights upon exercise of the conversion and subscription right due to him/her.</p>	
<p>6.4 To service a stock option plan called "SECO S.p.A. Stock Option Plan" the Extraordinary Shareholders' Meeting:</p> <p>a) on March 1, 2021 resolved to increase the share capital for cash, on a divisible basis, by a maximum nominal amount of Euro 54,000 (fifty-four thousand) by issuing a maximum of 5,400,000 (five million four hundred thousand) ordinary shares, to be executed at the latest by December 31, 2024;</p> <p>b) on April 27, 2022, resolved the free share capital increase, to be reserved for employees and senior executives of SECO S.p.A. or one of its subsidiaries, for a maximum nominal amount of Euro 54,000 (fifty-four thousand), on a divisible basis, through the granting, pursuant to Article 2349 of the Civil Code, of a corresponding amount taken from retained earnings reserves, by issuing a maximum of 5,400,000 (five million four hundred thousand) Ordinary Shares, to be executed by the maximum term of December 31, 2024.</p> <p>These increases may be carried out for a total maximum nominal amount of Euro 54,000 (fifty-four thousand), by issuing/granting a maximum of 5,400,000 (five million four hundred thousand) Ordinary Shares, within the same maximum term of December 31, 2024; therefore, the resolved share capital of the Company, as a result of both the transactions referred to in letters a) and b), shall be deemed to have increased by a total of only Euro 54,000 (fifty-four thousand).</p>	
<p>6.5 The allocation of profits and/or retained earnings to employees of the Company or the subsidiaries, through the issue of shares in accordance with the first paragraph of Article 2349 of the Civil Code is permitted.</p>	<p><i>(unchanged)</i></p>

<p>6.6 The Shareholders' Meeting may confer to the Board of Directors the power to increase the share capital on one or more occasions up to an established amount and for a period of a maximum of 5 (five) years from the date of the motion. The Extraordinary Shareholders' Meeting has the power to issue bonds convertible into newly issued shares, subject to the proxy power pursuant to Article 2420-ter of the Civil Code.</p>	<p><i>(unchanged)</i></p>
<p>6.7 In the motions for a paid capital increase, pre-emption rights may be excluded by the Shareholders' Meeting to the maximum extent established pursuant to Article 2441, paragraph 4, second sentence of the Civil Code and/or other applicable legal provisions.</p>	<p><i>(unchanged)</i></p>
<p>6.8 The Company has the right to issue other classes of shares and financial instruments, including - if the conditions required by law are present and by means of the amendments to the By-Laws - preference shares, savings shares, warrants and bonds, including convertible bonds; shares may also be issued through the conversion of other classes of shares or other securities, if permitted by law.</p>	<p><i>(unchanged)</i></p>
<p>6.9 Amounts in Euros shown in these By-Laws to four decimal places shall be used for purposes of interim calculations only. Therefore, the total amount to be paid as a result of these calculations must produce values expressed to no more than two decimal places. To this end, if the third decimal place is equal to or greater than five, the second decimal place will be increased by one unit; in any other case the second decimal place will remain unchanged and the decimal places from the third onwards will be eliminated.</p>	<p><i>(unchanged)</i></p>
<p>6.10 The Extraordinary Shareholders' Meeting of April 29, 2024 resolved to grant the Board of Directors a proxy to be exercised within 5 years from the date of the Shareholders' Meeting motion, containing powers: (i) pursuant to Article 2443 of the Civil Code, to increase the share capital for payment, and on a divisible basis, in one or more periods, through the issue of ordinary shares, with the exclusion of the option right pursuant to paragraph 5 of Article 2441 of the Civil Code and/or pursuant to paragraph 4, first sentence, of Article 2441 of the Civil Code, to be offered, at the choice of the Board of Directors, to persons identified by the Board of Directors; and/or (ii) pursuant to Article 2420-ter of the Civil Code, to issue convertible bonds (with the option of conversion also in advance at the initiative of the Company's Board of Directors) and/or convert into ordinary shares (the "Bonds") for a maximum total amount of Euro 200,000,000 (two hundred million), resulting in a capital increase to service the conversion by issuing ordinary shares with the same characteristics as those in circulation, to be offered, at the choice of the</p>	<p><i>(unchanged)</i></p>

Board of Directors, to parties identified by the same, with the exclusion of the option right pursuant to Article 2441, paragraph 5 of the Civil Code, granting the Board of Directors all the powers needed to define the contents of the regulation of the bond loan, including the right, in the regulation the characteristics of the Bonds, to grant any request for admission to listing of the same and/or any other deed and/or document necessary for this purpose; all this provided that the total maximum amount, including any share premium, of the capital increase against payment and in a divisible way, on one or more occasions, consequent to the issues or conversions referred to in the previous points (i) and (ii) will be Euro 200,000,000 (two hundred million), according to the following rules:

a) the motions for the share capital increase (or related individual tranches) pursuant to Article 2443 of the Civil Code, which provide for the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Civil Code, shall (a) establish that the newly issued shares - which shall be ordinary shares - are offered to qualifying investors, pursuant to Article 34-ter, paragraph 1, letter b) of the Issuers' Regulation and/or commercial, financial and/or strategic partners identified from time to time, and (b) establish the issue price of the shares (or the parameters to determine it during execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of April 29, 2024;

b) the motions for the share capital increase (or related individual tranches) pursuant to Article 2443 of the Civil Code in relation to in-kind transfer operations pursuant to Article 2441, paragraph 4, first sentence of the Civil Code, shall (a) establish that the newly issued shares - which shall be ordinary shares - are offered to parties identified by the Board of Directors in the context of transactions that provide for the contribution in kind (wholly or in part) of equity investments, companies, company branches and/or industrial activities of interest to the Company, as part of the Group's development and growth strategy for external lines, and (b) establish the issue price of the shares (or the parameters to determine it during execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of April 29, 2024;

c) motions to issue the Bonds pursuant to Article 2420-ter of the Civil Code, with the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Civil Code, shall (a) establish that said Bonds are offered, in whole or in part, to qualifying investors, pursuant to Article 34-ter, paragraph 1, letter b) of Consob

<p>Regulation No. 11971, of May 14, 1999, and subsequent amendments and supplements, and/or to commercial, financial and/or strategic partners identified as appropriate and (b) establish the issue price of the aforementioned Bonds and of shares to be issued as part of the capital increase executed to service the conversion of the same (or the parameters for determining said prices during the execution) in compliance with the procedures and criteria provided for under applicable regulations, as detailed in Board of Directors' explanatory report prepared for Shareholders' Meeting of April 29, 2024;</p> <p>d) motion or motions to increase capital shall establish the portion of the share issue price offered to be charged to capital and the portion of the issue price, if any, to be charged to share premium.</p>	
<p>6.11 In service of a stock option plan called the "2024-2027 Chief Executive Officer Stock Option Plan", the Extraordinary Shareholders' Meeting of July 28, 2023 resolved to increase for payment, in a divisible and progressive manner, in two tranches - 1,000,000 (one million) shares 12 (twelve) months from the Shareholders' Meeting called to appoint the new Board of Directors for the three-year period 2024-2026, 1,000,000 (one million) shares 24 (twenty-four) months from that date, 1,000,000 (one million) shares from the earliest date of (i) 36 (thirty-six) months from the Shareholders' Meeting called to appoint the new Board of Directors for the three-year period 2024-2026, and (ii) the date on which the Board of Directors will be reappointed by the Shareholders' Meeting at the time of the approval of the financial statements for the year 2026, in total the first tranche, and an additional 1,000,000 (one million) shares from the first date between (i) 36 (thirty-six) months from the Shareholders' Meeting called to appoint the new Board of Directors for the three-year period 2024-2026, and (ii) the date on which the Board of Directors will be reappointed by the Shareholders' Meeting on the occasion of the approval of the financial statements for the fiscal year 2026 - the share capital for a maximum nominal amount of Euro 40.000 (forty thousand), 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 (four million) Ordinary Shares with no indication of par value to be executed by the deadline of December 31, 2032.</p>	<p>6.11 In service of a stock option plan called the "2024-2027 Chief Executive Officer Stock Option Plan", the Extraordinary Shareholders' Meeting of July 28, 2023 resolved to increase for payment, in a divisible and progressive manner, in two tranches - 1,000,000 (one million) shares 12 (twelve) months from the Shareholders' Meeting called to appoint the new Board of Directors for the three-year period 2024-2026, 1,000,000 (one million) shares 24 (twenty-four) months from that date, 1,000,000 (one million) shares from the earliest date of (i) 36 (thirty-six) months from the Shareholders' Meeting called to appoint the new Board of Directors for the three-year period 2024-2026, and (ii) the date on which the Board of Directors will be reappointed by the Shareholders' Meeting at the time of the approval of the financial statements for the year 2026, in total the first tranche, and an additional 1,000,000 (one million) shares from the first date between (i) 36 (thirty-six) months from the Shareholders' Meeting called to appoint the new Board of Directors for the three-year period 2024-2026, and (ii) the date on which the Board of Directors will be reappointed by the Shareholders' Meeting on the occasion of the approval of the financial statements for the fiscal year 2026 - the share capital for a maximum nominal amount of Euro 40.000 (forty thousand), 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 (four million) Ordinary Shares with no indication of par value to be executed by the deadline of December 31, 2032.</p>

<p>6.12 In service of the stock option plan called the "2024-2027 Plan for Employees, Senior Executives and Collaborators", the Extraordinary Shareholders' Meeting on July 28, 2023 resolved:</p> <p>a) to increase the paid-in share capital, in a divisible and progressive manner, by a maximum nominal amount of Euro 70,000 (seventy thousand), plus share premium, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6, of the Civil Code, through the issue of a maximum of 7,000,000 (seven million) Ordinary Shares with no indication of par value, to be executed by the deadline of December 31, 2030.</p> <p>b) to increase the share capital free of charge, for a maximum nominal amount of Euro 70,000 (seventy thousand), in a divisible manner, by allocating to capital, pursuant to Article 2349 of the Civil Code, a corresponding amount taken from profits and/or retained earnings, by issuing a maximum of 7,000,000 (seven million) Ordinary Shares, to be executed by the deadline of December 31, 2030.</p> <p>These increases may be carried out for a total maximum nominal amount of Euro 70,000 (seventy thousand), by issuing/granting a maximum of 7,000,000 (seven million) Ordinary Shares, within the same deadline of December 31, 2030; therefore, the resolved share capital of the Company, as a result of both the transactions referred to in letters a) and b), shall therefore increase by a total maximum amount of Euro 70,000 (seventy thousand).</p>	<p>6.12¹ In service of the stock option plan called the "2024-2027 Plan for Employees, Senior Executives and Collaborators", the Extraordinary Shareholders' Meeting on July 28, 2023 resolved:</p> <p>a) to increase the paid-in share capital, in a divisible and progressive manner, by a maximum nominal amount of Euro 70,000 (seventy thousand), plus share premium, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6, of the Civil Code, through the issue of a maximum of 7,000,000 (seven million) Ordinary Shares with no indication of par value, to be executed by the deadline of December 31, 2030.</p> <p>b) to increase the share capital free of charge, for a maximum nominal amount of Euro 70,000 (seventy thousand), in a divisible manner, by allocating to capital, pursuant to Article 2349 of the Civil Code, a corresponding amount taken from profits and/or retained earnings, by issuing a maximum of 7,000,000 (seven million) Ordinary Shares, to be executed by the deadline of December 31, 2030.</p> <p>These increases may be carried out for a total maximum nominal amount of Euro 70,000 (seventy thousand), by issuing/granting a maximum of 7,000,000 (seven million) Ordinary Shares, within the same deadline of December 31, 2030; therefore, the resolved share capital of the Company, as a result of both the transactions referred to in letters a) and b), shall therefore increase by a total maximum amount of Euro 70,000 (seventy thousand).</p>
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Dear Shareholders,

in consideration of that established above, should you agree with the above proposal, we invite you therefore to adopt the following resolution:

"The Extraordinary Shareholders' Meeting of SECO S.p.A.

- having noted the Board of Directors' Explanatory Report,*
- taking into account the resolution of the Shareholders' Meeting that withdraw today the "2024-2027 Chief Executive Officer Stock Option Plan", that has been already approved by the Shareholders' Meeting on July 28th, 2023;*
- taking into account furthermore the resolution of the Shareholders' Meeting that approved today the "2024-2027 Chief Executive Officer New Stock Option Plan"*

resolves

1. *to withdraw, as of the date of the present resolution, the resolution increasing the paid-in share capital approved by the Shareholders' Meeting on July 28th, 2023, in service of the "2024-2027 Chief Executive Officer Stock Option Plan", adopted by the Shareholders Meeting in the same day.*
2. *as a result of the above resolution, to approve the amendments to Article 6 of the By-Laws, according to the text and the amendments included in the explanatory report drafted by the Board of Directors.*
3. *to grant the Board of Directors, and on its behalf the pro tempore legal representatives, jointly and severally, any and all powers to execute any and all formalities required for the approved resolutions to be registered in the Register of Companies, accepting and introducing in the same any non-substantial amendments, additions or deletions that may be required by the competent authorities, as well as every power to carry out the legal and regulatory fulfillments consequent to the adopted resolutions, in addition to any power to make any necessary or appropriate amendments and/or additions to the resolution, within the limits allowed by the applicable regulations and according to the applicable adjustment criteria and generally-accepted financial market methods."*

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Arezzo, November 13rd, 2024

For the Board of Directors
The Chairman
Daniele Conti