



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE FIFTH ITEM ON THE AGENDA OF  
THE SHAREHOLDERS' MEETING OF NEODECORTECH S.P.A., CONVENED ON 19 APRIL 2024 IN  
SINGLE CALL**

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF NEODECORTECH S.P.A.  
ON THE PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING**

Shareholders,

you have been convened on 19 April 2024 for the Shareholders' Meeting ("**Meeting**") of Neodecortech S.p.A. ("**Neodecortech**", "**NDT**" or the "**Company**") to resolve, *inter alia*, on the following item on the agenda.

**5. Authorization to purchase and dispose of treasury shares upon revocation of the authorization to purchase treasury shares granted by the Shareholders' Meeting of 27 April 2023 for the unexecuted portion. Relevant and ensuing resolutions.**

This report - prepared pursuant to Article 125-ter, paragraph 1, of Legislative Decree no. 58 of 24 February 1998 subsequently amended and supplemented (the "**TUF**"), by Articles 73 and 84-ter, of the Regulation adopted by CONSOB Resolution no. 11971 of 14 May 1999 (the "**Issuer Regulation**"), as subsequently amended and supplemented, and in accordance with Annex 3, Schedule 4, to the Issuer Regulation - (the "**Report**") sets forth the proposal that the Board of Directors of the Company submits for your approval on the authorization for the purchase and possible subsequent disposal of treasury shares in portfolio or purchased, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, to Article 132 of the TUF, Articles 144-bis and 144-bis.1 of the Issuer Regulation, and in compliance with the provisions of Article 5 of EU Regulation 596/2014 (the "**MAR**"), EU Delegated Regulation 2016/1052 (the "**Delegated Regulation**"), as well as in accordance with market practices, from time to time permitted under current regulations (the "**Permitted Practices**"), subject to revocation of the previous authorization granted by the Shareholders' Meeting of 27 April 2023, for the part, if any, unexecuted, which, for the part relating to the purchase of treasury shares, expires in the coming months.

Mention should be made that by resolution passed on 27 April 2023, the Shareholders' Meeting had authorized the purchase of the Company's treasury shares, on one or more occasions, up to a maximum amount, taking account of the ordinary NDT shares held from time to time in the portfolio by the Company and its subsidiaries, not in the aggregate higher than 10% of the Company's share capital, for the maximum period allowed by law (18 months starting from the date of the Shareholders' Meeting, thus until 27 October 2024), for the following purposes:

- a) to undertake any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- b) for storage and subsequent use (so-called "shares stock"), including: consideration in extraordinary transactions, including exchange or sale of equity investments, to be carried out by exchange, contribution or other act of disposal and/or use, with other parties, including allocation to service bonds convertible into shares of the Company or bonds with warrants;
- c) for use to service remuneration and incentive plans based on financial instruments intended for directors and employees of the Company and/or companies directly or indirectly controlled by

it, either through the free grant of purchase options or through the free allocation of shares (so-called stock option and stock grant plans) pursuant to Article 114-bis of the TUF, as well as plans for the free allocation of shares to shareholders.

The above Shareholders' Meeting also authorized the disposal of the Company's treasury shares without time limits.

The Board of Directors deems that the reasons for asking the Shareholders' Meeting at the time to authorize the purchase and disposal of treasury shares remain valid.

That being said, in view of the expiration (27 October 2024) of the resolution authorizing the purchase of treasury shares, and to enable the Company to retain the authority to purchase treasury shares and dispose of them, the Board of Directors proposes to resolve on the issuance of a new authorization to the Board of Directors to purchase and dispose of the Company's ordinary shares under the terms set out in this Report, effective as of the date of the Shareholders' resolution, subject to revocation of the authorization granted by the resolution of 27 April 2023 for the portion that remains unexecuted.

The Report was approved by the Board of Directors at its meeting on 12 March 2024, and is made publicly available within the time limits and in the manner envisaged by law and regulations, at the Company's registered office in Via Provinciale 2, Filago (BG), on the website ([www.neodecortech.it](http://www.neodecortech.it), *Investors – Assemblee azionisti* section) and on the authorized storage mechanism "1info" at [www.1info.it](http://www.1info.it).

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## **1. Reasons underlying the request to authorize the purchase of treasury shares**

The purpose of the request for the authorization to purchase and dispose of treasury shares, which is the object of this proposal, is to enable the Company to purchase and dispose of ordinary shares, in strict compliance with current EU and national regulations, for the following purposes:

- a) to undertake any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- b) for storage and subsequent use (so-called "shares stock"), including: consideration in extraordinary transactions, including exchange or sale of equity investments, to be carried out by exchange, contribution or other act of disposal and/or use, with other parties, including allocation to service bonds convertible into shares of the Company or bonds with warrants;
- c) for use to service remuneration and incentive plans based on financial instruments intended for directors and employees of the Company and/or companies directly or indirectly controlled by it, either through the free grant of purchase options or through the free allocation of shares (so-called stock option and stock grant plans) pursuant to Article 114-bis of the TUF, as well as plans for the free allocation of shares to shareholders.

The authorization request also envisages the power of the Board of Directors to carry out several and subsequent purchase and disposal transactions (or other acts of disposal) of treasury shares, including on a revolving basis, even for fractions of the maximum authorized quantity, so that, at

any time, the quantity of shares subject to the proposed purchase and held by the Company does not exceed the limits set out by law and by the authorization of the Shareholders' Meeting, it being understood that the transactions shall be carried out in compliance with the applicable legal provisions, including those of the Issuer Regulation, the MAR, the Delegated Regulation, as well as in compliance with the Admitted Practices in force from time to time.

## **2. Maximum number, category and par value of shares as per the authorization**

The share capital of Neodecortech amounts to € 18,804,209.37 and is divided into 14,218,021 ordinary shares with no indication of their par value.

Authorization is requested for the purchase of ordinary shares of the Company, in one or more tranches, up to a maximum amount such that, taking account of the ordinary shares of the Company from time to time held in the portfolio by the Company and its subsidiaries, the total number of ordinary NDT shares in portfolio as a result of each purchase shall not exceed 10% of the Company's share capital from time to time, pursuant to Article 2357, third paragraph, of the Italian Civil Code.

Authorization is also requested for the disposal of all or part of the Company's treasury shares acquired under this resolution as well as those already held by the Company.

To date (i) the Company owns 353,000 treasury shares (equal to 2.483% of the share capital) and (ii) its subsidiaries do not hold any shares in the Company.

## **3. Information relevant to assessing compliance with Article 2357, third paragraph, of the Italian Civil Code**

Purchases shall be made - in accordance with the provisions of Article 2357, first paragraph, of the Italian Civil Code - within the limits of the distributable profits and available reserves resulting from the Company's most recent approved financial statements at the time each transaction is carried out. Only fully paid-up shares may be purchased. The purchase authorization complies with the limit stipulated in Article 2357, third paragraph, of the Italian Civil Code, since it is for a number of shares that may not exceed one-tenth of the share capital.

The amount of available reserves and distributable profits, amounting to € 32,390 thousand and € 2,055 thousand, respectively, as shown in the draft financial statements at 31 December 2023 approved by the Board of Directors on 12 March 2024, will be subject to assessment when each transaction is carried out.

Additionally, prior to each purchase, compliance with the maximum purchase limit to which the authorization refers shall be assessed. To enable checks on subsidiaries, specific instructions will be given 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.

Upon purchase or disposal of treasury shares, the Company, in compliance with applicable legal provisions and accounting standards, will make appropriate accounting entries.

## **4. Duration of the authorization**

The Board of Directors proposes that the authorization for the purchase of treasury shares be

granted for a period of 18 months from the date on which the Shareholders' Meeting adopts the relating resolution. The Board of Directors may proceed with the authorized transactions on one or more occasions and at any time, to the extent and at the times freely determined in compliance with applicable regulations, at a rate deemed appropriate in the interest of the Company.

On the other hand, authorization for the disposal and/or use of any treasury shares purchased is requested without time limits, due to the expediency of giving the Board of Directors the power to identify with maximum flexibility the most suitable time to proceed with the disposal of the treasury shares purchased.

Mention should be made that the Company may proceed with the abovementioned authorized transactions in whole or in part, at one or more times and at any time, subject to the applicable regulatory provisions in force from time to time.

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

Treasury shares may be purchased, in accordance with applicable laws and regulations:

- at a minimum price no lower than the closing price that the share will have recorded in the trading session on the day prior to the completion of each individual trade, decreased by 10%;
- at a maximum price no higher than the closing price that the share will have recorded in the trading session on the day prior to the completion of each individual trade, increased by 10%.

As for the disposal (sale) of treasury shares, this may be carried out at a price that is not lower than 10% of the average official price recorded on the MTA in the five days prior to the disposal. This price limit may be waived in the event of exchange or sale of treasury shares in the framework of the implementation of industrial and/or business projects and/or projects of interest for the Company, in the event of disposal of shares in execution of incentive programs and, in any case, of plans pursuant to Article 114-bis of the TUF, in the event of the fulfilment of obligations arising from debt instruments convertible into equity instruments, and in the event of assignment of shares to shareholders free of charge.

#### **6. Method for carrying out transactions**

Pursuant to Article 132 of the TUF, the purchase of treasury shares shall be carried out in such a way as to ensure equal treatment of shareholders, in accordance with CONSOB regulations.

Transactions for the purchase of treasury shares shall be carried out on regulated markets, in compliance with current regulations and, specifically, with Article 132 of the TUF, Article 144-bis, paragraph 1 and paragraph 1-*bis* of the Issuer Regulation, Article 144-*bis*.1 of the Issuer Regulation, EU and national regulations on market abuse from time to time in force and, among others, the Regulations, and the Delegated Regulation.

Purchases of treasury shares shall be made on regulated markets, on one or more occasions, on a revolving basis, in accordance with the provisions of Article 132 of the TUF and Article 144-*bis*, paragraph 1, of the Issuer Regulation, as follows:

- (i) through a public purchase or exchange offer;
- (ii) on regulated markets, according to the operating criteria established in the organization and

management regulations of the same markets, which do not allow the direct combination of the purchase negotiation proposals with pre-determined sale negotiation proposals;

- (iii) by granting Shareholders, in proportion to the shares held, a put option to be exercised within a period corresponding to the duration of the Shareholders' Meeting authorization to purchase treasury shares;
- (iv) in accordance with the procedures established by Market Practices; and/or
- (v) under the conditions specified in Article 5 of the MAR.

The Company shall take account of the recommendations and guidelines issued from time to time by CONSOB regarding the purchase and disposal of treasury shares by issuers.

It should be noted that the completion of purchase transactions on treasury shares may also be carried out through specialized intermediaries and also in several times for each manner, on a revolving basis.

On the other hand, transactions involving the disposal of treasury shares in portfolio shall be carried out in the manner deemed most appropriate in the interest of the Company to meet the purposes pursued and in any case in compliance with the *pro tempore* statutory and regulatory provisions in force and applicable, including disposal on the market, outside regulated markets, or through ABB or in blocks or by exchange with or contribution of equity investments as part of industrial projects.

It should be noted that pursuant to the exemption in Article 132, paragraph 3 of the TUF, the above operating procedures do not apply in the case of the purchase of treasury shares from employees of the Company, subsidiaries or the parent company that have been granted as part of a share incentive plan or subscribed to in accordance with Articles 2349 and 2441, paragraph 8 of the Italian Civil Code.

Adequate notice of transactions involving the purchase and disposal of treasury shares shall be provided in compliance with the disclosure requirements applicable from time to time.

## **7. Information on the instrumental nature of purchases in a share capital reduction**

The purchase of treasury shares is not instrumental to the reduction of the Company's share capital, without prejudice to the Company's right, if a share capital reduction is approved by the Shareholders' Meeting in the future, to execute it also by cancelling the treasury shares held in portfolio.

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Shareholders,

in connection with the above, the Board of Directors of the Company proposes the Shareholders' Meeting to pass the following resolution:

### **PROPOSED RESOLUTION**

*"The Shareholders' Meeting of Neodecortech S.p.A.,*

- *having reviewed the Board of Directors' Report;*
- *having regard to the financial statements for the year ended 31 December 2023;*

- *having acknowledged the proposal made by the Board of Directors of Neodecortech S.p.A. on the authorization to purchase and sell treasury shares;*

**resolves**

1. *to revoke, as of the date of this Shareholders' resolution, for the part not yet executed, the resolution on the authorization to purchase and dispose of treasury shares adopted by the Ordinary Shareholders' Meeting of 27 April 2023;*
2. *to authorize, pursuant to and for the purposes of Article 2357 et seq. of the Italian Civil Code and Article 132 of Legislative Decree no. 58 of 24 February 1998, the purchase of the Company's treasury shares, on one or more occasions, up to a maximum amount such that, taking account of the ordinary NDT shares held in the portfolio from time to time by the Company and its subsidiaries, the total number of ordinary NDT shares held in the portfolio as a result of the purchases does not exceed 10% of the Company's share capital from time to time, for the period of 18 months starting from the date of this Shareholders' Meeting, thus until 19 October 2025, the expiration date of the authorization, subject to the following terms and conditions:*
  - a. *the purchase may be made:*
    - *to give effect to any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;*
    - *for storage and subsequent use (so-called "shares stock"), including: consideration in extraordinary transactions, including exchange or sale of equity investments, to be carried out by exchange, contribution or other act of disposal and/ or use, with other parties, including allocation to service bonds convertible into shares of the Company or bonds with warrants;*
    - *for use to service remuneration and incentive plans based on financial instruments intended for directors and employees of the Company and/ or companies directly or indirectly controlled by it, either through the free grant of purchase options or through the free allocation of shares (so-called stock option and stock grant plans) pursuant to Article 114-bis of Legislative Decree no. 58 of 24 February 1998, as well as plans for the free allocation of shares to shareholders;*
  - b. *the purchase shall be made in compliance with the requirements of law and, specifically, with Articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of Legislative Decree no. 58 of 24 February 1998, Articles 144-bis and 144-bis.1 of CONSOB Regulation no. 11971/1999, of Regulation (EU) no. 596 of 16 April 2014, of Delegated Regulation (EU) no. 1052 of 8 March 2016, and may take place according to one or more of the methods set forth in Article 144-bis, first paragraph, letters a), b), d), d-bis) and d-ter) of CONSOB Regulation no. 11971/1999;*
  - c. *the purchase price of each share shall not be less than the official stock market price of the NDT share on the day prior to the day on which the purchase transaction will 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 will be carried out, increased by 10%, without prejudice to the application of the additional terms and conditions set forth in Article 3 of Delegated Regulation (EU) no. 1052 of 8 March 2016;*

- d. *the maximum number of shares purchased may not exceed one-tenth of the Company's share capital, including any shares held by the Company and its subsidiaries;*
3. *to authorize the Board of Directors, pursuant to Article 2357-ter of the Italian Civil Code, to dispose for the purposes indicated above, in whole and/or in part, on one or more occasions, without time limits, of the treasury shares in portfolio even before having completed the purchases, establishing the price and manner of disposal and making any necessary or appropriate accounting entries, in compliance with applicable regulations, accepted market practices and the accounting standards applicable from time to time, by selling them on the market, in blocks or otherwise off the market, or by transferring any rights in rem and/or personal rights thereto (including, purely by way of example, stock lending), also granting the governing body the power to establish, in compliance with the law and regulations, the time limits, procedures and conditions of the disposal of treasury shares deemed to be more appropriate in the interest of the Company, with the power to appoint special proxies to execute the acts of disposal referred to in this resolution, as well as any other formality relating thereto, it being understood that the disposal of the shares in portfolio shall be made at a price not lower by 10% than the average of the official prices recorded on the electronic stock market in the five days prior to the sale. This price limit may be waived in the event of exchange or sale of treasury shares in the framework of the implementation of industrial and/or business projects and/or projects of interest for the Company, in the event of disposal of shares in execution of incentive plans and, in any case, of plans pursuant to Article 114-bis of the TUF, in the event of the fulfilment of obligations arising from debt instruments convertible into equity instruments, and in the event of assignment of shares to shareholders free of charge;*
4. *to grant the Chairman of the Board of Directors and the Chief Executive Officer, also severally, with the right to sub-proxy for single acts or categories of acts, the broadest possible powers to make the purchases and sales/disposals of all or part of the treasury shares purchased and, in any case, to implement the above resolutions, also through proxies, complying with the applicable provisions in force from time to time and with any request by the competent authorities.*

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Filago, 14 March 2024

For the Board of Directors

The Chairman

Luca Peli