

**ELICA S.p.A.**

Registered office in Fabriano (AN), Via Ermanno Casoli No. 2

Share capital Euro 12,664,560.00 fully paid-in

Marche Companies Registration Office

Tax and VAT No.: 00096570429

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO  
THE SHAREHOLDERS' MEETING  
(in accordance with Article 153 of  
Legislative Decree 58/1998 and Article  
2429 of the Civil Code)**

Dear Shareholders,

during the year ended 31/12/2019, we performed the supervisory activities required by law, in accordance with the “Conduct principles for the Board of Statutory Auditors in listed companies” and recommended by the Italian Accounting Profession (Consigli Nazionale dei Dottori Commercialisti e degli Esperti Contabili), the Consob provisions concerning corporate controls and activities of the Board of Statutory Auditors and the indications of the Self-Governance Code of the Company.

In particular, also in accordance with the recommendations issued by Consob, we performed the following:

- we verified compliance with law, the By-Laws and the regulations;
- the Board of Statutory Auditors met 17 times in the previous year; we attended 1 Shareholders' Meeting, 11 Board of Directors' meetings, 6 Control, Risks and Sustainability Committee meetings and 7 Appointments and Remuneration Committee meetings, which were all carried out in accordance with the legislative, statutory and regulatory provisions which govern their functioning. The motions passed were in compliance with law and the company By-Laws and were not imprudent, reckless or such as to compromise the integrity of the company's assets;
- periodically, we received information from the Directors on the general performance and on the outlook, as well as on the most significant operations, in terms of size or nature, carried out by the Company and its subsidiaries.

In relation to such, we can reasonably assure that the actions taken are in conformity with law and the By-Laws of the company and were not imprudent, risk related, in potential conflict of interest or contrary to the motions passed, or such as to compromise the integrity of the company assets;

- the following assignments were awarded to the Audit Firm KPMG S.p.A. and its network:

Type of service	Service provider	Company	Fees (Euro thousands)
Audit	Kpmg SpA	Elica SpA	192
Audit	Kpmg SpA	Air Force SpA	15
Audit	Kpmg Cardenas Dosal, S.C.	Elicamex S.A. de C.V.	28
Audit	Kpmg Polska	Elica Group Polska S.p.z.o.o.	33
Audit	Kpmg China	Zhejiang Elica Putian Electric Co. Ltd	26
Audit	B S R & Co. LLP (KPMG network)	Elica PB India Private Ltd	9
Audit	Kpmg Japan	Ariafina CO., LTD	10
Other services	Kpmg SpA	Elica SpA	44
Other services	Kpmg China	Zhejiang Elica Putian Electric Co. Ltd	1
<b>Total</b>			<b>358</b>

- we constantly monitored the independence of the Independent Audit Firm, noting the absence of any critical aspects;
- we held meetings with the head of the independent audit firm, in accordance with Article 150, paragraph 3 of Legislative Decree 58/1998. During the meetings no significant information warranting disclosure became evident;
- on 14/02/2019 we issued our opinion on the proposal by KPMG Advisory S.p.A. to provide a non-audit service, involving advice and assistance with forensic services to assess SAP licences verifying the compatibility of the appointment with the statutory limitations;
- we noted the Company's current organisational structure, with the appointment of the new Chief Executive Officer, the new Group Chief Financial Officer and other key Group figures, overseeing its adequacy for more efficient and effective management; in relation to this, there are no matters to report;
- we assessed the adequacy of the internal control system, assigned first to Protiviti S.r.l. and then to the Internal Audit Manager, and the administration and accounting system and its reliability to correctly represent operations; we obtained information from managers, reviewed company documents and oversaw the financial reporting process in accordance with Article 19 of Legislative Decree 39/2010;

- we reviewed the adequacy of the instructions given by the Parent Company to its subsidiaries in order that they could provide all necessary information to comply with the obligations required by law;
- we did not note the existence of atypical or unusual transactions;
- We note the following significant transactions:
  - i) on February 27, 2019, in implementation of the resolution of the Board of Directors of February 22, 2019, a thorough settlement was reached, as detailed in the notes to the financial statements, between Elica S.p.A. and Elica GmbH, on the one hand, and Exklusiv-Hauben Gutmann GmbH in insolvency, the representatives of Gutmann's insolvency receivers and its sole shareholder, Manuel Fernandez Salgado, on the other, defining their reciprocal positions in connection with the declaration of insolvency of Exklusiv-Hauben Gutmann GmbH and further reciprocal claims, thus definitively resolving all disputes;
  - ii) on April 23, 2019, in partial implementation of the motion of the Board of Directors of February 12, 2019, the Company paid the first instalment of CYN 15 million (equivalent to Euro 2,000,000) for the share capital increase of the Chinese subsidiary Zheijang, *Elica Putian Electric Co. Ltd*;
  - iii) on June 12, 2019, in implementation of the motion of the Board of Directors of October 30, 2018, the Company paid Euro 975,000 for the share capital increase of Elica GmbH;
  - iv) on June 27, 2019, the Shareholders' Meeting of the Polish subsidiary Elica Group Polska Sp. z o.o (EGP) allocated the net profit earned in 2018 of PLN 11,393,798 to the payment of a dividend to its sole shareholder, Elica S.p.A. Elica recognised the dividend at the value of Euro 2,680 million, and on June 28, 2019 the companies signed an agreement for the payment of the dividends through the offsetting of trade payables and receivables;
  - v) on July 5, 2019, the Company reached a settlement agreement with Chief Executive Officer Antonio Recinella for the severance of all relationships with the Company in return for a total gross indemnity of Euro 1.28 million to be paid by July 2019. The parties entered into the "private agreement with general settlement and novation" for the severance of the executive's employment, which was then ratified by the protected session of July 15, 2019;
  - vi) on July 8, 2019, the Board of Directors co-opted Mauro Sacchetto and currently appointed him the Company's Chief Executive Officer with immediate effect, replacing the outgoing Antonio Recinella; Mr. Sacchetto will remain in office until the company's next Shareholders' Meeting;
  - vii) on July 24, 2019, the Company announced an agreement for the sale of 1,275,498 treasury shares, equal to 2.014% of the share capital, to TIP -

Tamburi Investment Partners S.p.A.. The agreed price is in line with the motions passed by the Shareholders' Meeting of April 18, 2019 concerning the disposal of treasury shares. This transaction took place concurrently with the purchase by TIP of the entire holding of Whirlpool EMEA S.p.A in Elica of 7,958,203 shares - equal to 12.568% of the share capital - against the same consideration of Euro 2 per share paid by TIP to Elica. On November 26, 2019, Tamburi Investment Partners S.p.A. exceeded 20% of the share capital of Elica S.p.A. as a result of various purchases;

- viii) on July 26, 2019, the Company announced that, in accordance with Article 122 of the CFA and Article 129 of the Issuers' Regulation, on July 24, 2019, FAN S.r.l., with registered office in Rome, via Parigi No. 11 and TAMBURI INVESTMENT PARTNERS S.p.A., with registered office in Milan, via Pontaccio No. 10, signed an agreement concerning a portion of the ordinary share of Elica S.p.A., in addition to, inter alia, some provisions regarding the governance of Elica S.p.A. (the "Shareholder Agreements"), published pursuant to Article 130 of the Issuers' on the Company's website and on the storage facility IINFO. Also communicated were the key details concerning the agreement between TAMBURI INVESTMENT PARTNERS S.p.A. and WHIRLPOOL EMEA S.p.A., regarding a lock-up commitment on acquired shares and a commitment not to sell the shares to certain Whirlpool Group competitors, has been made available.
- ix) on September 26, 2019, the Board of Directors co-opted Giovanni Tamburi as a non-executive director. This appointment followed the resignation, for personal reasons, of the Non-Executive Director Gennaro Peralisi. Giovanni Tamburi shall remain in office until the next Shareholders' Meeting of the company;
- x) on September 30, 2019 the Company's Board of Directors appointed Giulio Cocci as Group Chief Financial Officer and Executive Officer for Financial Reporting, with immediate effect, pursuant to Article 154-bis of the CFA, amended by Law No. 262/2005, in replacement of the outgoing Alessandro Carloni;
- in events after December 31, 2019, on February 12, 2020 the Company disclosed that it had received, by letter dated February 11, 2020, Mr. Davide Croff's resignation from the position of director, with immediate effect;
- with regards to the impairment tests carried out according to the criteria and assumptions approved by the Board of Directors of February 13, 2020, we indicate that the tests on goodwill did not result in an impairment, while those on investments

resulted in an impairment of Euro 2 million for the Chinese subsidiary Zhejiang Elica Putian Electric Co. Ltd;

- the equity investment in the associate I.S.M. S.r.l. was written down by Euro 607 thousand to bring it into line with the value of the company's equity;
- in relation to inter-company and related party transactions, these were adequately described in the Notes to the financial statements to which reference should be made. These transactions are appropriate and are in line with the corporate objectives of the Company;
- no petitions were received pursuant to art. 2408 of the Civil Code;
- on February 12, March 7, July 8, July 30 and September 26, 2019, as required by Article 2389, paragraph 3 of the Civil Code, we issued favourable opinions of the remuneration of Executive Directors;
- we found that the Company had complied with the Self-Governance Code for listed companies of the Corporate Governance Committee of Borsa Italiana S.p.A.; this compliance was covered in the Directors' Report on Corporate Governance, approved by the Board of Directors on March 12, 2020, to which reference should be made for precise and complete disclosure in this regard;
- we noted the remuneration policies of Executive Directors and Key Management Personnel, both short and long-term, implemented by the company and illustrated in the Remuneration Report as per Article 123-ter of the CFA and 84-quater of the Issuers' Regulation, approved by the Board of Directors of March 12, 2020;
- in accordance with point 3.C.5 of the Self-Governance Code, at the meetings of March 7, July 8, September 26 and October 31, 2019, we verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members; in our verifications we did not note irregularities;
- during the meeting of March 4, 2019, we evaluated our independence in accordance with point 8.C.1 of the Self-Governance Code of listed Companies;
- on July 8, 2019 we issued a favourable opinion on the appointment of Mauro Sacchetto as new Director and Chief Executive Officer;
- on July 30, 2019 we issued a favourable opinion on the appointment of Daniele Bruni as Internal Audit Managers, Risk Compliance Director and member of the Supervisory Board;
- on September 26, 2019 we issued a favourable opinion on the appointment of the new director Giovanni Tamburi, as per Article 2386, paragraph 1, of the Civil Code;
- on September 30, 2019 we issued a favourable opinion on the appointment of Giulio Cocci as Executive Officer for Financial Reporting in accordance with Article 154-bis of the CFA, as amended by Law 262/2005.

- we examined the declarations of the Chief Executive Officer and the Executive Responsible for the preparation of the corporate accounting documents, pursuant to Article 154-*bis* of the Consolidated Finance Act;
- we acknowledge that the Company adopted the last update to the Organisation and Operating Model as per Legislative Decree 231/2001 by the Board of Directors' motion of February 13, 2020;
- we held meetings with the Supervisory Board and reviewed their periodic reports on activities carried out and obtained information on activities implemented and scheduled for 2020;
- we note that as per Legislative Decree 254/2016 (transposing Directive EC 2014/95), the Company prepared, with regards to financial year 2019, the consolidated non-financial report containing information upon the issues of governance, the environment, employees, social aspects and non-financial risks, with a strong emphasis on sustainability. The non-financial report was approved by the Board of Directors on March 12, 2020; in relation to this there are no matters to be emphasised.

In relation to the separate financial statements, we confirm that:

- they were prepared in accordance with International Accounting Standards (IAS/IFRS), as presented by the Board of Directors in the notes to the financial statements.

The Company has adopted IFRS 16 – Leases from January 1, 2019, using the amended retrospective application method. The comparative figures have not been restated for the reasons disclosed in the notes to the financial statements, to which the reader is referred.

In particular, in the Directors' Report and in the Notes to the financial statements, the Directors have complied with that established by the regulatory provisions concerning disclosure on the risk management system and the internal control system in relation to the financial disclosure process;

- the notes to the financial statements, in addition to being in compliance with the norms for the preparation of the financial statements, also provide all information considered appropriate to represent the balance sheet, financial position and result of the Company; this also with express reference to the above indicated significant transactions;
- the information provided in the Directors' Report is complete and exhaustive, including with regard to subsequent events and the outlook, also considering the situation of uncertainty at the international level relating to the global health emergency caused by the Covid-19 pandemic.

The Independent Audit Firm KPMG S.p.A. on 18/03/2020 issued:

- the Auditors' Reports on parent company and consolidated financial statements without any exceptions or matters to be noted. We in addition note that both the reports expressed an opinion on the consistency of the Directors' Report and of certain specific information contained in the corporate governance and ownership structure report with the financial statements, and on their compliance with law;
- the additional report required by Article 11 of Regulation (EC) 537/2014, upon which no significant deficiencies in terms of internal control regarding the financial disclosure process requiring reporting to the heads of "governance" were noted. As an attachment to the additional report, the Independent Audit Firm presented to the Board of Statutory Auditors the statement regarding its independence, as required by Article 6 of Regulation (EC) 537/2014, indicating no situations which may compromise such independence. The Board of Statutory Auditors will present this report at the next of Board of Directors' meeting;
- on the basis of the specific appointment conferred by Elica S.p.A., a report as per Legislative Decree 254/2016 and Consob Regulation No. 20267 on the Non-Financial Report of Elica S.p.A. and its subsidiaries regarding the 2019 financial year, approved by the Board of Directors of Elica S.p.A. on March 12, 2020.

In the course of the supervisory activity carried out and based on the information obtained, no significant omissions and/or significant matters or irregularities that would require reporting to the Supervisory Authority or mention in the present report were noted.

In conclusion therefore, taking account of that outlined above, we do not indicate, to the extent of our remit, reasons which would prevent approval of the financial statements at 31/12/2019, as presented, nor observations regarding the proposal to cover the losses for the year, drawn up by the Board of Directors.

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The Group consolidated financial statements have been reviewed by us and we report no further observations in this regard.

Jesi, 18/03/2020

#### THE BOARD OF STATUTORY AUDITORS

FREZZOTTI GIOVANNI	- Chairman
BELLI MASSIMILIANO	- Statutory Auditor
NICOLINI MONICA	- Statutory Auditor