



Shareholders' Meeting of 29 April 2025
Explanatory Report by the Board of Directors

Item 1 on the agenda

Financial report at 31 December 2024: management report prepared by the Board of Directors; Independent Auditors' Report and Report of the Board of Statutory Auditors; Approval of the Financial statements at 31 December 2024.

Dear Shareholders,

We present to you, in compliance with the applicable legal and regulatory provisions, the Annual Financial Report of Sabaf S.p.A. (hereinafter referred to as "**Sabaf**" or the "**Company**"), containing the draft financial statements for the 2024 financial year; the consolidated financial statements; the management report of the Board of Directors containing the Consolidated Sustainability Statement as at 31 December 2024, prepared in accordance with the requirements of Legislative Decree 125 of 6 September 2024, which implements Directive 2022/2464/EU (also known as the Corporate Sustainability Reporting Directive or CSRD); the Report of the Board of Statutory Auditors and the Independent Auditors' Report.

These documents are filed at Sabaf's registered office and published on the website www.sabafgroup.com and with the other procedures set forth by the prevailing regulations.

In addition to illustrating the financial statements, Sabaf, one of the first international-level companies to embrace the trend of integrated reporting, intends to continue along this path, aware that integrated, complete and transparent reporting can benefit both the companies themselves, through a better understanding of the structure of the strategy and greater internal cohesion, and the community of investors, which can thus more clearly understand the connection between strategy, governance and company performance.

As we thank our employees, the Board of Statutory Auditors, the Independent Auditors and the supervisory authorities for their invaluable cooperation, we would kindly ask the shareholders to approve the financial statements ended 31 December 2024 with a profit for the year of €1,327,683.

Dear Shareholders,

We therefore ask you to approve the following draft resolution:

1. *"The Shareholders' Meeting:*

- *having taken note of the Board of Directors Management Report, the Board of Statutory Auditors Report, and the Independent Auditors' Report;*
- *having examined and debated the financial statements at 31 December 2024, which closed with an operating profit of €1,327,683.*

resolved

to approve the financial statements at 31 December 2024".

Ospitaletto, 28 March 2025

For the Board of Directors
The Chairman
Claudio Bulgarelli



Item 2 on the agenda

Resolution on the allocation of the profit and on dividend proposal

Dear Shareholders,

The Board of Directors proposes to distribute an ordinary dividend of €0.58 per share to the shareholders, with the exclusion of the treasury shares on the ex-date, by distributing €1,272,205 of the profit from the 2023 financial year which is available after setting aside €55,479 from this profit to the legal reserve and, for the residual part, by distributing a portion of the extraordinary reserve. The dividend is scheduled for payment on 28 May 2025 (ex-date 26 May and *record date* 27 May 2025).

Dear Shareholders,

We therefore ask you to approve the following draft resolution:

1. *"The Shareholders' Meeting:*

- *having taken note of the resolution passed with respect to Item 1 on the agenda*

resolved

to distribute an ordinary dividend of €0.54 per share to the shareholders, with the exclusion of the treasury shares on the ex-date, by distributing by distributing €1,272,205 of the profit from the 2023 financial year which is available after setting aside €55,479 from this profit to the legal reserve and, for the residual part, by distributing a portion of the extraordinary reserve.

Ospitaletto, 28 March 2025

For the Board of Directors
The Chairman
Claudio Bulgarelli

Item 3 on the agenda**Report on remuneration policy and fees paid - resolution on the second section pursuant to paragraph 6 of Article 123-ter of Italian Legislative Decree 58/1998.**

Dear Shareholders,

The Report on remuneration policy and remuneration paid has been prepared in compliance with Annexe 3A, schemes 7-bis and 7-ter, of the regulations adopted with Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, and was made available to the public by the deadlines and in the manner pursuant to the law. The report may also be consulted at the website www.sabafgroup.com.

Pursuant to art. 123-ter of Legislative Decree no. 58/1998 as amended by Legislative Decree no. 49/19, this Shareholders' Meeting is called upon to express its advisory vote on the second section of the Report on remuneration policy and remuneration paid, containing – with regard to the administration and control bodies, general managers and, in aggregate form, executives with strategic responsibilities:

- (i) the representation of the items making up the remuneration;
- (ii) an analytical illustration of the remuneration paid in the financial year under review for any reason and in any form by the Company or by subsidiaries or associates.

We report that, pursuant to Art. 123-ter paragraph 8-bis of Legislative Decree No. 58/1998, as amended by Legislative Decree 49/19, the company appointed to audit the financial statements verified the preparation by the directors of the second section of the Report.

Dear Shareholders,

We therefore ask you to approve the following draft resolution:

“The Ordinary Shareholders’ Meeting:

- *having taken note of and examined the Report on remuneration policy and fees paid;*
- *having taken note of the fact that the independent auditors have checked the provisions of Article 123, paragraph 8-bis of Italian Legislative Decree no. 58/1998, regarding the preparation by the directors of the second section of this Report*

resolved

to approve the second section of the Report on remuneration policy and remuneration paid, with an advisory vote pursuant to Article 123, paragraph 6 of Italian Legislative Decree 58/1998,

Ospitaletto, 28 March 2025

For the Board of Directors
The Chairman
Claudio Bulgarelli



Item 4 on the agenda

Authorisation for the purchase and disposal of treasury shares, upon revocation, for the non-executed part of the resolution of 8 May 2024; related and consequent resolutions.

Dear Shareholders,

On the occasion of this Shareholders' Meeting, we deem it appropriate to submit to your attention the proposal of authorisation for the purchase and disposal, by the Company, of treasury shares, under the terms and following the procedures indicated hereunder.

A. Reasons why the authorisation for the purchase and disposal of treasury shares is requested

The reasons leading the Board of Directors to submit to the Shareholders' Meeting its request for authorisation to carry out operations of purchase of treasury shares and disposal thereof are set out hereunder:

- I use, in line with the Company's strategic lines, the treasury shares as part of operations related to industrial projects and agreements with strategic partners, or as part of investment operations, also through exchange, conferral, transfer, or other acts of disposal of the treasury shares for the acquisition of stakes or shareholding packages, or other operations of extraordinary finance that involve assigning or disposing of treasury shares;
- II disposing of treasury shares to be used for equity-based incentive plans, reserved for directors and/or employees of the Company or of subsidiary companies and, in particular, the stock grant plan approved by the Shareholders' meeting of 8 May 2024;
- III offer shareholders an additional instrument to monetise their investment;
- IV carry out activities in support of market liquidity.

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

As of the date hereof, the Company's share capital equals €12,686,795 and consists of 12,686,795 ordinary shares of a nominal value of €1.00 each.

The maximum number of treasury shares for which the purchase is proposed, within the limits of the profits that can be distributed and the available reserves based on the latest, duly approved financial statements, is 634,339, which is to say the different number that represents, from time to time, the maximum limit of 5% (five per cent) of the share capital, in the event of a resolution to increase and/or reduce the share capital during the authorisation period as per point D below.

The request for authorization regards the power of the Board of Directors to carry out repeated and successive operations of purchase and sale, or of other acts of disposal (including assignment, free of charge, at the service of the stock incentive plan) of treasury shares on a revolving basis, also for fractions of the maximum authorized amount, in such an amount that the treasury shares held by the Company might not at any rate exceed the maximum limit established by law.

C. Additional information of use for assessing compliance with the provision established by art. 2357, paragraph 3, of the Italian Civil Code

For the purposes of assessing compliance with the limits pursuant to art. 2357, paragraph 3 of the Italian Civil Code, it is pointed out that the Company's capital equals €12,686,795 and consists of 12,686,795 ordinary shares of a nominal value of € 1.00 each. It is pointed out that at the date hereof, the Company holds 223,545 treasury shares in its portfolio, equal to 1.762% (one point seven six two percent) of the share capital.



It is to be borne in mind that, pursuant to art. 2357, paragraph 1 of the Italian Civil Code, the purchase of treasury shares is permitted within the limits of the profits that can be distributed and of the available reserves resulting from the latest, duly approved financial statements.

The Company's financial statements at 31 December 2023, duly approved by the Shareholders' Meeting on 08 May 2024, shows that the Company had available reserves totalling €111,353,489, as follows:

- share premium reserve of €26,160,299;
- revaluation reserve, Italian law no. 413/91 of €42,207;
- revaluation reserve, Italian law no. 342/00 of €1,591,967;
- revaluation reserve, law no. 104/2020 of €4,727,313;
- available retained earnings of €78,831,703.

Moreover, the draft of the Company's financial statements at 31 December 2024, approved by the Board of Directors on 25 March 2025 and to be submitted to the Shareholders' Meeting on 29 April 2025, in a single call, shows that the Company has available reserves totalling €108,611,020, as follows:

- share premium reserve of €26,160,299;
- revaluation reserve, Italian law no. 413/91 of €42,207;
- revaluation reserve, Italian law no. 342/00 of €1,591,967;
- revaluation reserve, law no. 104/2020 of €4,873,519;
- available retained earnings of €75,943,028.

It is specified that the Board of Directors is bound to verify compliance with the conditions required by art. 2357 of the Italian Civil Code for the purchase of treasury shares at the moment in which it completes any authorised purchase.

On the occasion of the purchase of shares or their disposal, exchange, conferral, or write-down, the appropriate accounting entries must be done in compliance with the provisions of law and with the applicable accounting standards.

The subsidiaries and their respective governing bodies shall be given suitable provisions so that they may promptly signal any acquisition of shares done pursuant to art. 2359-bis of the Italian Civil Code.

Pursuant to Article 44-bis of the Regulation adopted with Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, it is pointed out that the treasury shares held by the company are excluded from the share capital upon which the relevant stake for the purposes of the obligations deriving from Article 106, paragraphs 1 and 3, letter b) of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, is calculated, except in the case in which the shares have been purchased in execution of a shareholders' meeting resolution that, without prejudice to the provisions of articles 2368 and 2369 of the Italian Civil Code, has also been approved with the favourable vote of the majority of the shareholders present at the shareholders' meeting, other than the shareholder or shareholders that, even jointly, hold the majority stake, or even the relative majority provided that it exceeds 10% (ten per cent). Moreover, pursuant to art.44-bis, paragraph 3 of the aforementioned CONSOB regulation, it is pointed out that the share capital upon which the majority stake for the purposes of the obligations derived from art. 106, paragraphs 1 and 3, letter b) of Legislative Decree no. 58 of 24 February 1998 is calculated do not exclude the treasury shares held by the Company to serve the stock incentive plans, reserved for directors and/or employees of the Company or of subsidiaries.

D. Duration for which the authorisation is requested

The authorisation for the purchase of treasury shares is requested for a period of 18 (eighteen) months, starting from the date when the Shareholders' Meeting adopts the corresponding resolution.



The authorisation to dispose of the treasury shares that may be purchased, and/or of those already in the portfolio, is requested without time limits.

E. Minimum payment and maximum payment

The Board of Directors proposes that the unit payment for the purchase of the treasury shares, including the accessory purchase charges, not exceed 10% (ten per cent) of the average of the official prices recorded on the screen-based market in the five sessions prior to the purchase, in compliance at any rate with the terms and conditions established by Delegated Regulation (EU) no. 1052 of 8 March 2016 and by the practices admitted and recognised by Consob pursuant to art. 13 of Regulation (EU) no. 596 of 16 April 2014 and art. 180, paragraph 1, letter c) of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented with resolution no. 16839 of 19 March 2009 (“**Admitted Practices**”), where applicable.

The Board of Directors also proposes being authorised to dispose of and/or use, on any grounds and at any time, in whole or in part, in one or more operations, the purchased treasury shares (even already in the portfolio), for the purposes indicated herein, in accordance with the procedures, terms, and conditions determined from time to time by the Board of Directors, in compliance with the terms, conditions, and requirements established by the applicable regulations and by the Admitted Practices.

F. Procedures through which the purchases and acts of disposal will be carried out

The treasury share purchase operations shall start and end by the times established by the Board of Directors after any authorisation by this Shareholders’ Meeting.

The treasury share purchase operations shall be carried out, in one or more operations, on a revolving basis, through purchase on regulated markets, in accordance with modes of operation that do not permit the direct combination of purchase negotiation proposals with predetermined sale negotiation proposals, in compliance with the laws and regulations from time to time in force, and in particular pursuant to art. 132 of Legislative Decree no. 58 of 24 February 1998, and art. 144-bis, paragraph 1, letter b) of Consob Regulation 11971/1999.

The purchase of treasury shares may take place by procedures other than those indicated above where permitted by art. 132, paragraph 3, of Legislative Decree no. 58 of 24 February 1998, or by other provisions applicable from time to time at the moment of the operation.

As concerns the operations to dispose of the shares, the Board of Directors proposes that, in compliance with the applicable regulations and with market practice, the authorisation might permit the adoption of any procedure that is appropriate to correspond with the pursued purposes – including the use of the treasury shares at the service of the stock incentive plan –, and in particular that the disposal of the shares might take place, in one or more operations, even prior to having finished the purchases. Given the effects on the float that may derive from the performance of treasury share purchase and sale operations, the Board of Directors proposes that the authorisation provide for the obligation for the Board of Directors to carry out operations for the purchase and sale of the Company’s shares in accordance with procedures and times that are such as not to impair the Company’s maintenance of the maximum float required for STAR qualification.

G. Additional information, where the purchase operation is instrumental to the reduction in share capital through the cancellation of purchased treasury shares

It is specified that the request for authorisation for the purchase of treasury shares is not, in the present state of affairs, subordinated to operations reducing the share capital through cancellation of the purchased treasury shares.



Dear Shareholders,

For the reasons set out above, we therefore ask you to approve what was proposed by the Board of Directors with reference to the item on the agenda, and consequently to pass the following resolution:

“The Shareholders’ Meeting of Sabaf S.p.A., based on the report of the Board of Directors, considering articles 2357 et sequitur of the Italian Civil Code, Article 132 of Legislative Decree no. 58 of 24 February 1998, and the current regulations issued by Consob

resolved

1. *to revoke, for the part not yet carried out, the resolution for the purchase and sale of treasury shares made during the Shareholders’ Meeting of 08 May 2024;*

2. *to authorise, pursuant to and to the effects of art. 2357 of the Italian Civil Code, the purchase, in one or more operations, of a maximum number, on a revolving basis (with this to be understood as the maximum amount of treasury shares from time to time held in the portfolio), of 634,339 ordinary shares, or such different maximum number as shall represent 5% (five per cent) of the share capital in the event of resolutions and execution of increases and/or reductions of the share capital during the period of the authorisation, taking account of the shares that may from time to time be held by the Company’s subsidiaries, and at any rate in compliance with the limits of law, for the pursuit of the purposes better described in the Board of Directors Report and under the following terms and conditions:*

- the shares may be purchased until the expiry of the eighteenth month starting from the date of this resolution;*
- the purchase may be carried out through purchase on regulated markets in accordance with operating methods that do not permit the direct combination of purchase negotiation proposals with predetermined sale negotiation proposals, in compliance with the laws and regulations from time to time in force, and in particular pursuant to art. 132 of Legislative Decree no. 58 of 24 February 1998, and art. 144-bis, first paragraph, letter b) of the Consob Regulation 11971/1999, or by other procedures, where permitted by art. 132, paragraph 3, of Legislative Decree no. 58 of 24 February 1998, or by other provisions applicable from time to time at the moment of the operation;*
- the unit payment for the purchase of shares may not exceed 10% (ten per cent) of the average of the official prices recorded on the screen-based market in the five sessions prior to each individual purchase operation, in compliance at any rate with the terms and conditions established by Delegated Regulation (EU) no. 1052 of 8 March 2016 and by the Admitted Practices, where applicable;*
- the operations for the purchase and sale of the Company’s shares must be carried out by the Board of Directors with procedures and times that are such as not to impair the Company’s maintenance of the maximum float required for STAR qualification;*

3. *to authorise, pursuant to and to the effects of art. 2357-ter of the Italian Civil Code, the completion of acts of disposal, in one or more operations, on the purchased treasury shares, even if already held in the portfolio, in compliance with the laws and regulations from time to time in force, for the pursuit of the purposes as per the Board of Directors report to the shareholders, and under the following terms:*

- the treasury shares held from time to time may be disposed of or otherwise transferred at any time, and with no time limits;*
- the disposal operations may also be carried out before having completed the purchases, and may take place in one or more operations on the market, also in fulfilment of the provisions of the stock incentive plans in favour of the directors and/or employees of the Company or subsidiaries, in accordance with any procedure permitted by the regulations in force, at the discretion of the Board of Directors;*
- the criteria, procedures, terms and conditions of use of the treasury shares in the portfolio that are appropriate for corresponding to the pursued purposes may be established by the Board of Directors,*



in compliance with the terms, conditions and requirements established by the applicable regulations and by the Admitted Practices;

4. to confer to the Board of Directors, with express power of delegation to one or more of its members, all the broadest powers necessary and appropriate for executing this resolution, also approving any and every executive order related to the programme for the purchase and transfer of the treasury shares.”

Ospitaletto, 28 March 2025

For the Board of Directors
The Chairman
Claudio Bulgarelli



Item 5 on the agenda

Information from the Board of Directors regarding the mandate granted to the independent auditors to certify the sustainability reporting.

Dear Shareholders,

in today's Shareholders' Meeting we would like to provide you with adequate information on the appointment of the independent auditors for the certification of the conformity of the Sabaf Group's Consolidated Sustainability Statement.

On 10 September 2024 in the Official Gazette, Legislative Decree 6 September 2024 No. 125 (the 'Decree') was published, transposing into Italian law (EU) Directive 2022/2464 (*Corporate Sustainability Reporting Directive*).

With the transposition of the aforementioned Directive, the Sustainability Statement - which contains "*the information necessary for understanding the impact of the company on sustainability issues, as well as the information necessary for understanding the world in which sustainability issues affect the company's performance, results and situation*" - replaces the Non-Financial Statement set forth by Italian Legislative Decree 254/2016.

The Decree sets forth that sustainability reporting must be subject to a conformity assessment by the '*auditor of the sustainability reporting*'.

Article 18 of the Decree also sets forth that the tasks of certifying the conformity of the Non-Financial Declaration, conferred pursuant to Legislative Decree no. 254/2016, shall remain valid until the agreed expiry date, for the purpose of the conformity assessment of the Sustainability Reporting referred to in Article 8.

The appointment by the shareholders' meeting on 8 May 2018 of the auditing firm EY S.p.A. for the limited assessment of the Non-Financial Statement is for the financial years 2018 - 2026 and therefore remains valid, in accordance with the provisions of Article 18 of the Decree.

The Company supplemented the terms of the appointment of the auditing firm EY S.p.A. for the limited assessment of the Non-Financial Statement, in light of the regulatory changes introduced by the Corporate Sustainability Reporting Directive and the Decree. The appointment will now involve the limited review of the Sustainability Statement, prepared pursuant to the Decree and Article 8 of the Taxonomy Regulation by Sabaf S.p.A. and its subsidiaries for the financial years 2024 - 2026. In view of the different scope and nature of the appointment, additional fees of €27,000 per audit year are to be paid to the auditing firm EY.

On this item on the agenda, the shareholders and those holding voting rights are not asked to cast a vote.

Ospitaletto, 28 March 2025

For the Board of Directors
The Chairman
Claudio Bulgarelli