Sanlorenzo S.p.A.

Registered office in via Armezzone 3, Ameglia (SP) – Share capital €35,083,190 fully paid-in
Company Register of Riviere di Liguria – Imperia La Spezia Savona and tax code: 00142240464
www.sanlorenzoyacht.com
Traditional administration and control system

Explanatory report on the second item on the agenda of the ordinary shareholders' meeting

Resolutions, pursuant to Article 114-*bis* of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, concerning the establishment of a compensation plan based on financial instruments called "Foreign Commercial Subsidiaries Plan". Related and consequent resolutions.

<u>Explanatory report on the second item on the agenda of the ordinary shareholders' meeting</u>

2. Resolutions, pursuant to Article 114-*bis* of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, concerning the establishment of a compensation plan based on financial instruments called "Foreign Commercial Subsidiaries Plan". Related and consequent resolutions.

Shareholders,

We submit for your approval pursuant to Article 114-*bis* of Italian Legislative Decree no. 58 of 24 February 1998 (the "**Italian Consolidated Law on Finance**" or "**TUF**") a compensation plan based on financial instruments, with incentive and retention function, entitled "Foreign Commercial Subsidiaries Plan" (the "**Plan**"), and reserved to an executive director of Sanlorenzo Baleari S.L., subject to Spanish law ("**Sanlorenzo Baleari**"), Sanlorenzo Côte D'Azur S.A.S., subject to French law ("**Sanlorenzo Côte D'Azur**"), and Sanlorenzo Monaco S.A.M., subject to the laws of Monaco ("**Sanlorenzo Monaco**", and, together with Sanlorenzo Baleari and Sanlorenzo Côte D'Azur, the "**Foreign Commercial Subsidiaries**"), controlled by Sanlorenzo S.p.A. ("**Sanlorenzo**") pursuant to Article 93 of the TUF, concerning shares of the Foreign Commercial Subsidiaries, as described in this explanatory report and in the information document on the Plan (the "**Information Document**"), prepared pursuant to Article 84-*bis* of Consob Regulation no. 11971 of 14 May 1999, as subsequently amended (hereinafter the "**Issuers' Regulation**"), and in accordance with Annex 3A, Schedule 7 of such Issuers' Regulation, attached to this explanatory report and made available to the public, together with such, in the manner and within the terms set forth by law. Please therefore refer to the Information Document for any further information on the Plan.

1. <u>Reasons for adopting the Plan</u>

The purpose of the Plan is to contribute to the pursuit of the sustainable success of the Foreign Commercial Subsidiaries, Sanlorenzo and the other companies controlled by Sanlorenzo (all together, the "**Group**") and to the generation of value in the long term, through the incentivisation and retention of the beneficiary, who is considered a key resource of the Foreign Commercial Subsidiaries, which Sanlorenzo intends to develop. More specifically, the Plan seeks to set up an incentive mechanism in favour of the beneficiary, through his involvement in the corporate structure of the Foreign Commercial Subsidiaries, incentivising his alignment with the interests of Sanlorenzo and accordingly its shareholders and in the pursuit of the sustainable success of the Foreign Commercial Subsidiaries, Sanlorenzo and the Group and the generation of long-term value, while at the same time retaining the beneficiary and contributing to the retention within the Foreign Commercial Subsidiaries and the Group of his specific skills.

The proposal relating to the adoption of the Plan was formulated by Sanlorenzo's Board of Directors (the "**Board of Directors**") with the involvement and prior favourable opinion of the Remuneration Committee established within the Board of Directors (the "**Remuneration Committee**") in accordance with the applicable provisions of the Corporate Governance Code approved by the Corporate Governance Committee, to which Sanlorenzo adheres.

Furthermore, the adoption of compensation plans based on financial instruments is recommended by Article 5 of the Corporate Governance Code, and in particular by Principle XV and Recommendations 27 and 28, and is envisaged by Article 2.2.3, paragraph 3, letter o) of the Regulation governing the markets organised and managed by Borsa Italiana S.p.A. (it is recalled that Sanlorenzo shares are listed on the Euronext STAR Milan segment of the Euronext STAR Milan market of Borsa Italiana S.p.A.).

The Plan is not intended for directors and managers with strategic responsibilities at Sanlorenzo.

2. Purpose and methods of implementation of the Plan

The Plan provides that the sole beneficiary of the Plan is Mr. Ferruccio Rossi (the "**Beneficiary**"), executive director of Sanlorenzo Monaco and Sanlorenzo Baleari, and upcoming executive director of Sanlorenzo Côte D'Azur, and that he has the right to purchase from Sanlorenzo shares of the Foreign Commercial Subsidiaries and then to sell them back to the Company at a variable price with a premium based on the time elapsed since their subscription and the Good Leaver or Bad Leaver cases, as detailed below. The completion of the appointment of the Beneficiary as an executive director of all the Foreign Commercial Subsidiaries is a condition for the Plan to be implemented.

It is proposed to make the object of the Plan, and therefore the object of the Beneficiary's right of purchase, (i) no. 250 shares with a nominal value of €1 each of Sanlorenzo Côte D'Azur, representing 25% of its share capital (the "**SLCA Shares**"), (ii) no. 1,250 shares with a nominal value of €100 each of Sanlorenzo Baleares, representing 25% of its share capital (the "**SLB Shares**") and (iii) no. 375 shares with a nominal value of €100 each of Sanlorenzo Monaco, representing 25% of its share capital of Sanlorenzo Monaco, of which no. 1 share is already held by the Beneficiary (the "**SLM Shares**" and, together with the SLCA Shares and the SLB Shares, the "**Foreign Commercial Subsidiary Shares**").

At the date of this Report, Sanlorenzo holds 100% of the shares of Sanlorenzo Côte D'Azur and the shares of Sanlorenzo Baleari and 99.7% of the shares of Sanlorenzo Monaco.

The shares of the Foreign Commercial Subsidiaries are not traded on a regulated market.

The Plan will not receive any support from the Italian special fund for the encouragement of workers' participation in companies, referred to in Article 4, paragraph 112, of Italian Law no. 350 of 24 December 2003.

3. Plan recipients

The Plan is aimed exclusively at the Beneficiary.

It is proposed to determine that the Beneficiary must pay for the purchase of the Foreign Commercial Subsidiary Shares a price equal to (i) for the SLCA Shares, €34,621, (ii) for the SLB Shares, €73,272 and for (iii) the SLM Shares, €37,400 (collectively, the "**Foreign Commercial Subsidiary Share Price**").

The Beneficiary shall purchase the Foreign Commercial Subsidiary Shares by 30 April 2025 and shall pay Sanlorenzo the Foreign Commercial Subsidiary Share Price upon the transfer of the Foreign Commercial Subsidiary Shares.

4. Duration of the Plan and terms and conditions for exercising the rights

The Plan provides that the Beneficiary has the right to sell the Foreign Commercial Subsidiary Shares to Sanlorenzo – and that Sanlorenzo has the right to purchase them – on different terms.

In particular, the Plan provides (a) that the Call Option in favour of Sanlorenzo may be exercised at any time subject to the termination of the relationship of management with delegated powers between the Beneficiary and one or more of the Foreign Commercial Subsidiaries (including the revocation, and/or waiver and/or non-acceptance, in whole or in part, of the management powers) (the "**Termination of the Relationship**") and (b) that the Put Option in favour of the Beneficiary is exercisable after the end of the Vesting Period (and therefore after 31 December 2029), provided that the Termination of the Relationship occurs, except in the event of Termination of the Relationship in the Good Leaver case, in which case the Put Option shall be exercisable even before 31 December 2029. There is no final deadline for the exercise of the Call Option, whereas the Put Option may be exercised within six months from the Termination of the Relationship, and in any event by 31 December 2034.

The exercise price of the Call Option and the Put Option (and therefore the repurchase price of the Beneficiary's Foreign Commercial Subsidiary Shares by Sanlorenzo) that are validly exercised by Sanlorenzo and the Beneficiary, respectively (the "**Foreign Commercial Subsidiary Share Repurchase Price**") shall be equal to:

(i) in the event of the Termination of the Relationship in the Good Leaver case (as below defined), to the prorated share corresponding to the percentage of the capital of the Foreign Commercial Subsidiaries represented by the Foreign Commercial Subsidiary Shares held by the Beneficiary of the amount calculated for each Foreign Commercial Subsidiary applying the following formula (the "**Formula**"):

[EBITDA of the Foreign Commercial Subsidiary at 31 December of the year prior to the exercise of the Call Option or the Put Option x 5] +/- NFP at the time of the exercise of the Call Option or the Put Option.

(ii) in the event of Termination of Relationship in the Bad Leaver case (as below defined), at the Foreign Commercial Subsidiary Share Price;

(iii) in all cases of Termination of the Relationship other than those referred to in clauses (i) and (ii) above:

- if Termination of the Relationship occurs before 31 December 2029, to the Foreign Commercial Subsidiary Share Price increased by the prorated share of any profit accrued by the Foreign Commercial Subsidiaries during the period in which the Beneficiary was a shareholder thereof and which has not been distributed by the Foreign Commercial Subsidiaries;
- if the Termination of the Relationship occurs after 31 December 2029 and before 31 December 2030, to the prorated share corresponding to the percentage of the capital of the Foreign Commercial Subsidiaries represented by the Foreign Commercial Subsidiary Shares held by the Beneficiary of the amount calculated for each Foreign Commercial Subsidiary applying the Formula, reduced by 20%;
- if the Termination of the Relationship occurs after 31 December 2030 and before 31 December 2031, to the prorated share corresponding to the percentage of the capital of the Foreign Commercial Subsidiaries represented by the Foreign Commercial Subsidiary Shares held by the Beneficiary of the amount calculated for each Foreign Commercial Subsidiary applying the Formula, reduced by 10%;
- if the Termination of the Relationship occurs after 1 January 2032, to the prorated share corresponding to the percentage of the capital of the Foreign Commercial Subsidiaries represented by the Foreign Commercial Subsidiary Shares held by the Beneficiary of the amount calculated for each Foreign Commercial Subsidiary applying the Formula.

"**Bad Leaver**" means that the Beneficiary has engaged in conduct (including omissions) that justifies revocation for just cause from the office of director of one or more of the Foreign Commercial Subsidiaries, or the revocation for just cause of the Beneficiary's management powers of one or more of the Foreign Commercial Subsidiaries, and therefore: (a) breach by the Beneficiary of provisions of law or contract constituting just cause for revocation from the office of director, or just cause for revocation, even partial, of the management powers; and (b) criminal conviction of the Beneficiary for an offence of wilful misconduct or negligence committed in the performance of the relationship with one of the Foreign Commercial Subsidiaries or, if not committed in the course of the relationship with one of the Foreign Commercial Subsidiaries, if the sentence imposed is equal to two years' imprisonment or more.

"**Good Leaver**" means that both of the following conditions have occurred:

(i) Beneficiary is dismissed from the office of director of one or more of the Foreign Commercial Subsidiaries in a case that does not qualify as a Bad Leaver – or Beneficiary resigns from the office of director of one or more of the Foreign Commercial Subsidiaries, or waives all or part of, or does not accept all or part of, his or her management powers of one or more of the Foreign Commercial Subsidiaries, where such events are exclusively justified by a case of just cause attributable solely to the Foreign Commercial Subsidiary with which the relationship is in place, rendering it objectively no longer possible to continue the relationship; and, as a further requirement,

(ii) achievement of Performance Targets by all Foreign Commercial Subsidiaries.

"**Performance Targets**" are predetermined and measurable annual and/or long-term financial and/or business targets of the Foreign Commercial Subsidiaries (referring, *inter alia*, to one or more of (i) EBITDA, (ii) Net Financial Position and (iii) the order intake of the Foreign Commercial Subsidiaries) as set by the Sanlorenzo Board of Directors in consultation with the Sanlorenzo Remuneration Committee, taking into account the strategic objectives of Sanlorenzo and the Group and the Group's business plan in force from time to time.

As specified above, the Plan therefore provides that the achievement or non-achievement of the Performance Targets affects Good Leaver status and therefore the Foreign Commercial Subsidiary Share Repurchase Price.

In the event of the Beneficiary's death, the Call Option may be exercised by Sanlorenzo in respect of his heirs and the Put Option (if exercisable) shall be exercisable by his heirs.

The Termination of the Relationship for the purposes of the above shall not be deemed to occur if, by decision of Sanlorenzo, one or more of the Foreign Commercial Subsidiaries is liquidated or merged into another Foreign Commercial Subsidiary and/or into another Subsidiary of Sanlorenzo for reasons unrelated to the relationship with the Beneficiary; if these or similar situations arise, the Plan shall take into account any similar relationship established between the Beneficiary and the Group company that continues the activities of the Foreign Commercial Subsidiary or the Relationship between the Beneficiary and the other Foreign Commercial Subsidiaries not affected by the reorganisation.

The rights of sale to Sanlorenzo of Foreign Commercial Subsidiary Shares in favour of the Beneficiary – and the symmetrical rights of purchase of the Foreign Commercial Subsidiary Shares in favour of Sanlorenzo – described above shall be governed in the relevant Put&Call contract entered into by Sanlorenzo with the Beneficiary in accordance with the provisions of the Plan.

In favour of the Beneficiaries, the Foreign Commercial Subsidiaries are to distribute annual dividends in the same proportion on the profit for the year with which Sanlorenzo will distribute dividends to its shareholders.

5. Restrictions on the transfer of subscription and sales rights for Foreign Commercial Subsidiary Shares

The rights to purchase the Foreign Commercial Subsidiary Shares and to sell them to Sanlorenzo shall be granted on a personal basis to the Beneficiary and may only be exercised by the Beneficiary, except for *mortis causa* transfers (with the consequences described in Paragraph 4 above). Unless otherwise resolved by the Board of Directors and without prejudice to *mortis causa* transfers, which shall have the consequences described in Paragraph 4 above, the rights to purchase the Foreign Commercial Subsidiary Shares and to sell them to Sanlorenzo may not be transferred for any reason or otherwise negotiated, pledged or subject to any other right in rem and/or granted as security by the Beneficiary, even if pursuant to law.

As the object of the Call Option in favour of Sanlorenzo, the Foreign Commercial Subsidiary Shares may not be transferred for any reason or in any way negotiated, pledged or subject to any other right in rem and/or granted as a guarantee by the Beneficiary, even if in application of the law.

6. Acts in execution of the Plan

The Board of Directors will be responsible for the execution of the Plan and will be entrusted by the Shareholders' Meeting with the management and implementation of the Plan.

The Board of Directors may delegate its powers, duties and responsibilities with respect to the execution and implementation of the Plan to one or more of its members, even severally, it being understood that any decision relating and/or pertaining to the assignment of the rights to the Beneficiary who is also a director of Sanlorenzo (like any other decision relating and/or pertaining to the management and/or implementation of the Plan with respect to them) shall remain the exclusive competence of the Board of Directors (at present, Ferruccio Rossi is not a director of Sanlorenzo).

The Remuneration Committee performs advisory and proposing functions in relation to the implementation of the Plan, pursuant to the Corporate Governance Code, Sanlorenzo's "Remuneration Policy" and the Remuneration Committee Regulation, adopted by the Board of Directors and defining the functions and powers of the Remuneration Committee itself (available on Sanlorenzo's website – www.sanlorenzoyacht.com, in the Section "Corporate Governance/Internal Committees").

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In light of the foregoing, the Board of Directors therefore submits the following proposal for resolution for your approval.

Proposed resolution

"*The Shareholders' Meeting of Sanlorenzo S.p.A., in ordinary session,*

(i) having heard and approved the presentation of the Board of Directors;

(ii) having examined the Explanatory Report of the Board of Directors and the Information Document appended to it and the proposals contained therein;

(iii) having considered the reasons for the proposals contained therein

resolves

1. to approve, pursuant to Article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998, the establishment of a compensation plan based on financial instruments called the "Foreign Commercial Subsidiaries Plan" having the characteristics (including the conditions and assumptions of implementation) indicated in the Report of the Board of Directors and in the Information Document drafted pursuant to Article 84-bis of the Issuers' Regulation (CONSOB Resolution no. 11971/1999, as amended), attached to the same Report as Annex

A;

2. *to confirm and confer, to the extent necessary, the faculties and powers to the Board of Directors to act in any way, pass any resolution and enter into any deed to implement the "Foreign Commercial Subsidiaries Plan", including, merely by way of example, any power to establish the relevant performance targets and draw up agreements with the beneficiary, as well as to carry out any other act, fulfilment, formality, communication that is necessary or appropriate for the purposes of managing and/or implementing the plan itself, with the power to delegate its powers, duties and responsibilities regarding the execution and implementation to one or more of its members, even separately, it being understood that any decision relating and/or pertaining to the allocation of rights to the beneficiaries who are also directors of Sanlorenzo S.p.A. (as well as any other decision relating to and/or pertaining to the management and/or implementation of the plan in respect of them) shall remain the sole responsibility of the Board of Directors.*"

La Spezia, 13 May 2024

For the Board of Directors

The Chairman, Mr. Massimo Perotti