



Alkemy S.p.A.

Registered office in Milan, at via San Gregorio 34, Milan - share capital resolved Euro 632,467.00,
Euro 595,534.32 subscribed and paid-up

Registration number with Milan Companies House, tax code and VAT number 05619950966 -
Economic and Administrative Index (REA) no. 1835268

**Explanatory Report by the directors on the first item on the agenda of the extraordinary
shareholders' meeting convened for 23 January 2025, at single call**

Item 1 on the agenda – **Proposal to increase the share capital, free of charge, in divisible form and also in multiple tranches, pursuant to Article 2349 of the Italian Civil Code, for a maximum nominal amount of Euro 10,783.40, through the issuance of a maximum of 107,834 new ordinary shares of the Company, without indication of nominal value and having the same characteristics as the outstanding shares and regular dividend rights, to be assigned free of charge to the employees of the Alkemy Group who are beneficiaries of the incentive plan named “Long Term Incentive Plan 2024-2026” approved by the Shareholders’ Meeting on April 27, 2023, through the use of a corresponding amount from retained earnings reserves. Amendment of Article 5 of the Company’s Bylaws. Consequential and related resolutions.**

Shareholders,

The Board of Directors of your Company has convened you to the Extraordinary Shareholders’ Meeting to discuss and resolve upon the approval of the proposal to increase the share capital of Alkemy S.p.A. (“**Alkemy**” or the “**Company**”), free of charge, in divisible form and also in multiple tranches, pursuant to Article 2349 of the Italian Civil Code, for a maximum nominal amount of Euro 10,783.40, through the issuance of a maximum of 107,834 new ordinary shares of the Company, without indication of nominal value and having the same characteristics as the outstanding shares and regular dividend rights, to be assigned free of charge to the employees of the Alkemy Group who are beneficiaries of the incentive plan named “Long Term Incentive Plan 2024-2026,” approved by the Shareholders’ Meeting on April 27, 2023, through the use of a corresponding amount from retained earnings reserves (the “**Capital Increase**”), with the consequent amendment of Article 5 of the current Bylaws.

1. Reasons, Purpose, and Characteristics of the Free Capital Increase

On April 27, 2023, the Shareholders’ Meeting of the Company approved, pursuant to Article 114-bis of Legislative Decree No. 58/98 (the “**Consolidated Law on Finance**” or “**CLF**”), a remuneration plan based on financial instruments, known as a “stock grant” plan, in favor of Executive Directors, Key Management Personnel, and employees of Alkemy, called the “Long Term Incentive Plan 2024-2026” (the “**LTI Plan**”), to be implemented through the free assignment of ordinary shares.

The LTI Plan provides for the free assignment to beneficiaries of the right to receive shares free of charge upon achieving specific retention, performance, and ESG targets identified with reference to the Industrial Plan adopted by the Board of Directors. For more information on the LTI Plan and the definitions used in this explanatory report, reference is made to the Information Document prepared pursuant to Article 84-bis of the regulation adopted by CONSOB resolution no. 11971 of May 14, 1999 (the “**Issuers’ Regulation**”) and to the LTI Plan Regulation adopted by the Board of Directors on February 23, 2024, which were published on the Company’s website at www.alkemy.com as well as by other means prescribed by current regulations.

The LTI Plan specifies that, during its validity and in accordance with its Regulation, the following provisions apply: “*i. If a public tender offer or exchange offer is made for Alkemy shares, or ii. If the listing of Alkemy shares on the Euronext STAR Milan market (so-called delisting) is revoked, then regardless of whether Plan Objectives are achieved, the Grant and Target Shares Assignment Date will automatically be brought forward to (i) the date of the announcement of the public tender or exchange offer or (ii) the effective date of the delisting. For the purposes of this provision, the Base Number of Shares shall be determined assuming 100% performance target achievement*” (Article 15 of the LTI Plan Regulation).

In this regard, it is noted that Retex S.p.A. – Società Benefit: (i) on June 3, 2024, announced to CONSOB and the market, pursuant to Articles 102 and following of the TUF, its decision to launch

a voluntary total public tender offer for the ordinary shares of Alkemy (the “**Tender Offer**”) and subsequently, (ii) on June 24, 2024, announced the launch of the Tender Offer by filing the offer document with CONSOB. The settlement of the Tender Offer took place on October 17, 2024.

As a result, the conditions for applying the provision of the LTI Plan as described above have been met, requiring the assignment of a total of 137,786 Alkemy ordinary shares to the beneficiaries of the Plan who are entitled to them, in light of the launch of the Tender Offer.

The LTI Plan Regulation provides that the share capital serving the LTI Plan “*may be constituted, at the discretion of the Board of Directors, through (i) capital increases or (ii) the purchase of treasury shares on the market, without prejudice to the possibility for the Company to pay the incentive in cash (instead of in shares), as further described below*” (Article 1).

The LTI Plan Regulation also states that “*The Board of Directors of the Company, after consulting the Remuneration Committee, may opt – at the Assignment Date – to pay the incentive due to each beneficiary in cash (instead of shares) for an amount equal to the value of the shares at the individual Assignment Date*” (Article 9).

The assignment of shares to the beneficiaries, therefore, represents the primary method of granting the Plan incentive to those entitled, while cash payment constitutes a secondary alternative.

In order to assign to the employees of the Alkemy Group who are beneficiaries of the Plan the Alkemy shares to which they are entitled pursuant to the LTI Plan (i.e., 107,834 Alkemy shares), the Board of Directors intends to submit the proposal for the Capital Increase to your attention, considering that: (i) the treasury shares held by the Company (no. 58 shares) are insufficient for this purpose; (ii) given the acceleration of the LTI Plan well before the initially planned period and the low liquidity of the Alkemy shares, the conditions for purchasing the required number of shares on the market under Articles 2357 et seq. of the Italian Civil Code within a reasonable time frame compatible with promptly assigning the incentive to beneficiaries are deemed not to exist; and (iii) in light of the points above, the only viable alternative to the Capital Increase would be the payment of the incentive in cash.

Given the structure of the Plan, which includes an automatic acceleration mechanism following the launch of a public tender offer for Alkemy shares, the Capital Increase serves as an appropriate instrument to fulfill the Plan, balancing the beneficiaries' interest in their rights being recognized and the Company's interest in avoiding a significant extraordinary cash outflow that could hinder the allocation of financial resources for the Company's operations.

In fact, should the Shareholders' Meeting not approve the proposed Capital Increase aimed at issuing shares to be allocated free of charge to each eligible beneficiary of the Plan, the total expense incurred by the Company, considering that as of June 24, 2024, the value of Alkemy shares was EUR 12.00, would amount to EUR 1,653,432 (plus social security contributions, where applicable, of approximately EUR 160,000).

Notwithstanding that for the two beneficiaries of the Plan who at today's date do not qualify as employees of Alkemy S.p.A. and are collectively entitled to the allocation of 29,952 shares, the Company will in any case proceed with the cash payment of the related incentive at the price of Euro 12.00 per share, amounting to Euro 359,424 (plus social security contributions, where applicable), the Capital Increase (with the resulting issuance of 107,834 new shares free of charge, corresponding to an increase in share capital of Euro 10,783.40) would allow the Company to avoid the cash settlement of the 107,834 Alkemy shares owed to the other eight beneficiaries who qualify as employees of the Alkemy Group.

Specifically, in light of the 2024 Company's performance expectations, which are lower than in the previous fiscal year, particularly concerning profitability and the outlook, the cash expenditure

resulting from the payment of the incentive due to each beneficiary would have a significantly negative impact on the Company’s Net Financial Position (NFP).

It is understood that, in the event the Shareholders’ Meeting does not approve the proposed Capital Increase, the Company will, in any case, proceed to fulfill its obligations under the Plans by executing the provisions of the Plans through the cash payment (instead of shares) of the incentive owed to Alkemy Group employees who are beneficiaries of the Plans, at the price of EUR 12.00 per share, amounting to an additional EUR 1,294,008 (plus social security contributions, where applicable), with the negative effects described above.

The Capital Increase is exclusively intended to serve the Plan and is therefore intended solely for the employees of the Alkemy Group. The shares may be issued in multiple tranches within the term of the approved Capital Increase resolution, and in any case no later than April 30, 2025.

As a result of the Capital Increase, the Company’s shares will increase from the number of shares existing at the date of this explanatory report, i.e., 5,685,460, to 5,793,294 shares, with a dilutive effect of 1.78% on the ordinary share capital and 1.56% on the total voting rights, taking into account the increased voting rights under Article 127-quinquies of the CLF and Article 14 of the Company’s Bylaws.

2. Characteristics of the Shares and Capital Allocation

The shares of the Company that will be allocated to the beneficiaries of the Plan will be ordinary Alkemy shares with the same characteristics as the outstanding shares. Furthermore, they will carry the same rights as the ordinary shares currently in circulation and will therefore include the current coupons. Since the Company’s shares have no expressed nominal value, the Board of Directors intends to propose the allocation to share capital of an amount drawn from the retained earnings reserve named “share premium reserve” up to a maximum of Euro 10,783.40, which corresponds to an amount, per share, equal to the current accounting par value of the shares rounded to Euro 0.10 as calculated as of September 30, 2024.

It is noted that, under Article 6.4 of the Company’s Bylaws, *“The allocation of profits to employees of the Company and/or its subsidiaries, through the issuance of shares pursuant to Article 2349, paragraph 1, of the Italian Civil Code, is permitted in the manner and forms provided by law”*.

As of the date of this explanatory report, the retained earnings reserve named “share premium reserve” in the Company’s financial statements as of December 31, 2023, and the semiannual financial report of Alkemy as of June 30, 2024, amount in both cases to Euro 27,372. It is certified that as of the date of this explanatory report, the retained earnings reserve is sufficient as outlined in the semiannual financial report as of June 30, 2024.

3. Bylaw Amendment Following the Approval of the Proposed Free Capital Increase

The operation described entails the integration of Article 5 of the current Bylaws through the inclusion of a clause to reflect the resolution of the Capital Increase.

Below is a comparative table of the current text of Article 5 of the Bylaws and the proposed text as described above, which is submitted for approval by the Extraordinary Shareholders’ Meeting:

CURRENT TEXT	PROPOSED TEXT
ARTICLE 5 SHARE CAPITAL AND SHARES	ARTICLE 5 SHARE CAPITAL AND SHARES
5.1 The share capital amounts to EUR 595,534.32 and is divided into 5,685,460 shares without nominal value (“Shares”).	5.1 - Unchanged

5.2 The Shares are subject to the dematerialization regime pursuant to Articles 83-bis and following of Legislative Decree No. 58/1998 (“CLF”).	5.2 - Unchanged
5.3 The Shares confer the same property and administrative rights as provided by law and these Bylaws, except as provided in Article 14 (Increased Voting Rights).	5.3 - Unchanged
5.4 [...omissis...]	5.4 [...omissis...]
5.5 [...omissis...]	5.5 [...omissis...]
5.6 [...omissis...]	5.6 [...omissis...]
5.7 [...omissis...]	5.7 [...omissis...]
5.8 [...omissis...]	5.8 [...omissis...]
5.9 [...omissis...]	5.9 [...omissis...]
	5.10 The Extraordinary Shareholders’ Meeting held on January 23, 2025, resolved to increase the share capital, free of charge and also in multiple tranches, pursuant to Article 2349 of the Italian Civil Code, by no later than April 30, 2025, for a maximum nominal amount of Euro 10,783.40, through the issuance of a maximum of 107,834 new ordinary shares of the Company, without nominal value and with the same characteristics as the outstanding shares and regular dividend rights, to be allocated free of charge to the employees of the Alkemy Group who are beneficiaries of the incentive plan called “Long Term Incentive Plan 2024-2026,” approved by the Shareholders’ Meeting on April 27, 2023, using a corresponding amount from retained earnings reserves.

It is noted that the proposed bylaw amendments do not grant the Shareholders who do not concur in the approval the right of withdrawal, as they do not fall under any of the withdrawal scenarios provided for by Article 2437 of the Italian Civil Code or the Company’s Bylaws.

Shareholders,

If you agree with the proposal we have formulated, we submit for your approval the following resolution proposal:

“The Extraordinary Shareholders’ Meeting of Alkemy S.p.A., convened in extraordinary session, having acknowledged the proposal of the Board of Directors and examined the related report,

resolves

(i) to increase the share capital, free of charge, in divisible form and also in multiple tranches, pursuant to Article 2349 of the Italian Civil Code, by no later than April 30, 2025, for a maximum

nominal amount of Euro 10,783.40, through the allocation to share capital of an equivalent amount drawn from the retained earnings reserve named “share premium reserve” and through the issuance of a maximum of 107,834 new ordinary shares of the Company, without nominal value and with the same characteristics as the outstanding shares at the time of issuance and regular dividend rights, to be allocated free of charge to the employees of the Alkemy Group who are beneficiaries of the incentive plan called “Long Term Incentive Plan 2024-2026,” approved by the Shareholders’ Meeting on April 27, 2023, through the use of a corresponding amount from retained earnings reserves, with the allocation to share capital of Euro 0.10 for each share;

- (ii) to amend the text of Article 5 of the Company’s Bylaws and approve its new text as set forth in the Explanatory Report of the Board of Directors;*
- (iii) to grant the Board of Directors, and for it, the Chief Executive Officer pro tempore in office, full and unrestricted powers as necessary and/or appropriate to execute the aforementioned resolutions, including the authority to make any changes or additions (not altering the substance of the resolution) deemed appropriate or required by competent authorities in accordance with legal measures, and to perform any necessary activities, including, but not limited to, (i) the power to update Article 5 of the Bylaws regarding the amount of share capital and the number of shares it comprises, in connection with the execution of the Capital Increase, and to remove Clause 5.10 from the Bylaws once the Capital Increase described in the Explanatory Report of the Board of Directors has been fully implemented, proceeding with the relevant filings with the Companies Register; (ii) the power to carry out all activities, prepare, submit, and sign all documents or acts required, necessary, or appropriate for the execution of the resolved Capital Increase and to perform all preparatory, ancillary, instrumental, or consequential activities; and (iii) the power to perform all activities, prepare, submit, and sign all documents or acts required, necessary, or appropriate for the listing on the regulated market Euronext Milan of Borsa Italiana S.p.A. of the new shares issued under the Capital Increase;*
- (iv) to establish that, if the resolved Capital Increase is not fully executed by the final deadline of April 30, 2025, the share capital shall nevertheless be deemed to have increased by an amount corresponding to the shares issue.”*

Milan, December 23 2024

Per il Consiglio di Amministrazione

Il Presidente,

Barnaba Ravanne