

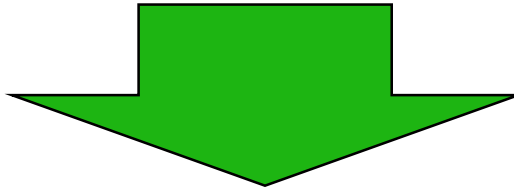
GROWTH SHARES IN ISAGRO

Milan, June 2020



WHY GROWTH SHARES?

- FROM THE NEGATIVE EXPERIENCE OF **SAVING SHARES** AND **PREFERRED SHARES**, NOT APPRECIATED BY THE MARKET DUE TO THE **DIFFERENT TREATMENT** RESERVED TO THE VARIOUS SHAREHOLDERS CATEGORIES IN THE EVENT OF A COMPULSORY PUBLIC OFFER ...



- ... AN INNOVATIVE INSTRUMENT, TAILORED FOR COMPANIES HAVING A CONTROLLING SUBJECT, WHICH:
 - CONFIRMS THE **CONTROL OF THE COMPANY** AND, THEREFORE, THE **CONTINUITY OF THE INDUSTRIAL PROJECT**
 - ESTABLISHES THE **EQUAL TREATMENT AMONG ALL INVESTORS** IF THE CONTROLLING SUBJECT LOSES THE CONTROL AND IN ANY CASE OF COMPULSORY PUBLIC OFFER

GROWTH SHARES

1/3: A NEW CATEGORY OF SPECIAL SHARES TAILORED FOR COMPANIES HAVING A “CONTROLLING SUBJECT”

- AGAINST THE ABSENCE OF VOTING RIGHTS ...
- ... A **“PREMIUM”** AND AN **INNOVATIVE PROTECTION MECHANISM** FOR INVESTORS:
- AN **«EXTRA DIVIDEND»** VERSUS ORDINARY SHARES⁽¹⁾
- THE **AUTOMATIC CONVERSION INTO ORDINARY SHARES IN THE RATIO 1:1** WHEN HOLDING ORDINARY SHARES BECOMES FINANCIALLY RELEVANT FOR THE INVESTOR, I.E.:
 - ▶ WHEN THE CONTROLLING PARTY LOSES CONTROL⁽²⁾
 - ▶ IN ANY CASE OF COMPULSORY PUBLIC OFFER

IN ISAGRO, SIXTEEN YEARS OF EXPERIENCE AS A LISTED COMPANY, HAVING A CONTROLLING SUBJECT HIGHLIGHT THAT:

- THE VOTING RIGHT **«BY FACT»** IS NOT EXERCISED BY MINORITIES
- THE SHARE PRICE SHOWS HIGH CORRELATION WITH FINANCIAL RESULTS

(1) The «extra dividend» versus the Ordinary Shares is defined, case by case, in the By-Laws of the issuing company

(2) The controlling threshold is defined, case by case, in the By-Laws of the issuing company and it must be not lower than 30% of voting rights

GROWTH SHARES

2/3: THE VOTING RIGHTS, IN A COMPANY HAVING A CONTROLLING SUBJECT, BY FACT ARE NOT EXERCISED BY MINORITIES

THE EXPERIENCE OF ISAGRO

	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
No. of Shareholders ⁴	4	4	4	1	-	1	1	4	2	2	3	1	1	2	3	2	3
% of equity	0.1%	0.9%	0.2%	<0.1%	<0.1%	<0.1%	<0.1%	0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	1.4%	5.1%	3.6%	3.9%

Attending of Minority Shareholders (thus excluding Holdisa) to Isagro annual Shareholders' Meeting

GROWTH SHARES

3/3: SHARE PRICE DEPENDS ON CORPORATE RESULTS

THE EXPERIENCE OF ISAGRO



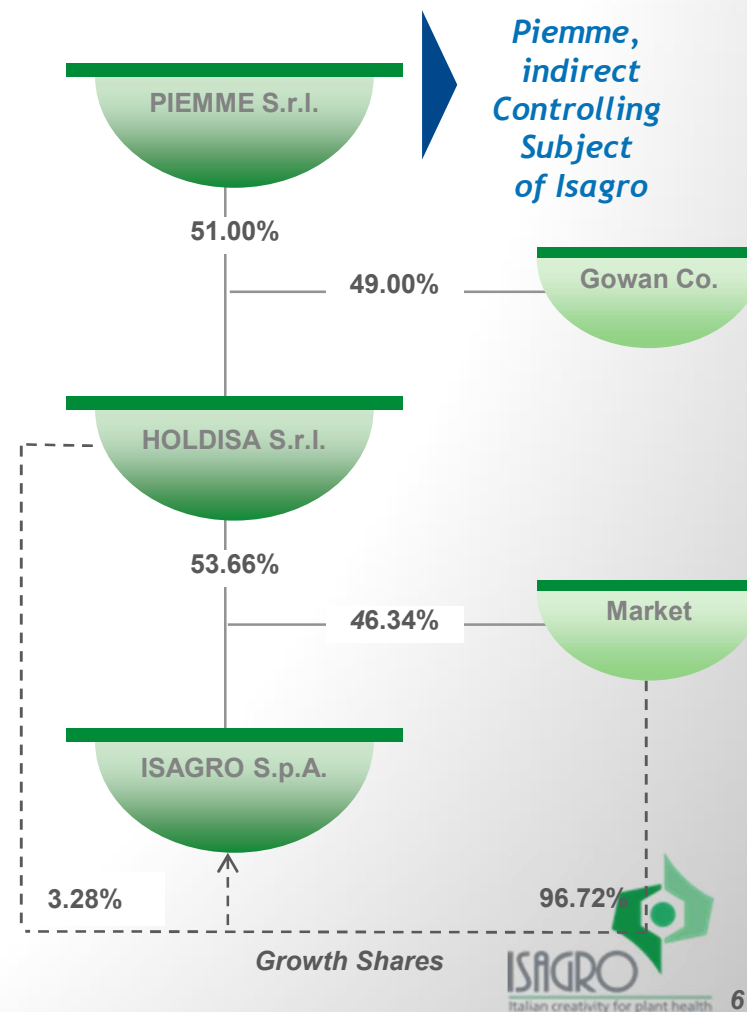
Memo: Corporate results are adjusted to exclude the effects of divestments

ISAGRO OWNERSHIP STRUCTURE AND CONTROLLING STRUCTURE

OWNERSHIP STRUCTURE

	Ordinary Shares	Growth Shares	Total
Holdisa <i>% ownership</i>	13,174,000 53.7%	464,572 3.3%	13,638,572
Floating shares <i>% ownership</i>	11,375,960 46.3%	13,710,347 96.7%	25,086,307
Total <i>% ownership</i>	24,549,960 100.0%	14,174,919 100.0%	38,724,879

CONTROLLING STRUCTURE



IN THE CASE OF ISAGRO ...

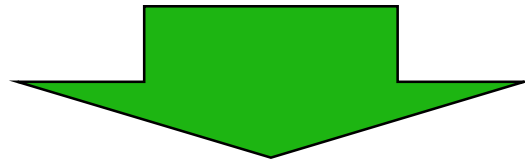
Ordinary S. in Isagro		Growth S. in Isagro
11.4 million shares	<i>Floating shares</i>	13.7 million shares
Ordinary	<i>Dividend (when resolved by the AGM)</i>	Ordinary + « extra-dividend » (20%)
Included	<i>In event of Compulsory Public Offer</i>	Included*
Present (but « not significant » for minority shareholders)	<i>Voting right</i>	Absent*

- * Growth Shares of Isagro are **automatically converted** into Ordinary Shares in the ratio 1:1, acquiring full voting rights, when:
- the participation of the Controlling Subject goes below 50% (**loss of controlling stake**)
 - **it becomes significant for the investor** to hold Ordinary Shares (in case of **Compulsory Public Offer**)

... GROWTH SHARES HAVE AN ECONOMIC VALUE NOT LOWER THAN THE ONE OF THE ORDINARY SHARES

Because Growth Shares, pursuant to By-Laws not editable without the resolution of the Special Shareholders' Meeting of Growth Shareholders:

- grant an «extra dividend» of 20% versus the one possibly resolved for Ordinary Shares
- automatically become Ordinary when to hold Ordinary Shares becomes relevant for the investor (i.e.: in case of Compulsory Public Offer), in the ratio 1:1



there is no economic/rational reason for Growth Shares being traded with a discount vs. Ordinary Shares

For such reason Isagro, running the capital increase successfully concluded in May 2014, issued **Ordinary Shares and Growth Shares at the same price**

GROWTH SHARES OF ISAGRO: CONVERSION INTO ORDINARY SHARES (1/3)

Isagro's Growth Shares are all automatically converted into Ordinary Shares, **in the ratio 1:1**, in case:

1. the indirect controlling shareholder (Piemme) reduces **below the threshold of 50%** its indirect controlling stake of Isagro through Holdisa, or
2. in any case of **compulsory Public Offer**, or
3. an **exempt voluntary Public Offer** is promoted and the direct controlling shareholder (Holdisa) participates with a number of Ordinary Shares such as to reduce its controlling stake below the threshold of 50%: this case, upon the occurrence of certain circumstances, «triggers» **the By-Laws Compulsory Public Offer**.

GROWTH SHARES OF ISAGRO: CONVERSION INTO ORDINARY SHARES (2/3)

- Isagro By-Laws (article 7) provides an **automatic «mechanism»** that protects the holders of the Growth Shares in the case in which, even though the prerequisites for the automatic conversion into Ordinary Shares occurred, the same are not included, by the bidder, in the compulsory or voluntary Public Offer.

This mechanism is called **By-Laws Compulsory Public Offer**:

- it guarantees **objectivity and certainty** to the automatic conversion mechanism provided by the By-Laws
- it is aimed at **reconciling**, on the one hand, the objectivity and the certainty of the automatic conversion and, on the other hand, the fact that the Growth Shares may be considered subject to the Public Offer only after the triggering of the obligation and/or the Public Offer has been launched

GROWTH SHARES OF ISAGRO: CONVERSION INTO ORDINARY SHARES (3/3)

HOW DOES THE BY-LAWS COMPULSORY PUBLIC OFFER WORK:

Upon the occurrence of an exempt voluntary Public Offer, in the case in which the direct controlling shareholder (Holdisa) participates with a number of Ordinary Shares such as to reduce its equity investment below the threshold of 50%:

- if the offer is extended also to the Growth Shares under the same conditions of the Ordinary Shares, the conversion takes place at the conclusion of the offer and provided that the conditions to which the offer was subject do occur; otherwise
- at the conclusion of the offer the bidder will be required to offer to purchase all the existing Growth Shares under the same conditions as per the Ordinary Shares, and the conversion takes place only at the conclusion of this second offer (so-called By-Laws Compulsory Public Offer). If the bidder does not fulfil this obligation within the terms prescribed, the Growth Shares acquire the right to full vote while maintaining the «extra dividend».

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