



## ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Single calling – 29 April 2024 – 10.00 a.m.

at

CIR S.p.A.

Via Ciovassino 1 - Milan

Report on item 2) on the Agenda

**PROPOSAL TO AUTHORIZE THE PURCHASE AND DISPOSAL OF TREASURY SHARES, SUBJECT TO REVOCATION OF THE PREVIOUS AUTHORISATION FOR THE PORTION NOT EXECUTED**

**CIR S.p.A.**

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Società soggetta all'attività di direzione e coordinamento della F.LLI DE BENEDETTI S.p.A.

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS, AS PER THE TERMS OF ART. 125-TER OF THE FINANCE CONSOLIDATION LAW (TUF), ON ITEM 2 ON THE AGENDA OF THE ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CIR S.P.A. – COMPAGNIE INDUSTRIALI RIUNITE, CONVENED FOR 29 APRIL 2024 (SINGLE CALLING)**

**2. Proposal to authorize the purchase and disposal of treasury shares, subject to revocation of the previous authorisation for the portion not executed.**

Dear Shareholders,

Regarding the second item on the Agenda, this report prepared as per the terms of Art. 73 of the regulation adopted with Consob resolution 11971/1999 (the “**Rules for Issuers**”) and of Annex 3A, schedule 4, of the aforesaid Rules for Issuers, illustrates the proposal that the Board of Directors of CIR S.p.A. – Compagnie Industriali Riunite (hereinafter “**CIR**”, the “**Company**” or the “**Issuer**”) intends to submit to your approval with regard to the authorization to buy back and possibly then use the shares in the portfolio or purchased, as per the terms of Articles 2357 and 2357-ter of the Civil Code, in compliance with the terms of Art. 5 of EU Regulation 596/2014 (the “**Regulation**”) and EU Delegated Regulation 2016/1052 (the “**Delegated Regulation**”) and Art. 132 of D.Lgs no. 58/1998 (the “**TUF**”) and Art. 144-bis of the Rules for Issuers.

**1. FOREWORD**

The Board of Directors first reminds you that the Ordinary General Meeting of the Shareholders’ held on 28 April 2023 authorized the Board of Directors, as per the terms and effects of Articles 2357 and 2357-ter of the Civil Code (as appropriate), as from the day after the aforesaid Ordinary General Meeting of the Shareholders and for a period of eighteen months (and thus until 28 October 2024) (the “**Current Authorization**”), to buy back CIR shares.

Subsequent to the Current Authorization, as well as the authorizations granted in previous years, as of 8 March 2024 the Company owned no. 67,999,174 own shares, representing 6.14% of the number of shares making up the share capital.

The Board of Directors is of the opinion that the reasons that led to the Shareholders’ Meeting requesting the Current Authorization can still be considered valid.

Given the above and given the maturity of the Current Authorization (28 October 2024), in order to allow the Company to keep the right to buy back its own shares and use them as appropriate (in compliance with current regulations and conforming with the market practices admitted by Consob, as well as the Guidelines published by Consob in July 2019 and Practice no. 1 adopted with its resolution no. 21318 of 7 April 2020), the Board of Directors believes that it is opportune to propose that the Shareholders’ Meeting approve a new authorization, valid for a period of 18 months, starting from the date of the relevant resolution, subject to revocation of the previous authorization resolution adopted, which has been only partly implemented.

The Board of Directors is submitting to the Extraordinary Shareholders’ Meeting, to be held on the same day, a proposal for the cancellation of own shares bought under the Current Authorisation, as well as under authorisations granted in previous years, with the exception of shares that are necessary to honour

commitments related to stock grant plans (the "LTI Plans"), and of own shares that will be bought under the Authorisation (as defined below), to the extent approved by the Shareholders' Meeting.

Below is a description of the terms and conditions for buying back and using the Company's own shares, which the Board of Directors is putting before the Ordinary Shareholders' Meeting for approval of the relevant authorization (the "Authorization").

## **2. REASONS WHY THE AUTHORIZATION TO BUY BACK AND/OR TRANSFER OWN SHARES IS BEING REQUESTED**

As per the terms of the rules contained in Articles 2357 and 2357-ter of the Civil Code, as well as those contained in Art. 132 of the TUF, the Authorization, in the interest of the Company, has the aim of:

- > Fulfilling obligations resulting from possible stock option plans or other awards of the Company's shares to employees or members of the administrative bodies of CIR or its subsidiaries, and also to fulfil any obligations deriving from debt instruments convertible into or exchangeable with equity instruments;
- > Providing a portfolio of treasury shares to use as consideration in any extraordinary transactions, including exchanges of equity, with other entities within the sphere of transactions of interest to the Company (a stock of securities), all within the limits of current regulations in force;
- > Supporting liquidity in the market, optimizing the capital structure, remunerating the shareholders in particular market conditions, all within the limits established by current regulations in force;
- > Taking advantage of any opportunities to create value, and investing any liquidity efficiently in relation to the market trend;
- > For any other purpose that the competent Authorities should qualify as admitted market practice in accordance with the European and domestic rules applicable and with the procedures established therein.

As anticipated, the Board of Directors is submitting to the Extraordinary Shareholders' Meeting, to be held on the same day, a proposal for the cancellation of own shares bought under the Current Authorisation, as well as under authorisations granted in previous years, and of own shares that will be bought under the Authorisation, with the exception of shares that are necessary to honour commitments related to the LTI Plans.

For more information on the proposal for the cancellation of own shares, please refer to the explanatory report issued by the Board of Directors in relation to item 1 on the agenda of the Extraordinary Shareholders' Meeting.

## **3. MAXIMUM NUMBER OF SHARES TO WHICH THE AUTHORIZATION REFERS**

The share capital of the Company amounts to Euro 420,000,000.00, divided into no. 1,107,207,314 ordinary shares, without an expressed nominal value (including the no. 67,999,174 own shares held as treasury shares as of 8 March 2024).

The Authorization means giving the Board of Directors the right to buy, once or more than once, up to a maximum number of 208,000,000 own shares, and to transfer all or part of the Company's shares thus purchased on the basis of this resolution (and not cancelled pursuant to the authorisation to cancel own shares, as proposed to the Extraordinary Shareholders' Meeting under item 1), as well as those already held by the Company (on this subject it should be noted that none of the subsidiaries have any shares of the parent company in their portfolio).

The maximum number of own shares held at any one time by the Company as a result of transactions on the treasury shares held in the portfolio will in any case be equal to the limit of 20% of the number of shares making up the share capital, in compliance with what is stated in Art. 2357, paragraph 3, of the Civil Code.

The purchases and transfers must be carried out in accordance with the terms of Art. 5 of the Regulation or the Delegated Regulation, where applicable and as describe in greater detail in point 7 below of this report.

#### **4. MINIMUM PRICE AND MAXIMUM PRICE**

The buyback of own shares can be effected (in the case of purchases according to the procedures referred to points (i), (iii) and (iv) of paragraph 7 below), in compliance with the rules of law and regulations applicable:

- > At a minimum price no lower than the closing price of the share registered in the stock exchange trading session the day before each single transaction is entered into, reduced by 15%;
- > At a maximum price no higher than the closing price that the share recorded in the stock exchange trading session on the day before each single transaction is entered into, increased by 15%.

and, in any case, when the purchases are made with orders placed in the regulated market, the price must not be higher than the higher of the last independent transaction and the highest independent bid price in the same market, in accordance with what is stated in Art. 3 of EU Delegated Regulation no. 2016/1052.

As regards the transfer (disposal) of the own, non cancelled, shares, the proposed resolution states that the Board of Directors has the right to establish the criteria for determining the relevant price from time to time, in accordance with the regulations applicable and/or recognized market practice, having regard for the methodology used, the trend of the stock prices in the period preceding the transaction and the best interest of the Company.

#### **5. INFORMATION USEFUL FOR THE PURPOSES OF CARRYING OUT AN ASSESSMENT OF CONFORMITY WITH THE RULES SET OUT IN ART. 2357 OF THE CIVIL CODE**

In accordance with Art. 2357, paragraph 1, of the Civil Code, the purchases of own shares that are the subject of the Authorization must be made within the limits of the distributable earnings resulting from the latest financial statements approved at the moment when each transaction is entered into. Only shares that are fully paid up can be bought back.

In this regard, the Board of Director reminds everyone that the proposed financial statements for the year ended 31 December 2023 – being submitted to the Shareholders’ Meeting at the same time as this Authorization proposal - show available reserves of Euro 220,911,894 (not counting the net income for the year).

The Board of Directors must ensure that the limits established in Art. 2357 of the Civil Code are observed before starting to buy back any ordinary shares for the purposes listed in paragraph 2 above.

To ensure that the checks are made on the subsidiaries, the latter must be specifically instructed to notify the Company of any purchases of ordinary shares of the parent company made as per the terms of Art. 2359-*bis* of the Civil Code.

The rules of law and the accounting standards applicable at any one time must be observed to make the appropriate accounting entries when shares are bought, sold, exchanged, conferred or written down.

In the event of transfer, exchange, contribution or write-down, the corresponding amount can be re-utilized for further buybacks until the expiry date of the Authorization approved by the Shareholders’ Meeting, in compliance with the conditions, limits in terms of quantity and disbursement established therein.

## **6. DURATION FOR WHICH THE AUTHORIZATION IS BEING REQUESTED**

The authorization to buy back own shares, which is the subject of the Authorization, is being requested for the maximum duration permitted by law, which, as stated in 2357, paragraph 2, of the Civil Code, would be eighteen months as from the date of the approval of this proposal by the Shareholders’ Meeting and thus until 29 October 2025.

Within the period of the Authorization, if granted, the Board of Directors can buy back own shares once or more than once and at any time, to an extent and with timing that can be freely decided upon, in compliance with the rules applicable, as gradually as is considered appropriate in the interest of the Company.

The authorization to dispose of and/or use the treasury shares in its portfolio or any that may be bought back (and not cancelled pursuant to the authorisation to cancel own shares, as proposed to the Extraordinary Shareholders’ Meeting under item 1) is being requested without any time constraints as no time limits are present in current regulations, which enables the Board of Directors to act with maximum flexibility even in terms of timing to use the shares as appropriate.

## **7. PROCEDURES FOR BUYING BACK AND DISPOSING OF THE SHARES**

It should be noted that according to the exemption described in Article 132, paragraph 3, of the TUF, these operating procedures are not applied in cases of the purchase of own shares by employees of the Company, its subsidiaries or its controlling company who have been assigned shares in a share-based incentive plan.

Given the above, the purchase must take place in regulated markets, once or more than once, on a revolving basis, in accordance with what is laid down in Art. 132 of the TUF and Art. 144-*bis* paragraph 1, letter b) of the Rules for Issuers, using the operating procedures indicated in the rules for organizing

and managing the said markets so as to ensure parity of treatment between shareholders and not to allow bid prices to be matched directly with predetermined offers. More specifically the purchases will be made:

- (i)** through a public tender offer to buy or exchange shares;
- (ii)** on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with predetermined offer prices;
- (iii)** through the pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the AGM resolution and exercisable within 18 months of the same date;
- (iv)** through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob, and with the terms of Articles 5 and 13 of EU Regulation 596/2014

Regarding the authorization to use (transfer) the own shares as appropriate, the resolution presented envisages an authorization to carry out certain acts of disposal, including the right to use the own shares bought back and not cancelled, without any limits or time constraints, within the sphere of compensation plans based on the Company's shares.

#### **8. CANCELLATION OF SHARES WITHOUT REDUCTION OF SHARE CAPITAL**

The Board of Directors submits to the Extraordinary Shareholders' Meeting, to be held on the same day, the proposal to: (i) cancel part of the treasury shares purchased following the Current Authorization and the authorizations granted in previous years, i.e. no. 60,000,000 shares of the total no. 67,999,174 treasury shares held as of 8 March 2024; as well as (ii) to cancel the treasury shares that may be purchased in execution of the Authorization, with the exception of shares which, taking into account those already held in the Company's portfolio, are necessary to cover the commitments arising from time to time from the LTI Plans, for the reasons and subject to the terms indicated in the explanatory report of the relevant item on the agenda, and with the clarification that the cancellation will be carried out without reducing the share capital, in consideration of the absence of nominal value of the shares of the Company.

For further information regarding the cancellation of the shares, please refer to the report of the Board of Directors referred to in point 1 of the agenda of the extraordinary session.

#### **9. INFORMATION IN THE EVENT THAT THE BUYBACK OPERATION IS INSTRUMENTAL TO REDUCING THE CAPITAL**

As illustrated in the previous paragraph, the buyback programme that is the subject of the Authorization is not instrumental to reducing the share capital.

#### **RESOLUTION PROPOSAL**

Given all of the above, we propose that you adopt the following resolution:

*"The Annual General Meeting of the Shareholders of CIR S.p.A. – Compagnie Industriali Riunite:*

- *Acknowledging the proposals of the Board of Directors*
- *Acknowledging the favourable opinion of the Board of Statutory Auditors*
- *Being aware of the terms of Art. 2357 and following articles of the Civil Code, Art. 132 of D.Lgs no. 58/98, Art. 144-bis of Consob Resolution 11971/1999, EU Regulation 596/2014, EU Delegated Resolution no. 2016/1052, Consob Resolution no. 20876 of 3 April 2019, Consob Guidelines of July 2019 and Consob Resolution no. 21318 of 7 April 2020*

## ***RESOLVES***

1. *To revoke, for the part not utilized and for the period between the day after this AGM until its natural maturity, the resolution authorizing the buyback of own shares adopted by the Ordinary General Meeting of the Shareholders on 28 April 2023 and, consequently, the relevant authorization to use them as appropriate;*
2. *To authorize the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, severally, with the right to sub-delegate, as per the terms and effects of Art. 2357 of the Civil Code, as from the day after this AGM and for a period of eighteen months, to buy back CIR shares as follows:*
  - *A maximum of no. 208,000,000 shares may be bought back taking into account the fact that, including in the calculation the treasury shares already owned even through subsidiaries, the number of shares bought back must not in any case exceed a total number of shares representing one fifth of the share capital of CIR;*
  - *The unit price of each single purchase of shares must not be more than 15% higher or lower than the benchmark price recorded by the Company's shares in the Stock Exchange trading session prior to each individual buyback deal or prior to the date on which the price is fixed in the event of purchases made according to the procedures in points (i), (iii) and (iv) of the following paragraph. In any case, when the shares are bought back through orders placed in the regulated market the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price in the same market;*
  - *The purchase must take place in the market in accordance with what is set out in Art. 132 of D. Lgs no. 58/98 and the rules of law and regulations in force at the moment of the transaction and, more precisely (i) through a public offer to buy or exchange shares; (ii) on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with predetermined offer prices; (iii) through the pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the AGM resolution and exercisable within 18 months of the same date; (iv) through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob, and with the terms of Articles 5 and 13 of EU Regulation 596/2014;*

3. *To authorize, in accordance with and as an effect of the terms of Art. 2357-ter of the Civil Code, the Board of Directors and for the Board the Chairman and the Chief Executive Officer, severally and with the right to sub-delegate, to carry out, within the limits of the law, any subsequent purchase or sale transactions and also to arrange, without any time limit or constraint, the shares bought back for sale, and not cancelled, – even before completing the buyback as authorized above – once or more than once through authorized intermediaries, at prices no lower than the last purchase price paid or recorded in the books or than the current price quoted on the Stock Exchange, with a specific exception for directors and employees of the Company and/or its subsidiaries to whom the shares may be transferred or assigned even free of charge, in observance of the limits laid down by law, in execution of specific compensation plans based on the shares of the Company;*
4. *To authorize the Board of Directors and for the Board the Chairman and the Chief Executive Officer, severally, with the right to sub-delegate, as per the terms and effects of Art. 2357-ter of the Civil Code, to arrange the own shares purchased, and not cancelled, – without any time limits or constraints – once or more than once, as payment in the exchange of shareholdings or for sale through a tender offer to the public and/or to the Shareholders, even through a placement of receipts representing shares (American Depositary Receipts and similar securities), to fulfil any obligations resulting from debt instruments convertible into or exchangeable with equity instruments, and also for awarding to employees and Directors of the Company and its subsidiaries in relation to the implementation of stock grant plans;*
5. *To give a mandate to the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, so that they can arrange for the appropriate accounting entries to be made to the “Treasury share reserve” after purchase, sale or exchange transactions in own shares, in compliance with the rules of law and with the accounting standards applicable at any one time, withdrawing from and reconstituting the available reserves used for the own share transactions as appropriate.”*