



A multibrand company

**DIRECTORS' EXPLANATORY REPORT ON MATTERS ON THE
AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING CON-
VENED ON FIRST CALL ON 29 APRIL 2021, AND ON SECOND CALL
ON 6 MAY 2021**

in accordance with article 125-ter of the TUF

Board of Directors

Angelo Mastrolia

Giuseppe Mastrolia

Stefano Cometto

Benedetta Mastrolia

Valentina Montanari

Maria Cristina Zoppo

Eric Sandrin

Board of Statutory Auditors

Massimo Carlomagno

Ester Sammartino

Antonio Mucci

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

Shareholders,

The Board of Directors of Newlat Food S.p.A. (hereinafter the "Company") illustrates below the agenda drafted for the Ordinary Shareholders' Meeting convened – by notice published on the Company's website at the address www.newlat.it, in the "Corporate Governance – Shareholders' Meeting" section on 29 March 2021, as well as in the newspaper *Italia Oggi* on 30 March 2021 – at the registered office of the company Newlat Group S.A., located in Paradiso (Switzerland), Via Geretta 8, on 29 April 2021 at 3 pm on first call, and, where necessary, on second call on 6 May 2021, same places and time:

- 1. Financial Statements as at 31 December 2020, accompanied by the Directors' Report on Operations, the Report of the Board of Statutory Auditors and the Independent Auditors' Report. Related resolutions. Presentation of the consolidated financial statements as at 31 December 2020.**
- 2. Allocation of the profit for the year. Related resolutions.**
- 3. Report on the remuneration policy and on the remuneration paid pursuant to art. 123-ter, paragraphs 3-bis and 6 of Italian Legislative Decree no. 58 of 24 February 1998:**
 - 3.1 Binding resolution on the first section on remuneration policy prepared pursuant to Article 123-ter, paragraph 3 of Italian Legislative Decree 58 of 24 February 1998.**
 - 3.2 Non-binding resolution on the second section on remuneration paid prepared pursuant to Article 123-ter, paragraph 4 of Italian Legislative Decree 58 of 24 February 1998.**
- 4. Appointment of a Director pursuant to Article 2386 of the Civil Code and determination of remuneration:**
 - 4.1 Appointment of Director pursuant to Article 2386 of the Civil Code;**
 - 4.2 Determination of remuneration.**
- 5. Authorisation to purchase and dispose of treasury shares, after revocation of the authorisation granted by the Ordinary Shareholders' Meeting on 29 April 2020. Related resolutions.**

The purpose of this report is to explain the reasons for the proposals referred to in the items on the agenda of the shareholders' meeting pursuant to article 125-ter of the TUF.

1. Approval of the Financial Statements as at 31 December 2020, accompanied by the Directors' Report on Operations, the Report of the Board of Statutory Auditors and the Independent Auditors' Report. Related resolutions. Presentation of the consolidated financial statements as at 31 December 2020.

Shareholders,

With regard to the explanation of the first item of the Shareholders' Meeting's agenda, please refer to the Company's Annual Financial Report for the year 2020 containing the draft financial statements of Newlat Food S.p.A., the consolidated financial statements and the Non-Financial Statement for the year 2020 prepared pursuant to Italian Legislative Decree no. 254 of 30 December 2016, the directors' report on operations, the report on corporate governance and ownership structure, as well as the certification pursuant to Article 154-bis of the Consolidated Law on Finance, the report of the independent auditor and the report of the Board of Statutory Auditors.

These documents are available to the public at the eMarket Storage authorised storage mechanism at www.emarketstorage.com, on the Company's website at www.newlat.it in the "Corporate Governance – Shareholders' Meeting" section and filed at the Company's registered office.

The draft financial statements submitted for your approval showed a profit for the year of €7,254,348, while the draft consolidated financial statements as at 31 December 2020 showed a total net profit of €38,643 thousand.

The Board of Directors submits the following resolution proposal for your approval.

"The Ordinary Shareholders' Meeting of Newlat Food S.p.A.

- *having reviewed the Report of the Board of Directors prepared in accordance with article 125-ter of the TUF;*
- *having examined the annual financial report for the year 2020, the report of the independent auditor and the report of the Board of Statutory Auditors;*
- *having taken note of the consolidated financial statements as at 31 December 2020 and the Non-Financial Statement for the year 2020 prepared pursuant to Italian Legislative Decree no. 254 of 30 December 2016*

resolves

to approve Newlat Food S.p.A.'s Financial Statements for the year ended 31 December 2020, which closed with a profit of € 7,254,348".

2. Allocation of the profit for the year. Related resolutions.

Shareholders,

The Board of Directors, having taken note of the Annual Financial Report for the year 2020, the report of the independent auditors and the report of the Board of Statutory Auditors, having regard to the financial statements for the year ended 31 December 2020 which show a profit of €7,254,348, proposes to allocate the profit for the year to the reserves, specifically 5% to the legal reserve and the remaining 95% to the extraordinary reserve.

Therefore, the Board of Directors proposes the following resolution:

"The Ordinary Shareholders' Meeting of Newlat Food S.p.A.

- *having reviewed the Report of the Board of Directors prepared in accordance with article 125-ter of the TUF;*
- *having regard to the financial statements as at 31 December 2020, just approved, which showed a profit of € 7,254,348*

resolves

to allocate the profit for the year of € 7,254,348 as follows:

- *5% of the net profit to the legal reserve;*
- *95% to the extraordinary reserve".*

3. Report on the remuneration policy and on the remuneration paid pursuant to art. 123-ter, paragraphs 3-bis and 6 of Italian Legislative Decree 58 of 24 February 1998.

Shareholders,

Article 123-ter of the TUF was recently amended by Italian Legislative Decree no. 49 of 10 May 2019, in implementation of Directive 2017/828 of the European Parliament and Council of 17 May 2017 ("SHRD II Directive").

The report on the remuneration policy and on the remuneration paid pursuant to art. 123-ter TUF includes:

- (i) a Section I that illustrates the Company's policy on the remuneration of members of the boards of directors and statutory auditors, general managers and executives with strategic responsibilities with respect to the financial year 2021, as well as the procedures used for the adoption and implementation of this policy;
- (ii) a Section II that illustrates the remuneration paid to members of the boards of directors and statutory auditors, general managers and managers with strategic responsibilities in said year.

Art. 123-ter of the TUF requires shareholders to express a binding vote on the remuneration policy (Section I) and a non-binding, advisory vote on the remuneration paid to the aforementioned parties (Section II).

The report on the remuneration policy and the remuneration paid by Newlat Food S.p.A., including Sections I and II above, on which you are called to express yourself, is available to the public at the eMarket Storage authorised storage mechanism at www.emarketstorage.com, on the Company's website at www.newlat.it in the "Corporate Governance – Shareholders' Meeting" section and filed at the Company's registered office.

3.1 Binding resolution on the first section on remuneration policy prepared pursuant to Article 123-ter, paragraph 3 of Italian Legislative Decree no. 58 of 24 February 1998.

With regard to Section I, report on the remuneration policy, pursuant to article 123-ter, paragraph 3-ter of the TUF the Shareholders' Meeting is called to express its binding vote.

The Board of Directors, referring to the text of the report on the remuneration policy and on remuneration paid – approved by the Board resolution of 19 March 2021 upon the assent of the Remuneration and Appointments Committee – proposes the following resolution:

"The Ordinary Shareholders' Meeting of Newlat Food S.p.A.

- *having taken note of Section I of the report on the remuneration policy and the compensation paid*
- *considering that pursuant to article 123-ter, paragraph 3-ter of the TUF the Shareholders' Meeting is called to express its binding vote on Section I of the aforementioned report*

resolves

to approve Section I of the report on the remuneration policy and the remuneration paid illustrating the Company's remuneration policy for the year 2021 and the procedures followed for the adoption of such policy".

3.2 Non-binding resolution on the second section on remuneration paid prepared pursuant to Article 123-ter, paragraph 4 of Italian Legislative Decree 58 of 24 February 1998.

With regard to Section II, report on the remuneration paid, pursuant to article 123-ter, paragraph 6 of the TUF the Shareholders' Meeting is called to express its non-binding vote, for or against.

The Board of Directors, referring to the text of the report on the remuneration policy and on remuneration paid – approved by the Board resolution of 19 March 2021 upon the assent of the Remuneration and Appointments Committee – proposes the following resolution:

"The Ordinary Shareholders' Meeting of Newlat Food S.p.A.

- *having taken note of Section II of the report on the remuneration policy and the compensation paid;*
- *considering that pursuant to article 123-ter, paragraph 6 of the TUF the Shareholders' Meeting is called to express its non-binding vote on Section II of the aforementioned report*

resolves

favourably with respect to Section II of the report on the remuneration policy and on the remuneration paid during the year ended 31 December 2020".

4. Appointment of a Director pursuant to Article 2386 of the Italian Civil Code and determination of remuneration.

Shareholders,

with regard to the fourth item on the agenda, the Board of Directors of Newlat Food S.p.A. recalls that on 14 September 2020 the non-executive, independent director Emanuela Paola Banfi resigned on the grounds that, for personal and professional reasons, she could no longer perform her role with the necessary commitment and independence.

Ms. Banfi remained in office until 25 September 2020, the date on which the Board of Directors resolved to coopt Ms. Maria Cristina Zoppo pursuant to article 2386, first paragraph of the Italian Civil Code, as well as article 15 of the By-laws, who remains in office until the Shareholders' Meeting convened on 29 April 2021, on first call, and if necessary on second call on 6 May 2021. Ms. Maria Cristina Zoppo has also been appointed – in place of Ms. Emanuela Paola Banfi – as a member of the Remuneration and Appointments Committee, member of the Control and Risks Committee, as well as Chair of the Related Party Transactions Committee.

Therefore, it is necessary to appoint a new Director. The slate voting mechanism shall not apply to the deliberation. The appointment shall therefore take place according to the majority principle.

In compliance with the provisions of current law, the Board of Directors invites you to examine the curriculum vitae of Ms. Maria Cristina Zoppo, together with the declaration with which she accepted the candidacy and certified, under her own responsibility, her independence, the absence of grounds for ineligibility or incompatibility, as well as the fulfilment of the requirements of integrity referred to in the combined provisions of article 147-quinquies, first paragraph of the TUF and article 148, fourth paragraph of the TUF.

These documents, attached to this Report, are also made available to the public on the Company's website at www.newlat.it.

In light of the above, we propose that you adopt the following resolutions:

"The Ordinary Shareholders' Meeting of Newlat Food S.p.A.

- *having taken note of the termination, with today's meeting, of the Director Maria Cristina Zoppo, coopted by the Board of Directors on 25 September 2020 to replace the resigning Director Emanuela Paola Banfi pursuant to article 2386, first paragraph of the Italian Civil Code and article 15 of the by-laws;*
- *having examined the report prepared by the Board of Directors;*

- *having acknowledged the proposal for a resolution;*

resolves

- *to appoint Ms. Maria Cristina Zoppo (tax code ZPPMCR71S54L219B), born in Turin (TO) on 14.11.1971 for the duration of the current term of office of the current Board of Directors, and therefore until the date of the Shareholders' Meeting that will be convened to approve the financial statements as at 31 December 2021;*
- *to attribute to the aforementioned person the same remuneration resolved for each non-executive member of the Board of Directors by the Shareholders' Meeting of 8 July 2019, equal to € 24,000.00 (twenty-four thousand/00) gross per year, in addition to the reimbursement of expenses incurred in the performance of their duties".*

5. Authorisation to purchase and dispose of treasury shares, after revocation of the authorisation granted by the Ordinary Shareholders' Meeting on 29 April 2020. Related resolutions.

Shareholders,

With this report prepared pursuant to art. 73 of the regulations concerning issuers adopted by Consob with resolution no. 11971 of 14 May 1999 ("IR") and the related annex 3A, Schedule 4, the Board of Directors of Newlat Food S.p.A. submits for your approval the request for authorisation to purchase and dispose of treasury shares, to be made pursuant to articles 2357 and 2357-ter of the Italian Civil Code, art. 132 TUF and art. 144-bis IR, as well as in accordance with the applicable provisions of Regulation (EU) no. 596 of 16 April 2014 on market abuse ("MAR Regulation"), Delegated Regulation (EU) no. 1052 of 8 March 2016 ("Delegated Regulation") and market practices from time to time, after revocation of the previous authorisation approved by the Ordinary Shareholders' Meeting on 29 April 2020.

In this regard, it is recalled that this Shareholders' Meeting authorised (i) for a period of 18 months from the date of the resolution of the Shareholders' Meeting, the purchase of the Company's treasury shares within the limits of the law, and in any case within the maximum amount of €6,000,000.00 and (ii) without time limits, the disposal of the treasury shares thus purchased.

Following the purchases made in execution of the aforementioned shareholders' resolution, most recently on 28 February 2021, Newlat Food S.p.A. owned 420,700 treasury shares, accounting for 0.96% of the share capital. The subsidiaries do not hold any shares of the Company.

In view of the approaching expiry of the 18-month purchase authorisation period approved by the Ordinary Shareholders' Meeting on 29 April 2020 and taking into account the continuing reasons for such authorisation, it is proposed to the Shareholders to renew the authorisation to purchase treasury shares for the purposes, within the terms and in the manner detailed below for a further period of 18 months, as well as to grant a new authorisation to dispose of treasury shares without time limits, after revocation of the previous one.

1. Reasons for which authorisation to purchase and dispose of treasury shares is requested.

This request is aimed at providing the Company with a stock of treasury shares at its disposal, using, selling them at any time, in full or in part, on one or more occasions and with no time limits, as part of extraordinary transactions such as, among others, swaps, contributions, exchanges, corporate and/or financial transactions of an extraordinary nature on the capital or even financing transactions and operations of an ex-

traordinary nature such as, among others, mergers or similar, sales and acquisition projects and/or future industrial projects in line with the Company's corporate development strategy, as well as in the context of exchange and/or sale of share packages and/or for the conclusion of commercial and/or strategic alliances or for other uses deemed of financial and/or management interest to the Company.

Moreover, the Board of Directors considers it appropriate for the Company to be allowed to dispose of the treasury shares acquired to allow it to seize the opportunities for maximising the value that may derive from conditions that arise, and therefore also to execute trades.

2. Maximum number, category and nominal value of the shares which the authorisation refers to.

As at today's date, the Company's share capital amounted to €43,935,050.00, divided into 43,935,050 ordinary shares, without par value.

Authorisation is required for the purchase of the Company's ordinary shares within the limits of the law, even in several tranches, and in any case within the maximum amount of € 6,000,000.00, for this purpose also taking into account any shares held by subsidiaries.

3. Compliance with the provisions of the third paragraph of art. 2357 of the Italian Civil Code

At today's date – following the latest purchases made on 28 February 2021 – the Company owned 420,700 treasury shares, accounting for 0.96% of the share capital. The subsidiaries do not hold any shares of the Company.

In accordance with the provisions of article 2357, paragraph 3 of the Italian Civil Code, in no case shall the nominal value of the number of treasury shares purchased – including any shares held by subsidiaries – exceed one-fifth of the total number of shares issued.

In this regard, pursuant to article 2359-bis of the Italian Civil Code the Subsidiaries shall be given specific instructions to promptly report any acquisition of treasury shares. When carrying out each authorised purchase, the Board of Directors shall verify compliance with the provisions of article 2357, paragraphs 1 and 3 of the Italian Civil Code.

Purchases of treasury shares must be contained within the limits of distributable profits and available reserves resulting from the last duly approved financial statements at the time of the transaction, and on the occasion of the purchase and disposal of treasury shares the necessary accounting entries shall be made in compliance with the provisions of the law and applicable accounting standards.

4. Duration of the authorisation.

The authorisation is requested for the maximum duration allowed by art. 2357, paragraph 2 of the Italian Civil Code, equal to 18 months from the date of the resolution of the Ordinary Shareholders' Meeting.

5. Minimum and maximum fees, as well as market valuations based on which they were determined.

The purchases of the shares discussed in this report must be made at a price that is no more than 10% higher or lower than the price on the MTA stock exchange organised and managed by Borsa Italiana S.p.A. in the session preceding each individual transaction.

In any case, the amount may not exceed any limits envisaged by current law or, if recognised, by accepted market practices.

6. Procedure for making the purchases.

The purchase of treasury shares shall be carried out on regulated markets, in accordance with article 2357 et seq. of the Italian Civil Code, article 132 of the TUF and article 144-bis, paragraph 1, letters b and c) IR, in accordance with the operating procedures established in the regulations for the organisation and management of the markets managed by Borsa Italiana S.p.A., in order to ensure equal treatment among shareholders.

With regard to disposal operations, the Board of Directors proposes that the authorisation allow the implementation of any method that is appropriate for the purposes pursued.

The shares acquired in execution of the shareholders' authorisation may therefore be subject to actions, and in this context may even be sold even before having exhausted the quantity of purchases covered by this authorisation, on one or more occasions, without time limits, in the manner deemed most appropriate by the Company under any other form of disposition permitted by current applicable laws.

7. Additional information, where the purchase is instrumental to the reduction of share capital.

It is confirmed that the purchase of treasury shares is not currently instrumental to the reduction of the share capital of the Company through cancellation of purchased treasury shares.

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In light of what is described above, we invite you to resolve on the following resolutions:

"The Ordinary Shareholders' Meeting of Newlat Food S.p.A.

- *having acknowledged and approved the Explanatory Report of the Board of Directors on the proposed authorisation to purchase and dispose of treasury shares in order to constitute a security portfolio and to support the liquidity of the security;*
- *having regard to the provisions of articles 2357 and 2357-ter of the Italian Civil Code, article 132 of the TUF, article 44-bis and article 144-bis of the Consob Issuers' Regulation no. 11971/99 and subsequent amendments;*
- *noting that Newlat Food S.p.A. currently holds 420,700 treasury shares;*
- *having acknowledged that at the date of approval of this resolution the subsidiaries do not hold any treasury shares of the company;*
- *having regard to the financial statements as at 31 December 2020 and the allocation of the operating result;*

resolves

1. *to revoke the resolution authorising the purchase and disposal of treasury shares adopted by the Ordinary Shareholders' Meeting on 29 April 2020;*
2. *pursuant to article 2357 of the Italian Civil Code and the combined provisions of article 132 of the TUF and article 144-bis of the Consob Issuers' Regulation no. 11971/99, and in any case in any other manner permitted by current laws and regulations, to authorise the purchase on one or more occasions of Newlat Food S.p.A. ordinary shares within the limits of the law, and in any case within the maximum amount of € 6,000,000.00, for this purpose also taking into account the treasury shares of the company possibly held by subsidiaries; the shares may be purchased until the expiry of the eighteenth month from the authorisation granted by the Ordinary Shareholders' Meeting; the shares must be purchased at a price that is no more than 10% higher or lower than the price recorded on the MTA stock exchange organised and managed by Borsa Italiana S.p.A. in the session preceding each individual transaction, and in any case the amount may not exceed any limits envisaged by current law or, if recognised, by accepted market practices; the purchase of treasury shares shall be carried out on regulated markets, in compliance with the provisions of article 2357 et seq. of the Italian Civil Code, article 132 of the TUF and art. 144-bis, paragraph 1, letters b and c) of Consob Regulation no. 11971/1999, in accordance with the operating procedures established in the regulations for the organisation and management of the markets managed by Borsa Italiana S.p.A., in order to ensure equal treatment among shareholders; finally, purchases must be contained within the limits of distributable profits and available reserves resulting from the last duly approved financial statements at the time of the transaction;*
3. *pursuant to article 2357-ter of the Italian Civil Code, to authorise the execution of actions to dispose of the shares, which in this context may even be sold, even before having exhausted the quantity of purchases covered by this authorisation, without time limits, in the manner deemed most appropriate by the Company, in relation to the purposes that will be pursued in any case under any other form of provision permitted by current applicable laws;*

4. *to grant all necessary powers to the Board of Directors and, on its behalf, separately to the Chairman and Chief Executive Officer, with the power to appoint special proxies and/or specialised intermediaries or subject to the stipulation of specific contracts to implement this resolution, including by approving any and all executive provisions of the relevant purchase programme".*

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Reggio Emilia, 19 March 2021

For the Board of Directors

The Chairman