



**ILLUSTRATIVE REPORTS  
OF THE BOARD OF DIRECTORS  
FOR THE SHAREHOLDERS' MEETING  
OF APRIL 28, 2023  
ON ITEMS 1, 2, 3 and 4  
ON THE AGENDA**



**ILLUSTRATIVE REPORT  
OF THE BOARD OF DIRECTORS  
FOR THE SHAREHOLDERS' MEETING  
OF APRIL 28, 2023**

**1. *Financial Statements of Garofalo Health Care S.p.A. as of December 31, 2022. 2022 Report of the Board of Directors. Report of the Board of Statutory Auditors and of the Independent Audit Firm. Presentation of the Consolidated Financial Statements as of December 31, 2022 and of the 2022 Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254 of December 30, 2016 and Regulation (EU) No. 2020/852 of June 18, 2020. Resolutions thereon.***

Dear Shareholders,

The Board of Directors of Garofalo Health Care S.p.A. (the "**Company**") has called you to the Ordinary Shareholders' Meeting to propose the approval of the Company's financial statements at December 31, 2022, comprising the balance sheet, income statement, cash flow statement and notes to the financial statements, in accordance with law.

The Company's "Annual Financial Report at December 31, 2022" is available to the public according to law at the Company's registered office, at Borsa Italiana S.p.A., at the "eMarket STORAGE" authorised storage mechanism available at [www.emarketstorage.com](http://www.emarketstorage.com), and on the Company's website. It contains the Company's draft financial statements and the consolidated financial statements approved by the Board of Directors on March 16, 2023, together with the Directors' Report on Operations and the certification referred to in Article 154-bis, Section 5, of Legislative Decree No. 58 of February 24, 1998 (the "**CFA**"). The Annual Financial Report is also available in ESEF (European Single Electronic Format) format pursuant to Article 4(7) of Directive 2004/109/EC and Delegated Regulation (EU) 2019/815, on the authorised storage mechanism "eMarket STORAGE" and the Company's website.

The reports of the Board of Statutory Auditors and the Independent Audit Firm are available on the Company's website along with the Annual Financial Report. Reference should therefore be made to these documents.

In the same manner, the Consolidated Non-Financial Statement for the year 2022 pursuant to, on the one hand, Legislative Decree No. 254 of December 30, 2016 (Implementation of Directive 95/2014/EU on the disclosure of non-financial information) and Consob Regulation No. 20267 of January 18, 2018 and, on the other hand, Regulation (EU) 2020/852 (Taxonomy Regulation), Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178, approved by the Board of Directors on March 16, 2023, is also available for public consultation. Specifically, this report contains information on environmental, social and personnel issues, respect for human rights and the fight against active and passive corruption.

It should be noted that the Consolidated Financial Statements, the Directors' Report, the reports of the Board of Statutory Auditors and the Independent Audit Firm, in addition to the Non-Financial Statement, are presented to the Shareholders' Meeting for informational purposes only, since they are not subject to approval by the Meeting.

As such, we request your approval for the Company's Financial Statements at December 31, 2022.

We therefore submit for your approval the following resolution:

*"The Shareholders' Meeting of Garofalo Health Care S.p.A, meeting in ordinary session,*

- *having heard and noted the information set out by the Board of Directors;*
- *having examined the Garofalo Health Care S.p.A financial statements at December 31, 2022, comprising the balance sheet, income statement, cash flow statement and the notes to the financial statements;*
- *having noted the Directors' Report, the statement as per Article 154-bis, paragraph 5 of Legislative Decree No. 58 of February 24, 1998, the Reports of the Board of Statutory Auditors and of the Independent Audit Firm, of the Consolidated Non-Financial Statement as per Legislative Decree No. 254 and Regulation (EU) 2020/852 of December 30, 2016, and of the consolidated financial statements at December 31, 2022,*

*resolves*

*to approve the financial statements at December 31, 2022 in all their parts and findings."*

Rome, March 16, 2023

**The Chairperson of the Board of Directors**

**Alessandro Maria Rinaldi**



**ILLUSTRATIVE REPORT  
OF THE BOARD OF DIRECTORS  
FOR THE SHAREHOLDERS' MEETING  
OF APRIL 28, 2023**

**2. Allocation of the net profit. Resolutions thereon.**

Dear Shareholders,

the financial statements of Garofalo Health Care S.p.A. (the “**Company**”) at December 31, 2022 which we submit for your proposal as per item 1 on the Agenda show a profit for the year of approximately Euro 1,638 thousand.

Article 40 of the By-Laws states that, in accordance with law, *"5% (five percent) of the net profits resulting from the company's financial statements must be retained in the statutory reserve, until said reserve has reached an amount equal to one fifth of the share capital"* and that *"from the net profits, an amount equal to a maximum of 1% (one percent) of the same must also be deducted, according to the indications provided by the Board of Directors, to be allocated to a fund to be used autonomously by the Board of Directors for scientific and/or charitable purposes"*.

The Board of Directors confirms that the legal reserve has not reached an amount equal to one-fifth of the share capital, and that consequently an amount of approximately Euro 82 thousand will be deducted from the net profits to be allocated to the legal reserve.

The Board of Directors also proposes to deduct from the year's profit an amount of approximately Euro 16 thousand, in compliance with the statutory limit, to be disbursed by the Board of Directors "for scientific and/or charitable purposes".

Considering the above, we therefore propose the following allocation of the profit for the period: Euro 82 thousand to the legal reserve, Euro 16 thousand to the provision as per Article 40 of the By-Laws, and the remainder - Euro 1,540 thousand - to “retained earnings”.

We therefore submit for your approval the following resolution:

*“The Shareholders' Meeting of Garofalo Health Care S.p.A. called in ordinary session, having heard and noted the statements made by the Board of Directors,*

*resolves*

*to allocate Euro 82 thousand to the legal reserve, Euro 16 thousand to the provision as per Article 40 of the By-Laws and Euro 1,540 thousand to “retained earnings”.*

Rome, March 16, 2023

**The Chairperson of the Board of Directors**

**Alessandro Maria Rinaldi**

**ILLUSTRATIVE REPORT  
OF THE BOARD OF DIRECTORS  
FOR THE ORDINARY SHAREHOLDERS' MEETING  
OF 28 APRIL 2023**

**3. Resolutions on the “Report on the Remuneration Policy and remuneration paid” in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (CFA) and Article 84-quater of Consob Regulation No. 11971/1999 (Regulation implementing CFA, concerning the discipline of issuers):**

**3.1 binding vote on the remuneration policy for 2023 set out in the first section of the Report. Resolutions thereon;**

**3.2 non-binding vote on the second section of the Report regarding remuneration paid in, or relating to, 2022. Resolutions thereon.**

Dear Shareholders,

the Board of Directors of Garofalo Healthcare S.p.A. (the “**Company**”) has called you to the Ordinary Shareholders' Meeting to propose that you examine, discuss and take the consequent motions regarding, *inter alia*, the 2022 Remuneration Policy and Report, prepared pursuant to Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (the “**CFA**”) and Article 84-quater of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999 (the “**Regulation implementing CFA, concerning the discipline of issuers**”), in accordance with Schedule 7-bis in Annex 3A of the Regulation implementing CFA, concerning the discipline of issuers, and in accordance with Article 5 of the *Corporate Governance Code* (the “**Remuneration Report**”).

In this regard, we note that the Remuneration Report consists of two sections:

- (i) Section I illustrates the Policy proposed for 2023 by the Company for the remuneration of Directors and members and the Board of Statutory Auditors, specifying the purposes pursued, the bodies and persons involved and the procedures used for its adoption and execution (the “**2023 Remuneration Policy**”);
- (ii) Section II sets out the remuneration for the year ending December 31, 2022 by name for the Directors, Statutory Auditors and General Manager (the “**Report on Remuneration paid in 2022**”).

The Remuneration Report was approved by the Board of Directors, upon the proposal of the Appointments and Remuneration Committee, on March 16, 2023, and will be made available to the public within the terms of the law.

The 2023 Remuneration Policy is submitted to the shareholders for a vote; the related motion is binding.

The Report on Remuneration paid in 2022 is also subject to a shareholder vote; the related motion is non-binding.

Considering the above, we therefore submit the following proposed motions for your approval:

*“The Shareholders' Meeting of Garofalo Health Care S.p.A. meeting in ordinary session, having noted the 2022 Remuneration Policy and Report, prepared in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (the CFA) and Article 84-quater of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999 (Regulation implementing CFA, concerning the discipline of issuers), in accordance with Schedule 7-bis in Annex 3A of the Regulation implementing CFA, concerning the discipline of issuers, and in accordance with Article 5 of the Corporate Governance Code, approved by the Board of Directors on March 16, 2023*

*resolves*

- *to approve Section I of the "2022 Remuneration Policy and Report," which outlines the Policy for 2023 for the Remuneration of Directors and members of the Board of Statutory Auditors, specifying the purposes pursued, the bodies and persons involved and the procedures used for its adoption and execution.”*

*\*\*\**

*“The Shareholders' Meeting of Garofalo Health Care S.p.A. meeting in ordinary session, having noted the 2022 Remuneration Policy and Report, prepared in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (the CFA) and Article 84-quater of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999 (Regulation implementing CFA, concerning the discipline of issuers), in accordance with Schedule 7-bis in Annex 3A of the Regulation implementing CFA, concerning the discipline of issuers, and in accordance with Article 5 of the Corporate Governance Code, approved by the Board of Directors on March 16, 2023*

*resolves*

- *in favour of Section II of the "2022 Remuneration Policy and Report" which sets out the remuneration for the year ending December 31, 2022 by name for the Directors, Statutory Auditors and General Manager, making the outcome of the vote available to the public pursuant to Article 125-quater, paragraph 2, of the CFA.”*

Rome, March 16, 2023

**The Chairperson of the Board of Directors**

**Alessandro Maria Rinaldi**

**ILLUSTRATIVE REPORT  
OF THE BOARD OF DIRECTORS  
FOR THE ORDINARY SHAREHOLDERS' MEETING  
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**4. Authorisation to purchase and dispose of treasury shares (buyback) pursuant to Articles 2357 and subsequent of the Civil Code, 132 of Legislative Decree No. 58 of February 24, 1998 (CFA), 144-bis of Consob Regulation No. 11971/1999 (Regulation implementing CFA, concerning the discipline of issuers), 5 of EU Regulation No. 596/2014 (MAR), 3 and 4 of Commission Delegated Regulation (EU) No. 2016/1052, subject to revocation of the previous authorisation to purchase and dispose of treasury shares. Resolutions thereon.**

Dear Shareholders,

as regards the fourth item on the Agenda, the Board of Directors presents and submits for your approval the proposal for authorisation to purchase and dispose of the Company's treasury shares (buyback), as described in greater detail in this Illustrative Report, pursuant to and in accordance with Articles 2357 et seq. of the Civil Code, 125-ter and 132 of Legislative Decree No. 58 of February 24, 1998 (the "**CFA**"), 73 and 144-bis of Consob Regulation No. 11971 approved by Consob by resolution of May 14, 1999 (the "**Regulation implementing CFA, concerning the discipline of issuers**"), 5 of Regulation (EU) No. 596/2014 on Market Abuse Regulation (the "**MAR**"), and 3 and 4 of Delegated Regulation (EU) 2016/1052, which lays down regulatory technical standards on the conditions applicable to share buyback programs and stabilisation measures (the "**Delegated Regulation**"), and also in accordance with market practices permitted from time to time, subject to revocation of the previous authorisation to purchase and dispose of treasury shares approved by the Shareholders' Meeting on April 29, 2022.

This Illustrative Report has been prepared in accordance with the guidance contained in Annex 3A, Schedule 4, of the Regulation implementing CFA, concerning the discipline of issuers.

The Board of Directors firstly notes that:

- (i) on April 29, 2022, in connection with the execution of the 2019-2021 Stock Grant Plan and the 2021-2023 Performance Share Plan and in order to stabilise the stock, the Shareholders' Meeting authorised the Board of Directors to purchase a maximum number of ordinary shares of the Company in no case exceeding 1,804,000 (including 1,170,205 treasury shares held by the Company at that date), representing approximately 2% of the Company's share capital at that date, for a maximum term of 12 months from the date of the Shareholders' Meeting motion, and to dispose of them in accordance with the applicable regulatory provisions and market practices permitted from time to time, all as further detailed in the relevant motion;
- (ii) on the same date, the Board of Directors resolved to begin the treasury share purchase programme in execution of the aforementioned Shareholders' Meeting motion;
- (iii) given the upcoming expiration of the aforementioned authorisation and in connection with the execution of the 2021-2023 Performance Share Plan, the continuing need to stabilise the stock and the need to provide for an additional operational purpose, it has been deemed opportune to submit to the Shareholders' Meeting for approval this proposal for authorisation to purchase and dispose of the

Company's treasury shares, as described in greater detail in this Illustrative Report, subject to revocation of the previous authorisation to purchase and dispose of treasury shares approved by the Shareholders' Meeting on April 29, 2022;

- (iv) at March 15, 2023, the Company holds 1,397,360 treasury shares, with voting rights suspended as per the law, constituting approximately 1.55% of the 90,200,000 outstanding ordinary; no subsidiaries hold shares in the Company as of the date of this Illustrative Report.

Considering the above, the Board of Directors outlines the manner, rationale and terms of the proposed authorisation submitted for your approval.

### **1) Reasons for the requested authorisation to purchase and dispose of treasury shares.**

The Board of Directors considers it opportune to propose to the Shareholders' Meeting, considering that the Company's need to pursue the purposes of the previous plan have not changed, and having considered the need to provide for an additional operational purpose, to authorise a new plan for the purchase and disposal of treasury shares to allow the Company to pursue the following objectives:

- (a) to create a "share reserve" to service, if needed, the 2021-2023 Performance Share Plan approved by the Shareholders' Meeting of April 30, 2021, in addition to any other share incentive plans, including of a long-term nature, reserved for Directors and/or managers of the Company or its subsidiaries.
- (b) to intervene, in compliance with the applicable provisions and through intermediaries, in order to stabilise the share price and ensure normal trading and share prices, countering distortions related to excessive volatility or scarcity of shares; and
- (c) to create a "share reserve" to service, if needed, corporate transactions involving the sale of treasury shares (including for consideration) to allow institutional or qualifying investors - or, in any case, commercial, financial or strategic partners - to enter the Company's share capital, with a view to the pursuit of the GHC Group's best medium- and long-term interests and its strategic positioning in its market.

It remains understood that, should the reasons for their purchase cease to exist, treasury shares held by the Company may be allocated to a different purpose authorised by the Shareholders' Meeting or sold.

### **2) Maximum number, class and nominal value of the shares to which the authorization refers.**

Authorisation is requested for the purchase, including on a revolving basis, of ordinary shares of the Company, without par value, so that - taking into account the ordinary shares held in portfolio by the Company and its subsidiaries - the Company does not hold from time to time more than 3% of the Company's share capital as of today's date (including, for the sake of clarity only, treasury shares held by the Company as of the date of the Shareholders' Meeting). In any case, the total purchase equivalent may not exceed Euro 7,000,000.



### **3) Other useful information for a comprehensive review of compliance with the provision under Article 2357 of the Civil Code.**

In accordance with Article 2357 of the Civil Code, treasury share purchases must in any case be made within the limits of the distributable profits and the available reserves as per the latest approved financial statements at the time of each transaction.

Only fully paid shares may be purchased.

The value of available reserves and distributable profits, and the verification of information used to assess compliance with the maximum purchase limit set out in the authorisation, shall be analysed by the Board of Directors at the time each transaction is carried out or by any intermediary appointed by the Company pursuant to Article 4, paragraph 2, letter b) of the Delegated Regulation.

On the occasion of any transaction involving the purchase or disposal of treasury shares, the Company will make appropriate accounting entries, in accordance with Article 2357-ter, last paragraph, of the Civil Code and applicable accounting standards.

To allow for checks on subsidiaries, they will be provided with specific directives to ensure prompt notification to the Company of any purchase of ordinary shares of the parent company carried out pursuant to Article 2359-bis of the Civil Code.

Treasury shares shall have their voting rights suspended for as long as they remain owned by the Company and enjoy neither the right to receive profit distributions nor the right of option, which shall be allocated proportionally to other shares.

### **4) Duration of the requested authorisation**

Authorisation to purchase treasury shares is requested for a term of 18 months from the date of the Shareholders' Meeting motion approving the proposal, in accordance with the applicable regulations set out in Article 2357, paragraph 2 of the Civil Code, which currently sets the maximum term at 18 months.

On the other hand, authorisation to dispose of any treasury shares purchased is requested without time limits, due to the absence of provisions in this regard under current regulations and the advisability of allowing the Board of Directors to make use of maximum flexibility, including in terms of timing, to carry out the acts of disposal of any treasury shares purchased.

In any case, purchases and disposals shall be carried out in accordance with the applicable regulatory provisions referred to above, and with permitted market practices from time to time.

### **5) Minimum and maximum fees and market valuations used to determine said fees.**

Subject to the fact that the purchases of treasury shares shall be made in compliance with the terms, conditions and requirements established by the applicable regulation and, where applicable, market practice,

the Board of Directors proposes that the unitary price for the purchase of the shares is set on a case by case basis for each transaction and however may not be, for the minimum, 10% lower or, for the maximum, 10% higher than the share price recorded in the trading session before each individual transaction.

The Board of Directors requests authorisation pursuant to Article 2357-ter of the Civil Code to dispose of treasury shares at the price or, in any case, in accordance with criteria and conditions determined by the Board of Directors. These shall consider the implementation methods to be used in practice, the movement in share prices in the period preceding the transaction and the best interests of the Company, any shall be in any case in compliance with the terms, conditions and requirements established by applicable regulations and, where applicable, by permitted market practices from time to time.

#### **6) Methods of purchase and, if known, of disposal.**

The purchase of treasury shares will be carried out in compliance with Article 132 of the CFA and in the manner set out in Article 144-bis, paragraph 1, letters a), b) and d-ter) of the Regulation implementing CFA, concerning the discipline of issuers. The purchase methods shall be identified by the Board of Directors on the basis of, among other matters, the purpose pursued on each occasion.

Treasury share purchases may be carried out in compliance with the conditions set out in Article 3 of the Delegated Regulation in order to benefit, where the conditions are met, from the exemption under Article 5, paragraph 1 of the MAR. The programme may also be (i) structured as a “predetermined share buyback program,” in accordance with the provisions of Article 4, paragraph 2, letter a) of the Delegated Regulation, or (ii) coordinated by an intermediary engaged by the Company. This intermediary shall make the trading decisions as to when to make the purchase of the Company's shares in full independence from the Company in accordance with the provisions of Article 4, paragraph 2, letter b) of the Delegated Regulation and in the manner and within the operational limits set out in the authorisation.

Should the Company, in the same period, enter into transactions for more than one of the above purposes, it shall separately record all related information and transactions, using specific securities accounts where appropriate.

#### **7) Information on the use of purchases to reduce share capital through cancellation of treasury shares purchased.**

The purchase of treasury shares is not intended to reduce the share capital, without prejudice to the Company's right, where a reduction in share capital is approved by the Shareholders' Meeting on a future date, to execute such a reduction by cancelling treasury shares in portfolio.

We therefore submit for your approval the following resolution:

*“The Shareholders' Meeting of Garofalo Health Care S.p.A, meeting in ordinary session,*

*- having heard and noted the information set out by the Board of Directors;*

- *having examined the Illustrative Report prepared by the Board of Directors pursuant to Articles 125-ter Legislative Decree No. 58 of February 24, 1998, (the CFA), 73 and 144-bis of Consob Regulation No. 11971 approved by Consob Resolution of May 14, 1999 (Regulation implementing CFA, concerning the discipline of issuers), in accordance with the instructions contained in Annex 3A, Schedule 4, of the aforementioned Regulation;*
- *having examined the Company's financial statements at December 31, 2022 approved today, and noting the total amount of available reserves resulting therefrom, amounting to Euro 156,800 thousand;*

*resolves*

- i) *to revoke the authorisation to purchase and dispose of treasury shares approved by the Shareholders' Meeting on April 29, 2022;*
- ii) *to authorise the Board of Directors, pursuant to and in accordance with Articles 2357 et seq. of the CFA, 132 of the Civil Code, 144-bis of the Regulation implementing CFA concerning the discipline of issuers, 5 of Regulation (EU) No. 596/2014 on market abuse, and 3 and 4 of Delegated Regulation (EU) 2016/1052 which lays down regulatory technical standards on the conditions applicable to share buyback programs and stabilisation measures (the Delegated Regulation):*
  - a) *to purchase, including on a revolving basis, of ordinary shares of the Company, without par value, so that - taking into account the ordinary shares held in portfolio by the Company and its subsidiaries - the Company does not hold from time to time more than 3% of the Company's share capital as of today's date (including, for the sake of clarity only, treasury shares held by the Company as of the date of the Shareholders' Meeting). In any case, the total purchase equivalent may not exceed Euro 7,000,000, The Board shall also be authorised to carry out repeated and successive purchases, in accordance with the applicable regulatory provisions referred to above and with permitted market practices from time to time, for a maximum duration of 18 months from the date of this Shareholders' Meeting motion;*
  - b) *to dispose of treasury shares held by the Company, including through repeated and successive disposals, in accordance with the applicable regulatory provisions referred to above and with permitted market practices from time to time, without time limits, at the price or, in any case, according to criteria and conditions determined by the Board of Directors, which shall consider the implementation methods to be used in practice, the movement in share prices in the period preceding the transaction and the best interests of the Company;*
- iii) *that the aforementioned authorisation for the purchase of the Company's ordinary shares is contingent on:*
  - a) *the pursuit of the following purposes:*
    1. *the creation of a "share reserve" to service, if needed, the 2021-2023 Performance Share Plan approved by the Shareholders' Meeting of April 30, 2021, in addition to any*

*other share incentive plans, including of a long-term nature, reserved for Directors and/or managers of the Company or its subsidiaries.*

- 2. interventions, in compliance with the applicable provisions and through intermediaries, to stabilise the share price and ensure normal trading and share prices, countering distortions related to excessive volatility or scarcity of shares;*
  - 3. the creation of a “share reserve” to service, if needed, corporate transactions involving the sale of treasury shares (including for consideration) to allow institutional or qualifying investors - or, in any case, commercial, financial or strategic partners - to enter the Company's share capital, with a view to the pursuit of the GHC Group's best medium- and long-term interests and its strategic positioning in its market;*
- b) the payment of a unitary price for the purchase of the Shares to be set on a case-by-case basis for each transaction but which may not in any case be, for the minimum, 10% lower or, for the maximum, 10% higher than the share price recorded in the trading session before each individual transaction;*
- c) compliance with Article 132 of the CFA and execution in the manner set out in Article 144-bis, paragraph 1, letters a), b) and d-ter) of the Regulation implementing CFA concerning the discipline of issuers;*
- iv) that purchase of the Company's ordinary shares pursuant to this authorisation may be carried out in compliance with the conditions set out in Articles 3 and/or 4, paragraph 2, letter a) and/or (b) of the Delegated Regulation;*
- v) to grant the Board of Directors and, on its behalf, the Chairperson and the Chief Executive Officer in office, jointly and severally and with the power to delegate, all broader powers necessary or appropriate to carry out transactions to purchase and dispose of the Company's ordinary shares, including through authorised intermediaries, and to enact this motion, including through its own proxies, including by approving any and all executive provisions of the relevant purchase program and complying with any requirements of the competent Authorities.”*

Rome, March 16, 2023

**The Chairperson of the Board of Directors**

**Alessandro Maria Rinaldi**



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