

DIRECTORS' REPORT  
ON THE FIRST ITEM ON THE AGENDA  
(extraordinary part)

Ordinary and  
Extraordinary Shareholders' Meeting of  
of Equita Group S.p.A.  
of 20 April 2023

(published on 21 March 2023)



## ITEM 1 ON THE AGENDA (EXTRAORDINARY PART)

**1. Proposed allocation to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, of the power to increase the share capital under article 2349 of the Italian Civil Code, by issuing shares to be granted to employees of Equita Group S.p.A. and/or its subsidiaries as part of incentive plans; consequent amendment of article 5 of the current By-laws; related and consequent resolutions.**

Dear Shareholders,

This report (the “**Report**”) is provided pursuant to article 125-*ter* of Legislative decree no. 58 of 24 February 1998, as subsequently amended and integrated (the “**TUF**” or the “Consolidated law on finance”) and article 72 of the Consob regulation adopted by resolution no. 11971 of 14 May 1999, as subsequently amended and integrated (the “**Issuer regulation**”) and Annex 3A – Models 2 and 3 of the Issuer regulation.

The five-year power to increase the share capital of Equita Group S.p.A. (the “**Company**” or “**Equita Group**”) pursuant to article 2349 of the Italian Civil Code will expire on 16 April 2023. This power had been granted to the Board of Directors by the Shareholders in their meeting of 16 April 2018 and was exercised by the Board of Directors twice, for a total of 497,000 shares and €113,638.35, on 18 February 2021 and 22 February 2022, respectively, in order to implement the “*2019-2021 Equita Group Plan based on financial instruments*” incentive plan.

Therefore, the Company's Board of Directors plans to submit for your approval the proposal to grant a new power to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, for a period of five years from the date of the Shareholders' Meeting resolution, to increase share capital, pursuant to article 2349 of the Italian Civil Code, in one or more tranches, for a maximum nominal amount of € 2,500,000.00 by issuing a maximum of 2,500,000 ordinary shares, to be assigned to the employees of Equita Group S.p.A. and/or its subsidiaries under the incentive plans approved by the Shareholders' Meeting in force from time to time (the “**Power**”), thereby amending article 5 of the By-laws, in accordance with the terms and conditions described below.

This Report is made available to the public at the registered office of the Company in Milan at Via Filippo Turati 9, on the Company website [www.equita.eu](http://www.equita.eu) (*Corporate Governance - Shareholders' Meetings* section) and on the authorised eMarket Storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)).

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### 1. The Power

Pursuant to article 2443 of the Italian Civil Code, the By-laws may grant the directors the power to increase share capital in one or more tranches up to a specific amount and for not more than five years. This power may include the resolutions under by article 2349 of the Italian Civil Code, whereby *where provided by the by-laws, the shareholders, called in an extraordinary meeting, may resolve to allocate profits to the employees of the company or its subsidiaries by issuing, for an amount equal to the profits, special categories of shares to be allocated individually to the employees [...]*.

Article 5.4 of Equita Group's By-laws provides for the possibility of allocating profits and/or income-related reserves to employees of the Company or its subsidiaries by issuing shares pursuant to article 2349.1 of the Italian Civil Code.

Because of the reasons and the purposes described in detail in this report, the proposed Power would enable the Board of Directors to increase share capital, pursuant to article 2349 of the Italian Civil Code, in one or more tranches, for a maximum nominal amount of € 2,500,000 by issuing a maximum of 2,500,000 ordinary shares, to be assigned to the employees of Equita Group S.p.A. and/or its subsidiaries pursuant to article 2359 of the Italian Civil Code, as part of the incentive plans approved by the Shareholders' Meeting in force from time to time, thereby amending article 5 of the By-laws.

## **2. Reasons for and intended use of the share capital increase**

Under the Equita Group's Remuneration Policy, most recently approved by the Shareholders in their meeting of 28 April 2022, and in compliance with current regulations, for certain categories of employees that qualify as “risk takers”, a part of the variable portion of their remuneration must be awarded in financial instruments.

In accordance with said Remuneration Policy, also employees who do not qualify as “risk takers” may receive part of the variable portion of their remuneration in financial instruments.

At present, the Company has four incentive plans, most recently approved by the Shareholders in their meeting of 28 April 2022, aimed at employees/collaborators and directors of the Equita Group. In line with the above-mentioned Remuneration Policy, these plans award a portion of variable remuneration in financial instruments (both upfront and deferred). The regulations governing the above-mentioned incentive plans provide for the awarding of certain financial instruments (e.g., shares/performance shares/phantom shares) including, inter alia, by issuing new shares deriving from capital increases that are approved, to this end, in one or more tranches, by the Shareholders or the Board of Directors (entrusted with this power by the Shareholders pursuant to article 2443 of the Italian Civil Code) and in accordance with article 2349 of the Italian Civil Code.

Therefore, in order to ensure a sufficient number of Shares to be awarded to the employees of Equita Group and its subsidiaries pursuant to article 2359 of the Italian Civil Code, who are eligible for the incentive plans approved by the Shareholders from time to time, the Board of Directors plans to submit to your attention the proposal to grant the above Power to the same board.

## **3. Characteristics of the share capital increase**

Therefore, for the purposes of the share capital increase to service the incentive plans approved from time to time by the Shareholders, we propose entrusting the Board of Directors, pursuant to article 2443 of the Italian Civil Code, with the power to increase share capital, in accordance with article 2349 of the Italian Civil Code, in one or more tranches, for a maximum nominal amount of € 2,500,000,00 by issuing a maximum of 2,500,000 ordinary shares, to be awarded to the employees of Equita Group and/or its subsidiaries pursuant to article 2359 of the Italian Civil Code.

The share capital increase pursuant to article 2349.1 of the Italian Civil Code shall take place by allocating a corresponding amount of the profits (in a broader sense, in accordance with the applicable statutory and regulatory provisions) to capital and, possibly, partly to reserves, as determined from time to time by the Board.

The Board of Directors will also be entrusted with the power to identify, in due time and from time to time, the income-related reserves to be used for this purpose and to make the appropriate accounting entries following the transactions.

#### 4. Characteristics of the newly issued shares

The shares to be issued as part of the Power covered by this Report will be ordinary shares with regular dividend rights and will bear the same rights as the ordinary shares outstanding at the time of issue.

#### 5. Amendments to article 5 of the By-laws

The proposed resolution submitted for your approval will require amending article 5 of the By-laws by including a new paragraph (5.8) on the shareholders' resolution to grant the Board of Directors the Power to increase share capital pursuant to article 2443 of the Italian Civil Code.

Article 5 of the By-laws is shown below with evidence of the proposed amendments.

The proposed amendment to article 5 of the By-laws (shown below in its entirety), also reflects the shareholders' resolution proposed under item 2 on the agenda of the extraordinary part, as described in the relevant report, concerning, in particular, the inclusion of paragraph 5.9.

BY-LAWS	
CURRENT TEXT	PROPOSED TEXT
5.1 The share capital is €11,587,376.30 divided into 50,925,028 shares, all with no par value.	[Unchanged, subject to changes due to subscriptions of new shares prior to the meeting]
5.2 The Company may issue categories of shares with rights other than those of already issued shares and financial instruments in compliance with the law, including, if the conditions of the law are met and by amending the By-laws where necessary, preference shares, savings shares, warrants and bonds, also convertible into shares; shares may also be issued by converting other categories of shares or other securities, if permitted by law.	[Unchanged]
5.3 The issue of new ordinary shares or shares with different rights, with the same characteristics as those of the categories already outstanding, does not, however,	[Unchanged]

require any further approval by the special meetings of the shareholders of the different categories.	
5.4 The allocation of profits and/or income-related reserves to employees of the Company or its subsidiaries by issuing shares pursuant to article 2349.1 of the Italian Civil Code is permitted in the manner and form prescribed by the law.	[Unchanged]
5.5 The shares are subject to the dematerialisation rules and entered into the centralised management system for financial instruments pursuant to the provisions of the TUF in force from time to time.	[Unchanged]
5.6 Shareholders' pre-emptive rights on newly issued ordinary shares may be excluded or restricted in the cases provided for by law and pursuant to article 2441.4.2 of the Italian Civil Code, up to 10% (ten per cent) of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares as confirmed by a specific report prepared by an independent audit company or an independent auditor.	[Unchanged]
<p>5.7 On 16 April 2018, under article 2443 of the Italian Civil Code, the shareholders' meeting granted the Board of Directors, the power to increase share capital free of charge pursuant to article 2349 of the Italian Civil Code, in one or more tranches, by 16 April 2023 up to the maximum of 2,500,000 (two million five hundred thousand) shares, in any case not exceeding 5 (five) % of the total number of outstanding shares at the date the power may be exercised, by allocating a corresponding amount of the "Reserve to issue shares in accordance with article 2349 of the Italian Civil Code" set up to this end, issuing shares to be awarded to employees of the Company and/or its subsidiaries pursuant to article 2359 of the Italian Civil Code.</p> <p>On 18 February 2021, the Board of Directors of the Company partially exercised the aforementioned power, approving the issue of 224,200 ordinary shares.</p> <p>On 22 February 2022, the Board of Directors of the Company exercised again the aforementioned power, approving the issue of 272,800 ordinary shares.</p>	[repealed]
5.8 On 16 April 2018, pursuant to article 2443 of the Italian Civil Code, the shareholders granted the Board of Directors the power to increase the share capital, in one	[repealed]

<p>or more tranches, by 16 April 2023 by issuing a number of shares not exceeding 10 (ten) % of the total number of outstanding shares at the date the power may be exercised and in any case for a nominal amount not exceeding a total of €10,000,000.00 (ten million/00), excluding pre-emptive rights pursuant to article 2441.4.2 of Italian Civil Code.</p>	
<p>5.9 On 29 April 2021, the shareholders resolved to increase the share capital by a maximum nominal amount of €800,000 by issuing a maximum of 3,500,000 shares without par value, to service the incentive plans in favour of the employees of the company and its subsidiaries, to be subscribed by the end of the fourth exercise period of the stock options under the “2020-2022 Equita Group Plan for senior management based upon Stock Options” (i.e., by 31 May 2028).</p> <p>On 14 April 2022, the share capital increase was subscribed and paid up for €38,521.65, issuing 169,296 shares.</p> <p>On 23 June 2022, the share capital increase was further subscribed and paid up for €32,148.00, issuing a further 141,285 shares.</p> <p>On 14 October 2022, the share capital increase was further subscribed and paid up for €7,585.50, issuing a further 33,337 shares.</p> <p>On 15 December 2022, the share capital increase was further subscribed and paid up for €19,138.30, issuing a further 84,110 shares.</p>	<p>5.7 [Unchanged, subject to amendments due to subscriptions made prior to the meeting]</p>
	<p><b>5.8 On 20 April 2023, pursuant to article 2443 of the Italian Civil Code, the shareholders granted the Board of Directors the power to increase the share capital in accordance with article 2349 of the Italian Civil Code, to service the implementation of the incentive plans approved by the shareholders from time to time, in one or more tranches, by 20 April 2028, for a maximum nominal amount of €2,500,000.00 by issuing a maximum of 2,500,000 ordinary shares, with no par value, having the same characteristics as those outstanding, with regular dividend rights, capitalisation for each share issued of an amount equal to or greater than the par value of shares outstanding at the time of the power was exercised, to be awarded to employees</b></p>

	<p>of the Company and/or its subsidiaries pursuant to article 2359 of the Italian Civil Code that are beneficiaries of the incentive plans approved by the shareholders from time to time, by allocating, pursuant to article 2349 of the Italian Civil Code, a corresponding amount of profits and/or income-related reserves resulting from the most recently approved financial statements, under the terms, conditions and the procedures underlying the incentive plans.</p>
	<p>5.9 On 20 April 2023, the shareholders granted the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to increase the share capital against consideration, in one or more tranches and also in separate issues pursuant to article 2439.2 of the Italian Civil Code, by 20 April 2028, for a maximum nominal amount equal to 10% of the share capital at the date the above-mentioned shareholders' resolution was passed and with the issue of a number of ordinary shares with regular dividend rights equal to a maximum of 10% of the shares outstanding at the date of the above-mentioned shareholders' resolution granting the relevant power, excluding the pre-emptive rights pursuant to article 2441.4.2 of the Italian Civil Code, up to ten per cent of the share capital at each date the power is exercised.</p>

## 6. Profit and loss, balance sheet and financial effects of the transaction, effects on the unit value of the shares and dilution

When exercising the Power, the Board of Directors shall adequately inform the market within the terms of the law on the profit and loss, balance sheet and financial effects of the transaction, as well as the effects on the unit value of the shares and any dilution of this value.

## 7. Right of withdrawal

The amendments to the By-laws described in this Report do not entail the right of withdrawal pursuant to article 2437 of the Italian Civil Code or other applicable statutory, regulatory or by-law provisions.

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Based on the above, the Shareholders, having examined the directors' report prepared pursuant to article 125-ter of Legislative decree no. 58 of 24 February 1998, as subsequently amended and integrated, and article 72 of the Consob regulation adopted by resolution no. 11971 of 14 May 1999, as subsequently amended and integrated and Annex 3A – Models 2 and 3 of the Issuer regulation, will be invited to:

1. grant the Board of Directors, pursuant to article 2443 of the Italian Civil Code, for five years from the date of the resolution and until 20 April 2028, the power to increase the share capital in accordance with article 2349 of the Italian Civil Code, to service the implementation of the incentive plans approved by the Shareholders from time to time, in one or more tranches, for a maximum nominal amount of €2,500,000 by issuing a maximum of 2,500,000 ordinary shares, with no par value, having the same characteristics as those outstanding, with regular dividend rights, capitalisation for each share issued of an amount equal to or greater than the par value of shares outstanding at the time the power was exercised, to be awarded to employees of the Company and/or its subsidiaries pursuant to article 2359 of the Italian Civil Code that are beneficiaries of the incentive plans approved by the shareholders from time to time, by allocating, pursuant to article 2349 of the Italian Civil Code, a corresponding maximum amount of profits and/or income-related reserves resulting from the most recently approved financial statements, under the terms, conditions and the procedures underlying the incentive plans;
2. grant the Board of Directors the widest powers to accurately identify the income-related reserves as per the most recently approved financial statements to be used for the purpose set forth in point 1., including to make the appropriate accounting entries following the issues, in compliance with the provisions of the law and the reporting standards applicable from time to time, carrying out all the activities required, necessary, opportune, instrumental, connected and/or useful for the successful outcome of such transactions;
3. amend article 5 of the By-laws, by repealing the entire paragraph 5.7 and including the following paragraph at the end:

*On 20 April 2023, the shareholders granted the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to increase the share capital in accordance with article 2349 of the Italian Civil Code, to service the implementation of the incentive plans approved by the shareholders from time to time, in one or more tranches, by 20 April 2028, for a maximum nominal amount of €2,500,000 by issuing a maximum of 2,500,000 ordinary shares, with no par value, having the same characteristics as those outstanding, with regular dividend rights, capitalisation for each share issued of an amount equal to or greater than the par value of shares outstanding at the time the power was exercised, to be awarded to employees of the Company and/or its subsidiaries pursuant to article 2359 of the Italian Civil Code that are beneficiaries of the incentive plans approved by the shareholders from time to time, by allocating, pursuant to article 2349 of the Italian Civil Code, a corresponding maximum amount of profits and/or income-related reserves resulting from the most recently approved financial statements, under the terms, conditions and the procedures underlying the incentive plans.*

4. entrust the Board of Directors and, on its behalf, the Managing Director in office at the time, with all powers necessary to execute these resolutions, also making any efforts necessary to record the resolutions in the Company register, with the power to make any changes, amendments or non-substantial additions that may be appropriate or required by the competent Authorities for this purpose, including upon registration and, in general, to take all steps necessary for the full execution of the resolutions, with any and all powers necessary and appropriate for this purpose, without exception, and to provide for the filing and publication, pursuant to law, of the updated text of the By-



laws with the amendments made thereto in accordance with the previous resolutions, as well as following their execution.

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