

# GEFRAN

## BEYOND TECHNOLOGY

### EXPLANATORY REPORT BY THE BOARD OF DIRECTORS OF GEFRAN S.p.A.

#### On items on the Agenda

- 1. Annual financial statements for the year ending 31 December 2022.**  
 Approval of the Annual Financial Statements as of 31 December 2022, complete with the Report on Operations of the Board of Directors, the Report of the Board of Statutory Auditors and the External Auditor's Report. Presentation of the Consolidated Financial Statements for the year ending 31 December 2022. Presentation of the Non-financial Statement prepared under Legislative Decree no. 254/2016. Related and consequent resolutions.
- 2. Allocation of profit for the year ending 31 December 2022.**  
 Approval of the proposed distribution of dividends. Related and consequent resolutions.
- 3. Allocation of profit for the year ending 31 December 2022.**  
 Allocation of the remaining portion of annual profit. Related and consequent resolutions.
- 4. Report on Remuneration Policy and on the compensation paid. Approval of the first section of the Report under paragraph 3-ter of art. 123-ter of Legislative Decree no. 58/1998.**
- 5. Report on Remuneration Policy and on the compensation paid Pay. Consultation on the second section of the Report under paragraph 6 of art. 123-ter of Legislative Decree no. 58/1998.**
- 6. Appointment of the Board of Directors.**  
 Determination of the number of members of the Board of Directors.
- 7. Appointment of the Board of Directors.**  
 Determination of the duration of the office.
- 8. Appointment of the Board of Directors.**  
 Appointment of the members of the Board of Directors.
- 9. Appointment of the Board of Directors.**  
 Determination of the remuneration of the members of the Board of Directors.
- 10. Withdrawal as far as non-used of the previous authorisation to buy and sell own shares and release of new authorisation.**

## **FOR THE ORDINARY SHAREHOLDERS' MEETING OF 21 April 2023**

This report has been written pursuant to article 125-*ter* of Legislative Decree no. 58 of 24 February 1998 and articles 72 and 73 and 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/governance/shareholders-meetings/> in the *Investor relations / Governance / Shareholders’ Meetings* section and is published pursuant to the laws in force.

### **METHODS FOR HOLDING THE MEETING**

Shareholders are summoned to an Ordinary Shareholders’ Meeting to be held on 21 April 2023 at 4:00 p.m. in a sole call, deemed as held at GEFran S.P.A. registered office in Via Sebina, n. 74, Provaglio d’Iseo (BS).

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. 3, paragraph 10-*undecies*, of Law no. 14 of 24 February 2023, which has converted with amendments Decree Law No. 198 of 19 December 2022 – 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 Law on Finance, referred to as “**TUF**”).

The reader is referred to the Notice of 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 Notice of the Shareholders’ Meeting. Proposals will be published by the methods and within the deadline identified in the Notice of the Shareholders’ Meeting to allow 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 items on the Agenda” may be amended and/or supplemented.

**1. Annual financial statements for the year ending 31 December 2022.**

Approval of the Annual Financial Statements as of 31 December 2022, complete with the Report on Operations of the Board of Directors, the Report of the Board of Statutory Auditors and the External Auditor's Report. Presentation of the Consolidated Financial Statements for the year ending 31 December 2022. Presentation of the Non-financial Statement prepared under Legislative Decree no. 254/2016. Related and consequent resolutions.

Dear Shareholders,

We hereby submit for your approval the annual financial statements for the year ending 31 December 2022, which show a net annual profit of 9,519,823 Euro.

We therefore submit for your approval the following resolution:

*"The Ordinary Shareholders' Meeting of Gefran S.p.A., having taken note of the Board of Statutory Auditors' Report and the External Auditors' Report,*

*hereby resolves:*

- to approve the Board of Directors' Report on Operations and the annual financial statements for the year ending on 31 December 2022, which show a profit of 9,519,82 Euro, as presented by the Board of Directors".*

Provaglio d'Iseo, 09 March 2023

**For the Board of Directors**  
**The Chairwoman**  
Maria Chiara Franceschetti

**Second and third item on the Agenda**

As stated in the first item on the Agenda, the Annual Financial Statements for the year ending 31 December 2022 reveal a profit of 9,519,823 Euro.

Note that the legal reserve reached the limit set by the Italian Civil Code some time ago and that the available reserves amply cover the development costs recorded under non-current assets.

The figures reported in the annual financial statements reveal 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.

The Board of Directors submits to the shareholders the proposal to distribute a dividend of 0.40 Euro for each of the shares in circulation, net of the 111,937 own shares held. As of 9 March 2023, the total withdrawal would be of Euro 5,715,225.20 of the net profit for the year.

The Board of Directors proposes to allocate to Retained Earnings the amount corresponding to the portion of the net profit for the year which remains net of the dividend distribution, consistent with the Group's strategy of creating value for its shareholders while safeguarding the Group's growth.

We therefore submit for your approval the following proposed resolutions:

**2. Allocation of profit for the year ending 31 December 2022.**

Approval of the proposed distribution of dividends. Related and consequent resolutions.

*"The Gefran S.p.A. Shareholders' Meeting*

*hereby resolves:*

- *to distribute to the Shareholders, by way of dividend, gross of the legal withholdings, 0.40 Euro for each of the outstanding shares (net of own shares), using, for the necessary amount, the net profit for the year";*

**3. Allocation of profit for the year ending 31 December 2022.**

Allocation of the remaining portion of annual profit. Related and consequent resolutions.

*"The Gefran S.p.A. Shareholders' Meeting*

*hereby resolves:*

- *to allocate to Retained Earnings the amount corresponding to the portion of the net profit for the year which remains net of the distribution as per the previous point".*

The dividend, in compliance with the provisions of the “Regulation of the markets organised and managed by Borsa Italiana S.p.A.”, will be paid as follows: ex-dividend date 8 May 2023, record date 9 May 2023, in payment on 10 May 2023.

The amount of the dividend is fully covered by the profit for the period and sufficient financial funds are already available for the payment.

Provaglio d’Iseo, 09 March 2023

**For the Board of Directors**  
**The Chairwoman**  
Maria Chiara Franceschetti

**4. Report on Remuneration Policy and on the compensation paid. Approval of the first section of the Report under paragraph 3-ter of art. 123-ter of Legislative Decree no. 58/1998.**

Dear Shareholders,

in compliance with the provisions of the Corporate Governance Code of Listed Companies and art. 123-ter of the Consolidated Law on Finance, the Company has adopted a Remuneration Policy, contained in the first part of its Remuneration Report, to be made available to shareholders as required by law, in the *Investor relations / Governance / Shareholders' Meetings* section of the Company's website (<https://www.gefran.com/governance/shareholders-meetings/>).

Legislative Decree no. 49 of 2019 implemented in Italian legislation, through amendments to the Civil Code and the Consolidated Law on Finance, the provisions of EU Directive 2017/828 (known as "Shareholders' Rights II"), including the specification that Remuneration Policy must be submitted to vote in the Shareholders' Meeting.

The Policy, approved by the Board of Directors on 09 March 2023 and published in full on the Company's website, contains the guidelines for the remuneration of Directors and Managers. In particular, the policy defines the remuneration mix, specifying the fixed and variable components.

The Shareholders' Meeting of Gefran S.p.A. shall therefore be asked to vote in a binding vote in favour of or against the Remuneration Policy adopted by the Company and contained in the first section of the Report on Remuneration, and we therefore submit for your approval the following proposed resolution:

*"The Gefran S.p.A. Shareholders' Meeting:*

*having examined the Report on Remuneration Policy and on the compensation paid under art. 123 ter of TUF*

*hereby resolves:*

- *to approve Section I, prepared in accordance with art. 123-ter of TUF, paragraph 3, containing the Gefran S.p.A. Remuneration Policy".*

Provaglio d'Iseo, 09 March 2023

**For the Board of Directors**  
**The Chairwoman**  
Maria Chiara Franceschetti

**5. Report on Remuneration Policy and on the compensation paid. Consultation on the second section of the Report under paragraph 6 of art.123-ter of Legislative Decree no. 58/1998.**

Dear Shareholders,

in compliance with the provisions of the Corporate Governance Code of Listed Companies and art. 123-ter of the Consolidated Law on Finance, the Company has prepared a Report on the remuneration policy and on the compensations paid in the year 2022, contained in the second part of its Remuneration Report, to be made available to shareholders as required by law, in the *Investor relations / Governance / Shareholders' Meetings* section of the Company's website(<https://www.gefran.com/governance/shareholders-meetings/>).

Legislative Decree no. 49 of 2019 implemented in Italian legislation, through amendments to the Civil Code and the Consolidated Law on Finance, the provisions of EU Directive 2017/828 (known as "Shareholders' Rights II"), including the specification that the Report on Remuneration Policy and on the compensation paid must be submitted to the non-binding advisory vote in the Shareholders' Meeting.

The Report, approved by the Board of Directors on 09 March 2023, specifies the remuneration paid to Directors, auditors and top managers, set forth in the form required by law.

The Gefran S.p.A. Shareholders' Meeting shall therefore be asked to express an opinion, in an advisory capacity, in favour of or against the second section of the Report on Remuneration Policy and on the compensation paid in the year 2022, and we therefore submit the following proposed resolution for your approval:

*"The Gefran S.p.A. Shareholders' Meeting:*

*having examined the Report on Remuneration Policy and on the compensation paid under art. 123 ter of TUF*

*hereby resolves:*

- *under art. 123-ter, paragraph 6, TUF (non-binding advisory vote) to resolve in favour of Section II, prepared in accordance with art. 123-ter, paragraph 4, TUF".*

Provaglio d'Iseo, 28 March 2022

**For the Board of Directors**  
**The Chairwoman**  
Maria Chiara Franceschetti



## **Introduction**

Dear Shareholders,

the three-year mandate granted to the Board of Directors by the Shareholders' Meeting of 28 April 2020 is due to expire with the approval of the annual financial statements for the year ending 31 December 2022.

The Ordinary Shareholders' meeting is therefore called to appoint the new Board of Directors, subject to establishment of the number of its members, as well as to resolve with regard to the duration in office and the related remuneration.

In this connection, Article 13 of the Articles of Association established that the Board of Directors of the Company be made up of a number of members ranging between 7 and 11, that they remain in office for a period not exceeding three years. Their mandate expires on the date of the Shareholders' Meeting called to approve the financial statements for the final financial year of their mandate, and the Directors may be re-elected.

The composition of the Board of Directors, as provided in Article 13 of the Articles of Association attached hereto, shall comply with applicable regulations in terms of gender diversity, and in particular with the provisions of Law 120/2011, in the version currently in force, which provides that the percentage of the least represented gender shall be 2/5 of the elected Directors.

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## **Orientation of Gefran S.p.A. Board of Directors for Shareholders regarding dimension and composition of the new Board of Directors**

In accordance with the provisions of art. 4, Recommendation 23 of the Corporate Governance Code of Listed Companies adopted by Gefran, the Company's Board of Directors, taking into consideration the results of the self-assessment questionnaires, in view of the renewal of the Board, offers Shareholders its opinion regarding the dimension of the new Board of Directors and the characteristics of its members.

### **Dimension of the Board of Directors**

Gefran's outgoing Board of Directors believes the current number of Directors (nine) to be ideal for ensuring the appropriate balance of skills required to participate actively in the decisions of Gefran and the committees within the Board, so as to ensure that they consist entirely of, or have a majority of, non-executive Directors, the majority of whom are also independent under the Consolidated Law on Finance and under the Corporate Governance Code.

### **Composition of the Board of Directors**

The Board of Directors, even in compliance with the discipline inherent in the balance of gender distribution, considers it appropriate to be enriched with the plurality of skills brought by the various members of the new Board of Directors, in order to achieve a composition consistent with the objectives and challenges that the Group will face in the next three years for carrying out the business plan.



The Board of Directors recommends that the **Chairman of the Board of Directors** be a person who ensures the proper functioning and coordination of the Board for as long as he or she remains in office, while at the same time act as a guarantee for all the company's stakeholders. This requires knowledge of corporate governance in listed companies and sensitivity toward sustainability issues. Economic and financial expertise is also required, to guide the Board's approach to strategy and business.

The advisability of a **Chief Executive Officer** who should have in-depth knowledge of the Group's business and trends is confirmed. To do this, it is essential that he or she has technical know-how in the Group's lines of business and knowledge of specific areas of application. This person must have economic and financial expertise, as well as management and leadership skills. The continuity of the mandate given to the current Chief Executive Officer is considered functional to the achievement of the objectives of the next three-year period.

It is considered useful to take advantage of the provision in the Articles of Association that allows for the appointment of more than one person to the position of **Vice-Chairman**.

The regulations governing Board composition contained in the Consolidated Law on Finance and the Corporate Governance Code remaining in effect, the Board suggests that the majority of **Non-executive Directors** should meet the requirements of independence and have a managerial and/or professional profile appropriate for understanding the requirements of Gefran and its business, assessing the risks and supporting the Board in their management, even considering the diversity criteria indicated by Principle VII and Recommendation 8 of the Code of Corporate Governance. Gefran Board of Directors, drawing its inspiration from the Corporate Governance Code and, in particular, Recommendation 15 has expressed its orientation, with the adoption of the Board of Directors Regulations regarding the maximum number of positions on the administrative and control bodies of other listed companies of significant size that may be considered compatible with effective performance of the role of Director in the Company, taking into account the commitment involved in the position held. In this regard, Gefran's Board of Directors has specified that no more than five positions may be held in listed companies or companies of significant size, including the position held in Gefran.

Directors, and particularly non-executive Directors, will be asked to provide useful information on issues pertaining to sustainability and ESG (Environmental, Social and Governance) aspects, as well as the Group's international developments. Awareness of issues in corporate governance will be useful to ensure protection of all Stakeholders.

Pursuant to Recommendation 23 of the Corporate Governance Code, whoever submits a list that contains more than half of the members to be elected is required to provide adequate disclosure in the documents submitted for the deposit of the list as to whether the list meets the orientation expressed, and the diversity criteria.

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## Sixth item on the Agenda

### 6. Appointment of the Board of Directors.

#### Determination of the number of members of the Board of Directors

The outgoing Board proposes to keep the number of members unchanged, currently equal to nine.

**Seventh item on the Agenda**

**7. Appointment of the Board of Directors.**

**Determination of the duration of the office**

The outgoing Board proposes that the new Board remain in office for the three-year period 2023-2024-2025, or rather until approval of the financial statements for the year ending 31 December 2025.

**On the eighth item on the Agenda**

**8. Appointment of the Board of Directors.**

**Appointment of the members of the Board of Directors**

The appointment shall be made by voting for the lists submitted by the Shareholders and filed at the registered office at least 25 days before the date set for the Shareholders' Meeting. Consob set the shareholding required to submit candidate lists at 2.5%. The methods and the conditions for the presentation of the lists, as well as the mechanisms for the election of the Directors by list voting, are indicated in the extract from the Company's Articles of Association attached hereunder, as well as in the Notice of the Shareholders' Meeting published on the Company's website (<https://www.gefran.com/governance/shareholders-meetings/>) in the *Investor relations / Governance / Shareholders' meetings* section.

**On the ninth item on the Agenda**

**9. Appointment of the Board of Directors.**

**Determination of the annual remuneration of the members of the Board of Directors**

The Shareholders are also called to resolve with regard to the determination of the annual overall remuneration, to be divided up between the members by the said Board.

In compliance with the Company's Remuneration Policy, available on the company's website at <https://www.gefran.com/governance/shareholders-meetings/> in the *Investor relations / Governance / Shareholders' meetings* section, and submitted to the Shareholders' Meeting for approval, the outgoing Board of Directors, having consulted the Appointments and Remuneration Committee, proposes that the Board of Directors as a whole be paid a fixed gross annual remuneration of Euro 300,000.00. The Board of Directors will have the faculty to divide up the remunerations resolved by the Ordinary Shareholders' Meeting between the individual members of the Board of Directors, also on the basis of the proposal submitted by the Appointments and Remuneration Committee.

This fee does not include the variable amounts for Directors vested with specific offices, which will be determined by the Board of Directors, having consulted the Appointments and Remuneration Committee and the Board of Statutory Auditors, in observance of the criteria laid down by the Remuneration Policy.

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In consideration of the provisions of Article 125-bis of Italian Legislative Decree No. 58/1998, with regard to the need to make the resolution proposals traceable, the resolution proposals relating to the **sixth, seventh, eighth and ninth item on the agenda** of the Shareholders' meeting are presented hereunder, with the warning that, since this involves the appointment of the Board of Directors, this report, drafted by the outgoing management body, does not take into account the possible resolution proposals which may be put to the vote, since they are presented by the shareholders.

*"The Gefran S.p.A. Shareholders' Meeting:*

*Now, therefore, having duly noted the provisions of the Articles of Association regarding the composition or appointment formalities for the Board of Directors, having examined the Orientation of Gefran S.p.A. Board of Directors for Shareholders regarding the dimension and composition of the new Board of Directors,*

*hereby resolves:*

- to establish the number of members of the Board of Directors in 9 members;*
- to resolve the duration of the mandate of the Board of Directors for a period of three years, or until approval of the financial statements for the year ending 31 December 2025;*
- to express its preference for one of the lists filed at the Company's registered office, regarding the appointment of the members of the Board of Directors;*
- to grant to the Board of Directors an overall fixed annual gross remuneration equal to EUR 300,000, which will be divided up by the Board of Directors among the various members, it being understood that the additional variable amounts in favour of the members of the Board of Directors vested with specific offices will be determined by the Board of Directors, having consulted the Appointments and Remuneration Committee and the Board of Statutory Auditors, in observance of the criteria laid down by the Remuneration Policy adopted by the Company.*

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For further details, it is enclosed Article 13 of the current Article of Association in force.

Provaglio d'Iseo, 09 March 2023

**For the Board of Directors**  
**The Chairwoman**  
Maria Chiara Franceschetti

**Sixth, seventh, eighth and ninth items on the Agenda**

**ANNEX**

**Article 13 of the Articles of Association**

*The Company is administered by a Board of Directors composed of a minimum of seven up to a maximum of eleven members.*

*The Directors hold office for a period not exceeding three financial years. Their mandate expires on the date of the Meeting called to approve the financial statement for the last year of their period of office, and they are eligible for re-election.*

*Before proceeding to appoint directors, the Meeting will determine the number of Board members and their terms of office.*

*All the Directors must possess the requisites of eligibility, professional qualification and repute required by law and other applicable provisions. Pursuant to art. 147-ter, subsection 4, of Legislative Decree no. 58/1998, at least one Director, or at least two if the Board has more than seven members, must possess the specified requisite of independence (the "Independent Director pursuant to art. 147-ter").*

*The Board of Directors is elected by the Meeting from lists presented by the Shareholders, according to the procedure detailed in the following subsections, subject to different and further provisions established by mandatory law or statutory provisions.*

*A list of candidates for the post of director may be presented by Shareholders with a shareholding equal to that established by CONSOB pursuant to art. 147-ter, subsection 1, of Legislative Decree no. 58/1998, and in compliance with the provisions of the Issuers Regulation approved under resolution no. 11971 of 14th May 1999 and subsequent amendments.*

*The lists must be presented to the registered office at least twenty-five days prior to the date set for the General Meeting called to appoint the Directors and will be published pursuant to regulations in force at least twenty-one days prior to said date.*

*Each list may contain up to eleven candidates, numbered progressively. Each list must contain and explicitly indicate at least one Independent Director, but no more than seven, pursuant to art. 147-ter, numbered progressively. If the list contains more than seven names, it must contain and explicitly indicate a second Independent Director pursuant to art. 147-ter. Each list may also, if necessary, indicate which directors possess the requisite of independence laid down by the Codes of Business Conduct drawn up by investment management companies operating in regulated markets or professional associations.*

*If mandatory gender division criteria are applicable, each list presenting at least three candidates must contain a number of candidates of the less represented gender at least equal to the minimum number required by the provisions of applicable law.*

*The lists must also contain, within them or attached thereto: (i) details of the Shareholders who presented them, and the overall percentage of shareholding held; (ii) full details of the candidates' personal and professional features; (iii) a statement by the candidates declaring that they accept their candidature and are in possession of the legal requisites, as well as the requisite of independence, where indicated as Independent Directors pursuant to art. 147-ter or as independent directors under the above-mentioned codes of conduct; (iv) any other or different statement, information and/or document contemplated by the law and by the applicable regulatory standards.*

*A Shareholder may not present or vote more than one list, whether directly, indirectly or through trust companies. A candidate must be present in one list only, under penalty of ineligibility.*

*At the end of the ballot, candidates from the two lists obtaining the highest number of votes are elected, according to the following criteria: (i) from the list obtaining the highest number of votes (the "Majority List") is taken a number of directors equal to the total number of board members, as established by the Meeting, less one; the candidates are elected, in the established number, in the numerical order specified in the list; (ii) from the list that obtained the second highest number of votes and which is not directly or indirectly connected with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions (the "Minority List") is taken one director, namely the candidate at the top of the list. However, if no Independent Directors*



*pursuant to art. 147-ter are elected from the Majority List, when the Board has a maximum of seven members, or if only one Independent Director pursuant to art. 147-ter is elected, when the Board has more than seven members, the first Independent Director pursuant to art. 147-ter in the Minority List will be elected, not the person at the top of the Minority List.*

*Lists that have not gained at least half of the number of votes required for their presentation will not be taken into account.*

*If there is a tied vote between lists, the one presented by Shareholders with the largest shareholding upon presentation of the list, or subordinately, the highest number of Shareholders, will prevail.*

*If, in the Board of Directors thus formed, the requirement for the minimum number of components of the less represented gender, in accordance with applicable law, is not complied with, the last elected candidate in the majority list is replaced by the first non-elected candidate in the same list belonging to the less represented gender, and so on up the majority list. If the minimum number of components of the less represented gender is not reached, they will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the candidate in the majority list belonging to the less represented gender, from the last elected candidate, and so on up the list.*

*If only one list has been presented, the Meeting votes that list, and if the list obtains a relative majority of votes, not counting abstentions, candidates listed in progressive order are elected as directors up to the maximum number established by the Meeting; provided, however, that if the Board comprises more than seven members, the second Independent Director pursuant to art. 147-ter is also elected, in addition to the one in the first seven placings, and that equality between genders is complied with in accordance with applicable law. If the minimum number of components of the less represented gender is not reached, they will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the candidates in the only list belonging to the more represented gender, starting with the last elected candidate, and so on up the list.*

*If there are no lists, or if the number of directors elected from the lists presented is less than the number established by the Meeting, the members of the Board of Directors are appointed by the Shareholders at the Meeting with the quorum established by law, subject to the appointment by the Meeting of a number of Independent Directors pursuant to art. 147-ter equal to the minimum number established by law, and the general assembly's obligation to appoint a number of directors belonging to the less represented gender that is not below the minimum number established by the provisions of applicable law.*

*Independent Directors pursuant to art. 147-ter identified as such at the time of their appointment must report any future loss of the requisite of independence, and they will fall from office, as prescribed by law.*

*If, for any reason, one or more Directors fall from office, they are replaced in accordance with the provisions of art. 2386 of the Civil Code, subject to the obligation to maintain the minimum number of Independent Directors pursuant to art. 147-ter established by the law, and the obligation to maintain equality between genders in accordance with the regulations in force at the time.*

*If due to resignations or other causes, half the number, in the event of an even number, or more than half in the event of an odd number, of the directors holding office or designated directors are not present at the meeting, the entire Board is deemed suspended as from the following reconstitution of the Board and a meeting for the new appointments shall be called urgently by the remaining directors, which will take place in accordance with the provisions of this article.*

**6. Withdrawal as far as non-used of the previous authorisation to buy and sell own shares and release of new authorisation.**

Dear Shareholders,

In its 09 March 2023 meeting, the Board decided to submit for the approval of the Shareholders' Meeting – convened in ordinary session for 21 April 2023 – pursuant to sections 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree 58 of 24 February 1998 (the Consolidated Law on Finance or "TUF"), authorisation to purchase and sell, on one or more occasions, a number of ordinary shares in the company representing a maximum of 10% of the share capital (at the date of this report, a maximum of 1,440,000.00 ordinary shares with a nominal value of Euro 1.00 per share).

It is also proposed to revoke the previous authorisation granted by the Shareholders' Meeting on 28 April 2022, which will be replaced by the new authorisation mentioned in this report.

There therefore follows a brief outline of the reasons and procedures for purchasing and selling own shares in the Company for which the Board of Directors seeks authorisation.

**1. Reasons for requesting authorisation to purchase and sell own shares**

The request for authorisation to purchase and sell own shares is in order to give the Company a valuable tool providing strategic and operational flexibility that would enable it to:

- act directly or through authorised brokers to limit any irregular movement in trading of the share and to regulate trading performance and runs due to excessive volatility or lack of liquidity in trading; these measures shall be taken without prejudice to the equal treatment of shareholders;
- offer shareholders an additional tool to monetise investments.

The Board of Directors recommends that the company has this option at its disposal, particularly when disposing of the own shares purchased, also in order to capitalise on opportunities to maximise value that may arise on the market, therefore for the purpose of trading.

**2. Maximum number, category and nominal value of the shares to which the authorisation relates**

As of the date of this report, the share capital was Euro 14,400,000.00, represented by 14,400,000 ordinary shares with a nominal value of Euro 1.00 per share.

The maximum number of own shares to be purchased is 1,440,000.00, or a maximum of 10% of the share capital, taking into account the own shares held directly and any shares held by subsidiaries in the case of resolutions for increases and reductions while this authorisation remains effective.

In any case, the number of own shares that may be purchased shall not exceed the amount that can be covered, in relation to the purchase price, by the available reserves shown in the last set of approved financial statements.

In this regard, it should be noted that the following figures were shown in the financial statements for the year ending 31 December 2021, duly approved on 28 April 2022:

- available reserves: Euro 46,198,540 (at 31 December 2022: Euro 49,941,593).

### **3. Provisions pursuant to Article 2357, paragraph 3 of the Italian Civil Code**

In order to assess compliance with the limits set out in section 2357, paragraph three, please note that, as of today's date the Company and its subsidiaries hold 111,937 own shares in their portfolio.

### **4. Duration of authorisation**

The authorisation to purchase own shares is requested for a period of 18 months from the date of the Shareholders' Meeting that voted to grant the authorisation.

Authorisation to dispose of any own shares purchased is requested without a time limit.

### **5. Minimum and maximum payments and market valuation**

The Board of Directors proposes that own shares should be purchased at a unit price that is no less than their nominal value and no higher than the average price over the last three trading days prior to the purchase date plus 15%.

Concerning the price at which to sell own shares purchased, the Board of Directors shall have discretionary power to determine at the time any additional condition, procedure and deadline, while taking into consideration the procedures used, the share prices in the period prior to the transaction and the Company's best interests. The minimum price may not be more than 10% lower than the price registered during the trading session prior to each disposal.

This minimum price shall not be applied in the case of disposal by means of exchange, transfer or any other means possible for acquiring shareholdings, implementation of industrial projects and other extraordinary financial transactions that involve assigning or disposing of own shares (such as, but not limited to, mergers, spin-offs, etc.).

The Board of Directors also proposes that, based on a prudent appraisal, own shares may be assigned, in full or partially, as dividends.

### **6. Procedures for the purchase and sale of shares**

Purchase transactions shall start and end within the time frame established by the Board of Directors following this authorisation.

Own shares shall be purchased in compliance with applicable law and regulatory provisions in force and, in particular, with Article 132 of the Consolidated Law on Finance and Article 144-*bis*, letters a) and b) of the Issuers' Regulations:

- a) through a public tender or exchange offer;
- b) on regulated markets in accordance with the operational procedures set out in the rules of the markets in question, which do not allow direct association of purchase proposals with predetermined sales offers.



Amongst the various procedures allowed by the Issuers' Regulations, conducting purchases on regulated markets is considered preferable for the purposes mentioned above, particularly with a view to stabilising the share price. This objective can be achieved more effectively through a simple, flexible mechanism such as direct purchase on the market in a timely and gradual manner according to need. Possible recourse to a public tender or exchange offer is therefore not ruled out.

Own shares may be purchased in a different manner from those set out above where allowed by Article 132, paragraph 3 of the Consolidated Law on Finance or other provisions applicable as of the date of the transaction.

Furthermore, share purchases may be conducted in accordance with Article 3 of Regulation (EC) 2273/2003, in order to benefit, where possible, from the derogation from the provisions on market abuse pursuant to Article 183 of the Consolidated Law on Finance, concerning insider dealing and market rigging.

Shareholders and the market shall be given timely information pursuant to Article 144-bis, paragraphs 3 and 5 of the Issuer Regulations.

Concerning sales transactions, the Board proposes that the authorisation should enable these to be conducted, on one or more occasions, without time limits, and in the manner deemed appropriate to achieve the objective in question, including selling on the stock market, lot trading, institutional placement, through the placement of structured securities of any kind and nature or as payment for the acquisition of shareholdings in companies and/or goods and/or assets.

It should be pointed out that the request for authorisation concerns the ability to carry out repeated and consecutive transactions to buy, sell or dispose of own shares in a revolving manner (meaning the maximum amount of own shares held in the portfolio at the time) also for fractions of the maximum amount authorised.

The Board proposes that the authorisation should provide an obligation for the Board of Directors to carry out transactions to buy and sell own shares while guaranteeing not to jeopardise the company's capacity to maintain the minimum amount of floating securities required for STAR qualification.

## 7. Other business

The purchase of own shares shall not be used to reduce share capital by cancelling the own shares purchased.

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For the reasons set out above, the Board of Directors of Gefran S.p.A. asks you to adopt the following resolutions:

*"The Gefran S.p.A. Shareholders' Meeting,*

*having acknowledged the Board of Directors' Report;*

*having considered Articles 2357 et seq. of the Italian Civil Code, Article 132 of Italian Legislative Decree 58 of 24 February 1998, Article 144-bis of the regulation adopted with Consob resolution*

11971 of 14 May 1999 as subsequently amended;  
having taken into consideration the 111,937 own shares in the portfolio of Gefran S.p.A. and its subsidiaries as of 09 March 2023;  
having considered the annual financial statements for the year ending 31 December 2022,

hereby resolves:

- to revoke the previous authorisation to purchase and sell own shares, approved by the Shareholders' Meeting of 28 April 2022, lasting 18 months;
- to authorise the Board of Directors, pursuant to Article 2357 et seq. of the Italian Civil Code, to purchase a maximum number of 1,440,000.00 ordinary shares or a different amount representing 10% of the share capital in the case of resolutions to increase and/or reduce the share capital during the authorisation period, also taking into account shares that may be held by the company's subsidiaries, and in any case in compliance with the limits laid down by law, in order to pursue the objectives set out in the Board of Directors' Report, and in accordance with the following terms and conditions:
  - transactions to buy own shares may be conducted on one or more occasions in a revolving manner (meaning the maximum amount of own shares held in the portfolio at the time), until the end of the eighteenth month starting from the date of this resolution;
  - purchases may be conducted according to one of the methods provided for by Article 132 of Legislative Decree 58 of 24 February 1998 and Article 144-bis, letters a) and b) of the Issuers' Regulations adopted with Consob resolution 11971/1999, taking into consideration – where necessary – the exception provided by paragraph 3 of Article 132 of Legislative Decree 58/1998, and in any case using any other method provided for by the laws and regulatory provisions in force at the date of the purchase;
  - the unit price to purchase own shares may not be less than their nominal value and may not be higher than the average price over the last three trading days prior to the purchase date plus 15%;
  - transactions to buy and sell own shares shall be conducted by the Board of Directors in a manner so as not to jeopardise the Company's capacity to maintain the minimum amount of floating securities required for STAR qualification;
- to authorise the Board of Directors, pursuant to section 2357-ter of the Italian Civil Code, to sell, on one or more occasions, the own shares purchased from time to time and held in the portfolio, in accordance with the regulatory provisions and legal rules in force at the time and to pursue the objectives set out in the Board of Directors' Report to the Shareholders, and under the following terms and conditions:
  - the shares may be disposed of or sold at any time and without any time limit, and may also be assigned, also partially, as dividends;
  - transactions may be conducted even before all purchases have been made, and may be conducted on one or more occasions in the manner deemed appropriate to achieve the objective in question, including selling on the stock market, lot trading, institutional placement, through the placement of structured securities of any kind and nature or as payment for the acquisition of shareholdings in companies and/or goods and/or assets;
  - the minimum price may not be more than 10% lower than the price registered during the trading session prior to each disposal. This price limit shall not be applied in the case of a disposal other

*than sale, and in particular, in the case where the disposal is by exchange, transfer or other means possible for acquiring shareholdings, implementing industrial projects or other extraordinary financial transactions that involve assigning or disposing of own shares;*

- *to grant the Board of Directors, with the express right to delegate, the broadest powers, without exception, necessary and useful for the execution of this resolution, also approving all provisions of the purchase plan, in accordance with any requirements set by the competent authorities; as well as the introduction in the wording of the resolutions passed of any amendments required by the aforementioned authorities, the Notary or the competent Company Registration Office for registration.”*

Provaglio d'Iseo, 09 March 2023

**For the Board of Directors**  
**The Chairwoman**  
Maria Chiara Franceschetti