

GEFRAN

BEYOND TECHNOLOGY

**EXPLANATORY REPORT
BY THE BOARD OF DIRECTORS
OF GEFTRAN S.p.A.
On the sole item on the agenda**

1. Distribution of an extraordinary dividend

FOR THE ORDINARY SHAREHOLDERS' MEETING OF 30 SEPTEMBER 2021

This report has been written pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998 and articles 72 and 73 of Annex 3A schemes no. 3 and 4 of the regulation adopted by Consob under resolution no. 11971 on 14 May 1999 as amended (the "Issuers' Regulation"). The documentation on items on the agenda is available on the website <https://www.gefran.com/en/gb/meetings> and has been published pursuant to the laws in force.

METHODS FOR HOLDING THE MEETING

Note that the date and/or place and/or methods for attending and/or voting and/or holding the Meeting shall be required to comply with current legislation and the orders of the competent authorities concerning the "Covid-19" epidemic.

In view of the current epidemiological emergency, in compliance with art. 106 of Decree Law no. 18 of 17 March 2020 (the "Decree"), concerning "*Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the Covid-19 epidemiological emergency*" – the applicability of which has been extended, most recently by art. 6 of Decree Law no. 105 of 23 July 2021, in combination with the provisions of "Annex A" to the same decree – the Company has determined that shareholders will be able to attend the Meeting exclusively by appointing a representative, in accordance with art. 135-*undecies* of Legislative Decree no. 58 of 24 February 1998 (the Consolidated Finance Act, referred to as "TUF").

The reader is referred to the summons for the Shareholders' Meeting for more information on attendance and voting methods

INDIVIDUAL PROPOSED RESOLUTIONS

In accordance with Consob Memorandum no. 3 of 10 April 2020 - paragraph 6, anyone who is entitled to vote may present an individual proposal for a resolution concerning the topics on the agenda for the meeting, as permitted under art. 126-*bis*, paragraph 1, sentence three of TUF, by the methods and within the deadline identified in the summons for the Shareholders' Meeting. Proposals will be published by the methods and within the deadline identified in the summons for the Shareholders' Meeting to permit all those entitled to vote to make a conscious decision, taking the new proposals into account.

In these cases, this "Explanatory Report by the Board of Directors on the topics on the agenda" may be amended and/or supplemented.

1. Distribution of an extraordinary dividend

Dear Shareholders,

the consolidated figures at the Group level as of 30 June 2021 show that the Company has responded to the crisis caused by the Sars-Cov-2 pandemic as well as the shortage of electronic components in the best possible way.

Gefran S.p.A. closed the year ending on 31 December 2019 with a profit of 6,221,826 million Euro. Due to the unclear outlook in terms of the consequences of the pandemic, and in a highly uncertain macroeconomic context, the Board of Directors decided to withdraw the proposal for distribution of the dividend in the year 2020, and, as a result of this resolution, no dividend was distributed to Gefran S.p.A. shareholders in 2020.

The year ending on December 31, 2020 showed a profit of 6,279,771 Euro, and the Shareholders' Meeting of 27 April 2021 approved the distribution of a dividend of Euro 0.26 per share. The amount of the dividend proposed by the Board of Directors and then approved by the Shareholders' Meeting was determined taking into account the distribution of only the profit realised in 2020. This choice was again prudent, as, despite the recovery in macroeconomic conditions, thanks to positive signs of containment of the pandemic, some uncertainty remained about the timing and scale of the recovery for Gefran S.p.A. and the Group under its control.

While referring the reader to the Gefran Group's Half-Yearly Financial Report at 30 June 2021 ([Link](#)) for a detailed analysis of the Group's economic, financial and equity situation, the key indicators enabling shareholders to confirm that there are sufficient financial resources to proceed with paying the extraordinary dividend of Euro 0.33 for each of the shares outstanding are reported below.

The figures reported below show that distribution of the dividend will not compromise the Group's prospects for growth, as Gefran S.p.A. has the equity and financial resources to support both distribution of the dividend and its plans for growth.

- fully paid-up share capital is 14,400 thousand Euro
- shareholders' equity amounts to 73,348 thousand Euro
- Gefran S.p.A.'s profit in the first six months of 2021 amounts to 5,589 thousand Euro

The Board of Directors submits to the shareholders the proposal to distribute an extraordinary dividend of 0.33 Euro for each of the shares in circulation, net of the 27,220 own shares, for a total drawdown of 4,743,017 Euro from the previous years' profit reserve.

We therefore submit for your approval the following resolution:

"The Ordinary Shareholders' Meeting of Gefran S.p.A.

hereby resolves:

- *to distribute to the shareholders, by way of dividend, gross of the legal withholdings, 0.33 Euro for each of the shares in circulation (net of own shares), using the profits from previous years;*
- *to establish that the coupon detach date will be 11 October 2021, the record date will be 12 October 2021 and the payment date will be 13 October 2021"*

Provaglio d'Iseo, 5 August 2021

For the Board of Directors

The Chairwoman

Maria Chiara Franceschetti