

| | | |
|---|--|---------------------|
| Informazione Regolamentata n. 1565-5-2023 | Data/Ora Ricezione 13 Febbraio 2023 17:44:08 | Euronext Star Milan |
|---|--|---------------------|

Societa' : FILA

Identificativo : 172438

Informazione
Regolamentata

Nome utilizzatore : FILASPANSS01 - Nicoletti

Tipologia : REGEM

Data/Ora Ricezione : 13 Febbraio 2023 17:44:08

Data/Ora Inizio : 13 Febbraio 2023 17:44:09

Diffusione presunta

Oggetto : F.I.L.A. S.p.A._2022-2026 Performance
Shares Plan Prospectus update February
13, 2023

Testo del comunicato

Vedi allegato.

F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.p.A.



PROSPECTUS

(in accordance with Article 114-*bis* of Legislative Decree No. 58 of February 24, 1998 and Article 84-*bis*, paragraph 1 of the regulation approved with Consob Resolution No. 11971 of May 14, 1999)

CONCERNING THE

“2022-2026 PERFORMANCE SHARES PLAN”

Approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. on March 22, 2022

INTRODUCTION

On March 22, 2022, the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (the “**Company**” or the “**Issuer**”), on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, approved the plan for the free allocation of ordinary shares of the Company in favour of a number of key personnel of the Group headed by the Issuer (the “**Group**”), selected from among the Senior Directors and employees of the Company and of the Group, called the “*2022-2026 Performance Shares Plan*” (the “**Plan**”).

The Plan was approved by the Shareholders’ Meeting of the Issuer on April 27, 2022, in accordance with Article 114-*bis* of Legislative Decree No. 58 of February 24, 1998 (the “**CFA**”).

Subject to the faculty of the Board of Directors to identify, subsequently, additional Beneficiaries of the Plan, the Board of Directors of the company on March 22, 2022, having heard the opinion of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, identified by name, subject to the approval of the Plan by the aforementioned Shareholders’ Meeting, the Beneficiaries of the Plan’s first cycle.

This Prospectus (the “**Prospectus**”), containing information regarding the Plan, has been prepared in accordance with Article 114-*bis* of the CFA and 84-*bis*, paragraph 1, of Consob Regulation No. 11971 of May 14, 1999 (the “**Issuers’ Regulation**”), in addition to Scheme No. 7 of Annex 3A of the Issuers’ Regulation.

In addition, the Plan is considered of “*particular relevance*” in accordance with Article 114-*bis*, paragraph 3 of the CFA and Article 84-*bis*, paragraph 2 of the Issuers’ Regulation.

This Prospectus is made available to the public at the registered office of the Company, in via XXV Aprile n. 5, Pero (MI), on the authorised storage mechanism “*EMARKET STORAGE*” at www.emarketstorage.com, and on the company website www.filagroup.it, in the *Governance* section.

The information required by Schedule 7 of Annex 3A of the Issuers’ Regulation which is not contained in this Prospectus shall be provided, where available, during the implementation phase of the Plan, in accordance with Article 84-*bis*, paragraph 5, letter a) of the Issuers’ Regulation.

DEFINITIONS

As required by Schedule 7 of Annex 3A to the Issuers' Regulation, a list is presented below of definitions illustrating the meaning of the terms of less common usage appearing in this Prospectus.

| | |
|----------------------------------|---|
| Executive Directors | the Executive Directors of the Company, i.e. the Chief Executive Officer and the Executive Director. |
| Allocation | the actual allocation, free of charge, of the Shares to each Beneficiary subsequent to the conclusion of the Vesting Period. |
| Shareholders' Meeting | the ordinary or extraordinary Shareholders' Meeting of the Issuer, as appropriate. |
| Grant | the free grant to each Beneficiary by the Board of Directors, having consulted the Remuneration Committee, of the Right to Receive Shares free of charge. |
| Shares | the ordinary shares of the Company, with no explicit indication of the nominal value, and admitted to trading on the regulated market Euronext Milan, organised and managed by Borsa Italiana S.p.A., Euronext STAR Milan segment. |
| Bad Leaver | all conclusion of employment situations other than those defined as a Good Leaver scenario. |
| Beneficiaries | the Beneficiaries of the Plan, i.e. the Group Executive Directors, Senior Executives and Senior Managers who have been, or shall be, identified by the Board of Directors, having heard the opinion of the Remuneration Committee, among the employees and/or Directors of the company or the Subsidiaries, undertaking positions identified for the growth and the sustainability of the business of the Group over the long term. |
| Change of Control | the following circumstances: (a) the direct or indirect acquisition by one or more third party acquirers of control of the company in accordance with Article 93 of the CFA; (b) the direct or indirect acquisition by one or more third party acquirers of a number of shares or a holding in a subsidiary with a Relationship to one or more Beneficiaries, in excess of 50% of the relative share capital, unless the Company continues to hold control in accordance with Article 2359, paragraph 1 number 2 of the Civil Code; (c) the definitive transfer in any form to one or more third party acquirers of the company or of the business unit employing one or more of the Beneficiaries. |
| Corporate Governance Code | the applicable version of the Corporate Governance Code adopted by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., with which the Company complies. |

| | |
|---|---|
| Remuneration Committee | the Remuneration Committee set up and appointed by the Board of Directors of the Company in implementation of the Recommendations of the Self-Governance Code, with advisory and consultative functions vis-à-vis the Board of Directors concerning the remuneration of Directors and Senior Executives. |
| Board of Directors | the Board of Directors of the Issuer, in office at any given time. |
| Consob | Commissione Nazionale per le Società e la Borsa (Italian market oversight authority). |
| Subsidiaries or Subsidiary Companies | without distinction, each of the companies at any given time directly or indirectly held, in accordance with Article 2359, paragraph 1, numbers 1 and 2 of the Civil Code, by the Company, which has a Relationship with one or more Beneficiaries. |
| Date of the Prospectus | the date of approval of this Prospectus |
| Share Allocation Date | for each Beneficiary, the date of the Board of Directors motion concerning the free Allocation of the Shares to this Beneficiary. |
| Grant Date of the Right | for each Beneficiary, the date of the Board of Directors' motion concerning the identification of this Beneficiary and the grant to the former of the Right to Receive Shares free of charge for each Vesting Period. |
| Senior Executives | Group Executives with the power and responsibility, directly or indirectly, for planning, directing and controlling Company and/or Group activities. |
| Right to Receive Shares | the conditional right, free and non-transferable to a living person, to be Allocated the Shares free of charge. |
| Senior Managers | employees of the Company and Subsidiary Companies who occupy positions identified as strategic for the long-term business growth and sustainability of the Group. |
| Good Leaver | the following conclusion of Relationship scenarios: (i) voluntary resignation, only on the condition that the Beneficiary fulfils the statutory retirement requirements and in the 30 subsequent days presents a request to access the relative benefits; (ii) death or permanent invalidity or (iii) conclusion of management mandate. |
| Group | jointly, the Company and the Subsidiary Companies. |
| Grant Letter | the letter that the Company shall send to each Beneficiary, for each cycle of the Plan, to communicate to them the Grant of the Right to Receive Shares which, when signed and delivered to the Company by the |

Beneficiaries, constitutes their full and unconditional subscription to the Plan.

| | |
|-------------------------------------|--|
| Base Number of Shares or BNS | for each Beneficiary, the number of Shares obtainable on achieving 100% of the Performance Targets for each Vesting Period. |
| Performance Targets | the performance targets calculated on the basis of the following ratios: (i) average ROI over each three-year Vesting period (relative weighting 70%); and (ii) Group qualitative target (relative weighting 30%). |
| Holding Period | the period of time, running from the effective Allocation of the Shares to Beneficiaries, during which the securities held may not be disposed of. |
| Vesting period | the performance measurement period that (i) for the first cycle 2022-2024, begins on January 1, 2022 and ends on December 31, 2024; (ii) for the second cycle 2023-2025, begins on January 1, 2023 and ends on December 31, 2025; and (iii) for the third cycle 2024-2026, begins on January 1, 2024 and ends on December 31, 2026, at the end of which the achievement of the Performance Targets will be verified. |
| | Each three-year period provides for an annual Rights Grant equal to the Base Number of Shares for each Vesting Period, subject to the terms and conditions set out in the Regulation. The Plan is rolling and divided into 3 cycles, 2022-2024, 2023-2025, and 2024-2026. |
| Plan | the long-term, share-based, rolling incentive plan based on the free Allocation of Shares to some Senior Directors and employees of the Company and of the Group, called the “2022-2026 Performance Shares Plan”. |
| Relationship | indicates the relationship of employment and/or of management between the individual Beneficiary and the Company or one of the Subsidiary Companies. |
| Issuers’ Regulation | the regulation adopted by Consob with Resolution No. 11971 of May 14, 1999. |
| Return On Investment or ROI | calculated as the ratio between consolidated operating income and net invested capital, as per the Group business plan adopted as applicable by the Board of Directors, both calculated excluding the effects of IFRS 16. |
| Company or Issuer | F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A., with registered office in via XXV Aprile No. 5, 20016 Pero (MI). |
| CFA | Legislative Decree No. 58 of February 24, 1998. |

1. BENEFICIARIES

The Plan is reserved for the Group's Executive Directors, Senior Executives and other Senior Managers, as identified by name on one or more occasions and for each three-year cycle, at the full discretion of the Board of Directors, on the proposal of the Chief Executive Officer and having consulted the Remuneration Committee, from among the Senior Directors and/or employees of the Company or of the Subsidiary Companies, holding positions identified as strategic for the growth and the sustainability of the Group's business over the long-term.

1.1. Names of the beneficiaries who are members of the financial instruments issuer's Board of Directors or of the management board, the companies controlling the issuer and the companies directly or indirectly controlled by it

At the Date of the Prospectus, the following members of the Board of Directors of the Issuer were identified as Beneficiaries:

- Massimo Candela, Chief Executive Officer of the Issuer;
- Luca Pelosin, Executive Director of the Issuer.

The Beneficiaries are identified by the Board of Directors, on the proposal of the Chief Executive Officer and having consulted the Remuneration Committee. If the Beneficiaries referred to in the following paragraph 1.2 include subjects who must be identified by name, pursuant to the regulatory provisions in force, the Company will provide the market with the related information pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulation.

1.2. Categories of employees or collaborators of the issuer of financial instruments and of the parent companies or subsidiaries of this issuer

In addition to the provisions of the previous paragraph 1.1 of this Prospectus, the Plan's Beneficiaries include the following categories of individual, who occupy positions identified as strategic for the growth and sustainability of the Group's business in the long term:

- 5 Senior Executives ¹; and
- 36 ² Senior Managers,

¹ The Board of Directors, in exercising the powers conferred by the Shareholders' Meeting of 27 April 2022, resolved (i) on 2 December 2022, to (a) exclude no. 1 executive from the list of Executives with Strategic Responsibilities and Beneficiaries of the Plan; and (ii) appoint a Manager, formerly a Beneficiary of the Plan, as Executive with Strategic Responsibilities, consequently the number of Executives with strategic responsibilities Beneficiaries of the Plan has remained unchanged; and (ii) on 13 February 2023, to reduce the number of Managers with strategic responsibilities who are beneficiaries of the Plan from "6" to "5". It should be noted that the no. 2 executives excluded from the list of Executives with strategic responsibilities and Beneficiaries of the Plan, pursuant to the regulations of the Plan and subject to resolution of the Board of Directors, remained Beneficiaries of the Plan with exclusive reference with exclusive reference to the first financial year of the first three-year cycle of assignment (i.e., the 2022 financial year). The reallocation of the Shares to be allocated within this category of Plan Beneficiaries was determined without prejudice to the limit set by the maximum number of Shares that can be issued to service the Plan, as resolved by the Shareholders' Meeting of 27 April 2022 .

² The Board of Directors, in exercising the powers conferred by the Shareholders' Meeting of 27 April 2022, resolved (i) on 2 December 2022, to appoint a Managerial Figure, already a Beneficiary of the Plan, as Executive with Strategic Responsibilities, with consequent reduction from "38" to "37" of the number of Managers Beneficiary of the Plan; and (ii) on February 13, 2023, to reduce the number of Managers Beneficiary of the Plan from "37" to "36". The reallocation of the Shares to be allocated within this category of

without prejudice to the right of the Board of Directors - on the proposal of the Chief Executive Officer and having consulted the Remuneration Committee - to identify, if necessary, additional Beneficiaries for the various three-year cycles. This information shall be communicated subsequently in accordance with Article 84-*bis*, paragraph 5 of the Issuers' Regulation.

It should be noted that some of the Beneficiaries of the Plan currently hold the position of members of the board of directors of Subsidiaries. These executives are not the subject of a nominative indication in the previous Paragraph 1.1 as their inclusion among the Beneficiaries of the Plan does not take into account the positions they hold in the companies mentioned above, since this assignment is determined exclusively on the basis of the managerial role (Senior Executives or Senior Manager) entrusted to them within the Group.

1.3. Names of the parties benefitting from the plan belonging to the groups indicated at point 1.3, letters a), b) and c) of Annex 3A, Scheme 7 of the Issuers' Regulation.

a) General Managers of the issuer of financial instruments

Not applicable as, at the Date of the Prospectus, the Company has not appointed General Managers.

b) Other Senior Executives of the issuer of financial instruments which are not considered of "smaller size", as per Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010, in the case in which they have received during the year total remuneration (obtained by adding the monetary compensation and the financial instrument-based compensation) of greater than the higher total compensation between that allocated to the members of the Board of Directors, or the management board, and to General Managers of the issuer of financial instruments

Not applicable since, at the Date of the Prospectus, none of Fila's Senior Executives had received total compensation during the year that was greater than the highest total compensation (compensation of the Company's Chief Executive Officer) among those awarded to members of the Board of Directors.

c) Physical persons controlling the issuer of shares, who are employees or who provide collaboration to the share issuer

Not applicable as, at the Date of the Prospectus, no physical persons controlling the Company who are employees or who provide collaboration to the Issuer are among the Beneficiaries.

1.4. Description and numeric indication, according to the categories indicated at point 1.4, letters a), b) and c) of Annex 3, Scheme 7 of the Issuers' Regulation.

a) Of Senior Executives other than those indicated at letter b) of paragraph 1.3

At the Date of the Prospectus, there are 5³ Senior Executives of Fila, all of whom are Beneficiaries of the Plan.

Plan Beneficiaries was determined without prejudice to the limit set by the maximum number of Shares that can be issued to service the Plan, as resolved by the Shareholders' Meeting of 27 April 2022.

³ See footnote 1 above

- b) *In the case of "smaller-sized" companies, pursuant to Article 3, paragraph 1(f) of Regulation No. 17221 of March 12, 2010, the aggregate listing of all the Senior Executives of the financial instruments' issuer*

Not applicable since the Company does not qualify as an issuer of "smaller size" in accordance with Article 3, paragraph 1, letter f) of Regulation No. 17221 of March 12, 2010.

- c) *Of any other categories of employees or collaborators for which differentiated features of the plan are provided for (e.g. Executives, managers, white-collar employees etc.)*

We note that the incentive scheme envisaged by the Plan is the same for all Beneficiaries. In addition, as illustrated at paragraph 2.2 below in this Prospectus, at the Date of the Prospectus, a different scope for the calculation for the achievement of the economic-financial Performance Objectives is established for 1 Senior Executive⁴ and 9 Senior Managers in North America⁵.

2. REASONS FOR THE ADOPTION OF THE PLANS

2.1. Objectives targeted through allocation of the plans

The adoption of the Plan is a tool to incentivise and instil loyalty among managers and seeks to align the interest of the Beneficiaries with those of shareholders in the medium to long term, to reward the achievement of the Group's business plan targets and to retain strategic personnel for implementation of the Company and Group development plan.

The Plan shall be one of the instruments used by the Company and the Group to supplement the fixed remuneration component of key personnel with variable components based on certain performance targets and in accordance with best market practice and with the provisions of the Corporate Governance Code.

The adoption of the Plan, covering categories of parties presenting different characteristics (such as the Executive Directors, the Senior Executives and the Senior Managers), in addition has a specific purpose - in line with the remuneration policy of the Company for 2022 - of aligning the remuneration structure of key personnel for the Company and/or the Group.

2.1.1. Additional information for relevant plans as defined by Article 84-bis, paragraph 2 of the Issuers' Regulation

The Board of Directors believes that a rolling share-based incentive plan, with three successive Grant cycles, each with its own three-year Vesting Period (January 1, 2022 - December 31, 2024 for the first cycle; January 1, 2023 - December 31, 2025 for the second cycle; and January 1, 2024 - December 31, 2026 for the third cycle), and with specific performance targets measured at the end of each three-year Vesting

⁴ See footnote 1 above. One of the executives excluded from the list of Executives with strategic responsibilities and Beneficiaries of the Plan was a Manager with strategic responsibilities Beneficiary of the Plan whose Performance Objectives are measured in relation to the consolidated scope of North America; consequently, the number of Managers with strategic responsibilities who are Beneficiaries of the Plan whose Performance Objectives was reduced from "2" to "1".

⁵ See footnote 2 above. One of the executives excluded from the list of Managers and Beneficiaries of the Plan was a Manager Beneficiary of the Plan whose Performance Objectives are measured in relation to the consolidated perimeter of North America; consequently, the number of Managerial Figures Beneficiary of the Plan whose Performance Objectives was reduced from "10" to "9"

Period, represents the most effective incentivisation tool and best meets the interests of the Company and the Group.

Specifically, the provision of a three-year Vesting Period, the forms to maintain the Shares for retention purposes, for a certain period of time subsequent to Allocation (the “holding period”), and the specific clawback clauses stipulated in the Plan are consistent with the remuneration policy of the Company and the incentive, loyalty and retention objectives for the aforementioned key personnel. It is also in line with market best practices and the provisions of the Corporate Governance Code.

2.2. *Key variables, also in the form of performance indicators, considered for the allocation of financial instrument based plans*

Each Beneficiary shall be entitled, at the sole discretion of the Board of Directors, to the Allocation of Shares, subject to verification by the Board of Directors, with the support of the Remuneration Committee, at the end of each Vesting Period, and in any event no later than the 60th calendar day following the approval of the consolidated financial statements for the last year of each Vesting Period, that the following conditions have been met:

- that, at the Share Allocation Date, the Relationship of the Beneficiary with the Company or with the relevant Subsidiary Company continues to exist and that each Beneficiary continues to qualify as an Executive Director, a Senior Executive or a Senior Manager;
- achievement of Performance Targets.

Once satisfaction of the conditions for Allocation of the Shares as indicated above has been verified, the Board of Directors - with the support of the Remuneration Committee - establishes the number of Shares to be allocated to each Beneficiary, on one occasion, on the basis of the achievement of the Performance Targets.

Specifically, we underline that the Performance Targets established for the Allocation of Shares are as follows: (i) quantitative objective (relative weighting 70%); Average ROI for each three-year Vesting Period as per the Group's business plan as adopted by the Board of Directors from time to time; and (ii) Group qualitative objective (relative weighting 30%): implementation of at least 80% of the targets set out for each three-year Vesting Period in the Group's sustainability plan as adopted by the Board of Directors from time to time.

For both the Performance Targets, the Board of Directors has the authority to disburse a sum of money at the moment of Allocation equal to the value of the number of Shares payable and at their normal value to the Beneficiary, determined as per Article 9 of Presidential Decree 917/1986. This authority is granted to the Board of Directors only in cases in which specific circumstances relating to the Beneficiary and/or regulatory, tax or financial market performance reasons render, in the Company’s reasonable opinion, the Share Allocation process more onerous for the Company and/or the Beneficiaries.

2.2.1. Additional information for relevant plans as defined by Article 84-bis, paragraph 2 of the Issuers' Regulation

Subject to the details of the Performance Targets for each Beneficiary, in the relative Grant Letter the guidelines of the Plan and the description of the Performance Targets shall be outlined as follows.

Average ROI for each Vesting Period (relative weighting 70%) - quantitative objective

The economic and financial performance indicator and the related target are linked to the Group's business plan adopted by the Board of Directors from time to time, and refer to the following perimeters:

- consolidation of North America (which represents a portion of the Group consolidation) for 1 Senior Executive ⁶ and 9 Senior Managers ⁷;
- Group consolidation for all other Beneficiaries.

The Shares to be allocated to each Beneficiary in the event that the quantitative objective is achieved shall be calculated, by the Board of Directors with the support of the Remuneration Committee, on the basis of the following criteria:

| % of average ROI achievement in each three-year Vesting Period | % Pay-out with respect to the Base Number of Shares (BNS) |
|---|--|
| ROI < 90% | 70% x 0 x BNS |
| 90% ≤ ROI < 92.5% | 70% x 20% x BNS |
| 92.5% ≤ ROI < 95% | 70% x 40% x BNS |
| 95% ≤ ROI < 97.5% | 70% x 60% x BNS |
| 97.5% ≤ ROI < 99.5% | 70% x 80% x BNS |
| 99.5% ≤ ROI < 100.5% | 70% x 100% BNS |
| 100.5% ≤ ROI < 102.5% | 70% x 120% x BNS |
| 102.5% ≤ ROI < 105% | 70% x 140% x BNS |
| 105% ≤ ROI < 107.5% | 70% x 160% x BNS |
| 107.5% ≤ ROI < 110% | 70% x 180% x BNS |
| ROI ≥ 110% | 70% x 200% x BNS |

Maximum number of Shares that may be allocated in relation to the quantitative objective shall in any case be equal to 170% of the Base Number of Shares related to this objective.

⁶ See footnote 4 above

⁷ See footnote 5 above

In light of that outlined, with reference to the Shares to be allocated on achievement of the qualitative performance objective (average ROI over the three-year period), it is stipulated that at the end of each three-year Vesting Period:

- where the performance is below 90.00% of the target, no shares relating to the quantitative target shall be allocated;
- where the performance is between 90.00% and 92.50% - lower range included - of the target, 20% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 92.50% and 95.00% - lower range included - of the target, 40% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 95.00% and 97.50% - lower range included - of the target, 60% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 97.50% and 99.50% - lower range included - of the target, 80% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 99.50% and 100.50% - lower range included - of the target, 100% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 100.50% and 102.50% - lower range included - of the target, 120% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 102.50% and 105.00% - lower range included - of the target, 140% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 105.00% and 107.50% - lower range included - of the target, 160% of the shares in relation to the quantitative target shall be allocated;
- where the performance is between 107.50% and 110.00% - lower range included - of the target, 180% of the shares in relation to the quantitative target shall be allocated;
- where the performance is equal to or above 110% of the objective, 200% of the Shares in relation to the quantitative objective shall be allocated;

The quantitative objective (average ROI for the three-year period) will be calculated by taking into account the standardisation criteria agreed upon with the auditors and in line with the definitions stipulated in the Company's loan agreements and a consolidation scope matching that indicated above.

The exchange rate to be utilised for the consolidation of the economic-financial indicators shall be linked to the establishment of the achievement of the quantitative Performance Targets, to be set out in the budget.

Implementation of the objectives set out in the Group's sustainability plan (relative weighting 30%) - qualitative objective

30% of the shares will be allocated upon achievement of the following qualitative Group target, i.e., implementation of at least 80% of the targets set out for each three-year Vesting Period in the Group's sustainability plan as adopted by the Board of Directors from time to time.

For all the Beneficiaries of the Plan, this target is measured through an "on/off" mechanism; therefore, in case of achievement of the Performance Targets to an extent greater than 100%, the Beneficiary will be entitled to be allocated a number of Shares equal to and never exceeding 100% of the Base Number of Shares.

2.3. Factors underlying the determination of the extent of remuneration based on financial instruments, or the criteria used for its determination

The grant of each Beneficiary's Right to Receive Shares, for each of the Plan's cycles, is undertaken by the Board of Directors, on the proposal of the Chief Executive Officer and having consulted the Remuneration Committee, at the beginning of each Vesting Period, subject to the approval of the Plan by the Shareholders' Meeting called to approve the financial statements of the Company for the year ending December 31, 2021. In determining the number of Rights to Receive Shares to be granted to Beneficiaries, the Board of Directors shall take into account the strategic nature of the role of the individual Beneficiary, the level of delegated powers and/or responsibilities granted to each Beneficiary as well as the other components of his or her compensation so as to ensure an appropriately balanced pay-mix.

The total number of Shares underlying the Plan is calculated so as to permit the Grant of the Right to Receive Shares, in addition to, where applicable, their Allocation, also to any additional Beneficiaries which may be identified by the Board of Directors in accordance with the Plan for each of the three cycles.

2.3.1. Additional information for relevant plans as defined by Article 84-bis, paragraph 2 of the Issuers' Regulation

The number of Shares to be allocated to each Beneficiary shall be determined by the Board of Directors, with the support of the Remuneration Committee, subsequent to each Vesting Period. The Shares shall be allocated on a single occasion for each of the three Plan cycles, based on achievement of the Performance Targets, subject to the condition that the effective number of Shares allocated to each Beneficiary shall not exceed that established on the basis of the performance curves described in paragraph 2.2 of this Prospectus.

The Performance Targets are described in paragraph 2.2 of this Prospectus.

2.4. Reasons for any decision to target compensation plans based on financial instruments not issued by the issuer of financial instruments, such as the financial instruments issued by subsidiaries or parent companies or third party companies outside of the Group; in the case in which the above instruments are not traded on regulated markets, information on the criteria utilised for the calculation of the attributable value

Not applicable, as the Plan is based exclusively on financial instruments issued by the Issuer.

2.5. Assessments concerning significant tax and accounting implications impacting the drawing up of the Plans

There are no significant tax or accounting implications impacting the drawing up of the Plan.

2.6. Support for the Plan from the Special fund to incentivise worker involvement in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003

The Plan does not receive support from the Special fund to incentivise worker involvement in enterprises, as per Article 4, paragraph 112 of Law No. 350 of December 24, 2003.

3. APPROVAL PROCEDURE AND TIMEFRAME FOR THE ALLOCATION OF THE INSTRUMENTS

3.1. *Scope of powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementation of the Plan*

On March 22, 2022, the Board of Directors, on the proposal of the Remuneration Committee meeting on the March 21, 2022 and with the favourable opinion of the Board of Statutory Auditors of the Issuer, in accordance with Article 2389 of the Civil Code, approved the submission of the Plan to the Shareholders' Meeting called to consider the financial statements of the Company for the year ended December 31, 2021.

The Shareholders' Meeting called to resolve on the Plan has attributed to the Board of Directors, having heard the opinion of the Remuneration Committee, all the broadest powers necessary for the concrete and complete implementation of the Plan, to be exercised in compliance with the principles established by the same Meeting of the Members

Specifically, for the purposes of non-exhaustive example, the Shareholders' Meeting granted to the Board of Directors the power, also with the faculty to sub-delegate to third parties, to: (i) identify, on the basis of the criteria set out in the Plan, the participants of the Plan for each three-year cycle, and the maximum number of Shares to be allocated to each in the three-year cycles; (ii) verify the achievement of the Performance Targets, establishing consequently the number of Shares to be effectively allocated to each Beneficiary and to proceed with the relevant allocation; (iii) establish in detail the Performance Targets to which the allocation of Shares is subject; (iv) exercise all duties and functions assigned by the Board of Directors under the Plan regulation; (v) according to the most appropriate means, apply useful or necessary modifications or supplements in accordance with the regulation; (vi) undertake all acts, requirements, formalities and communications, also with the public and any Authorities which are necessary and/or beneficial for the management and/or implementation of the Plan, with the faculty to delegate their powers, duties and responsibilities with regards to the execution and application of the Plan, including the fulfilment of the relative disclosure obligations, to the Chairperson of the Board of Directors and the Chief Executive Officer, in office at any given time, severally, subject to the condition that any decision relating to and/or associated with the Grant of the Right to Receive Shares or the Allocation of these latter to the Chief Executive Officer (in addition to any other decision concerning the management and/or implementation of the plan as pertaining to him/her) shall remain within the exclusive scope of the Board of Directors.

The Remuneration Committee performs advisory and proposal functions regarding the implementation of the Plan, pursuant to the Corporate Governance Code and the Board of Directors and Committees Regulation adopted by the Company.

3.2. *Indication of the parties appointed to administer the Plan and their functions and duties*

The execution of the Plan lies within the scope of the Board of Directors, which shall be assigned by the Shareholders' Meeting all powers necessary and/or beneficial to completely and fully implement the Plan, including those indicated, merely for example purposes and not to be considered exhaustive, at paragraph 3.1 of this Prospectus.

The Board of Directors may delegate, to one or more of its members, all or part of its powers, duties and responsibilities concerning the implementation, execution and amendment of the Plan, subject to the condition that amendments to the Plan should be subsequently approved by the Board of Directors.

3.3. Any existing procedures for the review of the plans, also in relation to potential changes in the underlying objectives

Without prejudice to the power of the Shareholders' Meeting in the cases provided for by law, and without prejudice to that indicated herein, the Board of Directors shall have the power - having consulted the Remuneration Committee - to make amendments or additions to the Plan regulation in the most appropriate manner, as it deems useful or necessary to better pursue the incentive and loyalty purposes of the Plan and to maintain the substantial and economic contents of the Plan unchanged, within the limits allowed by the legislation applicable from time to time, taking into account the interests of the Company and of the Beneficiaries. In addition, without prejudice to the right of the Board of Directors to make any amendments and/or additions to the Plan regulations that are deemed necessary and/or appropriate in the event of regulatory changes or changes to the Corporate Governance Code, in order to ensure constant alignment between the Plan and the applicable regulations.

In the case of events such as:

1. corporate transactions on the Company's share capital and therefore, including but not limited to, a reduction in share capital due to losses through the cancellation of shares, the Company's share capital increases, whether free or paid-in, offered as options to shareholders or without option rights, possibly also to be settled by conferment in kind, rearrangement or the splitting of Shares which may affect the Shares;
2. Mergers or spin-offs, the purchase or sale of shareholdings, companies or business units; or
3. legislative or regulatory changes or other events likely to affect the Right to Receive Shares, the Shares and/or the Company.

The Board of Directors may, independently and without the need for further approval from the Shareholders' Meeting, make all the changes and supplements to the Plan that are considered necessary and/or appropriate to continue to apply the Plan's essential and economic content, to the extent permitted by applicable regulations, and after having consulted the Remuneration Committee, retaining the basic objectives of incentivising and instilling loyalty. This decision shall be binding on the Beneficiaries.

Where, during the Vesting Period:

1. a Change of Control should occur;
2. a public tender offer or a public exchange offer concerning the Shares should be promoted; or
3. the shares are delisted from the Euronext Milan regulated market organised and managed by Borsa Italiana S.p.A.;

The Board of Directors shall have the authority, at its sole discretion, to grant the Beneficiaries all or some of the Shares in advance of the due date provided for in the Plan, also independently of the actual achievement of Performance Targets, i.e. to provide for the Plan's early termination. This decision shall be binding on the Beneficiaries.

Lastly, in the event of a significant revision of the targets of the Group's business plan, the Board of Directors will have the power to approve, in compliance with the applicable legislation (including the rules governing related party transactions), any changes to the targets of the Plan in order to adjust them to the aforementioned changes and to keep the substantial and economic content of the Plan unchanged, retaining its main incentive and loyalty-enhancing purposes. This decision shall be binding on the Beneficiaries.

3.4. Means to establish availability and for the assignment of the financial instruments on which the Plans are based (e.g.: free assignment of shares, share capital increases with exclusion of pre-emption rights, purchase and sale of treasury shares)

The Plan provides for the free Allocation of Shares.

The Allocation of Shares will be carried out using Treasury Shares deriving from purchases made pursuant to Articles 2357 and 2357-ter of the Civil Code, and authorised by the Shareholders' Meeting in ordinary session.

On March 22, 2022, the Board of Directors resolved to submit for approval to the Shareholders' Meeting called to approve the Company's financial statements for the year ending December 31, 2021, the renewal of the authorisation for the Board of Directors to carry out transactions to purchase and dispose of treasury shares, *inter alia*, to service the Plan.

The Company will make the Shares available to the Beneficiary, according to the terms and means established in the Plan and, specifically, not beyond 60 calendar days from approval of the consolidated financial statements for the last year of each Vesting Period.

3.5. Role carried out by each director in establishing the characteristics of the stated plans; any conflicts of interest involving the interested Directors

In compliance with the provisions of the Corporate Governance Code, the Remuneration Committee - comprising Non-Executive Directors, the majority independent, none of whom are Beneficiaries of the Plan - was involved in the various research and structuring phases of the Plan.

The Board of Directors, noting that proposed by the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, approved the Plan proposal and its submission for the approval of the Shareholders' Meeting, pursuant to Article 114-bis of the CFA.

The motion by which the Board of Directors approved the Plan and the proposal to submit it for the approval of the Shareholders' Meeting was, in addition, adopted in compliance with Article 2391 of the Civil Code.

3.6. *For the purposes of the requirements in Article 84-bis, paragraph 1, the date of the decision taken by the relevant body to propose the approval of the plans to the Shareholders' Meeting and any proposal to the remuneration committee*

At its meeting of March 21, 2022, the Remuneration Committee drew up, in compliance with the Corporate Governance Code, the proposal to the Board of Directors regarding the Plan.

At its meeting of March 22, 2022, the Board of Directors, noting that proposed by the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer, in accordance with Article 2389 of the Civil Code, approved the Plan proposal and its submission for the approval of the Shareholders' Meeting called to consider the financial statements of the Company for the year ending December 31, 2021. At the same meeting, the Board of Directors, with the favourable opinion of the Remuneration Committee, in addition approved this Prospectus and the Explanatory Report of the Directors on the Plan as per Article 114-*bis* of the CFA.

3.7. *For the purposes of Article 84-bis, paragraph 5, letter a), the date of the decision undertaken by the relevant body for the assignment of the instrument and the proposal to the above-mentioned body by any Remuneration Committee*

The Right to Receive Shares shall be allocated to each Beneficiary by the Board of Directors, having consulted the Remuneration Committee, at the Rights Grant Date. Without prejudice to its right to identify additional Beneficiaries for successive cycles, on March 22, 2022 the Board of Directors, having consulted the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors of the Issuer in accordance with Article 2389 of the Civil Code, identified the Beneficiaries for the first cycle of the Plan (2022-2024), in addition deciding to grant to each of these - subject to the approval of the Plan by the Shareholders' Meeting called to approve the 2021 financial statements - the relative Right to Receive Shares.

The number of Shares which shall be effectively allocated to each Beneficiary at the Share Allocation Date shall be established by the Board of Directors, according to the Plan criteria and indicated in this Prospectus, following the conclusion of each Vesting Period and Board approval of the consolidated financial statements for the last year of each Vesting Period, once the conditions for the allocation of the Shares as per paragraph 2.2 of this Prospectus have been verified.

The Share Allocation Date, in addition to the date of any Grant of the Right to Receive Shares shall be announced according to the means and terms indicated by Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation and, in any case, by the applicable regulatory provisions.

3.8. *Market price, recorded on the above-stated dates, of the financial instruments on which the plans are based, if traded on regulated markets*

On March 21 and 22, 2022, the date on which the Remuneration Committee and the Board of Directors respectively met to review the proposal regarding the Plan to be submitted to the Shareholders' Meeting, the official price of the Shares was Euro 9.02 and Euro 9.14 respectively.

Subject to that outlined above, the information on the price of the Shares at the time of the Grant of the Rights and the Allocation of the Shares by the Board of Directors shall be provided according to the means and terms indicated by Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation and, in any case, by the applicable regulatory provisions.

3.9. *For plans based on financial instruments traded on regulated markets, under which terms and in accordance with which procedures does the issuer take into account, when identifying the timing of the allocation of the instruments under the plans, the possible overlap in time between (i) that allocation or any decisions taken in that regard by the Remuneration Committee, and (ii) the disclosure of any relevant information pursuant to Article 17 of Regulation (EU) No 596/2014; for example, in the event that this information is (a) not yet published and may prompt an increase in the market share price, or (b) already published and may prompt a decrease in the market share price.*

The execution of the Plan under this Prospectus will take place in full compliance with the disclosure obligations imposed on the company, in order to ensure the transparency and homogeneity of information to the market, as well as in compliance with the procedures adopted by the Company.

4. FEATURES OF THE INSTRUMENTS ALLOCATED

4.1. Description of the forms under which the financial instrument based remuneration plans are structured

The Plan consists of 3 free annual Grants ("rolling" plan) in favour of the Beneficiaries of Rights to Receive Shares free of charge at the end of each three-year Vesting Period, subject to, and depending on, the occurrence of the conditions set out in paragraph 2.2 of this Prospectus.

The Right to Receive Shares shall be allocated on a personal basis to each Beneficiary and may not be transferred between living persons, nor be subject to restrictions or constitute other acts of disposal in any form.

4.2. Indication of the effective implementation period of the plan with regards also to any differing cycles established

The Plan comprises 3 annual free allocations, each of which corresponds to a three-year Vesting Period to measure performance (2022-2024 for the first cycle, 2023-2025 for the second cycle and 2024-2026 for the third cycle). Specifically, at the beginning of each three-year Vesting Period (i.e., on January 1, 2022, 2023 and 2024), Plan Beneficiaries will be granted the Right to Receive Shares free of charge.

At the end of each Vesting Period (i.e., December 31, 2024, December 31, 2025 and December 31, 2026) and subsequent to the approval of the consolidated financial statements for the last year of each Vesting Period, the Board of Directors, with the support of the Remuneration Committee, will verify the fulfilment of the conditions for the Allocation of Shares set forth in paragraph 2.2 of this Prospectus and will determine the actual number of Shares to be allocated to each Beneficiary based on the achievement of the Performance Targets.

The Company shall make available to the Beneficiaries the number of Shares established not beyond the 60th calendar day subsequent to approval of the consolidated financial statements relating to the last year of each Vesting Period.

The following table illustrates the timeline for implementing the Plan, according to the various cycles.

| Cycle | Grant | Vesting period | Allocation |
|-------------------------|-------|-------------------------------------|--|
| - 1 st Cycle | 2022 | January 1, 2022 – December 31, 2024 | Approval of the consolidated financial statements 2024 |
| - 2 nd Cycle | 2023 | January 1, 2023 – December 31, 2025 | Approval of the consolidated financial statements 2025 |
| - 3 rd Cycle | 2024 | January 1, 2024 – December 31, 2026 | Approval of the consolidated financial statements 2026 |

The Plan also stipulates, for all Beneficiaries, an obligation to retain any ordinary Shares Allocated for a Holding Period of 24 months from the effective allocation date ("minimum holding"). An exception is made for the possibility to sell Shares in order to comply with tax obligations through the "sell to cover" method.

4.3. Conclusion date of the plan

The Plan shall conclude on December 31, 2028, including the Holding Period of 24 months set out in Section 4.6.

4.4. *Maximum number of financial instruments, also in the form of options, assigned in each fiscal year in relation to the named parties or to the categories indicated*

The Board of Directors has determined the maximum total number of Shares that may be granted under the Plan to be 1,000,000.

This number takes into account the Shares that could be allocated to any additional Plan Beneficiaries as may be identified by the Board of Directors.

4.5. *Methods and implementation clauses of the Plan, specifying whether the effective allocation of the instrument is subject to the achievement of conditions or the achievement of results (including performance based); description of these conditions and results*

Without prejudice to that indicated in paragraph 3.7 of this Prospectus, at the end of each Vesting Period, the free Allocation of the Shares to each Beneficiary is subject to the verification by the Board of Directors of the following conditions: (i) the continuing existence of the Beneficiary's Relationship with the Company or the Subsidiary, and their continued status as Executive Director, Senior Executive or Senior Manager, as of the Share Allocation Date; and (ii) the achievement of the Performance Targets (for further information refer to paragraph 2.2 of this Prospectus).

The number of Shares that shall be effectively allocated to each Beneficiary at each Share Allocation Date shall be established by the Board of Directors on the basis of the achievement of the Performance Targets described in paragraph 2.2 above of this Prospectus, according to the criteria indicated in the Plan regulation.

4.6. *Details of any restrictions on the availability of the instruments granted or on the instruments resulting from the exercise of the options, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited*

The Right to Receive Shares is granted to each Beneficiary on a personal basis and may not be transferred between living persons, nor be subject to restrictions or constitute other acts of disposal in any form.

The Plan also stipulates, for all Beneficiaries, an obligation to retain any ordinary Shares Allocated for a Holding Period of 24 months from the effective allocation date ("minimum holding"). An exception is made for the possibility to sell Shares in order to comply with tax obligations through the "sell to cover" method.

4.7. Description of any termination conditions for the assignment of plans if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the allocated financial instruments, including those in the form of options, or the financial instruments resulting from the exercise of such options

Not applicable, as no resolution conditions in the case in which the Beneficiaries undertake hedges are stipulated.

4.8. Description of the effects from resolution of employment

The Right to Receive Shares is genetically and functionally linked to the continuation of the Relationship between the Beneficiaries and the Company or the Subsidiaries and therefore in the case of the conclusion of the Relationship, subject to a more favourable decision by the Board of Directors for the Beneficiaries - the following provisions shall be applied.

If the Relationship is terminated due to a Bad Leaver scenario during the Vesting Period or, in any case, prior to the delivery of the Shares, the Beneficiary will permanently and fully lose the Right to Receive the allocated Shares.

If the Relationship is terminated in a Good Leaver scenario during a Vesting Period or, in any case, prior to the delivery of the Shares, the Beneficiary (or, upon their death, his/her legal heirs) may retain the right to receive a pro-rata quantity of Shares allocated before the Relationship Conclusion Date, based on the incontestable valuation of the Board of Directors on the level of achievement of the Performance Targets. It is understood that the verification level of achievement of the Performance Targets will be conducted with reference to the last approved annual financial statements and that the pro-rata quantity will be determined by taking the fiscal year as the reference calculation unit.

Finally, it is understood that if the Relationship is transferred to another Group company and/or if the Relationship is terminated with the simultaneous establishment of a new Relationship within the Group, always in the capacity of Beneficiary, the same person will retain, *mutatis mutandis*, any right granted by the Plan, as long as the Beneficiary retains the same role or position for which s/he was identified as a Beneficiary.

4.9. Details of any other causes for the plan cancellation

Not applicable as no causes for the cancellation of the Plan are established.

4.10. Reasons behind any provision for the “redemption” by the company of the financial instruments subject to the plans, established as per Articles 2357 and subsequent of the Civil Code; the beneficiaries of the redemption indicate whether such applies only to particular categories of employees; the effects of conclusion of the working relationship on this redemption

The right to redeem Shares is not envisaged by the Company. However, the Company reserves the unilateral faculty to have returned, in full or in part, the Shares received by the Beneficiaries (or the relative value at the time of Grant), in the cases in which the Allocation is ascertained to have taken place in

violation of company or legal rules or as a result of harmful or seriously damaging conduct carried out to alter the data utilised for the achievement of the Performance Targets (“clawback” clause).

4.11. Any loans or other supports considered to be provided for the acquisition of the shares in accordance with Article 2358 of the Civil Code

Not applicable.

4.12. Indication on the valuations regarding the expected charge upon the company at the relative assignment date, as may be estimated on the basis of the terms and conditions thus far defined, for the total amount and in relation to each plan instrument

The maximum expected cost to the Company in relation to the Plan is estimated at approximately Euro 9.14 million, in addition to consultancy costs. This amount was determined on the basis of the information available at the date of the Board of Directors’ approval of the Plan proposal.

4.13. Details of any dilution effects on the capital resulting from the remuneration plans

The Plan will not have dilutive effects since, in order to implement the Plan, the Company will make use exclusively of treasury shares in portfolio purchased pursuant to Articles 2357 and subsequent of the Civil Code, as indicated in paragraph 3.4 of this Prospectus.

4.14. Any limits for the exercise of voting rights and for the assignment of equity rights

No limits are envisaged for the exercise of voting rights and for the assignment of equity rights attached to the Shares.

4.15. In the case in which the shares are not traded on regulated markets, all useful information for a comprehensive valuation

Not applicable as the Shares are listed on the Euronext STAR Milan market organised and managed by Borsa Italiana S.p.A.

4.16. – 4.23

Not applicable.

4.24. Table

Table No. 1, Heading 1, Section 2 of Scheme No. 7 of Annex 3A of the Issuers’ Regulation is attached, on the basis of the characteristics previously defined by the Board of Directors of the Company. The above Table shall be filled out in greater detail and, from time to time updated, during the implementation of the Plan, in accordance with Article 84-*bis*, paragraph 5, letter a) of the Issuers’ Regulation.

FINANCIAL INSTRUMENT BASED REMUNERATION PLANS

TABLE NO. 1 OF SCHEME 7, ANNEX 3A, CONSOB REGULATION NO. 11971/99

| Name or category | Position (to be specified only for persons listed by name) | FRAMEWORK 1 | | | | | | |
|-------------------------|--|--|-------------------------------|---|------------|-----------------------------------|----------------------------|--------------------------------------|
| | | Financial instruments other than stock options | | | | | | |
| | | <u>Section 2</u> | | | | | | |
| | | Newly awarded instruments, based on the decision: X of the B.O.D.'s proposal to the Shareholders' Meeting <input type="checkbox"/> of the Board responsible for the introduction of the Shareholders' Meeting motion | | | | | | |
| | | Date of the relative Shareholders' Meeting motion | Type of financial instruments | Number of financial instruments granted | Grant Date | Purchase price of the instruments | Market price on grant date | Vesting period |
| Massimo Candela | Chief Executive Officer | April 27, 2022* | FILA ordinary shares | 110,500 | N/A | – | N/A | January 1, 2022 December 31, 2024 |
| Luca Pelosin | Executive Director | April 27, 2022* | FILA ordinary shares | 38,250 | N/A | – | N/A | January 1, 2022 December 31, 2024 |
| Senior Executives (5)** | | April 27, 2022* | FILA ordinary shares | 36,550 | N/A | – | N/A | January 1, 2022 December 31, 2024 |
| Senior Managers (36) | | April 27, 2022* | FILA ordinary shares | 93,925 | N/A | – | N/A | January 1, 2022 December 31, 2024 |

* The Shareholders' Meeting to consider approval of the Plan has been called for April 27, 2022.

**In addition to 688,900 ordinary company Shares issued to take account of shares to be allocated in the following two cycles or to any additional Beneficiaries of the Plan who may be identified by the Board of Directors.

*** It should be noted that no. 2 executives excluded from the list of Executives with strategic responsibilities and Beneficiaries of the Plan, pursuant to the regulations of the Plan and following a resolution by the Board of Directors, remained Beneficiaries of the Plan with exclusive reference to the first financial year of the first three-year assignment cycle (i.e. , the 2022 financial year). The maximum number of financial instruments assigned to these no. 2 former Managers with strategic responsibilities Beneficiaries of the Plan for the year 2022 is equal to no. 5.833 Ordinary shares of the Company.

Fine Comunicato n.1565-5

Numero di Pagine: 26