

DIRECTORS' REPORT
ON THE THIRD AND FOURTH ITEM ON THE
AGENDA
(ordinary part)

*for the Ordinary and
Extraordinary Shareholders'
Meeting of Equita Group
S.p.A.
of 28 April 2022*

(published on 29 March 2022)



ITEM 3 ON THE AGENDA

3. Amendments to the incentive plan based upon financial instruments known as “2019-2021 Equita Group Plan based upon financial instruments”: related and consequent resolutions.

Dear Shareholders,

The Board of Directors - based on a proposal from the Remuneration Committee - would like to propose to the Shareholders’ Meeting, in accordance with article 114-bis of Italian Legislative Decree no. 58/1998 (“TUF”) (Italian Consolidated Finance Law), some amendments to the incentive plan based on financial instruments called “2019-2021 Equita Group Plan based on financial instruments” (the “2019-2021 Plan”), approved by the Shareholders’ Meeting of 30 April 2019 and later amended by the same Meeting on 29 April 2021.

The main amendments proposed to make to the 2019-2021 Plan consist of:

- a) in terms of the Performance Shares, in the introduction of the option of the Board of Directors, up to its sole discretion, to propose to the Remuneration Committee to assign benefits, all or in part, as an alternative to Equita Group shares, in compliance with applicable normative and regulatory provisions, (i) a cash bonus representing the value of those shares or, (ii) in the case of “key personnel” (so-called risk takers), Phantom Shares;
- b) in terms of the Stock Options, in the introduction of the option of the Board of Directors, up to its sole discretion, to propose to the Remuneration Committee to assign benefits, all or in part, without asking for payment of the exercise price, in compliance with applicable normative and regulatory provisions;
 - (i) as alternative to the Equita Group shares, a cash bonus representing the value of the Equita Group shares (for which the Stock Options have been exercised) net of the exercise price, and/or
 - (ii) a lower number of Equita Group shares determined according to the following formula: $\text{no. Stock Options MULTIPLIED BY (normal value of the Equita Group shares MINUS the exercise price) DIVIDED BY the Normal Share Value.}$

In terms of the introduction of the options of the Board of Directors as per points a) and b) above, it should be noted that these amendments are aimed at providing the Company with greater flexibility, making it possible to assign a cash bonus in lieu of Equita Group shares or a lower number of Equita Group shares, with advantages from a diluting effect standpoint. In this manner, the Board of Directors can identify, from time to time, the most appropriate solution in the interest of the Company and still maintain the incentivising function of the 2019-2021 Plan.

The information document containing the amendments proposed for the 2019-2021 Plan in accordance with article 84-bis and Annex 3A of the CONSOB Issuers’ Regulation - which can be consulted for more information, is available at the Company’s registered office in Milan, Via Filippo Turati no. 9, on the Company’s website www.equita.eu (Corporate Governance section, Shareholders’ Meetings area) and the authorised storage mechanism eMarket Storage www.emarketstorage.com.

In light of the above, the Shareholders' Meeting is called, after having read the Board of Directors' explanatory report, prepared in accordance with articles 114-bis and 125-ter of TUF and the information document prepared in accordance with article 84-bis of the CONSOB Issuers' Regulation, which has been made available to the public according to the methods described above, containing the proposed amendments to the 2019-2021 Plan, to:

- approve, in accordance with article 114-*bis* of the Consolidated Finance Law, the amendments to the 2019-2021 Plan, as summarised in this explanatory report of the Board of Directors and contained in the information document on the 2019-2021 Plan;
- give a mandate to the Board of Directors, with the right of sub-delegation, to adjust the regulation of the 2019-2021 Plan to what is stated in the amended information document, also granting to the Board of Directors all necessary or appropriate powers to execute and manage the 2019-2021 Plan, in compliance with the provisions of the amended information document, in particular, by means of example but not limited to, every power for assigning shares and/or bonuses in cash depending on the case, amend the plan as indicated in the information document, make all the decisions, exercise each option and perform every act, requirement, formality and communication necessary or opportune for the purposes of management and/or implementation of the same plan;
- grant to the Chairman of the Board of Directors and to the Managing Director, severally, every power, with the right of sub-delegation, to carry out the legislative and regulatory requirements consequent to the adopted resolutions.

ITEM 4 ON THE AGENDA

4. **Modifications to the Incentive Plan based on stock options known as “2020-2022 Equita Group Plan for senior management based upon Stock Options”:** related and consequent resolutions.

Dear Shareholders,

The Board of Directors - based on a proposal from the Remuneration Committee - would like to propose to the Shareholders' Meeting, in accordance with article 114-bis of the TUF, some amendments to the incentive plan called “2020-2022 Equita Group Plan for senior management based on Stock Options” (the “**2020-2022 Plan**”), approved by the Shareholders' Meeting of 07 May 2020 and amended by the same Meeting on 29 April 2021.

The main amendments proposed to make to the 2020-2022 Plan consist of:

- a) the introduction of the option of the Board of Directors, up to its sole discretion, based on proposal of the Remuneration Committee, in the event of exercise of the Stock Options after 6 months has elapsed from the assignment date, to assign to the beneficiaries, all or in part, without asking for payment of the exercise price, in compliance with applicable normative and regulatory provisions:
 - (i) as alternative to the Equita Group shares, a cash bonus representing the value of the Equita Group shares (for which the Stock Options have been exercised) net of the exercise price, and/or

- (ii) a number of Equita Group shares determined according to the following formula: *no. Stock Options MULTIPLIED BY (normal value of the Equita Group shares MINUS the exercise price) DIVIDED BY the Normal Share Value.; and*
- b) in terms of company targets, bearing in mind that, due to the enactment of the Investment Firm Regulation, starting on 31 December 2021, the TCR has been replaced by the Investment Firm Regulation Ratio (IFRR) which must be equal to at least 200%.

In terms of the introduction of the option of the Board of Directors as per point a) above, it should be noted that these amendments are aimed at providing the Company with greater flexibility, making it possible to assign a cash bonus in lieu of Equita Group shares or a lower number of Equita Group shares, with advantages from a diluting effect standpoint. In this manner, the Board of Directors can identify, from time to time, the most appropriate solution in the interest of the Company and still maintain the incentivising function of the 2020-2022 Plan.

The information document containing the amendments proposed for the 2020-2022 Plan in accordance with article 84-bis and Annex 3A of the CONSOB Issuers' Regulation - which can be consulted for more information, is available at the Company's registered office in Milan, Via Filippo Turati no. 9, on the Company's website www.equita.eu (Corporate Governance section, Shareholders' Meetings area) and the authorised storage mechanism eMarket Storage www.emarketstorage.com.

In light of the above, the Shareholders' Meeting is called, after having read the Board of Directors' explanatory report, prepared in accordance with articles 114-bis and 125-ter of TUF and the information document prepared in accordance with article 84-bis of the CONSOB Issuers' Regulation, which has been made available to the public according to the methods described above, containing the proposed amendments to the 2020-2022 Plan, to:

- approve, in accordance with article 114-bis of the Consolidated Finance Law, the modifications to the 2020-2022 Plan, as summarised in this explanatory report of the Board of Directors and disclosed in the information document on the 2020-2022 Plan;
- give a mandate to the Board of Directors, with the right of sub-delegation, to adjust the regulation of the 2020-2022 Plan to what is stated by the modified information document, also granting to the Board of Directors all necessary or appropriate powers to execute and manage the 2020-2022 Plan, in compliance with the provisions of the amended information document, in particular, by means of example but not limited to, every power for assigning shares and/or bonuses in cash depending on the case, amend the plan as indicated in the information document, make all the decisions, exercise each option and perform every act, requirement, formality and communication necessary or opportune for the purposes of management and/or implementation of the same plan;
- grant to the Chairman of the Board of Directors and to the Managing Director, severally, every power, with the right of sub-delegation, to carry out the legislative and regulatory requirements consequent to the adopted resolutions.

THE EQUITA GROUP S.P.A. BOARD OF DIRECTORS