

# AEFFE

AEFFE S.p.A.

*Offices in San Giovanni in Marignano - RN*

*Via delle Querce 51*

*Share Capital € 26,840,626.00*

*Rimini Companies Register and Tax Code No. 01928480407*

## **SHAREHOLDERS' MEETING**

**28 APRIL 2021**

### **REPORT ON AGENDA ITEMS**

*prepared pursuant to para. 1 of art. 125-ter of Decree No. 58 dated 24 February 1998, as amended (the "TUF") and art. 84-ter of the regulations adopted by Consob Resolution No. 11971 dated 14 May 1999, as amended (the "Issuers' Regulation").*

**COURTESY TRANSLATION.**

**IN CASE OF DISCREPANCY WITH THE ITALIAN VERSION, THE LATTER WILL PREVAIL.**

**Item nos. 1 and 2**

1. *Approval of the financial statements of Aeffe S.p.A. as at 31 December 2020 and the management report of the Board of Directors; the reports of the Independent Auditors and the Board of Statutory Auditors. Presentation to the Shareholders' Meeting of the consolidated financial statements as at 31 December 2020. Presentation to the Meeting of the consolidated non-financial declaration required by Decree 254 dated 30 December 2016.*
2. *Resolutions regarding the results for the year ended 31 December 2020.*

Dear Shareholders,

With reference to the first two items on the agenda, you are invited to approve at the Shareholders' Meeting the financial statements of the Company as at 31 December 2020 and the distribution of the profits proposed by the Board of Directors. You are also invited to acknowledge the results reported in the consolidated financial statements as at 31 December 2020. We also inform you that, as required by Legislative decree 254/2016, the consolidated financial statements contain the consolidated non-financial declaration.

In this regard, the draft financial statements as at 31 December 2020 and the related management report will be made available, by the legal deadline, at the registered offices of the Company and on its website at the Internet address [www.aeffe.com](http://www.aeffe.com).

\*\*\*

**Item no. 3**

3. *Option for realignment of fiscal values with the greater accounting values of the company property located at Via delle Querce, 51, San Giovanni in Mangano (RM). Consequent deliberations regarding the establishment of the restricted reserve.*

Dear Shareholders,

You are invited to deliberate, at the shareholders' meeting, the realignment of the fiscal value of the property on Via delle Querce and the consequent establishment of the restricted reserve, of an amount equal to the realignment differential, net of the related replacement tax, pursuant to article 110(8) of Law decree no. 104 of 2020.

This regulation allows for the recognition of greater civil values compared to the fiscal values recognized in the financial statements as at 31 December 2019, subject to payment of the 3% replacement tax and to specific request in the earnings declaration.

Fiscal recognition of values previously expressed in the financial statements is however conditional on the allocation, for an amount corresponding to the values realigned, of a due reserve net of the replacement tax: therefore, given the amount of the alignment on the property of € 3,924,834.00, you are asked to deliberate

applying a restriction on a reserve of an amount of € 3,807,088.98, provided that the normative context remains unvaried.

#### **Item no. 4**

*4. Report on remuneration policy and payments made pursuant to art. 123-ter of Legislative decree 58/98:*

*4.1 deliberations regarding the first section of the report pursuant to art. 123-ter(3-bis) of Legislative decree 58/98*

*4.2 deliberations regarding the second section of the report pursuant to 123-ter(6) of Legislative decree 58/98.*

Dear Shareholders,

at previous Shareholders' Meetings, a consultative vote was held on the Company's remuneration policy pursuant to para. 6 of art. 123-ter of Legislative decree 58/98.

Please note that, following the entry into force of Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, Legislative decree no. 49 of 10 May 2019, and the provisions of Consob resolution no. 21623 of 10 December 2020 on the remuneration policy, you are asked, at the meeting called to deliberate the approval of the financial statements for the financial year starting on 1 January 2020, to express a binding resolution under art. 123-ter(3-ter) of Legislative decree 58/98 (in a departure from the previous occasions, which were established as consultative) on both the remuneration policy adopted by the company (first section of the compensation report) and a consultative resolution pursuant to art. 123-ter(6) of Legislative decree 58/98 on the second section of the report, regarding payments made.

The Remuneration policy adopted by the company, which is being submitted to you as part of the meeting, was amended in consideration of the adaptation to the requirements of Consob resolution no. 21623 of 10 December 2020; it was redefined based in particular on the fundamental principles of sustainability and alignment of the interests of executives with strategic responsibilities with those of the shareholders, as well as a balance between the fixed and variable component of remuneration.

For further information about the Company's Remuneration Policy and about the remuneration of directors and executives with strategic responsibilities, reference is made to the Compensation Report prepared pursuant to art. 123-ter, TUF, which in accordance with art. 84-quater of the Issuers' Regulation will be made available, by the legal deadline, at the registered offices of the Company and on the website [www.aeffe.com](http://www.aeffe.com).

At the Shareholders' Meeting, the Board of Directors will propose the following resolution to the Shareholders: "The Ordinary Meeting of the Shareholders of Aeffe S.p.A., held with a voting *quorum* today, 28 April 2020, after receiving the report of the Board of Directors and taking note of the remuneration policy contained in the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree 58/98,

It is resolved

- 1) to approve the Company's remuneration policy contained in the first section of the Compensation Report pursuant to para. 3-bis of art. 123-ter of Decree 58/98;
- 2) to approve the remuneration of directors, management board, the general manager and executives with strategic responsibilities indicated and described in the second section of the report pursuant to paragraph. 6 of art. 123-ter of Legislative decree 58/98 and to deem it in line with the remuneration policy."

\*\*\*

#### **Item no. 5**

*5. Proposal to authorize the Board of Directors to purchase and make use of treasury shares; related and consequent resolutions.*

Dear Shareholders,

As indicated in the notice calling the Ordinary Shareholders' Meeting, you are also requested to discuss and resolve on the proposed authorization of a plan for the purchase and use of ordinary shares in the Company, on one or more occasions, on a revolving basis and on the terms and in the manner indicated in this Report.

#### **1. Reasons for which authorization for the purchase and use of treasury shares is requested**

The Shareholders' Meeting is requested to authorize the purchase and use of treasury shares in compliance with the related regulations, including the European and other legislation and regulations in force from time to time, and with the market practices permitted and recognized by Consob, respectively pursuant to art. 13 of Regulation (EU) 596/2014 and art. 180, para. 1.c) TUF (the "**Market Practices**"). This is because it is appropriate to give the Board of Directors appropriate and necessary flexibility for the following purposes:

- (i) to use the treasury shares purchased as possible consideration for the acquisition of equity investments, in the context of the investment policy adopted by the Company;
- (ii) to carry out investment transactions in compliance with current regulations, either directly or via authorized intermediaries, for example in order to contain anomalous market price fluctuations, stabilize trading and price trends and support the liquidity of the security in the marketplace, thereby facilitating the proper conduct of trading without prejudice to the normal fluctuations attributable to market conditions;
- (iii) to benefit, if deemed strategic by the Board of Directors, from any investment or divestment opportunities that may arise, in relation to the liquidity available.

Please note that the request for authorization relates to the Board of Director's option to carryout repeated and subsequent purchase and sale transactions (or other instruments) of treasury shares on a revolving basis, including for fractions of the maximum authorized quantity such that the quantity of shares subject to the

proposed purchase and held by the company does not any time exceed the legal limits.

Without prejudice to the requirements of mandatory legislation, the Board of Directors will in all cases be entitled not to proceed, in whole or in part, with the purchase and/or use treasury shares, should it believe at any time that the reasons for which this would be appropriate pursuant to the shareholders' authorization do not apply.

For all of the above reasons, the Board of Directors believes it appropriate to propose that the Shareholders' Meeting authorize it to purchase and subsequently use treasury shares pursuant and consequent to arts. 2357 and 2357-ter of the Italian Civil Code, art. 132 TUF and art. 144-bis of the Issuers' Regulations, on the basis described below.

## **2. Maximum number, category and nominal value of the shares to which the authorization relates**

The requested authorization entitles the Board of Directors to purchase, on one or more occasions, a freely determinable number - on each occasion - of treasury shares via a Board resolution (which may grant powers of implementation to one or more directors, with the right to delegate), up to a maximum that - summed together with the treasury shares already held at the time, whether directly or indirectly - does not exceed 10% of the share capital.

## **3. Compliance with the provisions of art. 2357, paras. 1 and 3, of the Italian Civil Code**

At today's date, the Company holds 7,287,039 treasury shares representing 6.787% of share capital, the voting rights for which are suspended pursuant to para. 2 of art. 2357-ter, of the Italian Civil Code; accordingly, 100,075,465 votes are exercisable at the Ordinary Shareholders' Meeting. No subsidiary of the Company holds treasury shares in the Company.

Pursuant to para. 1 of art. 2357 of the Italian Civil Code, treasury shares may be purchased up to the amount of the distributable profits and available reserves reported in the latest approved financial statements, having regard for any subsequent restrictions arising up to the date of the resolution concerned.

The company's financial statements as at 31 December 2019, duly approved on 22 April 2020, demonstrate that the company has a share premium reserve in the amount of € 70,775,224, that can be distributed in amount of € 69,182,224 and other available reserves and distributable profits of € 43,320,462. The reserves available as resulting from the quarterly report as at 30 September 2020 and amount to a total of € 114,422,914 ([share premium reserve available and extraordinary results less the distributable profits](#)).

In all cases, the Board of Directors is required to check compliance with the conditions for the purchase of treasury shares, specified in art. 2357, para. 1, of the Italian Civil Code, immediately prior to adopting the resolution to make each authorized purchase.

## **4. Period for which the authorization is requested**

The authorization to purchase treasury shares is requested for the maximum period allowed by art. 2357, para.

2, of the Italian Civil Code and, therefore, for a period of 18 months from the date of the Shareholders' Meeting that resolved to grant the authorization. During that period, the Board of Directors may make purchases on one or more occasions, at any time, determining freely their quantity and timing in compliance with the relevant European and other legislation and regulations in force at the time, as well as with the related Market Practices. The authorization to use any treasury shares purchased is requested without any time limitation, since there are no regulatory restrictions in this regard and it is appropriate to maximize the period of time over which assignments are made, in order to benefit from the opportunities indicated above.

## **5. Minimum and maximum price**

The Board of Directors recommends that the unit price paid for the shares be established at the time of each transaction, on condition that it is not more than 10% (ten percent) higher or lower than the reference price established for them in the trading session immediately prior to each purchase transaction.

In all cases, the quantities and unit prices of the purchases will be determined in compliance with the provisions of art. 3 of Commission Delegated Regulation (EU) 2016/1052. In particular:

- the purchases will be made for a consideration that does not exceed the higher of the price of the last independent transaction and the highest current independent bid price in the bidding market;
- the quantities acquired on each trading day will not exceed 25% of the average daily volume of shares traded on the market on which the purchase is made, as calculated in accordance with the provisions of art. 3 of the Commission Delegated Regulation.

Purchases (i) to support the liquidity of the market and (ii) to establish a so-called "stock" of shares, will be made in accordance with the established Market Practices.

With regard to the consideration recognized on assignment of the treasury shares purchased, the Board of Directors recommends that the Shareholders' Meeting establish solely the minimum amount, granting the Board of Directors the power to determine, in each case, all other conditions, procedures and timing.

Such minimum consideration may not be more than 10% (ten percent) lower than the reference price established for the shares in the trading session immediately prior to each disposal transaction. The lower limit placed on the consideration does not apply in the event of disposals to directors, employees and/or collaborators of the Company and/or its subsidiaries, or in the case of disposals other than by sale including, in particular, disposals in the form of exchanges, swaps, contributions or other dispositions as part of the purchase of equity investments or the implementation of industrial projects or other special financing transactions that involve the assignment or availability of treasury shares (such as mergers, spin-offs, the issue of convertible bonds or warrants, etc.).

## **6. Methods by which purchases and uses will be made**

Purchase operations will begin and end on the dates established by the Board of Directors.

In view of the differing objectives that may be pursued by transactions in treasury shares, the Board of Directors

recommends that authorization be granted to make purchases using any of the methods allowed under current regulations and, in particular, in compliance with art. 132 TUF, art. 144-bis of the Issuers' Regulations and all other applicable regulations, as well as with the Market Practices, to be identified in each case at the discretion of the Board of Directors and, accordingly, at present:

- (i) by public offer for the purchase or exchange of shares;
- (ii) by purchases made in regulated markets, in the manner established by Borsa Italiana S.p.A., which does not allow the direct matching of proposed purchases with predetermined proposals for the sale of shares;
- (iii) by the purchase or sale of derivative instruments traded in regulated markets that envisage physical delivery of the underlying shares, on the conditions established by Borsa Italiana S.p.A., subject to the requirement that the market regulations envisage procedures for the purchase/sale of the above instruments that:
  - do not allow the direct matching of proposed purchases with predetermined proposals for the sale of shares;
  - guarantee easy trading by investors in the above derivative instruments used for the purchase of treasury shares;
- (iv) by the proportional allocation to shareholders of put options to be exercised during the period corresponding to the duration of the shareholders' authorization to purchase treasury shares;
- (v) in accordance with the Market Practices allowed by Consob pursuant to art. 13 of Regulation (EU) 596/2014.

With regard to disposals, the Board of Directors recommends that authorization be granted to allow the adoption of any method deemed appropriate to achieve the objectives pursued, including assignment as consideration for equity investments made in the context of the investment policy adopted by the Company, in compliance with the relevant European and other legislation and regulations in force, as well as with the Market Practices allowed at the time.

Given the effect on the number of floating shares of executing the plan for the purchase and use of treasury shares, the Board of Directors recommends that the authorization require it to make purchases and sales of treasury shares in a manner and with timing that does not prevent the Company from maintaining the minimum float required for STAR status.

## **7. Additional information, if the purchase is part of an operation to reduce share capital via cancellation of the treasury shares acquired**

It is confirmed that the purpose of the purchases is not to reduce the share capital of the Company.

At the Shareholders' Meeting, the Board of Directors will therefore propose the following resolution to the Shareholders:

"The Ordinary Shareholders' Meeting of Aeffe S.p.A., having examined and discussed the explanatory report prepared by the Board of Directors and given art. 2357 *et seq.* Italian Civil Code, art. 132 of Decree 58 dated 24 February 1998 and the regulations issued by Consob

**resolves**

1. "to authorize the Board of Directors, pursuant and consequent to art. 2357 of the Italian Civil Code, to purchase ordinary shares in AEFPE S.p.A., on one or more occasions and on a revolving basis, in pursuit of the objectives indicated in the explanatory report of the Board of Directors relating to this agenda item, on the following terms and conditions:
  - a. the maximum number of shares to be purchased, summed with the treasury shares already held at the time of each purchase and those held by subsidiaries, must not exceed 10% of the share capital of the Company on the purchase date;
  - b. the shares may be purchased until the end of the eighteenth month following the date of this resolution;
  - c. the purchases may be made using any of the methods allowed under current regulations and, in particular, in compliance with art. 132 TUF, art. 144-bis of the Issuers' Regulations and all other applicable regulations in force, as well as with the Market Practices allowed at the time, to be identified in each case at the discretion of the Board of Directors and, specifically:
    - i. by public offer for the purchase or exchange of shares;
    - ii. by purchases made in regulated markets, in the manner established by Borsa Italiana S.p.A., which does not allow the direct matching of proposed purchases with predetermined proposals for the sale of shares;
    - iii. by the purchase or sale of derivative instruments traded in regulated markets that envisage physical delivery of the underlying shares, on the conditions established by Borsa Italiana S.p.A., subject to the requirement that the market regulations envisage procedures for the purchase/sale of the above instruments that:
      - do not allow the direct matching of proposed purchases with predetermined proposals for the sale of shares;
      - guarantee easy trading by investors in the above derivative instruments used for the purchase of treasury shares;
    - iv. by the proportional allocation to shareholders of put options to be exercised during the period corresponding to the duration of the shareholders' authorization to purchase treasury shares;
    - v. in accordance with the Market Practices allowed by Consob pursuant to; 13 of Regulation (EU) 596/2014;
    - vi. the unit price paid for the shares may not be more than 10% (ten percent) higher or lower than the reference price established for them in the trading session immediately prior to each transaction. The volume of purchases and their unit prices must, in all cases, be determined



in accordance with the requirements of art. 3 of Commission Delegated Regulation (EU) 2016/1052. In particular:

- the purchases will be made for a consideration that does not exceed the higher of the price of the last independent transaction and the highest current independent bid price in the bidding market;
  - the quantities acquired on each trading day will not exceed 25% of the average daily volume of shares traded in the market in which the purchase is made, as calculated with reference to average daily volume of trading during the 20 trading days prior to the purchase date, when the volume is not indicated in the program;
- vi. the purchases and sales of treasury shares must be made in accordance with resolutions adopted by the Board the Board of Directors in a manner and with timing that does not prevent the Company from maintaining the minimum float required for STAR status;
2. to authorize, pursuant and consequent to art. 2357-ter of the Italian Civil Code, the use on one or more occasions of the treasury shares purchased and held from time to time by the Company, in accordance with the laws and regulations in force from time to time, for the purposes described in the explanatory report of the Board of Directors to the shareholders on this agenda item, on the following terms and conditions:
- a. the shares may be sold or otherwise transferred at any time without restriction;
  - b. uses may be made even before the maximum quantity of shares has been purchased and may take place on one or more occasions in the market, in blocks or via sale or exchange (including by offer to the shareholders or to the public or to the directors, employees or collaborators of the Company or its subsidiaries, whether as part of share incentive plans or otherwise), or as consideration for exchanges, swaps, contributions, assignments or other dispositions of treasury shares as part of the purchase of equity investments or the implementation of industrial projects or other special financing transactions that involve the assignment or availability of treasury shares (such as mergers, spin-offs, the issue of convertible bonds or warrants, etc.), as well as in any other way envisaged by the relevant European and other legislation and regulations in force, as well as by the Market Practices allowed at the time, at the discretion of the Board of Directors;
  - c. the unit price for the disposal of the shares may not be more than 10% (ten percent) lower than the reference price established for them in the trading session immediately prior to each disposal transaction, with delegation to the Board of Directors of the power to determine, in each case, all other conditions and procedures for the disposal and the related timing. This lower limit placed on the consideration does not apply in the event of disposals to directors, employees and/or collaborators of the Company and/or its subsidiaries as part of share incentive plans, or in the case of disposals other than by sale including, in particular, disposals in the form of exchanges, swaps, contributions or other dispositions as part of the purchase of equity investments or the

implementation of industrial projects or other special financing transactions that involve the assignment or availability of treasury shares (such as mergers, spin-offs, the issue of convertible bonds or warrants, etc.);

1. to authorize the Board of Directors to refrain from making any purchases should it believe and/or consider that to be appropriate, having regard for market conditions and the performance of the share price;
2. to grant the Board of Directors, with specific powers to delegate, all the widest powers necessary or appropriate in order to implement this resolution, including approval for each and every transaction that is part of the share purchase program, as well to make the disclosures to the market that are required by the relevant European and other legislation and regulations in force, as well as by the Market Practices allowed at the time.”

San Giovanni in Marignano, 29 March 2021

For the Board of Directors

The Chairman

Massimo Ferretti