



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

*(under article 125-ter of Legislative Decree no. 58/1998 and articles 73 and 84-ter of  
Consob Regulation no. 11971/1999).*

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**Ordinary Shareholders' Meeting**

**29 May 2024 - single call**

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**FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A.**

Via Berlino 39 – 24040 Zingonia-Verdellino (BG),  
Tax code and VAT no. 09320600969

Dear Shareholders,

this report (the "**Report**") has been prepared by the Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. ("**Fine Foods**" or the "**Company**") under article 125-*ter* of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented (the Consolidated Law on Finance Intermediation "**TUF**") and article 84-*ter* of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999, as amended and supplemented (the "**Issuers' Regulations**"), and illustrates the agenda items of the 29 May 2024 Ordinary Shareholders' Meeting on a single call.

You are asked to resolve on the following agenda:

1. 31 December 2023 Financial Statements; related and consequent resolutions:
  - 1.1 Approval of the 31 December 2023 Company Financial Statements and the Board of Directors' Report on Operations; Acknowledgement of the Board of Statutory Auditors and Auditing Company Reports. Presentation of the 31 December 2023 Consolidated Financial Statements and the Consolidated Non-Financial Statement prepared under Legislative Decree no. 254/2016 for the 2023 financial year;
  - 1.2 Allocation of the result for the year.
2. Dividend distribution. Related and consequent resolutions.
3. Authorisation to buy and dispose of treasury shares under articles 2357 and 2357-*ter* of the Civil Code, subject to the revocation of the unexecuted part of a previous Shareholders' Meeting authorisation dated 09 May 2023. Related and consequent resolutions.
4. Report on remuneration policy and compensation under Article 123-*ter*, paragraphs 3-*bis* and 6 of Legislative Decree no. 58/1998:
  - 4.1 First Section: report on remuneration policy. Binding resolution;
  - 4.2 Second Section: report on remuneration paid. Non-binding resolution.
5. Appointment of the Board of Directors. Related and consequent resolutions:
  - 5.1 Setting the number of Board of Directors members;
  - 5.2 Deciding the Board of Directors duration;
  - 5.3 Appointing the Board of Directors members;
  - 5.4 Appointing the Board of Directors Chairperson;
  - 5.5 Establishing the Board of Directors members' remuneration.
6. Appointment of the Board of Statutory Auditors for the 2024-2026 financial years. Related and consequent resolutions:
  - 6.1 Appointing three Statutory Auditors and two Alternate Auditors;
  - 6.2 Appointing the Chairperson of the Board of Statutory Auditors;
  - 6.3 Establishing the Board of Statutory Auditors members' remuneration.

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Under art. 10.7 (i) of the Company Articles of Association, ("**Articles of Association**"), the Shareholders' Meeting can be attended also by using telecommunications for those eligible and the share capital may participate exclusively through the representative appointed under Article 135-*undecies.1* of the TUF.

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## **ITEM 1 ON THE ORDINARY SHAREHOLDERS' MEETING AGENDA**

### **1. 31 December 2023 Financial Statements; related and consequent resolutions:**

#### **1.1. Approval of the 31 December 2023 Company Financial Statements and the Board of Directors' Report on Operations; Acknowledgement of the Board of Statutory Auditors and Auditing Company Reports Presentation of the 31 December 2023 Consolidated Financial Statements and the Consolidated Non-Financial Statement prepared under Legislative Decree no. 254/2016 for the 2023 financial year**

Dear Shareholders,

the first item on the agenda of the 29 May 2024 Shareholders' Meeting is the 31 December 2023 Financial Statements, please read the Fine Foods Annual Financial Report as of 31 December 2023, approved by Fine Foods Board of Directors on 29 March 2024 and containing the Company's draft Financial Statements and Consolidated Financial Statements, together with the Board of Directors' Report on Operations and the certification under Article 154-*bis*, paragraph 5 of the TUF.

On 29 March 2024, separately from the Board of Directors' Report on Operations, the Board of Directors approved the Consolidated Non-Financial Statement, prepared under Legislative Decree no. 254/2016.

The above documentation, the Board of Statutory Auditors and Auditing Company Reports are available under legal procedures and terms.

The Company's Consolidated Financial Statements as of 31 December 2023, which showed a loss of € 3,522,098.00, and the Consolidated Non-Financial Statement prepared under Legislative Decree no. 254/2016 are brought to your attention but are not subject to approval by the Company's Shareholders' Meeting.

Referring to these documents, we invite you to approve the 31 December 2023 Financial Statements, which closed with a loss for the year of € 7,437,309.00, proposing the following:

#### **- RESOLUTION PROPOSAL -**

*"The Ordinary Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A.,*

- having heard the Chairperson's presentation;*
- having examined the 31 December 2023 draft Financial Statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A. and the Report on Operations;*
- having acknowledged the reports submitted by the Board of Statutory Auditors and the Auditing Company, and the 31 December 2023 Consolidated Financial Statements and the Non-Financial Statement for the 2023 financial year prepared under Legislative Decree no. 254/2016*

*resolved*

1. to approve the 31 December 2023 Financial Statements and the Board of Directors' Report on Operations;
2. to grant the Board of Directors, and, on its behalf, the Chairperson and the CEO with several powers to sub-delegate, under the law, to implement this resolution, optionally using proxy/sub-delegation under the law, and file it with the Companies Register, accepting and introducing formal and non-substantial amendments, additions or deletions, if required by relevant Authorities."

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## 1.2. Allocation of the result for the year

Dear Shareholders,

the 31 December 2023 Financial Statements, which are subject to approval under this item on the agenda, showed a loss for the year of € 7,437,309.00.

Regarding the allocation of the year's result, the Board of Directors proposed to cover the loss for the year in full from the "Merger surplus reserve." As of this Report's date, this reserve was € 29,741,389.

Given the above and as for this item of the agenda, the Board of Directors submits the following for your approval:

### - RESOLUTION PROPOSAL -

*"The Ordinary Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A., after approving the 31 December 2023 Financial Statements and considering the Board of Directors' proposal*

*resolved*

1. to cover the loss for the year of € 7,437,309.00 in full using the "Merger surplus reserve."

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## ITEM 2 ON THE ORDINARY SHAREHOLDERS' MEETING AGENDA

### 2. Dividend distribution. Related and consequent resolutions

Dear Shareholders,

the result for the year (loss for the year of € 7,437,309.00), derived mainly from the increase in financial charges was mainly attributable to the interest rate increases, the loss resulting from the demolition of a Company's building and the write-down of the Euro Cosmetic S.p.A. investment.

The Company's Board of Directors called a meeting to discuss various agenda items and propose the distribution of a unit dividend among the Shareholders entitled to receive it on the scheduled dividend date. The Board of Directors submits the following for your approval:

- (i) Distribution of a € 0.12 unit dividend, gross of withholding taxes where applicable, for each outstanding ordinary share, excluding treasury shares in the Company's portfolio, to each Shareholder entitled on the scheduled dividend date, for a maximum of € 3,300,000.

- (ii) The dividend payment under Borsa Italiana S.p.A. schedule as a one-time payment on 5 June 2024, with ex-dividend date on 3 June 2024, and the "record date", which is the date when the account records are deemed accurate for determining dividend eligibility, on 4 June 2024.

The dividend distribution will be made using the "Merger surplus reserve." As of this Report's date, this reserve was € 29,741,389.

Given the above and as for this item of the agenda, the Board of Directors submits the following for your approval:

**- RESOLUTION PROPOSAL -**

*"The Ordinary Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A.,*

- having acknowledged the Board of Directors' Explanatory Report for the proposal distribution of a unit dividend of € 0.12, gross of withholding taxes where applicable, for each of the outstanding shares, excluding treasury shares in the portfolio;*
- considering the existence of available reserves in an appropriate amount,*

*resolved*

- 1. to distribute a € 0.12 unit dividend, gross of withholding taxes where applicable, for each outstanding ordinary share, excluding treasury shares in the Company's portfolio, to each Shareholder entitled on the scheduled dividend date, for a maximum of € 3,300,000 using the "Merger Surplus Reserve";*
- 2. to grant the Board of Directors, and, on its behalf, the Chairperson and the CEO several powers necessary to verify the exact amount of the "Merger surplus reserve" for the dividend distribution based on the final number of eligible shares. This is without prejudice to the unit dividend as established above;*
- 3. to confirm that the dividend will be paid on 05 June 2024, with ex-dividend dates on 03 June 2024 and "record date" on 04 June 2024;*
- 4. to grant a mandate to the Board of Directors, and, on its behalf, the Chairperson and the CEO with several powers to sub-delegate, to carry out the formalities and communications, filing and publication for the above resolution, under applicable legislation, making any necessary formal amendments, additions or deletions."*

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**ITEM 3 ON THE ORDINARY SHAREHOLDERS' MEETING AGENDA**

- 3. Authorisation to buy and dispose of treasury shares under articles 2357 and 2357-ter of the Civil Code, subject to the revocation of the unexecuted part of a previous Shareholders' Meeting authorisation dated 09 May 2023. Related and consequent resolutions**

Dear Shareholders,

with reference to the third item on the agenda, a discussion will be held at the ordinary Shareholders' Meeting, to resolve on the revocation of the unexecuted part of the authorisation to buyback treasury shares which was approved by the Shareholders' Meeting on 09 May 2023 and to provide a new

authorisation to buyback and dispose of treasury shares under articles 2357 and 2357-*ter* of the Italian Civil Code.

Consequently, under Article 73 of the Issuers' Regulations, the Board of Directors has approved this Report, in compliance with Annex 3A, Scheme no. 4 of the above Issuers' Regulations, which illustrates authorisation purposes, methods and features to Shareholders.

On 09 May 2023, the Company Ordinary Shareholders' Meeting authorised the buyback and disposal of treasury shares under Articles 2357 and 2357-*ter* of the Italian Civil Code. This can be carried out in one or more tranches, including on a revolving basis, for a maximum of 18 months as of the relevant resolution's effective date. These shares shall hold a value of up to 20 per cent of the Company's share capital and a maximum countervalue of € 26,000,000.00, after considering Company and its subsidiaries' ordinary shares held in the portfolio.

Considering that the buyback authorisation lasts 18 months from the date of the shareholders' resolution and will expire during the 2024 financial year, the governing body convened the Shareholders' Meeting to authorise buyback and disposal of treasury shares under article 2357 et seq. of the Italian Civil Code, subject to revocation of the 09 May 2023 resolution for the unexecuted part, without prejudice to the permanent validity of the authorisation for the future disposal of treasury shares already purchased by the Company.

We illustrate the proposed transaction terms and conditions.

#### *Reasons to authorise the buyback and disposal of treasury shares*

The purpose of the authorisation request to buyback and dispose of ordinary treasury shares is to provide the Company with a strategic investment opportunity for purposes permitted by legal provisions, including, (i) those in Article 5 of Regulation (EU) no. 596/2014 (Market Abuse Regulation, hereafter "**MAR**"), including "*to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer*", (ii) stabilising, supporting liquidity and market efficiency, (iii) obtaining the availability of a portfolio of securities (so-called "securities stock") to be used for extraordinary transactions, including exchange of shareholdings, with other parties, and the use of bonds convertible into Company shares or bonds with warrants, dividends in shares, within the terms, purposes and in the manner that may be decided by the relevant corporate bodies; and (iv) any other purpose contemplated by market practices admitted by the supervisory authority under art. 13 of MAR, within the limits provided for by current regulations and within the terms, purposes and in the manner decided by the relevant corporate bodies.

#### *Maximum number, category and nominal value of the shares to which the authorisation refers*

It is proposed that the Shareholders' Meeting authorises to buyback Company ordinary shares (fully paid-up), without a nominal value, in one or more tranches, on a revolving basis, in an amount freely determinable by the Board of Directors up to 20 per cent of the Company share capital. This must consider the portfolio of Company (treasury) shares held by the Company and any subsidiaries. It is proposed to grant a mandate to the Board of Directors to identify the number of ordinary shares to be purchased prior to the start of each individual buyback programme, under the maximum limit mentioned above and the applicable regulations.

It is proposed that the Shareholders' Meeting simultaneously authorises the Board of Directors to dispose of and sell the Company's ordinary shares purchased under the procedures below and applicable laws and regulations.

#### *Information needed for a full assessment of compliance with art. 2357, paragraphs 1 and 3 of the Italian Civil Code*

Under art. 2357, paragraph 3 of the Italian Civil Code, the nominal value of the treasury shares that the Company may buyback cannot exceed a fifth of the share capital, considering the shares held by subsidiaries.

As of 29 March 2024, the Fine Foods subscribed and paid-up share capital was € 22,770,445.02 and was represented by No 25,560,125 shares (of which 22,060,125 ordinary shares were listed on the Euronext STAR Milan market, organised and managed by Borsa Italiana S.p.A., and 3,500,000 unlisted multiple-voting shares), all without a nominal value being declared.

As of this report's date, the company holds 1,077,669 ordinary treasury shares without voting rights under article 2357-*ter* of the Italian Civil Code, equal to about 4.2162% of the share capital. None of the subsidiaries owns Fine Foods shares.

Under art. 2357, paragraph 1 of the Italian Civil Code, treasury shares buyback is permitted within the limits of distributable profits and available reserves resulting from the latest approved Financial Statements at the time of each transaction. Only fully paid-up shares may be purchased.

The 31 December 2023 draft Financial Statements submitted for approval to the Shareholders' Meeting convened on a single call on 29 May 2024 (assuming approval by the Shareholders' Meeting under the terms proposed by the Board) include available reserves of € 131,141,439 and freely distributable reserves of € 109,366,954, gross to cover the 2023 loss. Compliance with art. 2357, paragraphs 1 and 3 of the Italian Civil Code for the buyback of treasury shares must be verified with each authorised purchase, considering any further unavailability restrictions that may arise later.

The subsidiaries will be given specific instructions to promptly notify the Company of any buyback of Parent Company shares under art. 2359-*bis* of the Italian Civil Code to allow for verifications on the subsidiaries.

When buying back, selling, exchanging and transferring treasury shares, the Company will make the necessary accounting entries under the law and applicable accounting principles.

#### Authorisation duration

Authorisation to purchase treasury shares is requested for the maximum duration allowed by the applicable *pro tempore* regulations, under Article 2357, paragraph 2 of the Italian Civil Code, over a period of 18 months, starting from the date of any resolution approving this proposal by the Shareholders' Meeting.

Within the granted authorisation period and under applicable regulations, the Board of Directors may buyback ordinary shares several times, for purposes identified by the Board of Directors, to a freely determined extent and period. This will be carried out gradually as deemed appropriate in the Company's interest.

The authorisation to dispose of or use any purchased treasury shares is requested without time limits, because there are no legal time limits and it will provide the Board of Directors with the maximum time flexibility to carry out the share disposal or use.

#### Minimum and maximum prices

The buyback price of shares will be set on a case-by-case basis, based upon current regulations and the chosen methods. The unit price shall be neither lower nor higher by more than 15 per cent than the official stock exchange price of shares recorded by Borsa Italiana S.p.A. in the session preceding each individual transaction, and for a maximum of Euro 26,000,000.00.

For the disposal or use of treasury shares, the Board of Directors will set the criteria for determining the price, methods, terms and conditions of use of the treasury shares in portfolio. This will consider legal provisions and regulations, accepted practices, practical methods and the share price trend in the period before the transaction, and the Company's best interests. If there are (i) transactions for which it is appropriate to exchange or transfer shares which can be carried out by means of exchange or contribution or during capital transactions involving the assignment or disposal of treasury shares (such as, mergers, demergers, issuance of convertible bonds or warrants using treasury shares or share dividends, etc.); and (ii) stock incentive plans, including free-of-charge stock grants reserved for directors, employees or partners belonging to the Company or other companies controlled by the Company or its parent, different criteria may be used, under the Company objectives and applicable legislation.

Under article 2357-*ter* of the Italian Civil Code, the Board of Directors proposed to be authorised to sell, dispose of or use (in any capacity and at any time, in whole or in part, in one or more tranches) treasury shares purchased as part of any authorisation granted by the Shareholders' Meeting for the above mentioned purposes. This is under the procedures, terms and conditions established by the Board of Directors, best practice, the Company's share price trend and its best interests. The proceeds of any treasury shares disposal or use may be used for further buyback of shares, until the expiry of the Shareholders' Meeting authorisation, within the limits set by the latter and current regulations.

#### Transaction procedures

Considering the various purposes that can be pursued through transactions on treasury shares, the Board of Directors proposes that authorisation be granted to carry out buyback of treasury shares in any of the ways allowed by applicable regulations.

The Board of Directors proposed that the authorisation involving the sale, disposal or use of treasury shares should allow for the adoption of any appropriate method. This includes the use of treasury shares to service stock incentive plans, including stock grants, which can be carried out using intermediaries, under applicable laws and regulations.

For example, the disposal or use operating methods could include selling them on or off the market, accelerated bookbuilding, exchange or contribution or for capital transactions or free-of-charge assignment, as part of share incentive plans or the transfer of related real or personal rights (for example, securities lending) granting the Board of Directors (or those delegated) the power to establish the terms, methods and conditions of the disposal or use of treasury shares that are most appropriate in the Company's interest and under legal provisions and regulations.

The transactions for the buyback and disposal or use of treasury shares for which authorisation is requested shall be carried out under applicable legislation and national and EU laws and regulations, including those related to market abuse.

This is without prejudice to the power of the Board of Directors to establish any method under market practices accepted by the supervisory authority under art. 13 of MAR and conditions established by Delegated Regulation (EU) no. 1052 of 8 March 2016, where applicable.

Adequate communication of any buyback and disposal or use of treasury shares will be provided under the applicable information requirements.

#### Buyback exploitation to reduce the share capital

This buyback proposal is not aimed at reducing share capital. Should the Shareholders' Meeting resolve to reduce the share capital in the future, the Company reserves the right to implement it by cancelling the treasury shares purchased and held in its portfolio.



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Given the above and as for this item of the agenda, the Board of Directors submits the following , for your approval, without prejudice to any necessary amendments or additions under applicable regulations:

**- RESOLUTION PROPOSAL -**

*"The Ordinary Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A.,*

- having acknowledged the Board of Directors' explanatory report and proposals;*
- aware of the provisions contained in articles 2357 and 2357-ter of the Italian Civil Code, art. 132 of Legislative Decree no. 58 of 24 February 1998, art. 144-bis of the Issuers' Regulations adopted by CONSOB with resolution no. 11971/1999, as subsequently amended, and the reference provisions set out in Regulation (EU) no. 596 of 16 April 2014 and Delegated Regulation (EU) no. 1052 of 8 March 2016;*
- having regard to the 31 December 2023 Financial Statements approved by today's Shareholders' Meeting;*
- having acknowledged the pertinence of authorising the buyback and disposal of treasury shares for the purposes and under the procedures above*

*resolved*

- 1. to revoke the previous resolution authorising the buyback of treasury shares taken on 09 May 2023, for the unexecuted part, without prejudice to the permanent validity of the authorisation for the future disposal of treasury shares already purchased by the Company;*
- 2. to authorise the buyback and disposal of ordinary treasury shares for the purposes indicated in the explanatory report, and:*
  - i. to authorise, under art. 2357 of the Italian Civil Code, the buyback of FINE FOODS N.T.M S.p.A. ordinary shares in one or several tranches, on a revolving basis, over 18 (eighteen) months starting from the effective date of this resolution. These shares (without a nominal value being declared) shall hold a value of up to 20 per cent of the Company's share capital after considering Company ordinary shares held in the portfolio and any held by subsidiaries. This is carried out by severally giving the Board of Directors, Chairperson and CEO a mandate to identify the number of shares to be purchased for explanatory report purposes, at a price to be defined on a case-by-case basis, considering the method chosen to carry out the transaction and in compliance with any applicable regulations. The unit price may not be more than 15 per cent lower or higher than the official stock exchange share price recorded by Borsa Italiana S.p.A. in the session preceding each transaction, and for a maximum of € 26,000,000.00;*
  - ii. to grant a mandate to the Board of Directors, its Chairperson and Managing Director, each with several powers to sub-delegate, to identify the number of ordinary shares involved in each buyback programme, under the above purposes, before the programme's start, and to purchase ordinary shares according to legal provisions and regulations. This shall be gradually carried out in the Company's interest, granting them several powers to sub-delegate, and the widest purchasing powers under this resolution, including assigning tasks to legally authorised intermediaries and appointing special attorneys;*

- iii. *to authorise the Board of Directors, Chairperson and CEO with several powers to sub-delegate, so that, under art. 2357-ter of the Italian Civil Code, they may dispose (at any time, in whole or in part, in one or more tranches) of the ordinary treasury shares purchased under this resolution, or shares in the Company's portfolio, by selling them on the regulated market or outside this system, assigning them as part of free-of-charge share incentive plans, accelerated book building, exchange or contribution or during capital transactions, transfer of share real or personal rights, including but not limited to securities lending, under applicable legal provisions and pro tempore regulations for the purposes set forth in this resolution, and according to the terms, methods and conditions of the disposal or use of treasury shares that are most appropriate in the Company's interest. They are granted the broadest several powers to carry out disposals or use under this resolution, including assigning tasks to legally authorised intermediaries and appointing special attorneys. Disposals or use of ordinary treasury shares in the portfolio shall be carried out under applicable laws and regulations on trading listed securities. They may be carried out in one or more tranches with timing based on the Company's interest. The authorisation under this point (B).3) is granted without time limits and includes the treasury shares already held by the Company at the date of this resolution;*
3. *that, under the law, purchases referred to in this authorisation must be within the limits of distributable profits and available reserves based on the latest Financial Statements (including interim statements) approved when the transaction is carried out. The necessary accounting entries must be made at the time of buyback, sale and disposal of ordinary treasury shares under legal provisions and the applicable accounting principles."*

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#### **ITEM 4 ON THE ORDINARY SHAREHOLDERS' MEETING AGENDA**

#### **4. Report on remuneration policy and compensation under Article 123-ter, paragraphs 3-bis and 6 of the TUF**

Dear Shareholders,

as for the fourth item on the agenda, under art. 123-ter of the TUF, issuers shall make available and publish on their website a report on remuneration policy and compensation.

This report consists of two sections where:

- (i) the first section explains: (a) the Company's policy on the remuneration of the Board of Directors' members, General Managers and Key Management Personnel referred to at least the next financial year and, without prejudice to art. 2402 of the Italian Civil Code, members of the control bodies and (b) the procedures used to adopt and implement this policy;
- (ii) the second section explains the remuneration paid to the members of the governing and control bodies, General Managers and Key Management Personnel during the reference financial year.

The Board of Directors intends to submit the report on the remuneration policy and payment, approved by the governing body on 29 March 2024, to the vote of the Shareholders' Meeting as follows:

- the report "first section" to the binding vote, under art. 123-ter, paragraph 3-bis of the TUF;
- the report "second section" to the non-binding vote, under art. 123-ter, paragraph 6 of the TUF.

For a more detailed description, please refer to the related Report on remuneration policy and compensation, prepared under art. 123-ter of the TUF and art. 84-quater of the Issuers' Regulations, and for self-regulation, under Art. 5 of the Corporate Governance Code, which is made available under legal terms and procedures.

#### **4.1 First Section: report on remuneration policy. Binding resolution**

Given the above and as for this item of the agenda, the Board of Directors submits the following for your approval:

##### **- RESOLUTION PROPOSAL -**

*"The Ordinary Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A.,*

- having regard to Articles 123-ter of Legislative Decree no. 58/1998 and 84-quater of CONSOB Regulation no. 11971/1999;*
- having acknowledged the report on remuneration policy and payment drawn up by the Board of Directors;*
- considering that this resolution will be binding on the Board of Directors*

*resolved*

- 1. to approve the first section of the Report on the remuneration policy and payment drawn up by the Board of Directors under Articles 123-ter of Legislative Decree no. 58/1998 and 84-quater of CONSOB Regulation no. 11971/1999."*

#### **4.2 Second Section: report on remuneration paid. Non-binding resolution**

Given the above and as for this item of the agenda, the Board of Directors submits the following for your approval:

##### **- RESOLUTION PROPOSAL -**

*"The Ordinary Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A.,*

- having regard to Articles 123-ter of Legislative Decree no. 58/1998 and 84-quater of CONSOB Regulation no. 11971/1999; and*
- having acknowledged the report on remuneration policy and payment drawn up by the Board of Directors;*
- considering that this resolution will not be binding on the Board of Directors*

*resolved*

- 1. to express a favourable opinion on the second section of the Report on remuneration policy and compensation drawn up by the Board of Directors under Articles 123-ter of Legislative Decree no. 58/1998 and 84-quater of CONSOB Regulation no. 11971/1999."*

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#### **ITEM 5 ON THE ORDINARY SHAREHOLDERS' MEETING AGENDA**

## 5. Appointment of the Board of Directors. Related and consequent resolutions

Dear Shareholders,

with the approval of the Financial Statements for the year ended 31 December 2023, the term of office granted to the Directors of your Company by the Shareholders' Meeting of 21 April 2021 will expire.

In expressing sincere gratitude and recognition for the valuable contributions made by the Board of Directors for the Company's benefit, you are invited to resolve on the election of the new Board of Directors under Articles 15 and 16 of the Articles of Association. This includes determining the number of members who will be in office until the date of the Shareholders' Meeting called to approve the Financial Statements for their final term.

During the 30 March 2022 meeting, the Board of Directors approved a "**Diversity Policy**", with the favourable opinion of the Remuneration and Nomination Committee and the Environment, Social and Governance Committee, implementing art. 123-*bis*, paragraph 2, letter d-*bis*) of the TUF and Recommendation no. 8 of the Corporate Governance Code of listed companies prepared by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. This policy defines and formalises the criteria and tools adopted by Fine Foods to guarantee an adequate level of diversity in its governing and supervisory bodies. This document is available at the Company' registered office and on Fine Foods website at [www.finefoods.it](http://www.finefoods.it).

If the appointment procedures under Article 16 of the Articles of Association lead to a Board of Directors composition that does not comply with the gender balance requirements, the procedures under Articles 16.12 and 16.13 of the Articles of Association shall apply.

The next Board of Directors will be called to resolve on the appointment of the Company's Chief Executive Officer, under Article 20 of the Articles of Association, and, unless otherwise resolved by the Shareholders' Meeting, the appointment of the Chairperson of the Board of Directors, under Article 21 of the Articles of Association.

Before proceeding with the appointment of the new Board of Directors, it is necessary to establish the total number of board members.

### 5.1 Setting the number of Board of Directors members

Under Article 15.1 of the Articles of Association, "*The Company is managed by a Board of Directors consisting of not less than five members and no more than 12 members.*" The Shareholders' Meeting establishes the number of members of the Board of Directors within these limits, which will remain fixed until a different Shareholders' Meeting resolution.

Given the above and as for this item of the agenda, to provide the Company with a governance in line with the best market practice, the Board of Directors invites you to establish the number of members of the Board within the above statutory limits based on Shareholders' suggestions. The resolution from the Shareholders' Meeting will be based on the results of the voting process.

### 5.2 Deciding the Board of Directors duration

Under art. 15.2 of the Articles of Association, "*The Directors are appointed for a period of 3 (three) financial years, or a period not exceeding 3 (three) financial years, established at the time of appointment, and may be re-elected.*"

Given the above and as for this item of the agenda, the Board of Directors invites you to establish the term of office of the new Board of Directors based on Shareholders' suggestions. The resolution from the Shareholders' Meeting will be based on the results of the voting process.

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### 5.3 Appointing the Board of Directors members

Under art. 16 of the Articles of Association, "*The Directors are appointed by the Shareholders' Meeting based on the lists of candidates submitted by the shareholders and filed at the Company's registered office under applicable law and regulations.*"

Only those Shareholders who, alone or together with others, hold shares with voting rights representing a percentage no lower than that prescribed for the Company by applicable law and regulations, can submit lists. The notice of call of the Shareholders' Meeting convened to resolve the appointment of the Board of Directors indicates the percentage shareholding required to submit candidate lists.

Each Shareholder and (i) shareholders which belong to the same group, i.e. the controlling party (including non-corporate) under art. 2359 of the Italian Civil Code and any company controlled by or under the common control of the same party, or (ii) shareholders who are members of the same shareholders' agreement under art. 122 of the TUF, or (iii) shareholders who have relevant relationships under applicable law and regulations, may not submit or take part in a submission (neither through a third party nor trust company) of more than one list. They may not vote for different lists. Participation and votes cast in breach of this prohibition shall not be attributed to any list if they determine the vote outcome. Each candidate may appear on only one list, under penalty of ineligibility. Those who intend to submit lists for the appointment of the Board of Directors shall follow the Consob recommendations outlined in its Communication no. DEM/9017893 of 26 February 2009 referred to the connection between lists under Article 147-ter, paragraph 3 of the TUF and Article 144-quinquies of the Issuers' Regulations, to which reference is made.

The lists must contain a number of candidates which does not exceed the maximum number of eligible directors under art 15.1 of the Articles of Association.

Without prejudice to compliance with the criterion guaranteeing a balance between genders within the Board of Directors, and under the Articles of Association, each list containing several candidates not exceeding seven (7) must have and expressly indicate at least one Director who meets the independence requirements established under applicable laws and regulations (the "**Independent Directors**"); if it contains several candidates exceeding seven (7), it must include at least two Independent Directors. The composition of the Board of Directors is governed by Art. IA.2.10.6 of the Instructions to the Regulation of Markets Organised and Managed by Borsa Italiana S.p.A.

Candidates must meet the integrity requirements under applicable law.

The lists submitted must be filed at the Company's registered office, including remotely as indicated in the notice of call and with the following information or documentation:

- (i) information on the identity of the shareholders who have submitted the lists, with an indication of the total percentage of their shareholding. The certification showing ownership of such shareholding may be produced after the lists have been filed, provided that it is within the deadline set for the lists' publication by the Company;
- (ii) exhaustive information on the personal and professional details of candidates declaration of the candidates stating that there are no reasons for their ineligibility and incompatibility and that they

comply with the requirements - including independence, if applicable - set out by applicable law and regulations and the Articles of Association;

- (iii) declaration by which each candidate accepts their candidacy:
- (iv) any other or different statement, information or document required by applicable law and regulations.

Directors will be elected as outlined in Article 16 of the Articles of Association. After the vote, the candidates of the two lists that obtained the highest number of votes are elected, provided that they exceed half of the percentage of share capital required to submit the lists. This is calculated at the time of voting, according to the following criteria: (i) several directors equal to the total number of members of the Board of Directors, as previously established by the Shareholders' Meeting, minus one, are taken from the list that obtained the highest number of votes (the "**Majority List**"); within these limits, the candidates are elected in the numerical order indicated in the list; (ii) one Director shall be drawn from the list with the second-highest number of votes and that is not connected, directly or indirectly, with the shareholders who submitted or voted for the Majority List (the "Minority List"), who is the candidate indicated with the first number on the list.

If there is a tie between two or more lists, a new vote shall be held by the Shareholders' Meeting, for the lists that are tied, with the list obtaining the highest number of votes prevailing.

If the candidates elected according to the above mentioned procedures do not ensure the appointment of enough Independent Directors required by legislation, including, where applicable, regulations on companies with shares listed on the Euronext STAR Milan market, the following procedure shall be adopted: (a) the non-independent candidate who was elected last numerically from the Majority List shall be replaced by the first independent candidate who was not elected from the same list, if they were in the same list, in numerical order. If this system does not allow for the presence of the necessary number of Independent Directors, (b) the candidate elected from the Minority List, if they do not meet the independence requirements, shall be replaced by the first unelected candidate meeting the independence requirements on the same list in numerical order. If this procedure does not ensure the necessary number of Independent Directors, the replacement referred to in letter (a) above shall be decided by a resolution taken by the Shareholders' Meeting relative majority vote and subject to a submission of nominations meeting the independence requirements.

If the composition of the Board of Directors does not comply with the provisions on gender balance, the following procedure shall be adopted: (i) first of all, the candidate elected as the last in numerical order from the Majority List belonging to the most represented gender shall be excluded and replaced by the first unelected candidate taken from the same list, belonging to the other gender. If this system does not allow for compliance with the gender balance requirements, (ii) the candidate elected from the Minority List belonging to the most represented gender shall be replaced by the first unelected candidate taken from the same list, belonging to the other gender; until candidates equal to the minimum number required by applicable rules on gender balance are elected. If the procedure described does not ensure partial or full compliance with the gender balance, the replacement referred to in point (a) above shall be decided by a resolution taken by the Shareholders' Meeting relative majority vote and subject to a submission of nominations of candidates belonging to the less represented gender.

If only one list is submitted, the Shareholders' Meeting shall resolve with the majorities provided for by law, and all the Directors shall be elected from that list, according to the relevant numerical order. If the candidates elected according to the above mentioned procedures do not ensure the presence of a minimum number of directors meeting the independence requirements under applicable law and regulations and compliance with the applicable minimum legal requirements on gender balance, the Shareholders' Meeting shall appoint candidates using the legal majorities, subject to submission of

candidate nominations of those with the necessary legal requirements on independence and gender balance.

If the lists and voting mechanisms fail to provide an adequate number of candidates required as directors to be elected by the Ordinary Meeting, the Board of Directors is appointed by the Shareholders' Meeting with the legal majorities and without recourse to list voting, to ensure compliance with the minimum requirements under applicable law and regulations on director independence and gender balance.

The Articles of Association require the appointment of the Board of Directors with a composition compliant with applicable gender balance law and regulations. Under Article 147-ter of the TUF, the lesser represented gender must obtain at least two-fifths of elected directors.

Lists submitted without complying with Article 16 of the Articles of Association will be considered as if they were not submitted.

For anything not expressly mentioned in this Report, please refer to Article 16 of the Articles of Association.

Given the above and as for this item of the agenda, under the Articles of Association, the Board of Directors invites you to submit your candidate nominations for the office of director and resolve on the appointment of the members of the Board of Directors, expressing your preference for one of the lists submitted by the eligible parties. The resolution from the Shareholders' Meeting will be based on the proposals and results of the voting process.

\* \* \*

#### **5.4 Appointing the Board of Directors Chairperson**

The Board of Directors invites those who submit lists of candidates for the appointment of directors to specify the candidate they nominate to the Shareholders' Meeting as Chairperson of the Board of Directors, under Article 21 of the Articles of Association. The resolution from the Shareholders' Meeting will be based on the proposals and results of the voting process.

\* \* \*

#### **5.5 Establishing the Board of Directors members' remuneration**

*Under art. 25.1 of the Articles of Association, "Directors are entitled to reimbursement of expenses incurred in the performance of their duties. The Ordinary Shareholders' Meeting may pay Directors a compensation and an end-of-office indemnity which could be an insurance policy. The Shareholders' Meeting can determine a total for the Directors' remuneration to be allocated by the Board of Directors under the law. Article 2389 of the Italian Civil Code, third paragraph, first sentence, applies when defining the remuneration of directors vested with specific powers, including those holding special offices, or the office of Chairperson and CEO. Their remuneration is defined by the Board of Directors, after consulting with the Board of Statutory Auditors, in compliance with any limits set by the Shareholders' Meeting. The Shareholders' Meeting can directly define the Chairperson and CEO remuneration."*

The Shareholders' Meeting of 21 April 2021 set the annual gross remuneration for the 2021-2023 three-year period for the members of the Board of Directors for € 140,000, to be divided among the members as established by the Board. This is without prejudice to the Board deciding upon additional remuneration for the directors holding special offices under Article 2389, paragraph 3 of the Italian Civil Code, and for board committee members. With the same resolution, the Shareholders' Meeting

established the reimbursement of expenses incurred and documented by Board members for the performance of their duties.

Given the above and as for this item of the agenda, the Board of Directors invites you to establish the remuneration payable to Directors under Article 25 of the Articles of Association. The resolution from the Shareholders' Meeting will be based on the proposals and results of the voting process.

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## **ITEM 6 ON THE ORDINARY SHAREHOLDERS' MEETING AGENDA**

### **6. Appointment of the Board of Statutory Auditors for the 2024-2026 financial years. Related and consequent resolutions**

Dear Shareholders,

With the Shareholders' Meeting approving the Financial Statements as of 31 December 2023, the Board of Statutory Auditors mandate conferred by the Shareholders' Meeting resolution of 21 April 2021 will expire.

In expressing sincere gratitude and recognition for the valuable contributions made by the Board of Statutory Auditors for the Company's benefit, you are invited to resolve on the election of the new Board of Statutory Auditors under Articles 26 and 27 of the Articles of Association, which will be in office until the date of the Shareholders' Meeting called to approve the Financial Statements for the financial year ending 31 December 2026.

#### **6.1 Appointing three Statutory Auditors and two Alternate Auditors**

Under art. 26 of the Articles of Association, a Board of Statutory Auditors controls the company management. It consists of three statutory and two alternate members, appointed and functioning according to the law. Auditors are appointed for three financial years, and their term of office expires on the date of the Meeting called to approve the Financial Statements for the last financial year of their term of office, and they can be re-elected.

Auditors must meet the requirements of integrity, professionalism and independence laid down by applicable laws and regulations.

Under art. 27.1 of the Articles of Association, "*The Statutory Auditors and the Alternate Auditors are appointed by the Shareholders' Meeting based on lists of candidates submitted by the shareholders and filed at the Company's registered office within the terms and following applicable legal and regulatory provisions, in which the candidates must be listed sequentially in numerical order.*"

Only shareholders who, alone or together with others, hold shares with voting rights representing a percentage no lower than that prescribed for the Company by applicable law and regulations on Articles of Association, to submit lists of candidates for the office of Director, shall be entitled to submit lists. The notice of call of the Shareholders' Meeting convened to resolve the appointment of the Board of Statutory Auditors indicates the percentage shareholding required to submit candidate lists.

Under art. 27.3 of the Articles of Association, each shareholder and (i) shareholders which belong to the same group, i.e. the controlling party (including non-corporate) under art. 2359 of the Italian Civil Code and any company controlled by or under the common control of the same party, or (ii) shareholders who are members of the same shareholders' agreement under art. 122 of the TUF, or (iii) shareholders who have relevant relationships under applicable law and regulations, may not submit or take part in a submission (neither through a third party nor trust company) of more than one list. They



may not vote for different lists. Participation and votes cast in breach of this prohibition shall not be attributed to any list if they determine the vote outcome. If a shareholder who submitted the Majority List of Statutory Auditors, or a person connected to a shareholder who submitted or voted for the Majority List of Statutory Auditors, voted for another list, the vote or the existence of such connection shall be decisive only if the vote was decisive for Statutory Auditor election purposes. This Auditor is taken from that other list and solely with reference to the vote cast for it. Each candidate may appear on only one list, under penalty of ineligibility. Those who intend to submit lists for the appointment of the Board of Statutory Auditors shall follow the Consob recommendations outlined in its Communication no. DEM/9017893 of 26 February 2009 referred to the connection between lists, without prejudice to compliance with Articles 144-*quinquies* et seq. of the Issuers' Regulations, to which reference is made.

Each list shall consist of two sections: one for candidates for the office of Statutory Auditor, the other for candidates for the office of Alternate Auditor. The list must indicate at least one candidate for the office of Statutory Auditor and one candidate for the office of Alternate Auditor and may contain up to a maximum of three candidates for the office of Statutory Auditor and two candidates for the office of Alternate Auditor.

The first of the candidates in each section must be enrolled in the register of Statutory Auditors and have exercised statutory auditing activities for not less than three years. If other candidates do not meet the requisites above, they must have the other professional requisites provided by the Articles of Association and applicable law and regulations.

To ensure a genders balance (men and women), the lists of at least three candidates must be composed of candidates belonging to both genders in each of the two sections. This means that a number of candidates belonging to the less represented gender complies with the applicable minimum legal requirements. Under Article 148, paragraph 1-*bis* of the TUF, the lesser represented gender must obtain at least two-fifths of the statutory members of the Board of Statutory Auditors. Under the Consob Communication no. 1/20 of 30 January 2020, in cases where the Board of Statutory Auditors is composed of three statutory members, the criterion of rounding up to the nearest whole number, under paragraph 3 of Article 144-*undecies* of the Issuers' Regulations, will be inapplicable. If the Board of Statutory Auditors is composed of three members, Consob requires rounding down to the lower unit to be in line with the new rules.

The lists submitted by legitimate Shareholders must be filed at the Company's registered office, including remotely as indicated in the notice of call and made public within the terms and according to applicable legal and regulatory procedures.

The lists must be accompanied by:

- (i) information on the identity of the shareholders who have submitted the lists, with an indication of the total percentage of their shareholding. The certification showing ownership of such shareholding may be produced after the lists have been filed, provided that it is within the deadline set for the lists' publication by the Company;
- (ii) a statement of the shareholders who have submitted the lists other than those who hold, (even jointly), a controlling or relative majority of the shares, confirming the absence of any connection, even indirect, with the latter under the Articles of Association and applicable law and regulations;
- (iii) comprehensive information on the candidates personal and professional features, listing the management and control positions held in other companies, and a declaration of the candidates stating that they comply with the requirements, including integrity, professionalism, independence and accumulation of offices, under applicable law and regulations and the Articles of Association;
- (iv) the declaration by which each candidate accepts their candidacy.

- (v) any other or different statement, information or document required by applicable law and regulations.

Candidates must meet the requirements of independence laid down by applicable laws and regulations, i.e. art. 148, paragraph 3 of the TUF. Article 148, paragraph 3 of the TUF and Article 148-*bis* of the TUF, and the implementing provisions in Article 144-*duodecies* et seq. of the Issuers' Regulations shall apply to ineligibility cases and if there is a limit to a combination of administration and control offices held by the members of the Board of Statutory Auditors. To establish the professionalism and integrity requirements, topics relating to commercial law and tax law, business economics and corporate finance, and disciplines with a similar or comparable purpose, and topics and sectors related to the Company's business sector, are considered.

The election of the Statutory Auditors shall be conducted as outlined in Article 27 of the Articles of Association. If only one list is submitted, the Shareholders' Meeting shall resolve with the majorities provided for by law, and all the Auditors shall be elected from that list, according to the relevant numerical order.

If two or more lists are submitted, the candidates of the two lists obtaining the highest number of votes shall be elected as Statutory Auditors, under the following criteria:

- (i) two Statutory Auditors and one Alternate Auditor are taken from the list that obtained the highest number of votes (the "**Majority List of Auditors**"), according to the numerical order in which they are listed;
- (ii) the remaining Statutory Auditor, who shall be appointed Chairperson of the Board of Statutory Auditors, and the other Alternate Auditor are chosen from the list that obtained the second-highest number of votes and that is not connected directly or indirectly, under the Articles of Association and applicable legal and regulatory provisions, to those who submitted or voted for the Majority List of Auditors (the "**Minority List of Auditors**"), based on the numerical order in which they are listed in the list sections.

If more than one list has obtained the same number of votes, a new ballot shall be held between these lists by those entitled to vote at the Meeting, and the candidates on the list with the relative majority shall be elected.

If, as a result of the voting for lists or voting for a single list, the composition of the Board of Statutory Auditors is not ensured or does not follow the minimum applicable legal and regulatory requirements on gender balance, the candidate for Statutory Auditor of the most represented gender elected as last sequentially from the Majority List of Auditors or the single list shall be replaced by the next sequential candidate from the same list and belonging to the other gender.

If no list is submitted and if, through the list voting mechanism, the number of candidates elected is lower than the number established by the Articles of Association, the Shareholders' Meeting appoints or integrates the Board of Statutory Auditors on a case-by-case basis with the legal majorities, to ensure compliance with the applicable minimum legal requirements and regulations on gender balance. In the latter cases, the Chairperson of the Board of Statutory Auditors shall be respectively the top of the only list submitted or the person appointed by the Meeting if no list has been submitted.

For the supervisory body composition, Shareholders are invited to read the Diversity Policy adopted by the Board of Directors on 30 March 2022 and available at the Company' registered office and on its website.

For anything not expressly mentioned in this Report, please refer to Article 27 of the Articles of Association.

The Board of Directors invites you to resolve on the appointment of the statutory and alternate members of the Board of Statutory Auditors, expressing your preference for one of the lists submitted by the eligible parties, under Article 27 of the Articles of Association. The resolution from the Shareholders' Meeting will be based on the proposals and results of the voting process.

\* \* \*

## **6.2 Appointing the Chairperson of the Board of Statutory Auditors**

Under art. 148, paragraph 2-*bis* of the TUF and art. 27.12 of the Articles of Association, the Chairperson of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from among the Auditors elected from the list with the second-highest number of votes.

The Board of Directors invites you to resolve on the appointment of the Chairperson of the Board of Statutory Auditors, under Article 148, paragraph 2-*bis* of the TUF and Article 27.12 of the Articles of Association. The resolution from the Shareholders' Meeting will be based on the proposals and results of the voting process.

\* \* \*

## **6.3 Establishing the Board of Statutory Auditors members' remuneration**

Under art. 26.4 of the Articles of Association, "*The members of the Board of Statutory Auditors shall be entitled to remuneration established for the entire term of office by the Shareholders' Meeting at the time of their appointment.*"

The remuneration of the expiring Board of Statutory Auditors was set by the Ordinary Shareholders' Meeting of 21 April 2021 for € 30,000 gross annually for the Chairperson and € 20,000 gross annually for the other Statutory Auditors, in addition to the reimbursement of expenses incurred in the performance of their duties, for the three-year term of office.

The Board of Directors invites you to resolve on the remuneration payable to the Chairperson and the other statutory members of the Board of Statutory Auditors. The resolution from the Shareholders' Meeting will be based on the proposals and results of the voting process.

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Zingonia-Verdellino, 29 March 2024

For the Board of Directors

Chairman

Marco Francesco Eigenmann