

THE ITALIAN SEA GROUP S.P.A.

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

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

Enrolled in the Register of Companies of Massa Carrara and Tax Code 00096320452

Explanatory report of the Board of Directors

on item no.6 of the Agenda

of the Ordinary Shareholders' Meeting convened on 27 April 2023, in a single call.

The Italian Sea Group S.p.A.

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6. Authorisation to purchase and sell treasury shares pursuant to art. 2357, 2357-ter of the Italian Civil Code, art. 132 of Italian Legislative Decree no. 58 of 24 February 1998 and art. 144-bis of the CONSOB regulation adopted with resolution no. 11971 of 14 May 1999, subject to revocation of the authorisation resolution passed by the Ordinary Shareholders' Meeting of 29 April 2022. Related and consequent resolutions.

Dear Shareholders,

You have been convened by the Board of Directors of The Italian Sea Group S.p.A. to discuss and resolve – subject to revocation of the resolution taken by the Ordinary Shareholders' Meeting on 29 April 2022 – regarding the approval of the authorisation proposal of the Board of Directors to acquire and dispose of the Company's ordinary shares, pursuant to the combined provisions of art. 2357 and 2357-ter of Italian Civil Code, in the respect of the conditions provided for in art. 132 of Italian Legislative Decree no. 58 of 24 February 1998 (hereinafter "**TUF**"), art. 144-bis of the Consob Regulation adopted with resolution no. 11971 of 14 May 1999 as subsequently amended (hereinafter "**Issuers' Regulation**"), and without prejudice to the application of the Regulation (EU) no. 596 of 16 April 2014 related to market abuse (hereinafter "**MAR**"), and any application of the Delegated Regulation (EU) no. 1052 of 8 March 2016, related to the applicable conditions to the buy-back of treasury shares and the stabilisation measures (hereinafter "**Delegated Regulation**"), as well as in compliance with any market practices accepted from time to time, including those provided for in art. 180, paragraph 1, letter c) of TUF, approved with Consob resolution no. 16839 of 19 March 2009 (hereinafter "**Accepted Practices**").

Reasons for the proposed authorisation

The premises of the authorisation request and the main objectives that the Company's Board of Directors wants to pursue through the operations related to the proposal to the Shareholders' Meeting to concede authorisation for the purchase of treasury shares are the following:

- (i) to fulfil any obligation deriving from potential and future stock option programs or other grants of shares to employees or members of the corporate bodies of the Company and/or direct or indirect subsidiaries, as well as from potential free share grant programs to shareholders;

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- (ii) to utilise excess liquidity;
- (iii) to optimise capital structure;
- (iv) to carry out medium- and long-term liquidity investment operations, also to set up long-term equity investments, or in any case to exploit value maximisation opportunities that may arise from market trends,
- (v) to allow the use of treasury shares within the framework of current operations or extraordinary operations in line with the Company's strategic guidelines, hereby including, merely by way of example, exchanges, trade-ins, offsets, contribution and/or capital transactions or other corporate and/or financial transactions and/or other extraordinary operations involving the attribution or disposal of treasury shares.

The authorisation request also envisages the ability of the Board of Directors of carrying out repeated and subsequent operations of purchase and sale (or other disposal operations) of treasury shares also on a rotating schedule (so-called "revolving"), also for a fraction of the maximum authorised quantity, so that, at any time, the number of shares subject to the proposal purchase and property of the Company does not exceed the limits provided for by the law and the authorisation by the Shareholders' meeting.

It is important to note that the purchase of own shares object of this authorisation request is not instrumental to the reduction of share capital through cancellation of acquired treasury shares, without prejudice to the Company's ability provided that the Shareholders' Meeting resolves for a reduction of share capital in the future, to execute it also through the cancellation of treasury shares in its portfolio.

In relation to the aforementioned purchase of treasury shares, it is important to remember that in compliance with art. 2357 of the Italian Civil Code it is necessary to receive authorisation from the Shareholders' Meeting, which also decides on the methods, indicating in particular the maximum number of shares to acquire, the duration, which shall not exceed 18 months (eighteen), for which the authorisation is granted, and the maximum and minimum amount.

Furthermore, ex art. 2357-ter of the Italian Civil Code, the Shareholders' Meeting is also called to authorise the disposal of treasury shares in the Company's portfolio.

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Additionally, it must be remembered that the Company cannot purchase treasury shares outside of the limits of the distributable dividends and/or available reserves recorded in the last regularly approved financial statements and, furthermore, it will be only possible to purchase shares which have been entirely called-in.

Maximum number, category and nominal value of the shares to which the authorisation refers

At the date of this Report, the Company's share capital amounts to EUR 26,500,000.00 corresponding to no. 53,000,000 shares without nominal value.

It is to be noted that, at today's date, the Company does not own treasury shares.

In light of the above, the proposal is to mandate the Board of Directors to purchase the Company's treasury shares, in one or more *tranches*, in a measure to be determined freely by the Board, up until a maximum number of shares which does not exceed 10% of share capital.

In any case, the purchases will be carried out, in compliance with the provisions of art. 2357 of the Italian Civil Code, within the limitation of the distributable dividends and the available reserves recorded in the last regularly approved financial statements of the Company.

Useful information for the purpose of the evaluation of compliance with art. 2357, paragraph 3, of the Italian Civil Code

The purchase of treasury shares will be carried out in compliance with art. 2357, paragraph 1, of the Italian Civil Code and, therefore, by utilising

- (i) retained earnings, distributable by the Company, recorded in the last regularly approved financial statements, net of the portion destined to legal reserves; as well as
- (ii) available reserves, including share premium reserve. For that purpose, please refer to the draft financial statements for year ending 31 December 2022, assuming its approval by the Shareholders' Meeting in the terms proposed by the Board of Directors.

Furthermore, the purchase of treasury shares will be carried out in compliance with art. 2357, paragraph 3, of the Italian Civil Code; therefore, the implicit nominal value of the treasury shares

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owned by the Company shall never exceed one-fifth of share capital, also in light of the treasury shares already owned by the Company in virtue of the purchases carried out on the basis of previous authorisations by the Shareholders' Meeting and any shares owned by the Company's subsidiaries.

The Board of Directors is required to verify the compliance with the conditions provided for in art. 2357, paragraphs 1 and 3, of the Italian Civil Code for the purchase of treasury shares in the occasion of the carrying out of any authorised purchase. The subsidiaries will receive specific provisions to promptly notify any purchase of shares carried out in compliance with art. 2359-*bis* of the Italian Civil Code. Furthermore, in compliance with art. 2357-*ter*, paragraph 3 of the Italian Civil Code, the purchase of treasury shares will imply a reduction of shareholders' equity of an equal amount, through the inscription in the liabilities on the balance sheet under a specific item, with a negative sign.

Duration of the authorisation

The Board of Directors proposes that the authorisation for the purchase of treasury shares is conferred for a period of 18 (eighteen) months starting from the date of the Shareholders' Meeting authorisation. The Board shall be able to proceed to the authorised operations on one or more occasions and at any time, in any measure and timing freely determined in compliance with the applicable laws, and the gradualness deemed appropriate in the Company's interest. The authorisation to the disposal of any treasury shares which will potentially be acquired is requested without time limit, by reason of the absence of time limitation in accordance with the current provisions and the opportunity of the Board of Directors to rely on maximum flexibility, even in terms of timing, to carry out the operations of disposal of the shares.

Minimum and maximum price of treasury shares to be purchased

The purchase price of the treasury shares will be identified from time to time, taking into account the preferred method to carry out the operation and in compliance of any regulatory prescription or accepted market practices but, in any case, it should be lower than the value of the official Net Asset Value published quarterly by the Company and, in any case, not lower than a minimum of 10% and not higher than a maximum of 10% of the reference price that the share has recorded in the market session of the day preceding each single operation.

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For what concerns the disposal of treasury shares, it will be possible to carry it out at the price or, in any case, in accordance with criteria and conditions determined by the Board of Directors, having taken into account the implementation procedures carried out, the trend of the share price in the period preceding the operation, and the best interest of the Company.

Methods of execution of the operations

The purchase operations will be carried out in compliance with the provisions of art. 132 of the TUF, art. 144-*bis* of the Issuers' Regulation, art. 5 of the MAR and any other applicable regulation, as well as the market practices accepted by Consob, where applicable. More specifically, the purchase of treasury shares shall be carried out in compliance with the operational procedures provided for in art. 144-*bis*, paragraph 1, letters a), b), c), d), and d-*ter*) of the Issuers' Regulation. The purchases can be carried out using methods different from those indicated above, where permitted by art. 132, paragraph 3 of the TUF or other provisions applicable from time to time at the moment of the operation. The acts of disposal and/or use shall be carried out, in one or more occasions, also before having exhausted the amount of treasury shares that can be purchased, with the methods deemed more appropriate in the interest of the Company and, in any case, in compliance with national and European regulations and accepted market practices in place from time to time, where applicable.

In light of the above, the Board of directors submits the following resolution proposal for your approval:

“The Ordinary Shareholders’ Meeting of The Italian Sea Group S.p.A.

- *having examined the Board of Directors’ Explanatory Report drafted pursuant to article 73 of the Issuers’ Regulation adopted with Consob resolution 11971/1999 (Issuers’ Regulation); having examined the financial statements for the year ending on 31 December 2022, approved by today’s Meeting;*
- *having assessed the opportunity of authorising the purchase and disposal of treasury shares*

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for the purpose and with the methods identified in the Board of Directors' Report;

- *having acknowledged the provisions of articles 2357 and 2357-ter of the Italian Civil Code, as well as art. 132 of the TUF;*
- *having examined the provisions of art 144-bis of the Issuers' Regulations, the provisions of the Regulation (EU) no. 596 of 16 April 2014 related to market abuse ("MAR"), the Delegated Regulation (EU) no. 1052 of 8 March 2016 ("Delegated Regulation") and the market practices accepted from time to time;*
- *having acknowledged that the previous resolution for the authorisation to purchase treasury shares, resolved by the Shareholders' Meeting on 29 April 2022, has been completely unexecuted*

resolves

1. *to revoke, starting from the date of this resolution, the previous resolution for the authorisation to purchase treasury shares resolved by the Shareholders' Meeting on 29 April 2022;*
2. *to authorise the Board of Directors, pursuant and for the effects of art. 2357 of the Italian Civil Code, and the combined provisions of art. 132 TUF and art. 144-bis of the Issuers' Regulation, to purchase, in one or more occasions, for a period not exceeding 18 months and up to a maximum amount of shares not exceeding the 10% of the share capital, notwithstanding that:*
 - (i) *the purchase shall be carried out for the pursuit of the objectives provided for in the Board of Directors' Report and in compliance with the regulatory provisions, in particular with art. 132 TUF and art. 144-bis of the Issuers' Regulation, taking into account also the methods and operational limitation of the MAR, including the market practices accepted pursuant to art. 13 MAR, the Delegated Regulation and the general and sectorial regulations applicable (including the provisions referred to in Regulation (EU)*

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2019/2115 or dictated by CONSOB or ESMA);

(ii) *the purchase price of each share shall not be lower than a minimum of 10% and a maximum of 10% of the the reference price that the share has recorded in the market session of the day preceding each single operation. Furthermore, purchases of treasury shares on the market shall be carried out in the respect of the terms, the conditions, and the requirements established by the legislation – even community legislation – applicable and the accepted market practices in place from time to time.*

3. *to authorise the disposal of treasury shares, in one or more occasions, without timing limitation, even before having exhausted the maximum amount of shares to be purchased, with the methods deemed as more appropriate in the interest of the Company and in compliance with the applicable legislation, with the following alternative methods:*

- *through cash transactions: in that case, the sale of treasury shares shall not be carried out at a price lower than 20% of the reference price recorded on Euronext Milan in the market session preceding each single operation;*
- *through exchanges, trade-ins, offsetting, contribution or any other act of disposal not in cash or at the service of capital transactions or other corporate and/or financial operations and/or other extraordinary operations or in any case for any act of disposal not in cash, including any potential programs of free grants to shareholders also through dividends. In that case, the economic terms of the operation shall be based on the nature and the characteristics of the operation, also taking into account the market trend of the shares of The Italian Sea Group S.p.A.; with prejudice to, in any case, the compliance of any potential limitations envisaged by the regulation, also at an European level, and the accepted market practices in place from time to time, where applicable.*

4. *to confer to the Board of Directors the power to:*

- *identify the reserves to use for the purchase of treasury shares;*
- *establish the methods, the timing, and the terms – executive and additional – of the purchases and the acts of disposal of treasury shares, as long as they are compliant with*

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the condition and the limitation identified in this resolution and by the discipline in place from time to time, even when different from the current discipline in place;

- *to mandate the Chairman of the Board of Directors and the pro-tempore Chief Executive Officer in office, separately and with the right to sub-delegate, within the limitations provided by the law, for single acts or categories of acts, also to third-parties external to the Board:*
 - *to carry out any necessary and/or appropriate accounting registration, in relation to the operations on treasury shares, pursuant to the legal provisions in place and the applicable accounting principles;*
 - *to stipulate any act or document or comply to any formality, also towards third parties, that is deemed necessary or in any case appropriate in relation to the execution of this resolution and the executive resolutions by the Board of Directors;*
 - *to provide to the execution to the program of purchase and disposal of treasury shares, also through authorised intermediaries and approving each and any executive provision of the related purchase program, also informing the market in accordance with what is envisaged by the current regulation and the accepted market practices in place from time to time”.*

Marina di Carrara, 21 March 2023

For the Board of Directors
The Chairman (Filippo Menchelli)

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

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