

**BIESSE S.P.A.**

**DIRECTORS' EXPLANATORY REPORT PRESENTED TO THE ORDINARY SHAREHOLDERS' MEETING OF BIESSE S.P.A. CONVENED IN A SINGLE CALL ON 18 NOVEMBER 2024, PREPARED IN ACCORDANCE WITH ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 ("CONSOLIDATED LAW ON FINANCE") AND ARTICLES 73 AND 84-TER OF THE ISSUERS' REGULATION ADOPTED BY CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999, AS AMENDED (THE "ISSUERS' REGULATION").**

*10 OCTOBER 2024*

Dear Shareholders,

By means of a notice of call published on the website of Biesse S.p.A. (the “**Company**”, “**Biesse**” or the “**Issuer**”), distributed and stored at the authorised storage mechanism [www.linfo.it](http://www.linfo.it), as well as published in the newspaper Il Sole 24 Ore on October, 18 2024, the Shareholders' Meeting of the Company has been convened, in ordinary and extraordinary session, in a single call for **18 November 2024**, at the registered office in Pesaro (PU), Via della Meccanica, 16 at 11.00 am, to discuss and resolve on the following:

### **Agenda**

#### ***Ordinary Session***

1. Authorisation for the purchase and disposal of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code, as well as Article 132 of Legislative Decree No. 58 of 24 February 1998 and Article 144-*bis* of the Consob Regulation adopted by Resolution No. 11971/1999, as amended. Inherent and consequent resolutions.

#### ***Extraordinary session***

1. Amendments to the Articles of Association: integration of Article 6 in order to clarify the cases in which the increased voting rights provided for in the regulations may be maintained and to remove references to regulations which are no longer applicable. Inherent and consequent resolutions.
2. Amendments to the Articles of Association: amendment to Article 11 by introducing the possibility of holding meetings through exclusive participation by the so-called designated representative. Inherent and consequent resolutions.
3. Amendments to the Articles of Association: amendment of Article 16 and Article 19-*bis* on the appointment of corporate bodies. Inherent and consequent resolutions.
4. Amendments to the Articles of Association: amendment of Article 19-*ter* in order to introduce the mechanism provided for in Article 8, paragraph 2, of the Consob Regulation adopted by Resolution No. 17221/2010 (so-called white-wash). Inherent and consequent resolutions.

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**1. AUTHORISATION FOR THE PURCHASE AND DISPOSAL OF TREASURY SHARES PURSUANT TO ARTICLES 2357 ET SEQ. OF THE ITALIAN CIVIL CODE, AS WELL AS ARTICLE 132 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 AND ARTICLE 144-BIS OF THE CONSOB REGULATION ADOPTED BY RESOLUTION NO. 11971/1999, AS AMENDED. RELATED RESOLUTIONS.**

Dear Shareholders,

The Shareholders' Meeting convened in a single call for 18 November 2024 is called upon to approve the proposal to authorise the purchase and disposal of treasury shares, for the purposes, according to the terms and conditions illustrated below.

**1. Reasons for requesting authorisation to purchase and dispose of treasury shares.**

The authorisation to purchase and dispose of treasury shares covered by this Report is requested, in general, to take advantage of any opportunities that the market may offer in the future, and in particular in order to allow the Company to carry out the transactions listed below:

- (i) dispose of and/or use treasury shares, consistently with the strategic lines that the Company intends to pursue, within the scope of extraordinary transactions, including, by way of example but not limited to, exchange, contribution or at the service of capital transactions, as well as within the scope of exchange and/or sale transactions of share packages and/or for the conclusion of commercial and/or strategic alliances or for other uses deemed of financial and/or management interest for the Company; and/or
- (ii) purchase treasury shares with a view to medium- and long-term investment, or in any case to seize market opportunities also through the purchase and resale of shares whenever deemed appropriate both on the market (as regards disposal) and in the so-called over-the-counter markets or even outside the market as long as at market conditions and in compliance with the applicable laws and regulations; and/or
- (iii) acquire treasury shares to be used, where appropriate, to service share incentive plans, including long-term plans, both existing and future, reserved for directors and/or employees and/or collaborators of the Company, or of Biesse subsidiaries; and/or
- (iv) carry out activities to support market liquidity, where necessary and in accordance with the provisions in force (including the purposes contemplated in market practice), so as to favour the regular course of trading and avoid abnormal price movements, as well as to regularise the course of trading and prices, in the face of momentary distortions linked to excessive volatility or a lack of liquidity in trading; and/or
- (v) initiate share buyback programmes for the purposes set out in Article 5 of Regulation (EU) No. 596 of 16 April 2014 on market abuse - i.e. the reduction of share capital, the fulfilment of obligations arising from debt instruments convertible into shares or from share option programmes or other allocations of shares to employees or members of the management and control bodies of the Company or its affiliated companies or any other purpose that may be contemplated by said regulation in the version in force pro tempore - and/or for the purposes contemplated by the market practices permitted under Article 13 of Regulation (EU) No 596/2014, under the terms and in the manner that may be decided by the Board of Directors,

it being understood that when the reasons for the purchase cease to exist, the treasury shares held in the portfolio or purchased in execution of this authorisation may be used for one of the other purposes indicated above and/or sold.

## **2. Maximum number, category and nominal value of the shares to which the authorisation relates**

Authorisation is required for the purchase, also in several tranches, also on a revolving basis, of ordinary shares of the Company, up to a maximum number that, taking into account the ordinary shares of the Company held from time to time in the portfolio by the Company and its subsidiaries, does not exceed a total of 10% of the Company's pro tempore share capital, in accordance with the provisions of Article 2357, paragraph 3, of the Italian Civil Code. In respect of such purchases, the maximum total disbursement by the Company may in no event exceed Euro 15,000,000.

It is also proposed to authorise the Board of Directors to dispose of the treasury shares from time to time in portfolio, even before the purchases for the purposes set forth in Section 1 above are exhausted.

If treasury shares are held in the portfolio, further purchase transactions may be carried out until the expiry of the authorisation by the Shareholders' Meeting, subject to the legal quantitative limits, also relating to the number of treasury shares that may be held by the Company or its subsidiaries from time to time, as well as the conditions established by the Shareholders' Meeting.

## **3. Useful information for the purpose of a full assessment of compliance with the provision of Article 2357, paragraph 3 of the Italian Civil Code**

Pursuant to Article 2357, paragraph 1 of the Italian Civil Code, purchases of treasury shares must in any case be made within the limits of the distributable profits and available reserves resulting from the latest approved financial statements at the time of each transaction. Pursuant to Article 2357, paragraph 3 of the Italian Civil Code, the nominal value of the treasury shares the Company may purchase may not exceed one fifth of the share capital, also taking into account shares held by subsidiaries. Only fully paid-up shares may be purchased.

As of the date of this Report, the Company's subscribed and paid-up share capital amounted to Euro 27,402,593, divided into 27,402,593 ordinary shares, each with a nominal value of Euro 1, of which 13,970,500 ordinary shares with increased voting rights. At the date of this Report, the Company held no treasury shares.

Please note that in the financial statements as of 31 December 2023 approved by the Shareholders' Meeting convened in first call on 29 April 2024, available and freely distributable reserves in the amount of Euro 143,706,167.38 were recorded.

It is understood that the amount of available reserves and distributable profits, as well as the verification of the information for the assessment of compliance with the maximum purchase limit to which the authorisation will refer, will be the subject of analysis by the Board of Directors at the time each transaction is carried out.

On the occasion of any purchase or disposal, exchange, contribution or devaluation of treasury shares, the Company shall make the necessary or appropriate accounting entries, in compliance with Article 2357-ter, last paragraph, of the Italian Civil Code and the applicable accounting standards.

In order to allow for checks on the subsidiaries, specific directives will be issued to them to promptly notify the Company of any purchase of ordinary shares of the parent company made pursuant to Article 2359-bis of the Italian Civil Code.

## **4. Requested duration of the authority**

The authorisation for the purchase of treasury shares is requested for the maximum duration provided for by applicable law, currently set by Article 2357, paragraph 2, of the Italian Civil Code, at 18 months from the date of the shareholders' resolution approving the proposal.

Within the term of any authorisation granted, the Company may carry out repeated and successive purchase transactions and, without time limits, sale transactions (or other acts of disposition) of treasury shares at any time also on a revolving basis and also for fractions of the maximum quantity authorised, with the degree deemed appropriate in the interest of the Company, in any case so that, at all times, the quantity 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 and in accordance with the applicable laws and regulations in force from time to time.

Authorisation to dispose of any treasury shares purchased is instead requested without time limits, due to the absence of time limits under current provisions and the advisability of allowing the Board of Directors to avail itself of maximum flexibility, also in terms of timing, to carry out the acts of disposal of the shares.

## **5. Minimum and maximum consideration for purchased treasury shares**

The authorisation request stipulates that purchases of treasury shares must be carried out in compliance with the statutory and regulatory requirements, including the rules set out in Regulation (EU) No. 596/2014 and Delegated Regulation (EU) No. 2016/1052, as well as the pro tempore permitted market practices in force, where applicable.

In any case, purchases must be made:

- (i) at a price per share that may not deviate downward or upward by more than 15% from the reference price recorded by the stock on the stock exchange trading session prior to each individual transaction or on the trading session of Borsa Italiana S.p.A. prior to the date of announcement of the transaction, depending on the technical procedures identified by the Board of Directors; and
- (ii) at a price not exceeding the higher 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.

The share purchase transactions must in any case be carried out in compliance with the conditions set out in Article 3 of Commission Delegated Regulation (EU) No. 2016/1052 in order to benefit, if the conditions are met, from the exemption set out in Article 5 of Regulation (EU) No. 596/2014 on market abuse.

Disposals and any other act of disposition or use of treasury shares will take place:

- (i) if executed in cash, at a price per share to be established on the basis of the criteria set forth in the applicable regulations and/or the market practices in force from time to time or, in any case, at a price not 15% lower than the reference price recorded by the share during the trading session of Borsa Italiana S.p.A. prior to each individual transaction, it being understood that this price limit may be waived in the case of the transfer of shares in execution of incentive programmes and in any case of plans pursuant to Article 114-*bis* of the Consolidated Law on Finance or within the framework of extraordinary transactions;
- (ii) if the share sale or disposal takes place in the context of an extraordinary operation including but not limited to an exchange, swap or contribution, or in order to service an equity transaction or other corporate or financial operation or any other extraordinary operation or any other non-cash act of disposition, it will take place according to the terms and conditions determined by the Board of Directors based on the nature and characteristics of the operation, also taking into account the trend in the market for Biesse shares;
- (iii) with regard to shares serving the share incentive plans, under the terms and conditions set forth in the regulations of the plans;

and, in any event, in compliance with the terms, conditions and requirements set forth in applicable law and, where applicable, in the market practices permitted from time to time in force.

## **6. Procedure for purchases and disposals**

The Company may delegate to a specialised intermediary the task of coordinating and executing transactions in its treasury shares.

In consideration of the different purposes that can be pursued through transactions on treasury shares, the Board of Directors proposes that authorisation be granted to carry out the purchases, in compliance with the principle of equal treatment of shareholders pursuant to Article 132 of the Consolidated Law on Finance, according to any of the applicable procedures set forth in Article 144-bis of the Issuers' Regulation (including through subsidiaries), to be identified, from time to time, at the discretion of the Board of Directors:

- (i) by means of a takeover or exchange offer;
- (ii) with purchases made on regulated markets, or on multilateral trading systems, in accordance with the procedures established by Borsa Italiana S.p.A., which do not allow the direct matching of buy trading proposals with predetermined sell trading proposals;
- (iii) through the purchase and sale of derivative instruments traded on regulated markets or multilateral trading systems, which provide for the physical delivery of the underlying shares and under the conditions established by Borsa Italiana S.p.A.;
- (iv) through the proportional allocation to the shareholders of put options to be exercised within the term of the authorisation;
- (v) in the manner established by market practices permitted by Consob pursuant to Article 13 of Regulation (EU) No. 596/2014.

In addition, share purchase transactions may also be carried out in the manner provided for in Article 3 of Commission Delegated Regulation (EU) No. 2016/1052 in order to benefit from the exemption provided for in Article 5 of Regulation (EU) No. 596/2014 on market abuse, if the conditions are met.

As far as disposal transactions are concerned, the Board of Directors proposes that the authorisation should allow for the adoption of any procedure that may be appropriate to meet the purposes pursued - including the use of treasury shares at the service of share incentive plans and/or the transfer of real and/or personal rights and/or securities lending - to be carried out either directly or through intermediaries, in compliance with the applicable laws and regulations.

It should be noted that, pursuant to the exemption set forth in Article 132, paragraph 3, of the Consolidated Law on Finance, the above operating procedures do not apply in the event of the purchase of treasury shares from employees of the Company, its subsidiaries and the parent company, which are assigned 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 compensation plans approved pursuant to Article 114-bis of the Consolidated Law on Finance.

Transactions for the purchase and sale of treasury shares carried out will be disclosed to the market within the terms and in the manner set forth in the applicable regulations.

Please note that as long as treasury shares remain owned by the Company, they enjoy neither the right to profits nor the right of pre-emption, which are allocated proportionally to the other shares, and are suspended from voting rights.

#### **7. Additional information, if the purchase transaction is instrumental to the reduction of the share capital by cancellation of the treasury shares purchased**

The purchase of treasury shares is not instrumental to the reduction of the share capital, without prejudice to the Company's right, should a reduction of the share capital be approved by the Shareholders' Meeting in the future, to execute it also by cancelling any treasury shares held in the portfolio.

#### **8. Exemption from the obligation of a public tender offer deriving from the approval of the resolution authorising the purchase of treasury shares in accordance with Article 44-bis of the Issuers' Regulation**

It is generally recalled that the treasury shares held by the Company, even indirectly, are excluded from the share capital on which the relevant shareholding is calculated for the purposes of Article 106, paragraphs 1, 1-bis and 1-

ter, to the extent applicable, and 3, letter b), of the Consolidated Law on Finance for the purposes of the takeover bid regulations.

However, pursuant to Article 44-bis, paragraph 2 of the Issuers' Regulations, the aforementioned provision does not apply in the event that the thresholds indicated in Article 106, paragraphs 1, 1-bis and 1-ter, to the extent applicable, and 3, letter b), of the Consolidated Law on Finance are exceeded as a result of purchases of treasury shares made, even indirectly, by the Company in execution of a resolution that without prejudice to the provisions of articles 2368 and 2369 of the Italian Civil Code, was also approved with the favourable vote of the majority of the shareholders of the Company, present at the shareholders' meeting, other than the shareholder or shareholders holding, even jointly, the majority shareholding, even relative, provided that it exceeds 10% (so-called "whitewash").

Therefore, Shareholders are hereby informed that, pursuant to Article 44-bis of the Issuers' Regulations, if they - called upon to express their opinion on the authorisation to purchase and dispose of treasury shares - approve the related proposal with the majorities set forth by the aforementioned Article 44-bis, paragraph 2 of the Issuers' Regulations, the treasury shares purchased by the Company pursuant to said authorisation resolution will not be excluded from the share capital (and therefore will be counted in the same) if, as a result of the purchases of treasury shares, the thresholds relevant for the purposes of Article 106 of the Consolidated Law on Finance are exceeded by a shareholder.

However, the provisions of Article 44-bis, paragraph 4 of the Issuers' Regulation remain unaffected, pursuant to which treasury shares acquired as a result of transactions carried out to fulfil obligations arising from compensation plans approved by the Shareholders' Meeting pursuant to Article 114-bis of the Consolidated Law on Finance are not excluded from the share capital on which the relevant shareholding is calculated for the purposes of Article 106 of the Consolidated Law on Finance.

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The Board of Directors thus proposes the following motion in relation to the first item on the agenda:

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

- *having examined the Report of the Board of Directors prepared pursuant to Article 125-ter of the Consolidated Law on Finance, as well as Article 73 of the Issuers' Regulation and in accordance with Annex 3A - Schedule 4 of the Issuers' Regulation;*
- *having noted the financial statements for the year ended 31 December 2023 approved by the Ordinary General Meeting of Shareholders on 29 April 2024;*
- *having noted the advisability of authorising the purchase and disposal of treasury shares, for the purposes and in the manner described above,*
- *having taken note of the above, and of what is proposed in the explanatory report*

#### RESOLVES

- a) *to authorise the Board of Directors, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, to purchase, also in several tranches, also on a revolving basis, ordinary shares of the Company with a nominal value of Euro 1 each, up to a maximum number that, taking into account the ordinary shares of the Company held from time to time in the Company's portfolio and by its subsidiaries, does not exceed in the aggregate 10% of the Company's pro tempore share capital, pursuant to Article 2357, paragraph 3 of the Italian Civil Code, for a maximum overall disbursement of Euro 15,000,000, for the pursuit of the purposes set forth in the Report of the Board of Directors and under the following terms and conditions:*

- i. *the purchases may take place in one or more tranches and also on a revolving basis within 18 months starting from the date of this resolution;*
- ii. *the purchase may be carried out in any of the manners permitted by the laws and regulations, including those of the European Union, in force from time to time, and in particular, in accordance with Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers' Regulations, therefore also in compliance with the equal treatment of shareholders, as well as in accordance with accepted market practices;*
- iii. *purchases shall be made in compliance with the statutory and regulatory requirements, including the rules set forth in Regulation (EU) No. 596/2014 and Delegated Regulation (EU) No. 2016/1052, as well as with the accepted market practices pro tempore in force, where applicable. In any case, purchases must be made:*
  - *at a price per share that may not deviate downward or upward by more than 15% from the reference price recorded by the stock on the stock exchange trading session prior to each individual transaction or on the trading session of Borsa Italiana S.p.A. prior to the date of announcement of the transaction, depending on the technical procedures identified by the Board of Directors;*
  - *at a price not exceeding the higher 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.*

*The share purchase transactions must in any case be carried out in compliance with the conditions set out in Article 3 of Commission Delegated Regulation (EU) No. 2016/1052 in order to benefit, if the conditions are met, from the exemption set out in Article 5 of Regulation (EU) No. 596/2014 on market abuse.*

- b) *to authorise the Board of Directors so that, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, it may dispose, in whole or in part, on one or more occasions, of the treasury shares purchased, for the pursuit of the purposes set forth in the Report of the Board of Directors and under the following terms and conditions:*
  - *the shares may be sold or otherwise disposed of at any time and without time limit;*
  - *acts of disposal, and in particular the sale of treasury shares:*
    - (i) *if made in cash, they must be made at a price per share to be established on the basis of the criteria set forth in the applicable regulations and/or the market practices in force from time to time or, in any case, at a price not 15% lower than the reference price recorded by the share during the trading session of Borsa Italiana S.p.A. prior to each individual transaction, it being understood that this price limit may be waived in the case of the transfer of shares in execution of incentive programmes and in any case of plans pursuant to Article 114-bis of the Consolidated Law on Finance or within the framework of extraordinary transactions;*
    - (ii) *if the share sale or disposal takes place in the context of an extraordinary operation including but not limited to an exchange, swap or contribution, or in order to service an equity transaction or other corporate or financial operation or any other extraordinary operation or any other non-cash act of disposition, it will take place according to the terms and conditions determined by the Board of Directors based on the nature and characteristics of the operation, also taking into account the trend in the market for Biesse shares and the interests of the Company;*
    - (iii) *with regard to shares serving the share incentive plans, under the terms and conditions set forth in the regulations of the plans.*



- c) *to vest the Board of Directors and, on its behalf, to the Chairman, with the power to sub-delegate for single acts or categories of acts, all the widest powers necessary, none excluded or excepted, to carry out the purchases and sales/disposals of all or part of the treasury shares purchased and, in any case, to implement the above resolutions, also through proxies, complying with the applicable provisions in force from time to time and with any requests by the competent authorities'.*

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All the above being stated, the Board of Directors invites the shareholders to resolve on the proposal to purchase treasury shares.

Pesaro, 10 October 2024

The Chairman of the Board of Directors