

DIRECTORS' REPORT
ON THE ITEM ON THE AGENDA FOR THE EXTRAORDINARY PART

SHAREHOLDERS' MEETING
CONVENED IN ORDINARY AND EXTRAORDINARY SESSION FOR
22 APRIL 2020

(Report prepared in accordance with Article 125-ter of the "TUF" and Art. 72 of the Issuers' Regulation)

Item on the agenda for the extraordinary part - Share capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4, second subparagraph, and 8 of the civil code, Article 5-bis, paragraph 3, of the Articles of Association, by issuing, even on more than one occasion, a maximum of 3,000,000 ordinary shares with a nominal value of €1.50 each and for a total maximum amount of €4,500,000.00, reserved for the beneficiaries of the “Stock Options Plan 2020-2027”. Consequent integration of Art. 5-quarter of the Articles of Association. Resolutions thereon.

Dear Shareholders,

This report is prepared pursuant to Art. 125-ter of Legislative Decree No. 58 of 24 February 1998 (the “**TUF**”) and Art. 72 of the Regulation implementing the TUF regarding the regulation of issuers, adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended (the “**Issuers’ Regulation**”), and has been drafted in compliance with Scheme 2 of Annex 3A to the Issuers’ Regulation.

At the meeting held on 12 March 2020 the Company’s Board of Directors (the “**Board of Directors**”) resolved to convene you, in extraordinary session, to submit for your approval the proposed resolution concerning the capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights pursuant to Articles 2441, paragraphs 4, second subparagraph, and 8 of the civil code, and Art. 5-bis, paragraph 3, of the Articles of Association of De’ Longhi S.p.A. (the “**Articles of Association**”), for a total maximum amount of €4,500,000.00, by issuing, even on more than one occasion, a maximum of 3,000,000 ordinary shares with a nominal value of €1.50 each, with regular dividend rights, reserved for the beneficiaries of the “*Stock Options Plan 2020-2027*” (the “**Capital Increase**”).

1. Reasons for and purpose of the Capital Increase

The resolution submitted for the attention of the Extraordinary Shareholders’ Meeting of De’ Longhi S.p.A. (the “**Company**” or “**De’ Longhi**”) is aimed at implementing a new stock options plan called the “*Stock Options Plan 2020-2027*” (the “**Stock Options Plan**” or the “**Plan**”) reserved for the Chief Executive Officer of the Company as defined in the “*Rules for the Stock Options Plan 2020-2027*” (the “**Rules**”) and for a limited number of top managers (the “**Top Managers**”) of the Company and of the companies directly or indirectly controlled by it pursuant to Art. 2359 of the civil code (the “**Subsidiaries**” and, together with the Company, the “**Group**”), to be identified by name from among the Company’s executives and the Group’s top managers who hold positions that are most directly responsible for the Company’s results or who are of strategic interest (the “**Beneficiaries**”), in accordance with the provisions of the Rules approved by the Board of Directors upon the proposal of the Company’s Remuneration and Appointments Committee, after hearing the favourable opinion of the Board of Statutory Auditors, and submitted for approval to the Company’s Shareholders’

Meeting called also in ordinary session for 22 April 2020 (the “**Shareholders’ Meeting 2020**”). Therefore, the proposed resolution concerning the approval of the Capital Increase is subject to the approval of the Stock Options Plan and its Rules by the Shareholders’ Meeting 2020.

In view of market practice with regard to incentives, the positioning with regard to the remuneration offered and the current strategic environment, the reasons behind the Board of Directors’ decision to propose the adoption of this Stock Options Plan concern the need to offer Beneficiaries a variable remuneration system that enables to:

- (i) link their remuneration to the implementation of the corporate strategy aimed at creating value in the medium-long term for the Company’s shareholders;
- (ii) strengthen their loyalty by incentivising their permanence in the De’ Longhi Group, thus supporting the continuity and sustainability of its success in the medium-long term;
- (iii) promote the continued market competitiveness of Beneficiaries’ remuneration.

The Stock Options Plan provides for the Beneficiaries being granted a maximum of 3,000,000 options (the “**Options**”), which give the holder the right to: (i) purchase De’ Longhi shares (the “**Shares**”) in the Company’s portfolio following purchases made on the market, also to service the Stock Options Plan, pursuant to Art. 2357 of the Civil Code, the provisions of the TUF and the Issuers’ Regulations (the “**Treasury Shares**”) on the date on which the Beneficiary will exercise the Options, or, if the Treasury Shares at that date are not sufficient, (ii) to subscribe newly issued Shares with a nominal value of €1.50 each at the rate of one Share per Option.

It is therefore necessary to approve an appropriate capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4, second subparagraph, and 8 of the civil code and Article 5-*bis*, paragraph 3, of the Articles of Association, to service the Stock Options Plan (the “**Capital Increase**”).

The Capital Increase provides that the issue price for each Share is the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. (the “**MTA**”) in the 180 calendar days before the date for the approval of the Stock Options Plan and its Rules by the Company’s shareholders’ meeting (the “**Shareholders’ Meeting**”).

The Capital Increase provides for the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4, second subparagraph, and 8 of the civil code and Article 5-*bis*, paragraph 3, of the Articles of Association, since the newly issued Shares are destined exclusively for the Beneficiaries of the Stock Options Plan, and in particular to the CEO of the Company who will fill the role of Chief Executive Officer on the date of assignment of the Options, as well as to the Top Managers all employees of the Company or of its subsidiaries, and this issue with the exclusion of the pre-emption right is still less than 10% of the Company’s share capital.

For more details regarding the description of the Stock Options Plan and the reasons behind its adoption, please refer to the “*Directors’ report on the third item on the agenda for the ordinary part*” of the Shareholders’ Meeting convened for 22 April

2020, drafted pursuant to Articles 114-*bis* and 125-*ter* of the TUF and to the Rules and to the information document prepared pursuant to Art. 84-*bis*(1) of the Issuers' Regulation in compliance with Annex 3A, scheme 7 of the same regulation, attached thereto. This Report and its annexes will be filed at the Company's registered office and made available to the public on its website www.delonghigroup.com (section "Governance" – "Corporate Bodies" – "Shareholders' Meeting 2020"), and on the IINFO authorised storage mechanism accessible via the website www.linfo.it, at the same time as the publication of the call notice for the Shareholders' Meeting (namely on 23 March 2020).

2. Consideration of the Board of Directors regarding the correspondence of the issue price of the new shares to the market value

In order to establish an exercise price of the Options that corresponds to the market value of the Shares, which is the same for all the Beneficiaries of the Stock Options Plan, at the meeting held on 12 March 2020, the Company's Board of Directors approved the proposal made in this regard by the Remuneration and Appointments Committee, after hearing the favourable opinion of the Board of Statutory Auditors, considering to propose to the Shareholders' Meeting 2020, as a criterion for determining the price of the Shares to be issued under the Capital Increase, the arithmetic average of the official prices recorded by the Company's shares on the MTA in the 180 calendar days before the date of approval of the Stock Options Plan and its Rules by the Shareholders' Meeting.

In application of this criterion, the Board of Directors will determine the exercise price of the Options on the Shares to be issued with the Capital Increase when the Options are first assigned to the Beneficiaries.

The criterion outlined above was approved by the Board of Directors based on the following considerations:

(i) in accordance with established practice, listed Italian issuers that launch stock options plans refer, for the purposes of determining the exercise price of the options, to the arithmetic average of the official prices recorded by the company's stock on the Mercato Telematico Azionario, over a timeframe prior to the approval of the plan by the shareholders' meeting deemed appropriate so that the plan can best reflect the value that the market attributes to the company's shares;

(ii) under normal market conditions, the period taken as a reference by these issuers is 30 days before the approval of the stock options plan by the shareholders;

(iii) given the current situation resulting from the COVID-19 epidemiological emergency and taking into account uncertainty which necessitates a cautious approach in the preparation of economic forecasts, the average of the 180 days before the approval of the Plan by the Shareholders' Meeting (which will be convened for 22 April 2020) appears to be an appropriate and adequate period. In the opinion of the Board of Directors this timeframe, although not close to the time when the issue price of the

Shares is determined, is sufficiently long to mitigate the trend of De' Longhi stock from the volatility phenomena that have been affecting the financial markets in recent weeks as a result of the effects of the this situation, and best reflect the market value of De' Longhi stock.

In this regard, the Board of Directors has asked the external auditors PriceWaterhouseCooper S.p.A. to issue the report containing the opinion required by current regulations, which will be filed at the Company's registered office and made available to the public on the website www.delonghigroup.com, (section "Governance" - "Corporate Bodies" - "Shareholders' Meeting 2020"), as well as on the authorised storage mechanism www.linfo.it at the same time as this Report.

3. Changes to the Articles of Association

The operation concerning the Capital Increase as described above will entail the integration of the article of the Articles of Association called "Art. 5-*quater*" contained in Chapter II, the text of which is highlighted in red in the right-hand column of the following table:

| Current text | Proposed text |
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| <p style="text-align: center;">Chapter II – SHARE CAPITAL - SHARES</p> <p style="text-align: center;">Art. 5-<i>quater</i></p> <p>On 14 April 2016, the Shareholders' Meeting resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of €3,000,000.00 (three million euros/zero cents), with the issue of a maximum of 2,000,000 (two million) ordinary shares with a par value of €1.50 each, having the same characteristics as the ordinary shares in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, 6 and 8 of the civil code, Art. 158 of Legislative Decree No. 58 of 24 February 1998 and subsequent amendments and additions, and Art. 5-<i>bis</i>, paragraph 3 of the articles of association. The capital increase is for the "2016-2022 Stock Options Plan" reserved for the Company's Chief Executive</p> | <p style="text-align: center;">Chapter II – SHARE CAPITAL - SHARES</p> <p style="text-align: center;">Art. 5-<i>quater</i></p> <p>On 14 April 2016, the Shareholders' Meeting resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of €3,000,000.00 (three million euros/zero cents), with the issue of a maximum of 2,000,000 (two million) ordinary shares with a par value of €1.50 each, having the same characteristics as the ordinary shares in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, 6 and 8 of the civil code, Art. 158 of Legislative Decree No. 58 of 24 February 1998 and subsequent amendments and additions, and Art. 5-<i>bis</i>, paragraph 3 of the articles of association. The capital increase is for the "2016-2022 Stock Options Plan" reserved for the Company's Chief</p> |

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| <p>Officer and for the Top Management (as defined in the “Rules for the 2016-2022 Stock Options Plan”).</p> <p>The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the “Rules for the 2016-2022 Stock Options Plan”.</p> <p>The capital increase can be subscribed based on the rights as assigned by 31st (thirty-first) December 2022 (twenty twenty-two) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.</p> <p>The issue price of the shares, including any premium, when exercising the option rights assigned to the beneficiaries of the Plan, will be determined by the company’s board of directors at the price per share equal to their market value, corresponding to the arithmetical average of the official prices recorded for the Company’s shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the sixty calendar days before the date the “2016-2022 Stock Options Plan” and its Rules were approved by the Meeting of the Company’s Shareholders. The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares.</p> <p>In any case, the assigned options can be exercised by the beneficiaries within the times and under the conditions envisaged in the “Rules for the 2016-2022 Stock Options Plan”.</p> <p>The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Company’s Chief Executive Officer, identify by name the individual beneficiaries belonging to the</p> | <p>Executive Officer and for the Top Management (as defined in the “Rules for the 2016-2022 Stock Options Plan”).</p> <p>The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the “Rules for the 2016-2022 Stock Options Plan”.</p> <p>The capital increase can be subscribed based on the rights as assigned by 31st (thirty-first) December 2022 (twenty twenty-two) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.</p> <p>The issue price of the shares, including any premium, when exercising the option rights assigned to the beneficiaries of the Plan, will be determined by the company’s board of directors at the price per share equal to their market value, corresponding to the arithmetical average of the official prices recorded for the Company’s shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the sixty calendar days before the date the “2016-2022 Stock Options Plan” and its Rules were approved by the Meeting of the Company’s Shareholders. The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares.</p> <p>In any case, the assigned options can be exercised by the beneficiaries within the times and under the conditions envisaged in the “Rules for the 2016-2022 Stock Options Plan”.</p> <p>The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Company’s Chief Executive Officer, identify by name the individual beneficiaries belonging to the</p> |
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| <p>Top Management and to determine the quantity of subscription rights to assign to each one; (iii) with the support of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors, determine the quantity of subscription rights to assign to the Company's Chief Executive Officer; and (iv) issue the new shares and amend the Articles of Association with the amount of share capital resulting from the subscription operations.</p> | <p>Top Management and to determine the quantity of subscription rights to assign to each one; (iii) with the support of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors, determine the quantity of subscription rights to assign to the Company's Chief Executive Officer; and (iv) issue the new shares and amend the Articles of Association with the amount of share capital resulting from the subscription operations.</p> <p style="text-align: center;">* * *</p> <p>On 22 April 2020, the Shareholders' Meeting approved the "Stock Options Plan 2020-2027" (hereinafter the Plan), for the Chief Executive Officer of the Company and a limited number of Top Managers of the De' Longhi Group (hereinafter, jointly, the Beneficiaries), which provides for the Beneficiaries being granted a maximum of 3,000,000 (three million) Options, which give the holder the right to: (i) purchase De' Longhi shares (the "Shares") in the Company's portfolio following purchases made on the market, also to service the Stock Options Plan, pursuant to Art. 2357 of the Civil Code, the provisions of the TUF and the Issuers' Regulations (the "Treasury Shares") on the date on which the Beneficiary will exercise the Options, or, if the Treasury Shares at that date are not sufficient, (ii) to subscribe newly issued Shares with a nominal value of €1.50 (one euro fifty cents) each at the rate of one Share per Option.</p> <p>To this end, to service "Stock Options Plan 2020-2027", it was therefore resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of €4,500,000.00 (four million five hundred thousand euros/zero cents), with the issue of a maximum of 3,000,000 (three million) ordinary shares with a par value of €1.50 (one euro fifty cents) each, having the same characteristics</p> |
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as the ordinary shares in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, and 8 of the civil code, and Art. 5-*bis*, paragraph 3 of the articles of association.

The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the “Rules for the Stock Options Plan 2020-2027”, indicated here as the Rules.

The capital increase can be subscribed based on the rights as assigned by 31st (thirty-first) December 2027 (twenty twenty-seven) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.

Upon the terms and conditions referred to in Article 11 of the Rules, and except as specified in Articles 15, 16 and 17 of the Rules, the Options may be exercised by the Beneficiaries - in one or more tranches - only and exclusively in the Exercise Period, between:

- 1) 15 May 2023 and 31 December 2027, for a maximum of 50% of the total Options assigned to each Beneficiary, except for the suspension periods described in Article 12 of the Rules;
- 2) 15 May 2024 and 31 December 2027, for the remaining 50% of the total Options assigned to each Beneficiary, except for the suspension periods described in Article 12 of the Rules.

The issue price of the shares, including any premium, when exercising the option rights assigned to the Beneficiaries of the Plan, will be determined by the company’s board of directors at the price per share that will be equal to the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 180 calendar days before the date the “Stock Options Plan 2020-2027” and its

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| | <p>Rules were approved by the Meeting of the Company's Shareholders.</p> <p>The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares, subject to the clarifications set out below concerning their transfer.</p> <p>Furthermore:</p> <ul style="list-style-type: none"> - the Options may be exercised by the Beneficiaries using the so-called "<u>sell to cover</u>" method, which consists in the possibility for the Beneficiary to exercise the Options assigned (whether all or part of them) by means of the simultaneous sale on the market of a part of the Opted Shares, in order to cover the costs related to the exercise of the Options assigned (i.e. the total price of the exercise, prepayment of withholding taxes, any capital gains and brokerage fees), thus keeping the remainder of the Shares not sold in their own securities account, in accordance with Article 14 of the Rules; - without prejudice to Articles 17 and 18 of these Rules, when Options are exercised using the sell to cover method, 55% (fifty-five percent) of the remaining unsold Shares cannot be transferred and/or sold under the following conditions (these restrictions are defined below as the Holding Period). <p>The Holding Period is:</p> <ul style="list-style-type: none"> * 24 months for Shares purchased and/or subscribed by the Beneficiary during the first exercise period indicated above (15 May 2023 - 31 December 2027), and * 12 months for Shares purchased and/or subscribed by the Beneficiary during the second exercise period indicated above (15 May 2024 - 31 December 2027). <p>Shares subject to the Holding Period will be freely available and therefore freely transferrable by the Beneficiary only at the end of the Holding Period.</p> <p>In any case, the assigned options can be exercised by the beneficiaries within the</p> |
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| | <p>times and under the conditions envisaged in the “Rules for the Stock Options Plan 2020-2027”.</p> <p>The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Remuneration and Appointments Committee or the Company’s Chief Executive Officer, having consulted the Board of Statutory Auditors according to their respective responsibilities, identify by name the individual beneficiaries belonging to the Top Management; (iii) determine the quantity of subscription rights to assign to the Beneficiaries upon the proposal of: a) the Remuneration and Appointments Committee, having consulted the Board of Statutory Auditors, limited to the options to be assigned to the Beneficiaries that fall within their respective responsibilities, or b) upon the proposal of the Chief Executive Officer, having heard the Remuneration and Appointments Committee, in the other cases, while respecting the maximum number of Options envisaged under the Plan; and (iv) issue the new shares - also in coordination with any placement of the shares in execution of the “Stock Options Plan 2016-2022” as resolved on 16 April 2016, guaranteeing the principle of implementation of the increase issued after the full release of the shares subscribed previously - and amend the Articles of Association with the amount of share capital resulting from the subscription operations.</p> |
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The proposed amendment to the Articles of Association does not give shareholders who have had no part in the resolution that is the subject of this report the right to withdraw under Article 2437 of the Civil Code.

4. Proposed resolution

Dear Shareholders,

For the reasons given above, the Board of Directors proposes that you adopt the following resolution:

“The Extraordinary Meeting of the Shareholders of De’ Longhi S.p.A., validly constituted and able to pass resolutions in extraordinary session:

- *based on the report of the Board of Directors, drafted pursuant to Art. 125-ter of Legislative Decree No. 58 of 24 February 1998, as subsequently amended, and Art. 72 of Consob Resolution No 11971 of 14 May 1999, as subsequently amended;*
- *taking into account the report issued by the company PriceWaterhouseCooper S.p.A. containing the opinion expressed pursuant to Art. 2441, paragraph 4, second subparagraph of the Civil Code, made available to the public pursuant to Art. 158, paragraphs 2 and 3 of Legislative Decree No. 58 of 24 February 1998, as subsequently amended;*
- *given that the currently subscribed share capital of €224,250,000 is fully paid up, as confirmed by the Statutory Auditors,*

RESOLVES

1. to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of €4,500,000.00 (four million five hundred thousand euros/zero cents), with the issue of a maximum of 3,000,000 (three million) ordinary shares with a par value of €1.50 (one euro fifty cents) each, having the same characteristics as the ordinary shares in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, and 8 of the civil code, and Art. 5-bis, paragraph 3 of the articles of association.

The capital increase for the “Stock Options Plan 2020-2027” for the Chief Executive Officer of the Company and a limited number of Top Managers of the De’ Longhi Group (as defined in the “Rules for the Stock Options Plan 2020-2027”), which provides for the Beneficiaries being granted a maximum of 3,000,000 (three million) Options, which give the holder the right to: (i) purchase De’ Longhi shares (the “Shares”) in the Company’s portfolio following purchases made on the market, also to service the Stock Options Plan, pursuant to Art. 2357 of the Civil Code, the provisions of the TUF and the Issuers’ Regulations (the “Treasury Shares”) on the date on which the Beneficiary will exercise the Options, or, if the Treasury Shares at that date are not sufficient, (ii) to subscribe newly issued Shares with a nominal value of €1.50 (one euro fifty cents) each at the rate of one Share per Option.

Therefore, the capital increase may only be subscribed, within the terms set out in the Rules, if there are not sufficient Treasury Shares within the terms set out in section (i) above.

The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the “Rules for the Stock Options Plan 2020-2027”.

The capital increase can be subscribed based on the rights as assigned by 31st (thirty-first) December 2027 (twenty twenty-seven) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.

The issue price of the shares, including any premium, when exercising the option rights assigned to the Beneficiaries of the Plan, will be determined by the company's board of directors at the price per share that will be equal to the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 180 calendar days before the date the "Stock Options Plan 2020-2027" and its Rules were approved by the Meeting of the Company's Shareholders.

The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares, subject to the clarifications set out below concerning their transfer.

Furthermore:

- the Options may be exercised by the Beneficiaries using the "sell to cover" method, as also defined in Art. 5-quater of the Articles of Association, as set out below;*
- without prejudice to Articles 17 and 18 of these Rules, when Options are exercised using the sell to cover method, 55% (fifty-five percent) of the remaining unsold Shares cannot be transferred and/or sold under the conditions (defined below as the Holding Period) laid down also by Art. 5-quater of the Articles of Association, as detailed below. Shares not subject to the Holding Period available to the Beneficiary when the Options are exercised will be freely available and immediately therefore freely transferrable by the same.*

Shares subject to the Holding Period will be freely available and therefore freely transferrable by the Beneficiary only at the end of the Holding Period.

In any case, the assigned options can be exercised by the beneficiaries within the times and under the conditions envisaged in the "Rules for the Stock Options Plan 2020-2027".

The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Remuneration and Appointments Committee or the Company's Chief Executive Officer, having consulted the Board of Statutory Auditors according to their respective responsibilities, identify by name the individual beneficiaries belonging to the Top Management; (iii) determine the quantity of subscription rights to assign to the Beneficiaries upon the proposal of: a) the Remuneration and Appointments Committee, having consulted the Board of Statutory Auditors, limited to the options to be assigned to the Beneficiaries that fall within their respective responsibilities, or b) upon the proposal of the Chief Executive Officer, having heard the Remuneration and Appointments Committee, in the other cases, while respecting the maximum number of Options envisaged under the Plan; and (iv) issue the new shares - also in coordination with any placement of the shares in execution of the "Stock Options Plan 2016-2022" as resolved on 16 April 2016, guaranteeing the principle of implementation of the increase issued after the full release of the shares subscribed previously - and amend the Articles of Association with the amount of share capital resulting from the subscription operations.

2. Therefore, as resolved in point 1 above, to supplement article "Art. 5 - quater" of the Articles of Association with the following new wording:

“On 22 April 2020, the Shareholders’ Meeting approved the “Stock Options Plan 2020-2027” (hereinafter the Plan), for the Chief Executive Officer of the Company and a limited number of Top Managers of the De’ Longhi Group (hereinafter, jointly, the Beneficiaries), which provides for the Beneficiaries being granted a maximum of 3,000,000 (three million) Options, which give the holder the right to: (i) purchase De’ Longhi shares (the “Shares”) in the Company’s portfolio following purchases made on the market, also to service the Stock Options Plan, pursuant to Art. 2357 of the Civil Code, the provisions of the TUF and the Issuers’ Regulations (the “Treasury Shares”) on the date on which the Beneficiary will exercise the Options, or, if the Treasury Shares at that date are not sufficient, (ii) to subscribe newly issued Shares with a nominal value of €1.50 (one euro fifty cents) each at the rate of one Share per Option. To this end, to service “Stock Options Plan 2020-2027”, it was therefore resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of €4,500,000.00 (four million five hundred thousand euros/zero cents), with the issue of a maximum of 3,000,000 (three million) ordinary shares with a par value of €1.50 (one euro fifty cents) each, having the same characteristics as the ordinary shares in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, and 8 of the civil code, and Art. 5-bis, paragraph 3 of the articles of association.

The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the “Rules for the Stock Options Plan 2020-2027”, indicated here as the Rules.

The capital increase can be subscribed based on the rights as assigned by 31st (thirty-first) December 2027 (twenty twenty-seven) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.

Upon the terms and conditions referred to in Article 11 of the Rules, and except as specified in Articles 15, 16 and 17 of the Rules, the Options may be exercised by the Beneficiaries - in one or more tranches - only and exclusively in the Exercise Period, between:

- 1) 15 May 2023 and 31 December 2027, for a maximum of 50% of the total Options assigned to each Beneficiary, except for the suspension periods described in Article 12 of the Rules;*
- 2) 15 May 2024 and 31 December 2027, for the remaining 50% of the total Options assigned to each Beneficiary, except for the suspension periods described in Article 12 of the Rules.*

The issue price of the shares, including any premium, when exercising the option rights assigned to the Beneficiaries of the Plan, will be determined by the company’s board of directors at the price per share that will be equal to the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 180 calendar days before the date the “Stock Options Plan 2020-2027” and its Rules were approved by the Meeting of the Company’s Shareholders.

The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares, subject to the clarifications set out below concerning their transfer.

Furthermore:

- the Options may be exercised by the Beneficiaries using the so-called “sell to cover” method, which consists in the possibility for the Beneficiary to exercise the Options assigned (whether all or part of them) by means of the simultaneous sale on the market of a part of the Opted Shares, in order to cover the costs related to the exercise of the Options assigned (i.e. the total price of the exercise, prepayment of withholding taxes, any capital gains and brokerage fees), thus keeping the remainder of the Shares not sold in their own securities account, in accordance with Article 14 of the Rules;

- without prejudice to Articles 17 and 18 of these Rules, when Options are exercised using the sell to cover method, 55% (fifty-five percent) of the remaining unsold Shares cannot be transferred and/or sold under the following conditions (these restrictions are defined below as the Holding Period).

The Holding Period is:

* 24 months for Shares purchased and/or subscribed by the Beneficiary during the first exercise period indicated above (15 May 2023 - 31 December 2027), and

* 12 months for Shares purchased and/or subscribed by the Beneficiary during the second exercise period indicated above (15 May 2024 - 31 December 2027).

Shares not subject to the Holding Period available to the Beneficiary when the Options are exercised will be freely available and immediately therefore freely transferrable by the same.

Shares subject to the Holding Period will be freely available and therefore freely transferrable by the Beneficiary only at the end of the Holding Period.

In any case, the assigned options can be exercised by the beneficiaries within the times and under the conditions envisaged in the “Rules for the Stock Options Plan 2020-2027”.

The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Remuneration and Appointments Committee or the Company’s Chief Executive Officer, having consulted the Board of Statutory Auditors according to their respective responsibilities, identify by name the individual beneficiaries belonging to the Top Management; (iii) determine the quantity of subscription rights to assign to the Beneficiaries upon the proposal of: a) the Remuneration and Appointments Committee, having consulted the Board of Statutory Auditors, limited to the options to be assigned to the Beneficiaries that fall within their respective responsibilities, or b) upon the proposal of the Chief Executive Officer in the other cases, while respecting the maximum number of Options envisaged under the Plan; and (iv) issue the new shares - also in coordination with any placement of the shares in execution of the “Stock Options Plan 2016-2022” as resolved on 16 April 2016, guaranteeing the principle of implementation of the increase issued after the full release of the shares subscribed previously - and amend the Articles of Association with the amount of share capital resulting from the subscription operations.”

Treviso, 12 March 2020

For the Board of Directors

The Chairman

Giuseppe de' Longhi