

**FERRETTI S.P.A.**



**FERRETTIGROUP**

**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON THE SECOND ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF FERRETTI S.P.A., CONVENED FOR APRIL 22, 2024 IN A SINGLE CALL**

(drafted pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998 and Articles 73 and 84-ter of the regulation adopted by Consob Resolution No. 11971 of 14 May 1999)

Report approved by the Board of Directors of Ferretti S.p.A. at its meeting on 14 March 2024, made available to the public at the company's registered office (Via Irma Bandiera 62, Cattolica (RN)) as well as on the website ([www.ferrettigroup.com](http://www.ferrettigroup.com)), section "*Corporate – Governance*", and on the authorized storage mechanism "Emarket Storage" (at [www.emarketstorage.it](http://www.emarketstorage.it)).

**Third item on the agenda of the Ferretti S.p.A. Ordinary Shareholders' Meeting, convened for 22 April 2024, on single call:**

- 3. Authorization for the repurchase of shares pursuant to and in accordance with Articles 2357, 2357-ter of the Italian Civil Code, Article 132 of Legislative Decree No. 58 of 24 February 1998, and Article 144-bis of the Consob Regulations adopted by resolution No. 11971 of 14 May 1999 and usage of the relevant reserves; inherent and consequent resolutions**

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Dear Shareholders,

this Report has been prepared pursuant to Article 125-ter(1), of Legislative Decree No. 58 of 24 February 1998 (the “**CLFI**”) and Articles 73 and 84-ter of the Regulations adopted by Consob Resolution No. 11971 of 14 May 1999 (the “**Issuers’ Regulations**”) and in accordance with Annex 3A - Schedule No. 4 to the same Issuers’ Regulations.

This Report was approved by the Board of Directors of Ferretti S.p.A. (the “**Company**” or “**Ferretti**”) at its meeting held on 14 March 2024 and is made available to the public, within the terms of the law and regulations, at the Company’s registered office, on the Company’s website ([www.ferrettigroup.com](http://www.ferrettigroup.com)), as well as in the other ways required by current regulations.

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With reference to the third item on the agenda of the Shareholders’ Meeting, the Board of Directors intends to submit for your review and approval a proposal to authorize the purchase of ordinary shares of the Company, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Civil Code, as well as Article 132 CLFI and Article 144-bis of the Issuers’ Regulations, without prejudice to the application of Regulation (EU) No. 596 of 16 April 2014 on market abuse (the “**MAR**”), Delegated Regulation (EU) No. 1052 of 8 March 2016, on the conditions applicable to share buybacks and stabilization measures (the “**Delegated Regulation**”), as well as the market practices from time to time permitted, approved by the National Commission for Companies and the Stock Exchange (“**Consob**”) pursuant to the MAR (the “**Permitted Practices**”).

This proposed authorization to purchase the Company’s ordinary shares also takes into account the regulations applicable in Hong Kong since Ferretti shares are also listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (in addition to Euronext Milan).

In particular, pursuant to Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the repurchased shares must be compulsorily cancelled, unless a waiver of this obligation is obtained from the Stock Exchange upon request of the Company (the “**Waiver**”).

Therefore, the proposed purchase and cancellation transaction should be considered as a unitary transaction. Therefore, the Board of Directors has, at the same time, submitted to the Shareholders’ Meeting convened for 22 April 2024, in an extraordinary session, the proposal for the cancellation - to be carried out, even in several *tranches*, in the 12 months following the Shareholders’ Meeting resolution - of the entirety of the shares that may be purchased following the possible approval of this proposal. For more information on the resolution to cancel the repurchased shares, please refer to the Board of Directors’ Explanatory Report on the first item on the agenda of the Extraordinary Shareholders’ Meeting convened for 22 April 2024.

The effectiveness of the resolution to authorize the repurchase of shares and the effectiveness of the resolution to cancel such repurchased shares are suspensively conditioned on the clearance (including through silence-consent) by the Presidency of the Council of Ministers of Italy following the notification made by the Company pursuant to Article 1 of Law Decree No. 21/2012 and the subsequent implementing regulations set forth in Prime Minister's Decree No. 108/2014, as well as in Article 2 of the Law Decree No. 21/2012 and the related Prime Minister's Decree No. 179/2020 (the "**Golden Power Clearance**").

The market will be promptly notified of the obtainment of the Golden Power Clearance.

Should the Shareholders' Meeting convened for April 22, 2024 approve the authorization to repurchase shares, in ordinary session, but not approve, in extraordinary session, the cancellation of repurchased shares, the Board of Directors reserves the right to consider requesting or not requesting the Waiver, promptly notifying the market.

This Report outlines the reasons behind the request for authorization, as well as the terms and procedures under which to implement the aforementioned share buyback plan.

## **1. Reasons for which the authorization to repurchase shares are requested**

The request for authorization to repurchase shares, which is the subject of this Report, has the following purposes:

- (i) to support liquidity in the market for ordinary shares issued by the Company; and
- (ii) to employ excess liquid resources.

The authorization request also provides for the Board of Directors' authority to carry out repeated and successive transactions to repurchase shares, including on a *revolving* basis, even for fractions of the maximum authorized quantity, 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 by law and the authorization of the Shareholders' Meeting, and in any case such purchase is carried out in accordance with the applicable provisions of the Issuers' Regulations, the MAR, the Delegated Regulation, and, if applicable, the Permitted Practices.

## **2. Maximum number, category and par value of the shares to which the authorization refers**

The Company's share capital amounts to Euro 338,482,654.00 and is divided into no. 338,482,654 ordinary shares, all with no indication of par value. As of the date of this Report, the Company does not hold repurchased shares in its portfolio, nor do Ferretti's subsidiaries hold shares in the same.

Pursuant to Article 2357(2) and (3), of the Italian Civil Code, authorization is required for the purchase, even in several *tranches*, of Ferretti ordinary shares with no indication of par value, up to a maximum of no. 33,848,265 shares (equal to 10% of the Company's share capital on today's date) or to the different number representing a total of 10% of the share capital in the event of resolutions and execution of capital increases and/or reductions during the term of the authorization and, therefore, within the 20% limits provided for in Article 2357(3) of the Italian Civil Code. Furthermore, without prejudice to the provisions pursuant to Article 3 of the Delegated Regulations, the Company may not purchase in a single trading day a volume exceeding 25% of the average daily volume of shares on the trading venue where the purchase is made. Further operating procedures will be defined as part of the disclosure requirements for any share buyback programs announced to the market.

In case of approval of both the repurchase of shares and the cancellation of the repurchased shares, subject to the obtainment of the Golden Power Clearance, the Board of Directors may proceed with share

buybacks in compliance with the laws and regulations in force from time to time as well as the provisions of this Report.

Should the cancellation of repurchased shares not be approved, the Board of Directors evaluates to require or not the Waiver.

### **3. Information for the purpose of a full assessment of compliance with the provisions of Article 2357(1) and (3) of the Italian Civil Code**

In accordance with Article 2357 of the Italian Civil Code, purchases of repurchased 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 each transaction is carried out.

In this regard, Ferretti's draft financial statements for the financial year 2023, approved by the Board of Directors on 14 March 2024, show, inter alia, that the mandatory "Legal Reserve" pursuant to Article 2430 of the Italian Civil Code (the "**Legal Reserve**") is currently equal to Euro 10,906,701.20 and there is a share premium reserve equal to Euro 425,041,386.63 (the "**Share Premium Reserve**").

In the same context of the proposed authorisation to repurchase shares, it is therefore proposed to the Shareholders to approve the utilisation of the Share Premium Reserve for the purpose of replenishing the Legal Reserve in its entirety, allocating to it a portion of the Share Premium Reserve equal to Euro 52,472,097.45. Thus, Euro 372,569,289.18 would remain in the Share Premium Reserve.

The Board of Directors also specifies that, therefore, by virtue of replenishing the Legal Reserve in full, the Company may use the remaining portion of the Share Premium Reserve for the purpose of repurchasing shares, under the terms and conditions set forth in this Report. The amount of available reserves also taking into account the retained earnings reserve (which as at 31 December 2023 was Euro 37,573,735.06 and which with the allocation of the 2023 profit for the year will be Euro 86,677,828.46) will therefore be Euro 419,347,117.64.

Only fully paid shares may be purchased.

The Board of Directors will be required to verify compliance with the limits set forth in Article 2357 of the Italian Civil Code prior to the commencement of each purchase of ordinary shares for the purposes indicated in paragraph 1 above. In order to enable the checks on 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.

The legal provisions and accounting standards applicable from time to time shall be observed for the purposes of accounting entries to be made when shares are purchased.

It should be noted that, in view of the unitary nature of the transaction, the resolution to approve the use of the Share Premium Reserve in the terms stated above is subject to the effectiveness of the resolution authorizing the purchase of repurchased shares.

### **4. The duration for which the authorization is requested**

Authorization for the purchase of repurchased shares is requested for the maximum duration allowed by law, which, also taking into account the requirements dictated by the Hong Kong regulations, is expected to be 12 months from the date of any resolution to approve this proposal by the Shareholders' Meeting.

In case of approval of both the repurchase of shares and the cancellation of the repurchased shares, within the term of any authorization granted and subject to the obtainment of the Golden Power Clearance, the Board of Directors may then make share purchases on one or more occasions and at any time, in an

amount and time freely determined, in compliance with applicable regulations, with the gradualness deemed appropriate in the interest of the Company.

Should the cancellation of the repurchased shares not be approved, the Board of Directors evaluates to require or not the Waiver.

#### **5. Minimum and maximum consideration**

The Board of Directors proposes that the purchase price of each share be not less than the official price of Ferretti stock on the Italian Stock Exchange on the day preceding the day on which the purchase transaction will be carried out, decreased by 10%, and not more than the official price on the Italian Stock Exchange on the day preceding the day on which the purchase transaction will be carried out increased by 10% and in any case not exceeding 5% or more of the average closing market price of Ferretti stock on the Stock Exchange of the five trading days preceding the day on which the purchase transaction will be carried out, and this in compliance in any case with the terms and conditions set forth in Delegated Regulation (EU) no. 1052 of 8 March 2016 and the Admitted Practices, where applicable.

This is without prejudice, in any case, to compliance with the limits that may be provided for by the reference regulations, including those of European rank, in force from time to time and by the Admitted Practices.

#### **6. Modalities through which purchases and acts of disposition will be carried out**

Repurchases of shares will be made on regulated markets, in accordance with the operating procedures established in the regulations for the organization and management of those markets, including through the negotiation of options or derivative financial instruments on Ferretti stock, in compliance with current regulations and, in particular, with Article 132 CLFI - with particular reference to the principle of equal treatment of Shareholders - Article *144-bis* of the Issuers' Regulations, the EU and national regulations on market abuse from time to time in force and, therefore, among other things, the MAR, the Delegated Regulations and the Admitted Practices. The Company will not repurchase shares through a tender offer.

Lastly, it should be noted that pursuant to the exemption in Article 132(3) CLFI, the above operating procedures do not apply in the event of the repurchase of shares held by employees of the Company, subsidiaries or the parent company and allotted or subscribed to pursuant to Articles 2349 and 2441(8) of the Italian Civil Code, or arising from compensation plans approved pursuant to Article *114-bis* CLFI.

It should be noted that pursuant to Hong Kong regulations, the Company may not, in any case, repurchased shares held by its directors, chief executives or significant shareholders of the Company (meaning shareholders who, directly or indirectly including through companies controlled by them, exercise or have the right to control the exercise of 10% of the voting rights at the Company's Ordinary Shareholders' Meeting).

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

It is hereby confirmed that the repurchase of shares is not instrumental to the reduction of the Company's share capital, without prejudice to the Company's right, should a reduction in share capital be approved by the Shareholders' Meeting in the future, to execute it also by cancelling the repurchased shares held in the portfolio.

In particular, it should be noted that although, at the same time as this authorization for the repurchase of shares, authorization for the cancellation of the repurchased shares purchased under this authorization is also required - under the terms and conditions set out in the explanatory report relating to the first item on the extraordinary part of the agenda of the Shareholders' Meeting convened for 22 April 2024 - the aforementioned cancellation will take place without a reduction in share capital, in view of the absence

of par value of Ferretti shares.

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### **Proposed Resolution:**

Dear Shareholders,

in consideration of the above, we invite you to adopt the following resolution:

*“The Shareholders’ Meeting of Ferretti S.p.A., having met in ordinary session*

*- having examined the Report of the Board of Directors prepared pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998 (the "CLFI"), as well as Article 73 of the Consob Issuers' Regulations and in accordance with Annex 3A - Schedule No. 4 to the same Consob Issuers' Regulations;*

*- having acknowledged the provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 CLFI;*

*- having regard to the financial statements for the year ended 31 December 2023, approved by today’s Shareholders’ Meeting;*

*- noted the advisability of issuing an authorization to repurchase shares for the purposes and in the manner indicated in the Board of Directors’ Report;*

*resolves to*

- (1) allocate, subject to the effectiveness of the resolution authorizing the repurchase of shares referred to in item (2) below, in a single instalment a portion of the "share premium reserve" equal to Euro 52,472,097.45 to the "legal reserve", so that the latter is equal to one-fifth of the share capital, pursuant to Article 2430 of the Italian Civil Code, so that the amount of available reserves (also considering retained earnings) is equal to Euro 459,347,117.64;*
- (2) authorize - subject to the obtainment of the clearance (including by means of silence-consent) from the Presidency of the Council of Ministers of Italy following the notification made by the Company pursuant to Article 1 of the Law Decree No. 21/2012 and the subsequent implementing regulations set forth in Prime Minister’s Decree No. 108/2014, as well as in Article 2 of the Law Decree No. 21/2012 and the related Prime Minister’s Decree No. 179/2020 – the repurchase of shares pursuant to and in accordance with Article 2357 et seq. of the Italian Civil Code and Article 132 of Legislative Decree No. 58 of 24 February 1998:*
  - (i) subject to the approval of the extraordinary Shareholders’ Meeting resolution of cancellation of the repurchased shares; or*
  - (ii) in case of no approval of the resolution of cancellation of the repurchased shares, subject to the authorization of the Stock Exchange of Hong Kong Limited in order to repurchase shares, following appropriate Board of Directors’ resolution.*

*The purchase of the Company’s repurchased shares will be performed on one or more occasions, for a period not exceeding 12 months from the date of this resolution in accordance with the following terms and conditions:*

*(a) the purchase may be made for the following purposes:*

*(i) to support liquidity in the market for ordinary shares issued by the Company;*

*(ii) to deploy excess liquid resources.*

- (b) *the purchase will be made in compliance with the applicable legal requirements and, in particular, with Article 132 of Legislative Decree No. 58 of 24 February 1998, and Article 144-bis of Consob Regulation 11971/1999, and possibly also in compliance with Delegated Regulation (EU) No. 1052 of 8 March 2016 and the market practices referred to in Article 13 of Regulation (EU) No. 596 of 16 April 2014 approved by Consob;*
- (c) *the purchase price of each share shall not be lower than the official stock market price of Ferretti stock on the day prior to the day on which the purchase transaction is to be carried out, decreased by 10%, and not higher than the official stock market price on the day prior to the day on which the purchase transaction is to be carried out, increased by 10% and in any case not higher than 5% of the average of the closing market price of Ferretti stock on the Stock Exchange of the five trading days prior to the day on which the purchase transaction is to be carried out, without prejudice to the application of the conditions and terms set forth in Art. 5 of Regulation (EU) No. 596 of 16 April 2014 and 3 of Delegated Regulation (EU) No. 1052 of 8 March 2016;*
- (d) *the number of shares to be purchased shall be a maximum of 33,848,265 shares, equal to 10% of the share capital as of the date of this resolution or the different number representing a total of 10% of the share capital in the event of the resolution and execution of capital increases and/or reductions during the term of the authorization, including any shares held by Ferretti and its subsidiaries, it being understood that the Company may not purchase in a single trading day a volume greater than 25% of the average daily volume of shares on the trading venue where the purchase is made;*
- (3) *grant the Board of Directors and, on its behalf, the CEO and the executive director, severally and not jointly, the broadest powers necessary or appropriate to carry out the repurchases of shares, and in any case to implement the above resolution, including through its own proxies and also through the granting of special assignments to specialized intermediaries, approving and implementing any and all executive provisions of the related purchase programs, including the repurchase programs pursuant to and for the purposes of the Delegated Regulations, and complying with any requirements of the competent Authorities”.*

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Milan, 14 March 2024

For the Board of Directors

The CEO

(Alberto Galassi)