



## Directors' report on the Board of Directors' appointment

*Courtesy translation. In case of conflict, Italian version will prevail*

Dear Shareholders,

you are convened at the Ordinary Meeting called on 27 October 2020, 10.30 a.m., at the Company's premises in Ozzano dell'Emilia (BO), Via Emilia nos. 428/442, to resolve on the following:

*Appointment of the Board of Directors, upon the condition precedent of the closing of the sale and purchase transaction of SO.FI.M.A. S.p.A. shares, communicated to the market on 28 July 2020:*

- (i) decision of the number of the members of the Board of Directors;*
- (ii) appointment of the directors;*
- (iii) decision of the term of the office of the Board of Directors;*
- (iv) decision of the annual remuneration for the directors.*

The Board of Directors currently in charge was appointed by the Shareholders' Meeting of 27 April 2018, is composed of fourteen members and will cease from its office on the day of the meeting that will be called to approve the financial statements as at 31 December 2020.

On 28 July 2020 (hereinafter, **Signing Date**), the controlling entity SOFIMA communicated that on the Signing Date, 4emme s.r.l., Alva S.p.A., Amca s.r.l., Cofiva S.A., Fariniundici S.p.A., Ipercubo s.r.l., Lefa s.r.l., Mefa s.r.l. e P.M. Investments s.r.l. (hereinafter, **Sofima Shareholders**), SOFIMA and May Holding S.à r.l., indirectly controlled by the funds advised by BC Partners (hereinafter, **Financial Sponsor**) entered into a purchase and investment agreement (hereinafter, **Purchase and Investment Agreement**), governing, *inter alia*, the purchase by the Financial Sponsor of no. 188,792 SOFIMA shares, equal to 19.070% of SOFIMA's share capital, by the Sofima Shareholders (hereinafter, **Acquisition**), that will become effective upon satisfaction of the conditions precedent set out under the Purchase and Investment Agreement (hereinafter, **Closing Date**).

The Purchase and Investment Agreement sets out for the underwriting, at the Closing Date, of a shareholders agreement governing, *inter alia*, the corporate governance of both SOFIMA and IMA, as well as some limitations to the assignment of the shares thereof (hereinafter, **Shareholders Agreement**).

The agreements contained in the Shareholders Agreement, made available to the public on IMA's website on 2 August 2020, being relevant pursuant to article 122, paragraphs 1 and 5, letters a), b), c), d) and d-bis), D.Lgs. 58/98 (hereinafter, **TUF**), set out, *inter alia*, that "... by Closing Date, the Sofima Shareholders shall provide for the majority of IMA's directors currently in charge to resign, for the calling (pursuant to the applicable laws) of the shareholders' meeting of IMA for the purpose of appointing the new board of directors of IMA on the basis of the candidates list agreed by the parties and for SOFIMA to vote in favour of such list in order that the new board of directors of IMA may be composed by either (i) 10 (ten) members should the minority shareholders appoint no director, or (ii) 11

*(eleven) members members should the minority shareholders appoint one director. Such resolution will become effective upon satisfaction of the condition precedent of the Closing execution. ...".*

On 7 September 2020, the majority of the directors filed their resignation letters (hereinafter, **Resignation**), communicating to the Board of Directors and to the Chairman of the Board of Statutory Auditors their decision to irrevocably resign as from, and upon condition of, both (i) appointment by the Meeting of IMA of the new Governing Body of IMA, and (ii) execution of the Acquisition on the Closing Date.

The Resignation of the majority of the Board of directors members, shall result in the divesting of the whole Governing Body and in the necessary call of the Shareholders' Meeting in order to resolve on the appointment of a new Board of Directors, subject to the condition precedent of the execution of the Acquisition on the Closing Date.

With this regard, please note that article 15 of the Company's by-laws sets out for the Company to be governed by a Board of Directors composed of 5 to 15 members, pursuant to the laws and regulations applicable from time to time with reference to gender balance as per article 147-ter, para. 1-ter of TUF.

The Meeting that will appoint the Board of Directors shall decide the number of members thereof and the term of their office, not exceeding three financial years and with termination on the date of the meeting that will be called to approve the financial statements as at the last financial year of their office.

Article 15 of the Company's by-laws sets out that the Shareholders' Meeting shall appoint of the Board of Directors on the basis of the lists that have been filed by shareholders owning, either individually or jointly with other shareholders, at least 1% of the share capital, as provided for under the company's by-laws and under Consob Executive Decision no. 28 of 30 January 2020.

The terms and procedures governing the candidates lists, as well as the documents to be attached thereto, are indicated both in the Company's by-laws and in the notice of call, to which reference is made.

Please note that the lists, together with the professional curricula of each candidate, shall be underwritten by the shareholders and filed at the Company's registered office at least 25 days prior to the meeting date, and it is set out the obligation to provide the Company with the intermediaries' certificates stating the ownership of the shares as at the filing date of the list related thereto within the twenty-first day prior to the Meeting date.

The shareholders, while filing the list, shall identify themselves and shall indicate the percentage of share capital they own at that moment.

Each list shall include 15 candidates, listed in progressive number; the statement of the candidates accepting the candidature and declaring, under their own responsibility, the absence of ineligibility and incompatibility causes, as well as the eligibility criteria set out under the applicable laws and regulations shall be filed together with the list.

Each list shall include:

- a) candidates of different gender, in order to allow a composition of the Board in compliance with the laws on gender balance, i.e. two-fifths of the appointed directors shall belong to the less represented gender;
- b) at least two candidates meeting the independence criteria set out by the applicable law.

The lists shall expressly indicate the directors meeting such independence criteria. Individuals whom are candidate in more than one list will be excluded.

Any list that does not comply with the Company's by-laws will be considered as not filed.

Please note that at the end of the voting procedure the candidates of the two lists with the highest number of votes will be appointed, provided that such number exceeds half of the percentage of the share capital which is needed for the filing of the lists, to be calculated at the moment of the voting procedure, with the following

criteria:

- a) a number of directors equal to the overall number of the Board members, minus one, as previously resolved by the meeting will be chosen from the list which has received the highest number of votes (the "Majority List"); the candidates will be appointed, within such limits, following the order under which they are listed;
- b) a director – i.e. the individual whom was first in the list – will be chosen from the list which has received the second highest number of votes and which is not connected in any manner whatsoever, either directly or indirectly, with the shareholders that filed or voted the Majority List.

In the event of equal votes between two or more lists or in the event of filing of a sole list, the procedures set out under article 15 of the Company's by-laws will apply.

In the light of the above, the Board of Directors hereby invites the Meeting to appoint the Board of Directors, subject to the condition precedent of the execution of the SOFIMA shares sale and purchase transaction that was communicated to the market on 28 July 2020:

- a) deciding the number of the members thereof;
- b) voting the lists that have been filed and made available to the public upon the terms and conditions set out under the notice of call and the Company's by-laws;
- c) setting the term of the office of three financial years, with expiration on the date of the meeting that will be called to approve the financial statements as at 31 December 2022;
- d) setting a gross compensation of euro 20,000 on yearly basis for each director and an end-of-office indemnity for the directors whom will be designated by the Board of Directors as executive directors, that for each of them shall be equal to 11% of the fixed compensation on yearly basis.

Ozzano dell'Emilia (BO), 16 September 2020

On behalf of the Board of Directors

The Chairman

Alberto Vacchi