



**ILLUSTRATIVE REPORT  
OF THE BOARD OF DIRECTORS  
FOR THE EXTRAORDINARY SHAREHOLDERS'  
MEETING OF APRIL 30, 2025  
ON POINT 1 ON THE AGENDA**



**ILLUSTRATIVE REPORT**  
**OF THE BOARD OF DIRECTORS**  
**FOR THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**  
**OF APRIL 30, 2025**

**EXTRAORDINARY SESSION**

- 1. Granting of the delegation to the Board of Directors, pursuant to Article 2443 of the Civil Code, to increase the share capital, on one or more occasions and also in tranches, in any event for cash, in divisible form and with the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4 and 5 of the Civil Code Resulting amendment to Article 5 of the By-Laws. Resolutions thereon.***

Dear Shareholders,

With regard to the only item on the Agenda of the extraordinary session, the Board of Directors of Garofalo Health Care S.p.A. (the “**Company**”) submits for your approval the proposal to grant the Board the delegation, pursuant to Article 2443 of the Civil Code, to increase the share capital, on one or more occasions and also in tranches, in any event for cash, in divisible form and with the exclusion of pre-emption rights as per Article 2441, paragraphs 4 and 5, of the Civil Code. To this end, the Board also submits for your approval the resulting amendment to Article 5 of the By-Laws.

Before presenting the proposal for your approval, the Board of Directors notes that the share capital was last increased pursuant to the resolution passed by the Board of Directors on January 20, 2021, in full exercise of the delegation granted by the Extraordinary Shareholders’ Meeting held on September 26, 2018, in accordance with Article 2443 of the Civil Code. Specifically, the share capital was increased for cash, in divisible form, with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 4, second sentence, of the Civil Code, for a nominal value of Euro 2,870,000.00, equivalent to 10% of the Company’s share capital at the time, through the issuance of 8,200,000 new ordinary shares without nominal value. The increase in share capital was executed through an accelerated bookbuilding process in a private placement reserved for qualified investors. This increase in the share capital served two main purposes: (i) to enable the Company to raise capital quickly and efficiently in support of its ongoing growth and expansion plan; and (ii) to broaden the shareholder base and increase the free float, which also facilitated the listing of the Company’s shares on the Euronext STAR Milan segment of the Euronext Milan market (formerly the STAR segment of the Italian Stock Exchange), achieved in March 2021. As the delegation granted on September 26, 2018 has been fully exercised and has since expired, it is deemed appropriate to remove any reference to it from Article 5 of the By-Laws, as it is no longer relevant.

Resuming the presentation of the proposal submitted for your approval, the Board of Directors highlights the opportunity, in line with the pursuit of the GHC Group’s best interests in the medium- to long-term and its strategic positioning in its reference market, to evaluate the granting of a new delegation to increase the share capital, as further described in this Illustrative Report.

This Illustrative Report has been prepared in accordance with Article 72 of Consob Regulation No. 11971, as adopted by resolution dated May 14, 1999 (the “**Issuers’ Regulation**”), and in line with the guidance set out in Annex 3A, Schedule 2, of the Issuers’ Regulation.



## 1) Purpose of the delegation.

Pursuant to Article 2443 of the Civil Code, the By-Laws may authorise the Directors to increase the share capital, on one or more occasions, up to a specified amount and within a maximum period of five years from the date of the Shareholders' Meeting resolution granting them authority. The By-Laws also define the type and methods for executing the increase in share capital.

The delegation that we propose to grant to the Board of Directors (the **"Delegation"**), to be adopted through an amendment to Article 5 of the By-Laws, entails conferring power on the Board to increase the share capital under the following terms:

- (a) on one or more occasions, including in tranches, within the maximum period and up to the maximum amount of share capital and number of shares indicated below;
- (b) for cash (i.e. through new capital contributions);
- (c) divisible, with a potential clause of progressive implementation, where applicable on a standalone basis for each tranche;
- (d) with the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4 and 5 of the Civil Code;
- (e) with the determination of any share premium to be included in the subscription price.

For the purpose of exercising the Delegation, the Board of Directors shall be vested with full powers to determine the technical methods for each use of the Delegation and to define the related terms and conditions, including: (a) determining, for each tranche, the number of shares, the unit subscription price (including any share premium), and the dividend entitlement of the newly issued ordinary shares, within the limits and in accordance with Articles 2346(5), 2438, and 2441(4)–(5) of the Civil Code; (b) identifying the recipients of the newly issued shares and setting the deadline for their subscription; (c) implementing the Delegation and exercising the aforementioned powers, including, by way of example, those necessary to make any related and necessary amendments to the By-Laws from time to time.

In the event that the Delegation is exercised, the Company will issue ordinary shares without indication of nominal value, bearing the same administrative and economic rights as those currently in circulation.

## 2) Rationale for the transaction and use of proceeds from the capital increase.

Granting the Delegation to the Board of Directors will enable it – in line with the pursuit of the GHC Group's best interests in the medium- to long-term and its contribution to sustainable success and strategic positioning within its reference market, with the aim of creating long-term value for Shareholders – to pursue the following objectives:

- (a) to support and facilitate the rapid and efficient procurement of risk capital for potential M&A transactions, which remain a key short- to medium-term driver of growth in the current market environment, which is still marked by structural trends favouring consolidation, thereby confirming the continued relevance of the Group's "Buy & Build" strategy;
- (b) to support and facilitate potential transactions:



- (i) involving the entry into the Company's share capital of institutional or qualified investors, or commercial, financial or strategic partners; or
- (ii) involving the allocation of newly issued shares in the Company to third parties operating in the same sector as the GHC Group or in similar or complementary sectors (e.g. by way of consideration),

thereby allowing the Board of Directors to offer newly issued shares to the aforementioned parties (as may be identified by the Board from time to time), including in the context of M&A transactions;

- (c) to further broaden the Company's shareholder base, thereby increasing the free float, with the objective of facilitating trading in the stock and, at the same time, attracting broader interest from traders compared to a more liquid stock.

The characteristics of the Delegation, as described above, and in particular the maximum term and amount of its exercise, in addition to the provision for exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4 and 5 of the Civil Code, are specifically designed to meet these objectives. It is essential that the Company be able, from time to time and with maximum flexibility in terms of methods and timing, to promptly seize any opportunities presented by the market.

In addition to providing greater flexibility in the timing and methods of execution compared to a resolution to increase the capital share passed by the Shareholders' Meeting, the Delegation provides the Board of Directors with the additional advantage of determining the overall economic terms of the offer (including the amount of the increase and the subscription price of the newly issued shares, in line with best practices for similar transactions and within the legal limits and criteria described below), based on market conditions at the time of execution. This also helps reduce the risk of share price volatility on the stock market between the announcement and launch of the transaction, which would otherwise occur if the resolution were passed directly by the Shareholders' Meeting. In addition, the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4 and 5, of the Civil Code allows greater flexibility in identifying the recipients of the newly issued shares and further reduces the risk of price volatility on the stock market as the Board of Directors can determine a narrower subscription window than the statutory minimum required in the case of a rights issue.

### **3) Criteria for determining the issue price.**

The newly issued shares will be offered at a subscription price which will include any share premium and will be determined from time to time by the Board of Directors, which will assess, prior to each potential exercise of the Delegation, the conditions under which the transaction shall be carried out, taking into account the overall macroeconomic and market environment, and in particular, the performance of the Company's share price on the market and the Company's intrinsic value.

Pursuant to Article 2441, paragraph 6, of the Civil Code, in the event that pre-emption rights are not granted, are excluded or are limited (as per the cases referred to in paragraph 4, first sentence, and paragraph 5 of the same Article), the Board of Directors must provide a specific illustrative report outlining the reasons for the exclusion or limitation of pre-emption rights, or, where such rights are not applicable due to contributions in kind, the rationale for this, in addition to the criteria used to determine the issue price. This report must be submitted to the Board of Statutory Auditors and the independent audit firm within the time limits prescribed by law, in order to obtain the required fairness opinion on the issue price of the newly issued



shares. The issue price must be determined based on the value of the Company's shareholders' equity, taking into consideration the share price performance over the preceding six-month period.

In the case of a capital increase for cash under Article 2441, paragraph 4, second sentence, of the Civil Code, and in order to rely on the exclusion of pre-emption rights exclusion provided therein – within the limit of 10% of the number of shares outstanding at the time the Delegation is exercised, and of the pre-existing share capital – the issue price must reflect the market value of the shares, and this must be confirmed in a specific report prepared by a statutory auditor or independent audit firm. The criteria used to determine the subscription price must be detailed in a specific report approved by the Board of Directors.

In any event, Article 2443, paragraph 4, of the Civil Code remains applicable in relation to increases in the share capital involving contributions in kind or receivables, as provided for in Article 2343-ter of the Civil Code.

Subject to the foregoing, it is understood that the subscription price of the newly issued shares may not be lower than the par value of the shares in circulation at the time the Delegation is exercised.

#### **4) Duration of the delegation and exercise period.**

The Delegation may be exercised, on one or more occasions and also in tranches, within a maximum period of five years from the date of the Shareholders' Meeting resolution approving its conferral. In other words, if approved by the Shareholders' Meeting called for April 30, 2025, the Delegation may be exercised at any time up to and including April 29, 2030, after which it will automatically lapse.

Without prejudice to the foregoing, the timing of any exercise of the Delegation (which may be partial and implemented in several phases at different times) and the resulting issuances of ordinary shares will depend on concrete market opportunities that arise. The Board of Directors will inform the market accordingly as soon as these decisions are made.

#### **5) Amount of the capital increase delegated.**

Any increase of the capital resolved by the Board of Directors in the exercise of the Delegation may not exceed 10% of the Company's share capital at the date on which the Delegation is granted. The Board shall retain the right to establish any applicable share premium. Therefore, also considering the final sentence of Point 3 above, the increase may not result in the issuance of a number of ordinary shares, without indication of nominal value, greater than 10% of the total number of shares in circulation at the date the Delegation is granted.

#### **6) Economic and financial effects of the transaction. Effects on the per-share value.**

Upon execution of the Delegation, the Board of Directors will provide adequate information to the market regarding the economic and financial effects of the transaction, in addition to the effects on the per-share value and the dilution resulting from the transaction.



## 7) Absence of the right to withdrawal.

We note that the granting of the Delegation and the resulting amendment to the By-Laws do not give rise to any withdrawal rights under applicable statutory or regulatory provisions and/or under the By-Laws.

## 8) Other information.

At the time of exercising the Delegation, the Board of Directors will provide the market with adequate information regarding any guarantee and/or placement consortia, their composition, and the terms and conditions of their involvement, in addition to any alternative placement methods envisaged. The Board will also inform the market of the expected execution period of the transaction, the issue date of the newly issued shares, and any other information required under the legal and regulatory framework in force at the time.

## 9. Summary of the proposed amendment to Article 5 of the By-Laws.

The full text of the By-Laws is made available with the publication of this Illustrative Report on the Company's website. A summary of the proposed amendments to Article 5 of the By-Laws is provided below.

<b>By-Laws - Proposed Amendments</b>
<b>Article 5</b>
<p>The share capital is Euro 31,570,000.00 (thirty-one million five hundred and seventy thousand/00) and is divided into 90,200,000 (ninety million two hundred thousand) ordinary shares with no par value.</p> <p>The company's capital may be increased, on one or more occasions, with payment by means of contributions in cash or assets in kind, receivables or any other asset which may be subject to economic evaluation, or free of charge by transferring reserves and/or other available funds to capital, by resolution of the Extraordinary Shareholders' Meeting.</p> <p>The Extraordinary Shareholders' Meeting may resolve to increase the share capital with the exclusion of pre-emption rights, in addition to the other cases provided for by law, within the limit of ten percent of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a specific report by the independent audit firm appointed to carry out the legal audit of the Company's accounts.</p> <p>The Shareholders' Meeting - by means of an extraordinary resolution - may grant the Board of Directors the power, pursuant to Article 2443 of the Civil Code, to increase the share capital, on one or more occasions, up to a specified amount and for a maximum period of 5 (five) years from the date of the resolution, also excluding pre-emption rights. The resolution to increase the share capital passed by the Board of Directors in execution of said power shall be recorded in minutes drawn up by a Notary Public.</p> <p>The share capital may also be increased by issuing preference shares or shares with rights other than those associated with the shares issued previously. The resolution to issue different classes of shares shall determine their content. Pursuant to Article 2349 of the Civil Code, the Company may resolve to allocate profits to employees of the Company or its subsidiaries by issuing ordinary shares and/or special categories of shares for an amount corresponding to the profits. These shall be allocated individually to employees and shall be subject to special rules concerning their form, method of transfer and the rights of the shareholders. The share capital shall be increased accordingly.</p> <p>The share capital may be reduced in the cases and according to the procedures provided for by law, by means of a resolution passed by the Extraordinary Shareholders' Meeting.</p> <p><b><u>On April 30, 2025, the Shareholders' Meeting, called in extraordinary session, resolved to grant the Board of Directors the delegation, pursuant to Article 2443 of the Civil Code, to increase the share capital, on one or more occasions and also in tranches, in any event for cash, in divisible form and with the exclusion of pre-emption rights as per Article 2441, paragraphs 4 and 5, of the Civil Code, within the limit of 10% of the share capital at the date</u></b></p>



**the delegation was granted. At the same time, the Shareholders' Meeting delegated to the Board of Directors the power to determine, from time to time, the subscription price, including any share premium, which may not be lower than the par value of the shares in circulation at the date of exercise of the delegation. The delegation shall remain valid for a maximum period of five years from the date it was granted, and shall therefore expire on April 29, 2030, after which it will automatically lapse. For the purpose of exercising this Delegation, the Board of Directors has been vested with full powers to determine the technical methods for its implementation and to define the related terms and conditions, including: (a) determining, for each tranche, the number of shares, the unit subscription price (including any share premium), and the dividend rights of the newly issued ordinary shares, within the limits and in accordance with Articles 2346(5), 2438, and 2441(4)–(5) of the Civil Code; (b) identifying the recipients of the newly issued shares and setting the deadline for their subscription; (c) implementing the Delegation and exercising the aforementioned powers, including, by way of example, those necessary to make any related and necessary amendments to the By-Laws from time to time.**

On September 26, 2018, the Extraordinary Shareholders' Meeting of the Company resolved to grant the Board of Directors a proxy pursuant to Article 2443 of the Civil Code for a period of up to 5 (five) years from the first trading date (from 00:01 on the first day of trading) of the Company's shares on the *Mercato Telematico Azionario* (the Italian Stock Exchange) to increase the share capital for cash for a maximum nominal value of Euro 3,237,500.00 (three million two hundred and thirty seven thousand five hundred/00) on one or more occasions and also in several tranches, including on a divisible basis, with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 4 of the Civil Code, with the issue of a maximum of 9,250,000 (nine million two hundred and fifty thousand) ordinary shares, without nominal value and with regular dividend rights, or, if lower, a number of shares not exceeding 10% (ten per cent) (rounded down to the nearest unit) of the total number of ordinary shares in circulation following the start of trading of the shares, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a specific report by a Statutory Auditor or independent audit firm, it being understood that the above issue price may also be lower than the pre-existing book value, subject to the limits set out by law.

In execution of the proxy granted to the Board of Directors by the Extraordinary Shareholders' Meeting of September 26, 2018, the Board of Directors, in its meeting of January 20, 2021, resolved to increase the share capital, on a divisible basis, for cash, with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 4, second part, of the Civil Code, for a maximum nominal amount of Euro 2,870,000.00, corresponding to 10% of GHC's share capital existing as of that date, to be carried out by January 31, 2021 through the issuance of a maximum of 8,200,000 (eight million two hundred thousand) new ordinary shares, without nominal value and with regular dividend rights, to be offered for subscription to qualified investors (as defined pursuant to Article 2, paragraph 1, letter e), of the Prospectus Regulation) in Italy and institutional investors abroad (excluding the United States of America, Canada, Japan and any other country or jurisdiction in which the offer or sale of the offered shares is prohibited either by law or in the absence of exemptions).

We therefore submit for your approval the following motion:

*"The Shareholders' Meeting of Garofalo Health Care S.p.A, meeting in extraordinary 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 Article 72 of Regulation No. 11971 approved by Consob with resolution dated May 14, 1999, in accordance with the instructions contained in Annex 3A, Schedule 2, of the Issuers' Regulation;*

*resolves*

- i) *to grant the delegation to the Board of Directors, pursuant to Article 2443 of the Civil Code, to increase the share capital, on one or more occasions and also in tranches, in any event for cash, in divisible form and with the exclusion of pre-emption rights as per Article 2441, paragraphs 4 and 5, of the Civil Code, within the limit of 10% of the share capital at the date the delegation was granted, under the terms and conditions set out in the above Illustrative Report and in accordance with the provisions of the By-Laws (as amended by the following resolution);*



ii) *to amend Article 5 of the By-Laws by inserting, as a new seventh paragraph, the following:*

“On April 30, 2025, the Shareholders’ Meeting, called in extraordinary session, resolved to grant the Board of Directors the delegation, pursuant to Article 2443 of the Civil Code, to increase the share capital, on one or more occasions and also in tranches, in any event for cash, in divisible form and with the exclusion of pre-emption rights as per Article 2441, paragraphs 4 and 5, of the Civil Code, within the limit of 10% of the share capital at the date the delegation was granted. At the same time, the Shareholders’ Meeting delegated to the Board of Directors the power to determine, from time to time, the subscription price, including any share premium, which may not be lower than the par value of the shares in circulation at the date of exercise of the delegation. The delegation shall remain valid for a maximum period of five years from the date it was granted, and shall therefore expire on April 29, 2030, after which it will automatically lapse. For the purpose of exercising this Delegation, the Board of Directors has been vested with full powers to determine the technical methods for its implementation and to define the related terms and conditions, including: (a) determining, for each tranche, the number of shares, the unit subscription price (including any share premium), and the dividend rights of the newly issued ordinary shares, within the limits and in accordance with Articles 2346(5), 2438, and 2441(4)–(5) of the Civil Code; (b) identifying the recipients of the newly issued shares and setting the deadline for their subscription; (c) implementing the Delegation and exercising the aforementioned powers, including, by way of example, those necessary to make any related and necessary amendments to the By-Laws from time to time”.

iii) *to amend Article 5 of the By-Laws by removing the current seventh and eighth paragraphs and, accordingly, eliminating any reference to the delegation granted on September 26, 2018, which is no longer relevant;*

iv) *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 from time to time to adopt this resolution, with all powers thereto, including that of making any changes or additions to these minutes and the By-Laws, as may be required for registration with the Companies Register, in addition to deposit the updated text of the By-Laws pursuant to Article 2436, paragraph 6, of the Civil Code, both with regard to the registration of this resolution under Article 2443 of the Civil Code and in relation to amendments resulting from the exercise and implementation of the delegation itself”*

Rome, March 27, 2025

**The Chairperson of the Board of Directors**

**Alessandro Maria Rinaldi**





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