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

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

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

**Registered in the North-West Tuscany Companies Register with registration number and tax code 00096320452**

# Explanatory Report of the Board of Directors on the fifth item on the Agenda of the Ordinary Shareholders' Meeting convened for 22 April 2025, in a single call

(drawn up pursuant to Article 125-*ter* of Italian Legislative Decree No. 58 of 24 February 1998 and Articles 73 and 84-*ter* of the regulation adopted by CONSOB Resolution No. 11971 of 14 May 1999)

## 5. Authorization for the purchase and disposal of treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code, subject to revocation of the authorization granted by the Ordinary Shareholders' Meeting of 1 July 2024.

Dear Shareholders,

This report has been drafted pursuant to Article 125-*ter*, first paragraph, of Italian Legislative Decree 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 4 of Annex 3A to the Issuers' Regulation.

This explanatory report has been approved by the Board of Directors of The Italian Sea Group S.p.A. (the "**Company**") in the meeting of 14 March 2025 and is made available to the public, within the terms provided by the law and regulations, at the Company's registered office, on the Company's website, www.investor.theitalianseagroup.com, in the "*Corporate Governance*"/"*Shareholders' Meeting*" section, as well as on the storage mechanism "eMarket Storage", available at the following address www.emarketstorage.com.

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The Board of Directors of the Company intends to submit to your examination and approval – subject to revocation of the resolution adopted by the Ordinary Shareholders' Meeting on 1 July 2024 – a proposal for authorisation to the Board of Directors for the purchase and disposal of ordinary shares of the Company, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, Article 132 of the Italian Consolidated Law on Finance and Article 144-*bis* of the Issuers' Regulation and in compliance with the provisions of Article 5 of EU Regulation 596/2014 (the "**MAR**") and EU Delegated Regulation 2016/1052 (the "**Delegated Regulation**"), in addition to the accepted market practice as per CONSOB Resolution no. 21318 of 7 April 2020, as well as any additional market practices approved by CONSOB from time to time pursuant to the MAR ("**Accepted Market Practices**").

In this regard, it should be noted that the Shareholders' Meeting of 1 July 2024 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 such as not to exceed 10% of the share capital, and *(ii)* to dispose of, on one or more occasions, without time limits, the treasury shares purchased and any that may be held in the portfolio by the Company.

During the 2024 financial year and by virtue of the authorisation granted by the Shareholders' Meeting of 1 July 2024, the Company did not purchase any ordinary shares.

It is hereby proposed to authorise the Board of Directors to purchase and dispose of the Company's ordinary treasury shares in the terms illustrated in this report (the "**Report**").

## 1. Grounds for which authorisation is required

The request for authorisation to purchase and dispose of treasury shares, which is the subject of this proposal, is aimed at allowing the Company to pursue the following objectives:

*(i)* execute the incentive plan called Long Term Incentive Plan 2027-2029, approved by the Shareholders' Meeting of 1 July 2024, in addition to any share incentive plans in favour of management, employees and collaborators or proceed with free assignments to Shareholders or fulfil obligations deriving from warrants, convertible financial instruments, with mandatory conversion or exchangeable for shares (on the basis of operations in place or to be approved/implemented);

*(ii)* utilise surplus cash resources;

*(iii)* operate on the market, in compliance with the provisions in force from time to time, directly or through intermediaries, to contain abnormal movements in the trading and prices of the shares traded on the STAR segment of Euronext Milan in the face of any distortive phenomena linked to surplus liquidity generated by trading;

*(iv)* undertake medium- and long-term liquidity investment transactions, including for the purpose of building lasting investments, or, in any case, to capitalise on opportunities to maximise value arising from market performance;

*(v)* allow the use of treasury shares in the context of transactions related to current management or extraordinary transactions in line with the Company's strategic objectives, including, but not limited to, transactions involving exchange, swaps, offsets, and capital contributions and/or transactions in support of capital operations or other corporate and/or financial transactions and/or other extraordinary transactions involving the allocation or disposal of treasury shares.

The request for authorisation also provides for the right of the Board of Directors to carry out repeated and subsequent transactions of purchase and sale (or other acts of disposal) of treasury shares, including on a revolving basis, including for fractions of the maximum authorised amount, so that, at all times, the number of shares subject to the proposed purchase and in the ownership of the Company does not exceed the limits provided for 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 by cancellation of the purchased treasury shares, without prejudice to the right of the Company, if the Shareholders' Meeting decides in the future to reduce the share capital, to execute it, including by cancellation of the treasury shares held in the portfolio.

It should also be remembered that the Company may not purchase treasury shares except within the limits of the 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 shares to which the authorisation relates

As of the Report Date, the Company's share capital amounts 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, as at the Report Date, neither the Company nor its subsidiaries are holders of treasury shares.

The Board of Directors requests authorisation to purchase, including in several tranches, a number of ordinary shares without indication of the nominal value such as not to exceed 10% of the share capital and, therefore, within the limit of 20% provided for in Article 2357, third paragraph, of the Italian Civil Code. In any case, the purchases will be made, in accordance with the provisions of Article 2357, first paragraph, of the Italian Civil Code, within the limits of the distributable profits and available reserves resulting from the Company's last duly approved financial statements.

Furthermore, without prejudice to the provisions of Article 3 of the Delegated Regulation, the Company may not purchase in a single trading day a volume of more than 25% of the average daily volume of shares at the trading venue where the purchase is made.

## 3. Information useful for assessing compliance with Article 2357, third paragraph, of the Italian Civil Code.

The maximum amount of shares to which the purchase authorisation in question refers is such as not to exceed 10% of the Company's share capital. Therefore, the authorisation for the purchase of treasury shares covered by this proposal complies with the provisions of Article 2357, third paragraph, of the Italian Civil Code, pursuant to which the nominal value of the shares acquired pursuant to paragraphs 1 and 2 by companies resorting to the risk 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 at the Report Date *(i)* the Company does not hold any treasury shares, and *(ii)* no subsidiary of the Issuer holds any shares therein.

It should also be noted that pursuant to Article 2357, first paragraph, of the Italian Civil Code, the purchase of treasury shares is permitted within the limits of distributable profits and available reserves resulting from the last duly approved financial statements. In this regard, it should be noted that from the financial statements as of 31 December 2024, it appears from the financial statements as of 31 December 2023 that the available reserves amount to Euro 58,877,915.17.

The Board of Directors is required to verify compliance with the conditions required by Article 2357, first and third paragraphs, of the Italian Civil Code for the purchase of treasury shares on the occasion of the execution of each authorised purchase. Subsidiaries will be issued with specific provisions to promptly report any purchase of shares made pursuant to Article 2359-*bis* of the Italian Civil Code.

It should be noted that, when purchasing, selling, exchanging and transferring treasury shares, the Company, in compliance with the provisions of the law and applicable accounting standards, will make the necessary or appropriate accounting entries.

**4. Duration of authorisation**

The Board of Directors proposes that the authorisation for the purchase of treasury shares be granted for the maximum duration permitted by Article 2357, second paragraph, of the Italian Civil Code and therefore 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 within a time freely determined in compliance with the applicable rules, with the graduality deemed appropriate in the interest of the Company.

Authorisation to dispose of treasury shares that may be purchased is requested without time limits, due to the absence of regulatory limits on the matter and the opportunity to allow the Board of Directors to use maximum flexibility, including in terms of time, to carry out the acts of disposal of the shares.

**5. Minimum and maximum consideration for treasury shares to be purchased**

The Board of Directors proposes that the consideration for the purchase of treasury shares be identified from time to time for each individual transaction, taking into account the method chosen for carrying out the transaction, the trend in the prices of the security and the best interest of the Company, in compliance with any national and European regulatory requirements in force from time to time and accepted market practices.

In any case, the consideration must comply with the provisions of Article 3, second paragraph, of the Delegated Regulation as amended from time to time. Specifically, as of the Report Date, it must not exceed the higher between (i) the price of the last independent transaction or (ii) the highest current independent purchase offer at the trading venue where the purchase is made. Additionally, the consideration must comply with the regulations in force from time to time, including the Accepted Market Practices.

In any case, the purchases must be made at a price that must not be more than 10% higher or lower than the reference price that the security has recorded in the market session of the day prior to 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 of implementation used, the trend of share prices in the period prior to the transaction and the best interests of the Company.

In particular, if the acts of disposal are executed as part of share incentive plans, the treasury shares must be allocated to the recipients of the plans in force from time to time, in the manner, according to the fees and within the terms indicated by the regulations of said plans.

## 6. Methods of execution of operations

The Board of Directors proposes that authorisation be granted for purchases to be made in accordance with the operating procedures established by the rules and regulations 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 Community and national legislation on market abuse and, therefore, inter alia, the MAR, the Delegated Regulation and the Accepted Market Practices.

In any event, the Issuer may not purchase on any trading day a volume in excess of 25% of the average daily volume of shares at 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 allow the adoption of any method that is appropriate to correspond to the purposes pursued to be carried out both directly and through intermediaries, in compliance with the provisions of law and regulations, both national and European, in force on the matter, including the transfer of shares off-market, through accelerated bookbuilding or through the transfer of any real and/or personal rights relating thereto (including, by way of example, securities loans).

It should be noted that, in accordance with the exemption referred to in Article 132, third paragraph, of the Italian Consolidated Law on Finance, the above operating procedures do not apply in the event of the purchase of treasury shares by employees of the Company and subsidiaries, which are assigned to them within the framework of a share incentive plan pursuant to Articles 2349 and 2441, eighth paragraph, of the Italian Civil Code, or deriving from compensation plans approved pursuant to Article 114-*bis* of the Italian Consolidated Law on Finance.

Notice of any purchase and disposal of treasury shares will be provided in compliance with the applicable information obligations under national and European provisions.

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

It should be noted that the purchase of treasury shares is not, at present, planned as a precursor to operations to reduce the share capital by cancellation of the purchased treasury shares, without prejudice, however, if a reduction in the share capital is approved in the future by the Shareholders' Meeting, to the Company's right to execute it including by cancellation of the treasury shares held in its portfolio.

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In view of the above, the Board of Directors submits the following proposal for resolution for your approval:

*"The Ordinary Shareholders' Meeting of The Italian Sea Group S.p.A., meeting in ordinary session:*

- *having examined the explanatory report of the Board of Directors;*
- *having considered the provisions contained in 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' Regulation adopted by CONSOB by Resolution No. 11971/1999 (the "**Issuers' Regulation**"), as subsequently amended, and the reference provisions referred to in Regulation (EU) No. 596 of 16 April 2014, as subsequently amended, and Delegated Regulation (EU) No. 1052 of 8 March 2016;*
- *having established the suitability of granting authorisation for the purchase and disposal of treasury shares for the purposes and in the manner indicated in the report of the Board of Directors;*
- *having noted that the previous resolution authorising the purchase of treasury shares,*

*adopted by the Shareholders' Meeting on 1 July 2024, has been entirely unfulfilled;*

***resolves***

1. *to revoke the previous resolution authorising the purchase of treasury shares resolved by the Shareholders' Meeting on 1 July 2024 from the date of this resolution;*

2. *to authorise, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the Board of Directors to purchase, for a period not exceeding eighteen months from the date of this resolution, ordinary shares of TISG without indication of nominal value, in one or more tranches and at any time, including on a revolving basis, up to a maximum number of shares such as not to exceed 10% of the share capital – taking into account the shares held from time to time by the Company - and within the limit of distributable profits and available reserves resulting from the last approved financial statements, for the pursuit of the purposes referred to in the explanatory report of the Board of Directors and under 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 the permitted market practices, by Delegated Regulation (EU) no. 1052 of 8 March 2016 and by the applicable legislation in force from time to time;*

   *(ii) the purchase consideration for each share must comply with the provisions of Article 3, second paragraph, of Delegated Regulation (EU) No. 1052 of 8 March 2016 as amended from time to time. Specifically, as of the Report Date, it must not exceed the higher of (i) the price of the last independent transaction or (ii) the highest current independent purchase offer at the trading venue where the purchase is made. Additionally, the consideration must comply with the regulations in force from time to time;*

   *(iii) in any case, the purchase price of each share must not be more than 10% higher or lower than the reference price that the security has recorded in the trading session of the day prior to each individual transaction.*

   *Furthermore, purchases of treasury shares on the market will be carried out in compliance with the terms, conditions and requirements established by the*

*applicable Community legislation and the market practices allowed and in force from time to 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 aforementioned resolution, in one or more tranches and at any time, without time limits, even before having exhausted 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 transfer of shares off-market, through accelerated bookbuilding or through the transfer of any real and/or personal rights relating thereto (including, by way of example, securities loans), without prejudice to the fact that such operations, if carried out within the framework of share incentive plans, must be assigned to the recipients of the plans in force from time to time, in the manner and within the terms indicated by the regulations of said plans;*

4. *to grant the Board of Directors, jointly and with the power to sub-delegate to one or more of its members, within the limits of the law, any power necessary or even only appropriate to carry out, including through intermediaries:*

   *(i) purchases for the purposes and within the limits referred to in point 2, establishing the method of purchase and the criteria for determining the price per share in accordance with the provisions of point 2 (ii), putting in place all activities that may be required, necessary, appropriate, instrumental, connected and/or useful for the successful outcome of such operations, carrying out the necessary accounting entries in the manner and within the limits of the law, and creating the relative negative reserve, providing information to the market and complying with the applicable provisions in force from time to time issued by the competent Authorities;*

   *(ii) disposals of all or some of the treasury shares purchased pursuant to this authorisation, establishing the terms and conditions thereof, as well as the criteria for determining the price per share in accordance with the provisions of point 3 above, putting in place all activities that may be required, necessary, appropriate, instrumental, connected and/or useful for the successful outcome of such*

*operations, carrying out the necessary accounting entries in the manner and within the limits of the law, providing information to the market and complying with the applicable provisions in force from time to time issued by the competent Authorities;*

5. *to grant the Board of Directors, jointly and with the power to sub-delegate to one or more of its members, within the limits of the law, any power, with no exclusions or exceptions, to execute the foregoing resolutions, implementing all that is required, appropriate, instrumental, connected and/or useful for the successful outcome of the same and the authorisations provided for therein."*

Marina di Carrara, Carrara (MS), 14 March 2025

For the Board of Directors

The Chair (Filippo Menchelli)