



ORDINARY SHAREHOLDERS' MEETING

16 NOVEMBER 2023 – 3:00 PM CET - FIRST CALL

17 NOVEMBER 2023 – 3:00 PM CET - SECOND CALL

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE
AGENDA ITEMS**

Dear Shareholders,

The following report (the "Report") has been prepared by the Board of Directors of Cofle S.p.A. ("Cofle" or the "Company") to elucidate the matters on the agenda of the upcoming Ordinary Shareholders' Meeting, scheduled for November 16, 2023, at 3:00 PM CET, on first call, and if necessary, on November 17, 2023, at the same time, on second call, at the Company's registered office in Trezzo sull'Adda (MI), Via del Ghezzo no. 54.

Specifically, you are summoned to deliberate on the following agenda:

1. Authorization for the purchase and disposition of treasury shares pursuant to articles 2357 and subsequent of the Civil Code. Related and consequent resolutions.

Explanatory Report of the Board of Directors on the first and only item on the agenda

Distinguished Shareholders,

Regarding the first and only item on the agenda, you have been convened in an Ordinary Meeting to deliberate on the approval of authorizing the Board of Directors to purchase and dispose of treasury shares pursuant to articles 2357 and subsequent of the Civil Code, as well as article 132 of Legislative Decree No. 58 of February 24, 1998 ("TUF") and article 144-bis of the Consob Issuers' Regulation No. 11971 of May 14, 1999 ("Consob Issuers' Regulation").

We hereby illustrate the methods and terms of the proposed operation.

Reasons for requesting authorization for the purchase and disposition of treasury shares

The request for authorization to carry out transactions for the purchase and disposition of treasury shares aims to enable the Company to buy and dispose of its ordinary shares, in compliance with existing EU and national legislation and accepted market practices. These ordinary shares are without nominal value and are intended for the following purposes:

- (a) To incentivize and retain employees, collaborators, administrators of the Company, any subsidiary companies and/or other categories of subjects discretionarily selected by the Board of Directors (within the framework of share incentive plans, in any form structured e.g., stock options, stock grants, or work for equity plans);
- (b) To employ shares as consideration in extraordinary transactions, including share swap operations, with other entities, to be realized through exchange, contribution, or other act of disposition and/or use, including allocation to service convertible bond loans into Company shares or bond loans with warrants;
- (c) To carry out activities to support the liquidity of the shares, thereby promoting the regular progression of trading and preventing price movements not aligned with market trends, in accordance with the temporarily prevailing accepted market practices;
- (d) To potentially dispose of, where deemed strategic for the Company, investment or divestment opportunities also in relation to available liquidity, all within the terms and methods that will be eventually decided by the competent corporate bodies.

Maximum Number, Category, and Nominal Value of the Shares Subject to the Authorization

The authorization is requested for the purchase, in one or more tranches, also on a rotating (i.e., revolving) basis, of ordinary shares of the Company without nominal value, up to a maximum number that, taking into account the ordinary shares of the Company from time to time held in the portfolio by the Company and its controlled companies, is not collectively more than 20% (twenty percent) of the Company's share capital, pursuant to art. 25-bis of the Euronext Growth Milan Issuers Regulation or any different maximum amount provided by the legislation in force at the time.

As of the date of this report, the subscribed and paid-up share capital of the Company amounts to Euro 615,599.60 and is comprised of no. 6,155,996 ordinary shares without indication of nominal value. As of the date of this report (i) the Company does not hold any treasury shares, and (ii) the companies controlled by the Company do not hold any shares of the same.

In accordance with art. 2357, paragraph 1, of the Civil Code, only fully paid-up shares may be purchased. The purchase operations must still be carried out within the limits of distributable profits and available reserves resulting from the last approved balance sheet at the time of each transaction, creating a specific treasury shares reserve and, in any case, proceeding to the necessary accounting allocations in the manner and within the limits prescribed by law.

The amount of available reserves and distributable profits, as well as the verification of information for assessing compliance with the maximum purchase limit referred to in the authorization, will be subject to analysis by the Board of Directors at the time of each transaction.

On the occasion of each purchase or disposal, exchange, contribution, or devaluation of the treasury shares, the Company will make the appropriate accounting entries, in accordance with article 2357-ter, last paragraph, of the Civil Code and applicable accounting principles. To allow verifications on controlled companies, these will be given specific directives for timely communication to the Company of any purchase of ordinary shares of the controlling company carried out pursuant to article 2359-bis of the Civil Code.

In any case, it is proposed to set at Euro 1,000,000.00 (one million/00), to be charged against the available reserves, the amount usable for the purchase of treasury shares.

Duration for Which the Authorization is Requested

The authorization for the purchase of treasury shares is requested for the maximum duration allowed by applicable legislation, currently set by Article 2357, paragraph 2, of the Civil Code, at 18 months from the date of the shareholders' meeting resolution approving the proposal.

Within the period of the possibly granted authorization, the Company may carry out repeated and successive purchase operations and, without time limits, sales operations (or other dispositions) of treasury shares, at any time even on a rotating (i.e., revolving) basis and even for fractions of the maximum authorized quantity, with the gradualness deemed appropriate in the interest of the Company. However, this should be done in such a way that, at all times, the quantity of shares subject to the proposed purchase and in the ownership of the Company does not exceed the limits set by law and by the authorization of the Assembly and in accordance with the legislative and regulatory provisions applicable from time to time.

The authorization for the disposition of the possibly acquired treasury shares is instead requested without time limits, due to the absence of time limits according to the current provisions and the opportunity to allow the Board of Directors the maximum flexibility, also in temporal terms, to carry out the acts of disposition of the shares.

Minimum and Maximum Consideration

The purchase price of the shares will be identified from time to time, taking into account the chosen method for carrying out the operation and respecting any regulatory prescriptions or admitted market practices (possibly applicable to the Company or usable by it). However, in any case, it must not be lower or higher by more than 15% (fifteen percent) compared to the official market price of the shares recorded by Borsa Italiana S.p.A. in the session preceding each single operation. Exceptions are made for cases where the shares are subject to exchange, contribution, assignment, or other non-monetary dispositions, in which the economic terms of the operation will be determined, in compliance with current regulations, based on the nature and characteristics of the operation – and always in compliance with the terms and conditions established by Delegated Regulation (EU) No. 1052 of 8 March 2016 (the "Delegated Regulation") and further applicable regulation (also of a European or supranational nature) and the aforementioned admitted practices (where applicable), and in particular, in accordance with Article 3, paragraphs 2 and 3, of the Delegated Regulation:

- Shares cannot be purchased at a price higher than the higher of the price of the last independent transaction and the highest current independent purchase offer price in the trading venue where the purchase is made;
- In terms of volumes, the daily quantities of purchase will not exceed 25% (twenty-five percent) of the average daily trading volume of Cofle shares in the 20 trading days preceding the purchase dates.

The Board of Directors proposes to be authorized to alienate, dispose of, and/or use, pursuant to Article 2357-ter of the Civil Code, at any title and at any time, in whole or in part, in one or more times, the treasury shares purchased under the authorization possibly granted by the Assembly, for the purposes indicated above, according to methods, terms, and conditions determined from time to time by the Board of Directors, taking into account the concrete implementation methods employed, the trend of Cofle's share prices in the period preceding the operation, and the best interest of the Company. It is understood that the proceeds from any act of disposition of the treasury shares may be used for further purchases of shares, up to the expiration of the requested shareholders' meeting authorization, within the limits provided by it and by the prevailing regulations.

Methods of Execution of Transactions

In light of the various objectives achievable through transactions involving its own shares, the Board of Directors proposes that authorization be granted for the execution of purchases, in compliance with the principle of equal treatment of shareholders as set out in Article 25-bis of the Euronext Growth Milan Issuers Regulation, and Article 132 of the Consolidated Law on Finance (TUF), according to any of the methods outlined in Article 144-bis of the Consob Issuers Regulation (including through subsidiaries). These methods will be determined from time to time at the discretion of the Board itself, and currently include:

(a) Through public purchase or exchange offers;

(b) With purchases made on regulated markets or on multilateral trading systems, in accordance with the procedures established by Borsa Italiana S.p.A., which do not allow direct matching of incoming purchase proposals with pre-determined sales proposals;

(c) Through the purchase and sale of derivative instruments traded on regulated markets or multilateral trading systems, involving physical delivery of the underlying shares and under conditions set by Borsa Italiana S.p.A.;

(d) By allocating to shareholders a proportional put option, exercisable within the term of the authorization;

(e) Using market practices approved by Consob under Article 13 of EU Regulation No. 596/2014 (Market Abuse Regulation, hereinafter "MAR").

Furthermore, share purchase operations may also be carried out in accordance with the methods provided for in Article 3 of the Delegated Regulation, to benefit, where appropriate, from the exemption set out in Article 5, paragraph 1, of the MAR, regarding market abuses concerning insider dealing and market manipulation.

Regarding the disposal of shares, the Board of Directors proposes that disposals can be made, in one or more instances, even before the entire quantity of own shares that can be acquired has been exhausted. Such disposals can be executed in any manner deemed appropriate for achieving the interests of the Company and the aforementioned objectives, either directly or through intermediaries, in compliance with the current legal and regulatory provisions.

Specifically, as for the operational methods of disposal, these may be implemented, inter alia, through the sale of own shares on the market, in block trades or otherwise off-market, accelerated bookbuilding, or by means of swap or lending of securities, or free allocation, granting the Board of Directors (or its delegate) the power to determine, in compliance with legal and regulatory provisions, the terms, methods, and conditions of the act of disposal and/or use of own shares deemed most suitable in the interest of the Company. Shares used for stock incentive plans will be allocated in the manner and terms specified by the regulations of the respective plans in force from time to time.

It should be noted that, pursuant to the exemption provided for in Article 132, paragraph 3, of the TUF, the above operational methods do not apply in cases of purchase of own shares by employees of the Company, controlled companies, or the controlling company, when assigned to them as part of a stock incentive plan in accordance with Articles 2349 and 2441, paragraph 8, of the Civil Code, or arising from compensation plans approved under Article 114-bis of the TUF.

The operations of purchase and alienation of own shares carried out will be subject to market disclosure in accordance with the terms and methods of the current regulatory framework.

Information on the Instrumentality of the Purchase for Capital Reduction

It is pointed out that the purchase of own shares subject to this authorization request is not instrumental to the reduction of the company's capital through the cancellation of the purchased own shares. However, should a capital reduction be approved by the Assembly in the future, the Company retains the option to implement it also through the cancellation of the own shares held in the portfolio.

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In light of the foregoing, in relation to the current item on the agenda, the Board of Directors hereby submits for your approval the following:

– PROPOSED RESOLUTION –

The Shareholders' Meeting of Cofle S.p.A., convened in ordinary session,

- having heard the presentation of the Chairman,

- having taken into account the illustrative report of the Board of Directors,
- having regard to the provisions of articles 2357 and 2357-ter of the Civil Code,

resolves

1. to authorize the Board of Directors, and for it, the Chairman of the Board of Directors, with the power to sub-delegate within legal limits, in accordance with and for the purposes of article 2357 of the Civil Code, to proceed with the purchase, in one or more tranches, even on a rotating (i.e., revolving) basis, for a period of 18 months from the date of this resolution, of ordinary shares of Cofle S.p.A., for the purposes stated in the aforementioned illustrative report of the Board of Directors and within the limits and conditions set forth in the same report, which are fully referred to, and in particular with the following procedures:

a) the maximum number of shares to be purchased, taking into account the Cofle shares from time to time held in the portfolio by the Company and its subsidiaries, shall not exceed 20% (twenty percent) of the Company's share capital, in accordance with article 25-bis of the Euronext Growth Milan Issuers Regulation or any different maximum amount provided for by the law in force at the time;

b) the purchase may be made in accordance with article 25-bis of the Euronext Growth Milan Issuers Regulation, article 132 of Legislative Decree No. 58/1998, and article 144-bis of Consob Regulation No. 11971/1999, therefore in compliance with the principle of equal treatment of shareholders, as well as in accordance with admitted market practices;

c) the purchases shall be made at a unit price not lower nor higher than 15% (fifteen percent) of the official market price of the shares as recorded by Borsa Italiana S.p.A. in the session preceding each individual operation – except in cases where the shares are subject to exchange, contribution, assignment, or other acts of disposition not in cash, in which cases the economic terms of the operation shall be determined, in compliance with current regulations, based on the nature and characteristics of the operation – provided that the maximum consideration shall in any case be Euro 1,000,000.00 (one million and zero zero), in compliance with the terms and conditions established by Delegated Regulation (EU) No. 2019/1052 and other applicable regulations (including European or supranational) and the aforementioned admitted practices (where applicable), and in particular:

- no shares may be purchased at a price higher than the higher of the price of the last independent transaction and the price of the highest current independent purchase offer in the trading venue where the purchase is made;
- in terms of volumes, the daily quantities of purchase shall not exceed 25% of the average daily trading volume of the Cofle title in the 20 trading days preceding the purchase dates;

d) the execution of the purchases may take place using any of the methods provided for in article 144-bis of Consob Regulation No. 11971/1999 (also through subsidiaries), to be identified from time to time at the discretion of the Board itself.

In light of the above, in relation to the current item on the agenda, the Board of Directors therefore submits the following for your approval:

1. to authorize the Board of Directors and, for it, the Chairman of the Board of Directors, with the power to sub-delegate within legal limits, so that, in accordance with and for the purposes of article 2357-ter of the Civil Code, it may dispose of the purchased shares, in one or more instances, without time limits, in the ways deemed most appropriate in the interest of the Company and in compliance with applicable regulations, for the purposes stated in the illustrative report of the Board of Directors and within the limits and conditions set forth in the same report, which are fully referred to, and in particular with the following procedures:
 - the disposals of the shares may be made, in one or more instances, even before the quantity of own shares that can be purchased has been exhausted;
 - the disposals of the shares may be made in any way that is deemed appropriate to achieve the interest of the Company and the purposes stated in the illustrative report of the Board and in any case in compliance with applicable regulations and the market practices admitted at the time, also granting to the administrative body and its representatives as above the power to establish, in compliance with legal and regulatory provisions, the terms, methods, and conditions of the act of disposal and/or use of the own shares deemed most appropriate in the interest of the Company;
2. to grant to the Board of Directors and, for it, to the Chairman of the Board of Directors, with the power to sub-delegate within legal limits, the authority to make, also pursuant to article 2357-ter, paragraph 3 of the Civil Code, any necessary or appropriate accounting registrations in relation to the transactions on own shares, in observance of the existing legal provisions and applicable accounting principles;
3. to confer to the Board of Directors, and for it to the Chairman, with the power to subdelegate, within legal limits, the broadest powers for the execution of the purchase operations as per this resolution, as well as for any other formality related to them, including the possible appointment of authorized intermediaries in accordance with the law, and for the performance of acts of alienation, disposition, and/or use of all or part of the purchased own shares and in any case for the implementation of the foregoing resolutions, also through their own attorneys, also approving any and all executive provisions of the relevant purchase program and complying with the applicable provisions from time to time in force and any requirements by the competent Authorities.

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Trezzo sull'Adda (MI), 1st november 2023

For the Board of Directors
The Chairman of the Board of Directors
Walter Barbieri