

**THE ITALIAN SEA GROUP S.P.A**

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

**Share capital EUR 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 third item on the Agenda of the Ordinary Shareholders' Meeting convened for 1 July 2024, in a single call**

(drafted pursuant to Article 125-ter of Italian Legislative Decree 24 February 1998 No. 58 and Articles 73 and 84-ter of the regulation adopted by Consob 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.*

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Massa | Carrara Business Register  
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### 3. Authorisation for the purchase and disposal of treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code, subject to revocation of the authorisation granted by the Ordinary Shareholders' Meeting of 27 April 2023.

Dear Shareholders,

this report has been drafted pursuant to Article 125-ter, paragraph 1 of Italian Legislative Decree No. no. 58 of 24 February 1998, (the “**Italian Consolidated Law on Finance**”) and Articles 73 and 84-ter of the regulation adopted by Consob resolution No. 11971 of 14 May 1999 (the “**Issuers' Regulation**”) and in accordance with Schedule no. 4 of Annex 3A of the same Issuers' Regulation.

This explanatory report was approved by the Board of Directors of The Italian Sea Group S.p.A. (the “**Company**”) at its meeting of 31 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](http://www.investor.theitalianseagroup.com), section “*Corporate Governance*”/“*Annual General Meeting*”, as well as at the “eMarket Storage” mechanism, available at [www.emarketstorage.com](http://www.emarketstorage.com).

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The Company's Board of Directors intends to submit for your examination and approval – subject to revocation of the resolution passed by the Ordinary Shareholders' Meeting on 27 April 2023 – a proposal to authorise the Board of Directors to purchase and dispose of the Company's ordinary shares, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of the Italian Consolidated Law on Finance and 144-bis of the Issuers' Regulation and in compliance with the provisions of Article 5 of the EU Regulation 596/2014 (the “**MAR Regulation**”) and the EU Delegated Regulation 2016/1052 (the “**Delegated Regulation**”), as well as the accepted market practice as per Consob Resolution No. 21318 of 7 April 2020 and of any additional market practices from time to time permitted approved by Consob pursuant to the MAR (the “**Permitted Practices**”).

In this regard, it should be noted that the Shareholders' Meeting of 27 April 2023 had authorised the Company (i) to purchase, on one or more occasions, for a period not exceeding 18 months and up to a maximum number of shares not exceeding 10% of the share capital, and (ii) to dispose, on one or more occasions, without time limits, of the treasury shares purchased and any shares held in the Company's portfolio.

During the 2023 financial year and by virtue of the authorisation granted by the Shareholders' Meeting of 27 April 2023, the Company did not purchase any ordinary shares.

It is proposed to authorise the Board of Directors to purchase and dispose of the Company's ordinary treasury shares on the terms set out in this report (the “**Report**”).

#### 1. Reasons for the authorisation request

The purpose of the authorisation request to purchase and dispose of treasury shares, the subject of this proposal, is to enable the Company to pursue the following objectives:

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- (i) to execute the incentive plan called Long Term Incentive Plan 2027-2029, which is also submitted to the approval of the Shareholders' Meeting of 1 July 2024, as well as any ordinary share incentive programmes in favour of management, employees and independent contractors or to allocate shares to Shareholders free of charge or to fulfil obligations deriving from warrants, convertible financial instruments, with compulsory conversion or exchangeable for shares (on the basis of transactions currently in place or to be resolved/implemented);
- (ii) use excess liquid resources;
- (iii) operate on the market, in compliance with the provisions in force from time to time, directly or through intermediaries, to contain abnormal trading and price movements in the shares traded on Euronext Milan against any distorting phenomena linked to an excess of trading liquidity;
- (iv) engage in medium- and long-term liquidity investment transactions, including for the purpose of building long-term holdings, or in any case to seize value maximisation opportunities that may arise from market trends;
- (v) allow the use of treasury shares in the context of transactions related to current operations or extraordinary transactions consistent with the Company's strategic guidelines, including, but not limited to, exchange, swap, offsetting, contribution and/or at the service of capital transactions or other corporate and/or financial transactions and/or other transactions of an extraordinary nature involving the assignment or disposal of treasury shares.

The authorisation request also envisages the Board of Directors' power to carry out repeated and successive purchase and sale transactions (or other acts of disposal) of treasury shares also on a revolving basis, also for fractions of the maximum authorised quantity, so that, at all times, the quantity of shares subject to the proposed purchase and held by the Company does not exceed the limits envisaged by law and by the authorisation of the Shareholders' Meeting.

It should be noted that the purchase of treasury shares covered by this authorisation request is not instrumental to the reduction of the share capital through the cancellation of the treasury shares purchased, without prejudice to the Company's right, subject to the Shareholders' Meeting resolving to reduce the share capital in the future, to execute it also through the cancellation of the treasury shares held in the portfolio.

It should also be noted that the Company may not purchase treasury shares except within the limits of distributable profits and/or available reserves resulting from the last duly approved financial statements and, furthermore, only fully paid-up shares may be purchased.

## **2. Maximum number, class, and nominal value of the shares pursuant to the authorisation.**

As at the date of this Report, the Company's share capital amounted to Euro 26,500,000.00 and is divided into 53,000,000 ordinary shares, with no express nominal value.

It should be noted that at the date of the Report, neither the Company nor its subsidiaries held any treasury shares.

The Board of Directors requests the authorisation to purchase, also in several tranches, a number of

ordinary shares without nominal value such as not to exceed 10% of the share capital and, therefore, within the limits of the 20% provided in Article 2357, paragraph 3 of the Italian Civil Code. In any event, in accordance with the provisions of Article 2357(1) of the Italian Civil Code, the purchases will be made within the limits of the distributable profits and available reserves resulting from the latest duly approved Company's financial statements.

Furthermore, without prejudice to the provisions of Article 3 of the Delegated Regulation, the Company may not purchase on a single trading day a volume exceeding 25% of the average daily volume of shares traded where the purchase is made.

### **3. Useful information for the purposes of assessing compliance with Article 2357, paragraph 3, of the Italian Civil Code.**

The maximum amount of the shares to which the purchase authorisation under discussion relates is such as not to exceed 10% of the Company's share capital. Accordingly, the authorisation to purchase treasury shares pursuant to this proposal complies with the provisions of Article 2357, paragraph 3, of the Italian Civil Code, in accordance to which the nominal value of the shares purchased pursuant to paragraph 1 and 2 by companies resorting to the venture capital market may not exceed one-fifth of the share capital, also taking into account for this purpose the shares held by subsidiaries.

In particular, it should be noted that as at the date of this Report (i) the Company does not hold treasury shares, and (ii) no subsidiary of the Issuer holds shares of the same.

Furthermore, it should be noted that pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the purchase of treasury shares is permitted within the limits of the distributable profits and available reserves resulting from the last regularly approved financial statements. In this regard, it should be noted that the financial statements for the year ended 31 December 2023 show that the available reserves amount to Euro 58,877,915.17.

The Board of Directors is required to verify compliance with the conditions of Article 2357, paragraphs 1 and 3, of the Italian Civil Code for the purchase of treasury shares when executing each authorised purchase. Specific instructions will be given to the subsidiaries to promptly report any acquisition of shares in accordance with Article 2359-bis of the Italian Civil Code

It should be noted that, in the event of transactions involving the purchase, sale, exchange and contribution of treasury shares, the Company will make the necessary or appropriate accounting entries in accordance with the law and applicable accounting standards.

### **4. Term of the authorisation**

The Board of Directors proposes that the authorisation to purchase treasury shares be granted for the maximum duration permitted by Article 2357, paragraph 2, of the Italian Civil Code and thus for a period of 18 months from the date of authorisation by the Shareholders' Meeting.

The Board may proceed with the authorised transactions on one or more occasions and at any time, to an extent and at a time freely determined in compliance with the applicable rules, at the rate

deemed appropriate in the interest of the Company.

On account of the absence of time limits under the current provisions, the authorisation to dispose of any treasury shares that might have been purchased is requested without any time limits to allow the Board of Directors the maximum flexibility, also in terms of time, when disposing of the shares.

## 5. Minimum and maximum price of treasury shares to be purchased

The Board of Directors proposes that the consideration for the purchase of treasury shares be determined on a case-by-case basis for each individual transaction, taking into account the method chosen to carry out the transaction, the share price trend and the Company's best interest, in compliance with any national and European regulatory provisions in force at the time and accepted market practices.

In any event, the consideration must comply with the provisions of Article 3, paragraph 2, of the Delegated Regulation as amended from time to time, i.e., as at the date of this Report, not higher than the highest price of the price of the last independent transaction and the price of the highest current independent bid on the trading venue where the purchase is made, i.e. in compliance with the regulations in force from time to time, including the Admitted Practices.

In any event, purchases must be made at a price that is not lower or higher than 10% of the reference price recorded by the security in the market session on the day preceding each individual transaction.

With regard to the disposal of treasury shares, this may be carried out at the price or, in any case, according to criteria and conditions determined by the Board of Directors, taking into account the methods used, the share price trend in the period prior to the transaction and the Company's best interests.

In particular, if the shares are disposed of in the context of share incentive plans, the treasury shares must be assigned to the recipients of the plans in force from time to time, in the manner, according to the consideration and within the terms indicated in the same plans' regulations.

## 6. Method of execution of transactions

The Board of Directors proposes that authorisation be granted to make purchases in accordance with the operating procedures established by the regulations and legislation in force from time to time and, in particular, Article 132 of the Italian Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation, as well as the EU and national regulations on market abuse and, therefore, among others, the MAR Regulation, the Delegated Regulation and the Admitted Practices.

In any event, the Issuer may not purchase on any trading day a volume exceeding 25% of the average daily volume of shares traded on the trading venue where the purchase is made.

With regard to the sale, disposal and/or use of treasury shares, the Board of Directors proposes that the authorisation allows for the adoption of any modality that may be appropriate for the purposes pursued, to be carried out both directly and through intermediaries, in compliance with the laws and regulations, both national and European, in force on the matter, also including the off-market sale of

shares, through accelerated bookbuild or through the transfer of any rights in rem and/or personal rights relating to the same (including, by way of example, securities lending).

It should be noted that, pursuant to the exemption set forth in Article 132, paragraph 3, of the Italian Consolidated Law on Finance, the above operating procedures do not apply in the event of purchase of treasury shares from employees of the Company and its subsidiaries granted to them as part of a share incentive plan pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or resulting from remuneration plans approved pursuant to Article 114-bis of the Italian Consolidated Law on Finance.

Any transactions involving the purchase and disposal of treasury shares will be disclosed in accordance with the applicable disclosure requirements under national and European provisions.

## 7. Information in the event that the purchase transaction is instrumental to a capital reduction

It should be noted that the purchase of treasury shares is not intended, at present, for transactions to reduce the share capital through the cancellation of the treasury shares purchased, without prejudice, however, to the Company's right, subject to the approval of the Shareholders' Meeting to reduce the share capital in the future, to execute it also through the cancellation of the treasury shares held in the portfolio.

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In light of the above, the Board of Directors submits the following proposed resolution for your approval:

*“The Ordinary Shareholders' Meeting of The Italian Sea Group S.p.A.:*

- *having examined the Board of Directors' explanatory report;*
- *having noted the provisions of Articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of Italian Legislative Decree no. 58 of 24 February 1998 (the “**Italian Consolidated Law on Finance**”), Article 144-bis of the Issuers' Regulations adopted by CONSOB with resolution no. 11971/1999 (the “**Issuers' Regulation**”), as subsequently amended, and the reference provisions of Regulation (EU) no. 596 of 16 April 2014, as subsequently amended, and Delegated Regulation (EU) no. 1052 of 8 March 2016;*
- *having noted the advisability of authorising the purchase and disposal of treasury shares for the purposes and in the manner indicated in the Board of Directors' report;*
- *having noted that the previous resolution to authorise the purchase of treasury shares, passed by the Shareholders' Meeting on 27 April 2023, was not executed;*

### **RESOLVES**

1. *to revoke the previous resolution authorising the purchase of treasury shares passed by the*

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*Shareholders' Meeting on 27 April 2023 with effect from the date of this resolution;*

2. *pursuant to and in accordance with Article 2357 of the Italian Civil Code, to authorise the Board of Directors to purchase, for a period not exceeding 18 months from the date of this resolution, TIGS ordinary shares without nominal value, also in one or more tranches and at any time, also on a revolving basis, up to a maximum number of shares not exceeding 10% of the share capital – taking into account the shares held from time to time by the company - and within the limit of the distributable profits and available reserves resulting from the last approved financial statements, for the pursuit of the purposes set forth in the explanatory report of the Board of Directors and in accordance with the following terms and conditions:*

- (i) *purchases may be made according to one of the methods provided for in Article 132 of the Italian Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation, also taking into account the methods and operating limits prescribed by Regulation (EU) no. 596 of 16 April 2014, including permitted market practices, Delegated Regulation (EU) no. 1052 of 8 March 2016 and regulations applicable from time to time;*
- (ii) *the purchase price of each share must comply with the provisions of Article 3, paragraph 2, of Delegated Regulation (EU) no. 1052 of 8 March 2016 as amended from time to time, i.e., as at the date of this Report, not higher than the highest price of the last independent transaction and the price of the highest current independent bid on the trading venue where the purchase is made or in compliance with the regulations in force from time to time.*
- (iii) *In any event, the purchase price of each share must not be lower than a minimum of 10% and not higher than a maximum of 10% than the reference price recorded by the share in the stock exchange session on the day preceding each individual transaction.*

*Furthermore, purchases of treasury shares on the market must comply with the terms, conditions and requirements established by the national and community legislation in force as well as accepted market practices applicable at the time;*

3. *to authorise, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, the disposal, either directly or through intermediaries, of all or part of the treasury shares purchased pursuant to the aforesaid resolution, in one or more tranches and at any time, without time limits, also before having reached the maximum number of shares that may be purchased, in the manner deemed most appropriate in the interest of the Company and in compliance with both national and European regulations in force on the matter including the off-market sale of shares, through accelerated bookbuild or through the sale of any rights in rem and/or personal rights relating thereto (including, but not limited to, securities lending), it being understood that such transactions, if performed in the context of share incentive plans, must be assigned to the beneficiaries of the plans in force from time to time, in accordance with the terms and conditions set forth in their regulations;*

4. *to grant the Board of Directors, jointly and with the power to sub-delegate to one or more of its members, any power necessary or also appropriate to carry out, also through intermediaries*
- (i) *purchases for the purposes and within the limits set forth in point 2. above, establishing the purchasing method and the criteria for determining the price per share in accordance with the provisions of point 2.(ii), implementing all the activities required, necessary, appropriate, instrumental, connected and/or useful for the successful outcome of such transactions proceeding with the necessary accounting entries in the manner and within the limits set forth by law, and the creation of the related reserve, providing for the disclosure to the market and complying with the applicable provisions issued by the competent Authorities from time to time in force;*
- (ii) *transactions for the disposal of all or some of the treasury shares purchased pursuant to this authorisation, establishing the procedures for such transactions, as well as the criteria for determining the price per share in accordance with the provisions of point 3. above, implementing all the activities required, necessary, appropriate, instrumental, connected and/or useful for the successful outcome of such transactions, proceeding with the necessary accounting entries in the manner and limits provided for by law, and the creation of the relevant reserve, providing for the disclosure to the market and complying with the applicable provisions issued by the competent Authorities from time to time in force;*
5. *to grant the Board of Directors, jointly and with the right to sub-delegate to one or more of its members, with all powers, none excluded or excepted, to execute the above resolutions, implementing all that is required, appropriate, instrumental, connected and/or useful for the successful outcome of the same and the authorisations contemplated therein”.*

Marina di Carrara, Carrara (MS), 31 May 2024

The Chair of the Board of Directors

(Filippo Menchelli)