



## **EXTRAORDINARY SHAREHOLDERS' MEETING**

**Single call – 29 April 2024 - 10:00 am**

**at**

**CIR S.p.A.**

**Via Ciovassino no. 1 - Milan**

**Report on item 1) on the Agenda**

**CANCELLATION OF TREASURY SHARES WITHOUT REDUCTION OF SHARE CAPITAL; CONSEQUENT AMENDMENT OF ARTICLE 4 OF THE COMPANY BYLAWS. RELATED AND CONSEQUENT RESOLUTIONS**

**CIR S.p.A.**

Via Ciovassino, 1 – 20121 Milan – **T** + 39 02 722701

Share capital € 420,000,000 – Admin. and Econ. Index No. 1950090

Registered in Company Register of Milan Monza Brianza Lodi / Tax Code / VAT no. 01792930016

Company subject to management and coordination by F.LLI DE BENEDETTI S.p.A.

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS, IN ACCORDANCE WITH ART. 125-TER OF THE CONSOLIDATED FINANCE ACT, ON THE FIRST ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF CIR S.P.A. - COMPAGNIE INDUSTRIALI RIUNITE, CONVENED FOR 29 APRIL 2024 (SINGLE CALL)**

**1. Cancellation of treasury shares without reduction of share capital; consequent amendment of Article 4 of the Company Bylaws. Related and consequent resolutions**

Shareholders,

with reference to the authorisation to buy back treasury shares as per the second item on the Agenda of this Ordinary Shareholders' Meeting (the "**Authorisation**"), the Board of Directors of CIR S.p.A. - Compagnie Industriali Riunite (hereinafter referred to as '**CIR**', the '**Company**' or the '**Issuer**') has called you to an extraordinary meeting to deliberate on: (i) the cancellation of 60,000,000 treasury shares (equal to 5.42% of the share capital) held in CIR's portfolio; (ii) the cancellation of any treasury shares that may be purchased under the aforesaid Authorisation; and (iii) the consequent amendment of Article 4 of the Company Bylaws, with the granting of special powers to implement both decisions.

This report, prepared pursuant to Article 72 of the regulation adopted by Consob Resolution 11971/1999 (the "**Issuers' Regulation**") and Annex 3A, Schedule 3, to the aforementioned Issuers' Regulation, illustrates the proposal submitted for your approval.

**1. PROPOSED CANCELLATION OF TREASURY SHARES**

As of 8 March 2024 (the "**Reference Date**"), the Company holds a total of 67,999,174 treasury shares in its portfolio, equal to 6.14% of the share capital, purchased on the basis of the authorisation granted by the Ordinary Shareholders' Meeting of 28 April 2023 and the authorisations granted in previous financial years, pursuant to Articles 2357 of the Italian Civil Code and 132 of Legislative Decree No. 58 of 24 February 1998 ("**TUF**").

The Board of Directors believes that the purchase of treasury shares can continue to be a valid means of shareholder remuneration in the future. With this in mind, the proposal to cancel treasury shares concerned by this report, together with the proposed Authorisation referred to in item 2 of the agenda of the ordinary session of this Shareholders' Meeting, are intended to increase the flexibility for the Company to proceed with further share buyback programmes also for the purpose of remunerating Shareholders. The cancellation would have the effect of increasing the value of the shares held by the shareholders, maximising their profitability by increasing their earning per share.

With specific reference to the treasury shares already in the portfolio, the Board of Directors proposes the cancellation of a portion equal to 60,000,000 treasury shares, so that the Company will have a residual 7,999,174 treasury shares, representing approximately 0.72% of the share capital, sufficient to fulfil the commitments arising from the stock grant plans (the '**LTI Plan**'). Specifically, it is proposed to delegate power to the Board of Directors, and on its behalf to the Chairman and the CEO, jointly and severally, to execute said cancellation transaction no later than 30 days from the adoption of this resolution, with the consequent amendment of Article 4 of the Company Bylaws in the part stating the number of shares into which the share capital is divided.

It is also proposed to cancel any treasury shares that may be purchased and held by the Company pursuant to

the Authorisation requested at today's ordinary Shareholders' Meeting. This proposed cancellation is consistent with the purposes of the buy-back transaction outlined in the Board of Directors' explanatory report on the Authorisation, as it is in line with the initiatives aimed at remunerating shareholders. The cancellation shall not however concern the CIR treasury shares that may be purchased under the Authorisation and that are required, together with the shares already in the Company's portfolio, to cover the commitments arising from time to time from the LTI Plan.

The cancellation will be carried out without reducing the nominal share capital, considering that the shares representing the Company's share capital have no nominal value. The number of existing shares will therefore be reduced without changing the amount of the total nominal capital. From an accounting perspective, the cancellation of treasury shares will not affect the results of operations and will not change the overall value of shareholders' equity, but will change its composition, as indicated above.

The cancellation - to be effectively implemented by granting appropriate powers to the Board of Directors and, on its behalf, to the Chairman and the CEO, jointly and severally - may be carried out in a series of actions, even before the maximum number of shares authorised by the Shareholders' Meeting has been purchased, but in any case, no later than 24 months after this resolution.

The Company will inform the market of transactions involving the cancellation of treasury shares in accordance with the applicable laws and regulations in force from time to time and will update the Company Bylaws and disclose the new composition of the share capital.

## **2. CONSEQUENT AMENDMENTS TO ARTICLE 4 OF THE COMPANY BYLAWS**

The cancellation of the treasury shares will result in the amendment of Article 4 of the Company Bylaws in the part stating the number of shares into which the share capital is divided. For this purpose, it is proposed that the Board of Directors, and on its behalf the Chairman and the CEO, jointly and severally, be delegated appropriate powers to update paragraph 1 of this article by reducing the number of shares stated therein by the same number of shares that will actually be cancelled in accordance with the above.

Furthermore, the amendment to the Company Bylaws submitted for the approval of this Shareholders' Meeting consists in the insertion of a second paragraph to the current Article 4 of the Company Bylaws as illustrated below. This paragraph will be repealed at a later date, once the cancellation transactions have been completed, by virtue of a further delegation of authority which the Shareholders' Meeting is requested to grant to the Board of Directors and, on its behalf, to the Chairman and the CEO, jointly and severally.

It should also be noted that the intended amendment to the Company Bylaws does not constitute one of the cases envisaged for exercising the right of withdrawal by shareholders pursuant to Article 2437 of the Italian Civil Code.

### **PROPOSED RESOLUTION**

Now therefore, *assuming that the ordinary session of the Shareholders' Meeting has approved the authorisation to purchase the Company's treasury shares with the resolution referred to in item 2 on the agenda*, we propose that you pass the following resolution:

*"The Shareholders' Meeting of CIR S.p.A. - Compagnie Industriali Riunite, having considered the Board of Directors' explanatory report prepared pursuant to Article 125-ter of Legislative Decree No. 58 of 24*

February 1998 and Article 72 of the CONSOB regulation adopted by resolution No. 11971 of 14 May 1999,

### **RESOLVES**

1. *to cancel 60,000,000 CIR ordinary shares without par value held by the Company, without reducing the share capital;*
2. *to cancel any CIR treasury shares that may be acquired on the basis of the authorisation issued today by the ordinary Shareholders' Meeting, without reducing the share capital, up to a maximum of no more than 208,000,000 CIR shares, with the exception of the treasury shares that, together with the treasury shares already in the Company's portfolio, are required to cover the commitments arising from time to time from the stock grant plan, granting the Board of Directors, and on its behalf the Chairman and the CEO, jointly and severally, the power to: (i) determine the actual number of treasury shares to be cancelled in accordance with the foregoing; and (ii) proceed with their cancellation, through a series of actions or by a single action, in any case no later than 24 months from this resolution;*
3. *to proceed with the cancellation referred to in points 1 and 2 above without recording any profit or loss in the profit and loss account and without affecting the Company's shareholders' equity, without prejudice to the amount of the share capital, with a consequent automatic increase in the "implicit accounting par value" of the shares issued by the Company;*
4. *to insert, following the resolutions in the preceding points, a new second paragraph in Article 4 of the Company Bylaws worded as follows:*  
  
*"The Extraordinary Shareholders' Meeting held on 29 April 2024 approved (A) the cancellation of 60,000,000 CIR treasury shares already held by the Company, and (B) the cancellation of a maximum of 208,000,000 CIR treasury shares, granting authority to the Board of Directors, and on its behalf to the Chairman and the CEO, jointly and severally: (i) to implement the cancellation under (A) within 30 days from the date of the Shareholders' Meeting; (ii) to implement the cancellation under (B), through a series of actions or by a single action, within 24 months from the date of the Shareholders' Meeting, with the exception of the treasury shares that, together with the treasury shares in the Company's portfolio, are required to cover the commitments arising from time to time from the stock grant plan; and (iii) to amend accordingly the number of shares stated in paragraph 1 of this Article, reducing it by a number of shares equal to the number actually cancelled and, once the cancellation transactions have been completed, to repeal this paragraph."*
5. *to grant powers to the Board of Directors and, on its behalf, to the Chairman and the CEO, jointly and severally, to repeal, once the cancellation transactions under points 1 and 2 above have been completed, the aforesaid new second paragraph of Article 4 of the Company Bylaws;*
6. *to approve as of now, once the cancellation of treasury shares as per points 1 and 2 above has been completed, the amendment to Article 4, paragraph 1, of the Company Bylaws in the part concerning the number of shares into which the share capital of CIR S.P.A. - COMPAGNIE INDUSTRIALI RIUNITE is divided, stating in the same paragraph the number of shares that will actually exist as a result of the implementation of each cancellation, and to this end, to grant powers to the Board of Directors and, on its behalf, to the Chairman and the CEO, jointly and severally, to amend the aforesaid provision of the Company Bylaws by updating the number of such shares and to perform any necessary or appropriate action in this regard;*

7. *to grant the Board of Directors and, on its behalf, the Chairman and the CEO, jointly and severally, all appropriate powers to: (i) arrange for the above resolutions to be implemented in accordance with the law; (ii) accept or introduce to the same any amendments or additions (which do not alter the substance of the resolutions) that may be required for registration in the Company Registry or by the Authorities or necessary and/or appropriate for the implementation of laws and regulations; (iii) file and register, in accordance with the law, with an explicit advance declaration of approval and ratification, the resolutions passed and the text of the Company Bylaws updated with the above."*