



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE TENTH, ELEVENTH, AND
TWELFTH ITEMS ON THE AGENDA OF THE SHAREHOLDERS' MEETING OF NEODECORTECH
S.P.A., ORDINARY SESSION, CONVENED ON 27 APRIL 2023 IN SINGLE CALL**

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**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF NEODECORTECH S.p.A. ON THE
PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING**

Shareholders,

you have been convened on 27 April 2023 for the Shareholders' Meeting ("**Meeting**") of Neodecortech S.p.A. ("**Neodecortech**" or the "**Company**") to resolve, *inter alia*, in ordinary session, on the appointment of the members of the Board of Statutory Auditors and the determination of the total fees payable to said Board of Statutory Auditors for each year of its term of office.

This Report - prepared pursuant to Article 125-*ter*, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented (the "**TUF**") and Article 84-*ter* of the Regulation adopted by CONSOB Resolution no. 11971 of 14 May 1999 (the "**Issuer Regulation**"), as amended and supplemented, and in accordance with Annex 3A to the Issuer Regulation (the "**Report**") - sets forth the proposals that the Board of Directors of Neodecortech intends to submit to your approval with regard to the above items ten, eleven and twelve on the agenda of the Shareholders' Meeting.

At its meeting on 15 March 2023, the Board of Directors of the Company approved this Report, which was made publicly available within the time limits and in the manner envisaged by law and regulations, at the Company's registered office in Via Provinciale 2, Filago (BG), on the website (www.neodecortech.it, Investors – *Assemblee azionisti* section) and on the authorized storage mechanism "*1info*" at www.1info.it.

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10. **Appointment of the members of the Board of Statutory Auditors. Relevant and ensuing resolutions.**
11. **Appointment of the Chairman of the Board of Statutory Auditors. Relevant and ensuing resolutions.**
12. **Determination of the total fees for each year of the term of office of the members of the Board of Statutory Auditors. Relevant and ensuing resolutions.**

With regard to items 10, 11, and 12 on the agenda of the Shareholders' Meeting, ordinary session, the Board of Directors intends to submit for your review and approval, in accordance with the law, the proposed resolution for the appointment of the Board of Statutory Auditors, since with the approval of the financial statements at 31 December 2022, the term of office of the statutory auditors currently in office ends owing to the expiration of their three-year term of office.

You are therefore called to appoint a new Board of Statutory Auditors at the Shareholders' Meeting, in accordance with the provisions of Article 30 of the Company's Bylaws (the “**Bylaws**”), as well as with current legal provisions and the implementing regulations envisaged by CONSOB, as well as to appoint the Chairman of the Board of Statutory Auditors and determine the annual fees due to the members of the above body.

Mention should be made that, in accordance with the provisions of Article 30 of the Bylaws, the Board of Statutory Auditors consists of three standing members and two alternate members, appointed by the Shareholders' Meeting, holds office for three years and expires on the date of the Shareholders' Meeting called to approve the financial statements for the third year of office. The Statutory Auditors are appointed based on the lists submitted by the shareholders, in which the candidates are listed in sequential order.

Shareholders who, alone or together with other shareholders, hold a total of shares representing at least 2.50% of the share capital at the time the list is submitted, are entitled to submit a list, in accordance with CONSOB Executive Resolution no. 76 of 30 January 2023.

The lists submitted by the shareholders consist of two sections, one for the candidates running as Standing Auditor, the other for the candidates running as Alternate Auditor. The list shall contain at least one candidate for the office of Standing Auditor and one candidate for the office of Alternate Auditor, and may contain up to a maximum of three candidates for the office of Standing Auditor and two candidates for the office of Alternate Auditor. Moreover, the lists that contain a total of three or more candidates shall include candidates of different gender, so as to allow the Board of Statutory Auditors to be composed in accordance with the provisions on gender balance set out in the legal and regulatory provisions in force from time to time and in the Corporate Governance Code.¹

Each shareholder, as well as the shareholders belonging to the same group, the shareholders who are members of the same shareholders' agreement pursuant to Article 122 of the TUF, the controlling entity, the subsidiaries and those subject to joint control pursuant to Article 93 of the TUF, may not submit or take part in the submission of more than one list, neither through a third party nor a trust company, nor vote for different lists. Each candidate may stand for election only

¹ Pursuant to Article 144-undecies 1, paragraph 3, of the Issuer Regulation, if the application of the gender distribution criterion does not result in a whole number of members of the governing or supervisory bodies belonging to the least represented gender, this number is rounded up to the next higher unit, except for corporate bodies consisting of three members for which rounding down is to the next lower unit.

on one list, under penalty of ineligibility.

Candidates may not be included in the lists if they are ineligible or incompatible, or if they do not meet the requirements of independence, integrity and professionalism set out by applicable law, or exceed the limits for the maximum number of offices set out by law and the regulations in force. Outgoing Statutory Auditors are eligible for re-election.

Additionally, pursuant to Legislative Decree no. 39 of 27 January 2010, the members of the Internal Control and Audit Committee (which, in the case of the Company, is identified with the Board of Statutory Auditors), as a whole, must be skilled in the field in which the audited entity operates.

The lists are filed at the registered office or by sending them to the certified e-mail address neodecortechspa@legalmail.com at least twenty-five days before the date set for the Shareholders' Meeting (i.e., Sunday, 2 April 2023) and will be made publicly available at the registered office, on the Company website at www.neodecortech.it (*Investor/Corporate Governance/Documents e assemblee/Assemblee* section), and at the storage mechanism "info-storage" (www.1info.it) at least twenty-one days before the date of the Meeting (i.e., by 6 April 2023).

Each list shall be filed together with (i) information on the identity of the shareholders who submitted the lists, indicating the total percentage of the interest held; (ii) a statement of the shareholders other than those who hold, even jointly, a controlling and relative majority interest, certifying the absence of relationships, pursuant to Article 144-*quinquies* of the Issuer Regulation, with the latter; (iii) the *curriculum vitae* of each candidate, which contains detailed information on his/her personal (including gender) and professional details; (iv) the statements that each candidate accepts the nomination and states, under his/her responsibility, that there are no reasons for incompatibility or ineligibility, and that he/she complies with the requirements set out by current law and regulations in force to hold office, including compliance with the limits to the maximum number of offices set out by current legal and regulatory provisions.

Ownership of the number of shares required for the submission of lists is certified, at the same time as the filing of the list or at the latest by 21 days before the date of the Shareholders' Meeting (i.e., by 6 April 2023), by means of a notice issued by the intermediary having regard to the shares that are registered in favour of the Shareholder on the day the lists are filed with the Company. Any list that fails to comply with the foregoing requirements is considered as not having been submitted.

If, by the deadline for submitting lists (i.e., by 3 April 2023), only one list has been filed, or only lists submitted by shareholders who are connected with each other pursuant to Article 144-*quinquies* of the Issuer Regulation, lists may be submitted up to the third day following that date, it being understood that the documentation proving ownership of the interest for the purposes of submitting the list shall in any case be filed by 5:00 p.m. on 6 April 2023. In such a case, the interest threshold for the submission of lists will be reduced by half and will thus be 1.25% of the share capital.

If no list or if only one list is submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and its Chairman by a majority vote of those voting in accordance with the provisions of applicable law and regulations; subject to compliance with the provisions of law and regulations in force from time to time on gender balance (male and female).

Notwithstanding the above, with regard to the manner of voting for the purpose of appointing the supervisory board, Article 30 of the Bylaws stipulates that:

- from the most voted list, (a) the first two candidates for the office of standing auditor and (b) the first candidate for the office of alternate auditor are drawn according to the sequential order in which they appear in the list;
- from the second most-voted list submitted by shareholders who are not connected, directly or indirectly, with the shareholders who submitted or voted the most-voted list, (a) the remaining Standing Auditor and (b) the other Alternate Auditor are drawn according to the sequential order in which they appear in the sections of the list.

In the event of a tie between the lists, the candidates elected are those of the list submitted by the shareholders holding the largest stake or, secondarily, by the highest number of shareholders.

If, according to the abovementioned procedures, the composition of the Board of Statutory Auditors is not ensured - with regard to its standing members - in compliance with the applicable legislation in force at the time on gender balance, the necessary replacements shall be made among the candidates for the position of Standing Auditor of the most-voted list, according to the sequential order in which candidates are listed.²

The Standing Auditor drawn from the minority list is appointed to the position of Chairman of the Board of Statutory Auditors.

Lastly, it should be noted that, pursuant to the above Article 30 of the Bylaws, the Shareholders' Meeting will also be called to determine the fees due to the statutory auditors, in addition to reimbursement of expense incurred for the office.

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Shareholders,

in connection with the above, the Board of Directors of the Company invites you to resolve:

- on the appointment, pursuant to Article 30 of the Bylaws, of the members of the Board of Statutory Auditors and the Chairman of the Board of Statutory Auditors, submitting lists of candidates for this purpose; and
- on the determination of the annual fees to the members of the Board of Statutory Auditors on the basis of the proposals submitted to the Shareholders' Meeting for this purpose.

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Filago, 17 March 2023

For the Board of Directors

The Chairman

Luca Peli

² See note no. 1