DIRECTORS' REPORT

ON THE ITEMS OF THE AGENDA

SHAREHOLDERS' MEETING

CONVENED IN ORDINARY AND EXTRAORDINARY SESSION FOR

22 APRIL 2020

(Report prepared in accordance with Article 125-ter of the "TUF" and Articles 73 and 84-ter of the Issuers' Regulation)

Dear Shareholders,

In compliance with Article 125-*ter* of Legislative Decree No. 58 of 24 February 1998, (the "**TUF**") as later amended, and with Articles 73 and 84-*ter* of the regulation implementing the TUF regarding regulation of issuers, adopted by Consob with Resolution No. 11971 of 14 May 1999, as later amended, (the "**Issuers' Regulation**"), the Board of Directors of De' Longhi S.p.A (the "**Company**" or the "**Issuer**") hereby provides you with an report (the "**Report**") explaining the items on the agenda for the Shareholders' Meeting convened in ordinary and extraordinary session – by notice published on **23 March 2020** on the Company's website (www.delonghigroup.com, section "*Governance*" – "*Corporate Bodies" –"Shareholders' Meeting 2020"*) and on the 1Info authorised storage mechanism (accessible via the website www.1info.it), and on **24 March 2020** in extract form in the *Italia Oggi* newspaper – at the Company's registered office in Via L. Seitz 47, Treviso, Italy for **22 April 2020** at **8:45am**, in single call (the "**Shareholders' Meeting**").

In particular, the **agenda** for the above Shareholders' Meeting is the following:

Ordinary Part

1. *Annual Financial Report at 31 December 2019:*
   1.1 *presentation of the Statutory Financial Statements at 31 December 2019 accompanied by the Report on Operations, the Report by the Board of Statutory Auditors, the External Auditors' Report and the Certification by the Financial Reporting Officer. Resolutions thereon;*

   1.2 *proposed allocation of the profit for the year and distribution of the dividend. Resolutions thereon.*
2. *Annual report on the remuneration policy and compensation paid:*
   2.1 *approval of the "2020 Remuneration Policy" contained in Section I, in accordance with Art. 123-ter(3-bis) of Legislative Decree No. 58/98;*

   2.2 *advisory vote on the "Compensation paid in 2019" indicated in Section II, in accordance with Art. 123-ter(6) of Legislative Decree No. 58/98.*
3. *Proposal of an equity-based incentive Plan concerning the ordinary shares of De' Longhi S.p.A called the "Stock Options Plan 2020-2027" for the Company's Chief Executive Officer and for a limited number of top managers of the De' Longhi Group. Resolutions thereon.*
4. *Enlargement of the Board of Directors:*
   4.1 *increase the number of directors from 11 (eleven) to 12 (twelve). Resolutions thereon.*

   4.2 *appointment of new director and determination of remuneration. Resolutions thereon.*

5. *Proposal to authorise the purchase and disposal of treasury shares, after revoking the resolution taken by the Shareholders' Meeting of 30 April 2019, for the portion not executed. Resolutions thereon.*

Extraordinary Part

1. *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.*

This Report must be read together with the other separate reports on the proposals concerning the items on the agenda of the Shareholders' Meeting referred to in the text of this Report.

On **23 March 2019**, this Report will be filed at the Company's registered office and made available to the public and on its website www.delonghigroup.com (section "*Governance*" – "*Corporate Bodies*" –"*Shareholders' Meeting 2020*"), and on the 1INFO authorised storage mechanism accessible via the website www.1info.it.

FIRST ITEM ON THE AGENDA FOR THE ORDINARY PART

"Annual Financial Report at 31 December 2019:

1.1 presentation of the Statutory Financial Statements at 31 December 2019 accompanied by the Report on Operations, the Report by the Board of Statutory Auditors, the External Auditors' Report and the Certification by the Financial Reporting Officer. Resolutions thereon;

1.2 proposed allocation of the profit for the year and distribution of the dividend. Resolutions thereon."

Dear Shareholders,

We submit for your approval the financial statements at 31 December 2019 of De' Longhi S.p.A., examined and approved by the Company's Board of Directors at the meeting held on 12 March 2020, which closed with a net profit of €119,094,082.

Please note that any comment related to sub-item 1.1 of the agenda for the Shareholders' Meeting is fully explained in the Annual Financial Report at 31 December 2019 (including the draft statutory financial statements and the consolidated financial statements at 31 December 2019, the Directors' Report on Operations, the Reports of the Board of Statutory Auditors and of the External Auditors, as well as the certification by the Financial Reporting Officer pursuant to Article 154-*bis*, para. 5, of the TUF and the consolidated non-financial statement pursuant to Legislative Decree No. 254/16), which on **31 March 2020** 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 1INFO authorised storage mechanism accessible via the website www.1info.it, together with all other documentation required by applicable law.

With regard to the content of the above Annual Financial Report, it should be specified that, starting from the financial year 2017, the Company must, pursuant to Legislative Decree No. 254 of 30 December 2016 ("**Legislative Decree 254/2016**"), publish a "Consolidated non-financial statement" ("**NFS**") which must report on a set of issues to the extent necessary to ensure understanding of the company's activities, its performance, its results and the impact produced by it. More specifically, Legislative Decree No. 254/2016 provides for reporting on non-financial issues related to five specific areas (environmental, social, workforce, respect for human rights and the fight against active and passive corruption), requiring a description of the main risks (generated and/or incurred), the polices followed by the company, related performance indicators and the company's management and organisation model for each of these areas. Paragraph 1073 of the Budget Law No. 145/2018, which entered into force on 30

December 2018, amended Legislative Decree No. 254/2016, providing for the disclosure of, in addition to the main risks, also the methods of managing such risks.

To comply with the above provisions, the Company has drafted the NFS and has included it in a special section of the Report on Operations contained in the Annual Financial Report. On this point, it is specified that the statement required under Art. 3(10) of Legislative Decree No. 254/2016 - concerning the information provided being consistent with the requirements of the Legislative Decree itself and with the principles, methodologies and methods provided for therein - is issued by the auditing firm *PriceWaterhouseCoopers S.p.A.* and will be published and made available as an annex to the Annual Financial Report.

In relation to sub-item 1.2 on the agenda of the Shareholders’ Meeting, please remember that you are also asked to resolve on the allocation of the above net profit for the year of €119,094,082 achieved by De’ Longhi S.p.A. during the 2019 financial year and on the distribution of the dividend.

On this point, at the above meeting held on 12 March 2020, the Board of Directors resolved to propose to the Shareholders’ Meeting that the net profit for the year be allocated as follows:

- €2,276,869 to the legal reserve,
- to Shareholders, through the distribution of a gross dividend of €0.54 per share in circulation at the ex-coupon date (net of any treasury shares that the Company has in portfolio at that date) and
- the remainder to the extraordinary reserve.

The total amount of the dividend distributed and, consequently, the residual amount of profits allocated to the extraordinary reserve, will vary according to the number of eligible shares, these amounts being defined when the dividend is actually paid on the basis of the shares in circulation on the ex-coupon date (excluding, therefore, the Company’s treasury shares in portfolio on that date following any buybacks made on the market).

Considering that at the date of approval of this report the De’ Longhi shares in circulation amount to €149,500,000 and the Company does not hold any treasury shares, the total amount of the dividend at that date is €80,730,000.

The Board also resolved to propose paying the above dividend of €0.54 per share in circulation at the ex-coupon date starting from 20 May 2020, with shares going ex-coupon on 18 May 2020 and with the record date, pursuant to Art. 83-*terdecies* of the TUF (namely the accounting date at the end of which, the active Shareholders’ accounts with brokers will be proof for the purposes of entitlement to receive the dividend) as at 19 May 2020.

The text of the proposed resolution prepared by the Board of Directors for the Shareholders' Meeting concerning sub-items 1.1 and 1.2 of this item on the agenda will be specified in the above Annual Financial Report for the financial year 2019, to which reference is made.

SECOND ITEM ON THE AGENDA FOR THE ORDINARY PART

"Annual report on the remuneration policy and compensation paid:

2.1 approval of the "2020 Remuneration Policy" contained in Section I, in accordance with Art. 123-ter(3-bis) of Legislative Decree No. 58/98;

2.2 advisory vote on the "Compensation paid in 2019" indicated in Section II, in accordance with Art. 123-ter(6) of Legislative Decree No. 58/98."

Dear Shareholders,

In relation to the second item on the agenda of the Shareholders' Meeting, this year, following the amendments introduced to Art. 123-*ter* of the TUF by Legislative Decree No. 49/2019 which implemented EU Directive 2017/828 (so-called SHRD II), you are called upon to express your opinion on the "Annual Report on the remuneration policy and compensation paid" of De' Longhi S.p.A. (the "**Remuneration Report**" or "**Report**") in this regard:

- the policy for remunerating the members of the board of directors and board of statutory auditors, general managers and key managers with strategic responsibilities ("**Relevant Subjects**") proposed by the Board of Directors for the financial year 2020 and the procedures used to adopt and implement this policy (the "**2020 Remuneration Policy**"); and

- compensation paid in the 2019 financial year to the Relevant Subjects.

We would like to remind you that, as already provided in the past, the Remuneration Report is divided into two separate sections:

- **Section I**, which describes the Remuneration Policy and the procedures used for the adoption and implementation of the policy itself; it should be point out that, as every year, this section also contains information on the remuneration of directors and on the Remuneration and Appointments Committee relating to the recommendations dictated by the Corporate Governance Code for listed companies to which De' Longhi adheres;

- **Section II** (divided into two parts) which contains, in Part One, a representation of the remuneration paid by the Company to Relevant Subjects with reference to each of the items making up the remuneration of Relevant Subjects for 2019 and, in Part Two, the details of the compensation accrued or paid to such subjects in 2019, for whatever reason and in whatever form, by the Company and its subsidiaries and associated companies, using the tables attached to the Remuneration Report, which form an integral part of the same, as well as information on the shareholdings held in the Company and its subsidiaries by those same Relevant Subjects as well as by their spouses (from whom they are not legally separated) or their children, either directly or through subsidiaries, trust companies or third parties.

Among the main changes introduced in Art. 123-*ter* of the TUF, there is a change in the nature of the vote to be cast by the Shareholders' Meeting on the 2020 Remuneration Policy contained in Section I of the Remuneration Report, which has been raised from an advisory vote to a binding vote, as well as the introduction of an advisory vote on the compensation paid in 2019 to the Relevant Subjects, reported in Section II of the Report.

It should be noted that the Report (and, therefore, the 2020 Remuneration Policy and the compensation paid to Relevant Subjects in 2019 indicated in Section I and Section II respectively of the Report) has been approved by the Board of Directors in the meeting on 12 March 2020, upon the proposal of the Remuneration and Appointments Committee – in accordance with the laws and regulations in force – and 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 1INFO authorised storage mechanism accessible via the website www.1info.it at least 21 days before the date of the Shareholders' Meeting (more specifically, from **31 March 2020**).

For further details, please refer to the above Report, the contents of which have also been defined in accordance with Article 84-*quater* of the Issuers' Regulation and in consideration of the related Annex 3A, Scheme 7-*bis* and Scheme 7-*ter*.

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The Shareholders' Meeting is therefore invited to adopt the following resolution:

<u>In relation to item 2.1</u>

"*The Meeting of the Shareholders of De' Longhi S.p.A.:*

- having reviewed Section I of the "Annual Report on the Remuneration Policy and Compensation paid by De' Longhi S.p.A." dated March 2020 and prepared in accordance with the laws and regulations in force,

RESOLVES

to approve the "2020 Remuneration Policy" contained in Section I of the aforementioned Report and the related adoption and implementation procedures".

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In relation to item 2.2

"*The Meeting of the Shareholders of De' Longhi S.p.A.:*

- having reviewed Section II of the "Annual Report on the Remuneration Policy and Compensation paid by De' Longhi S.p.A." dated March 2020 and prepared in accordance with the laws and regulations in force,

RESOLVES

to express a favourable opinion on the "Compensation paid in 2019" indicated in Section II of the aforesaid Report.

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THIRD ITEM ON THE AGENDA FOR THE ORDINARY PART

"Proposal of an equity-based incentive Plan concerning the ordinary shares of De' Longhi S.p.A called the "Stock Options Plan 2020-2027" for the Company's Chief Executive Officer and for a limited number of top managers of the De' Longhi Group. Resolutions thereon."

Dear Shareholders,

With regard to the third item on the agenda for the ordinary part of the Shareholders' Meeting and, in particular, to the proposal for a share incentive plan involving the ordinary shares of De' Longhi S.p.A., called "*Stock Options Plan 2020-2027*" (the "**Plan**"), reserved for the Company's Chief Executive Officer, as defined in the Plan Rules, and a limited number of top managers of the De' Longhi Group, please refer to the "*Directors' Report on the third item on the agenda for the ordinary part of the Shareholders' Meeting*" that also contains the relevant proposed resolution.

This report has been prepared in compliance with the provisions of Articles 114-*bis* of the TUF and 84-*bis*(1) of the Issuers' Regulations and, therefore, includes the information document on the "*Stock Options Plan 2020-2027*" required by current regulations, which has been prepared in accordance with Annex 3A, Scheme 7 of the Issuers' Regulations. The same report – to which the "*Rules for the Stock Options Plan 2020-2027*" is also attached – 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 1INFO authorised storage mechanism accessible via the website www.1info.it, at the same time as the publication of this Report, together with which it should be read.

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<u>FOURTH ITEM ON THE AGENDA FOR THE ORDINARY PART</u>

"Enlargement of the Board of Directors:

4.1 ***increase the number of directors from 11 (eleven) to 12 (twelve). Resolutions thereon;***

4.2 ***appointment of new director and determination of remuneration. Resolutions thereon."***

Dear Shareholders,

In relation to the fourth item on the agenda for the ordinary part of the Shareholders' Meeting, we would like to remind you that, in line with the communication to the market on 22 January 2020, you are asked to vote on the proposals of the Board of Directors for the inclusion of Massimo Garavaglia as a new director of the Company, to whom the Board of Directors would then confer the powers of CEO also appointing him General Manager of the Company.

The reasons behind the decision of the Chairman and Vice-Chairman as well as of the Company's current CEO to submit the proposal for the appointment of Massimo Garavaglia (subject to the approval of the Shareholders' Meeting) to the Board of Directors last January are part of the constant expansion of the De'Longhi Group's operations at an international level and the consequent desire to strengthen its management structure in order to continue along the successful path of recent years and face the new challenges of rapidly changing markets at a global level, seizing every favourable opportunity.

As a result of the meetings held and the references collected during the selection process, which involved not only the Chairman and Vice-Chairman, but also the Remuneration and Appointments Committee and the Board of Statutory Auditors, the Board of Directors was able to ascertain that Mr Garavaglia's professional and personal profile is characterised by a successful track record and significant international experience - gained particularly in Europe and North America - in complex organisations and in a family business context. The candidate was found to possess excellent strategic vision and negotiating skills, combined with resilience and tenacity in pursuing and achieving objectives. The information gathered has also confirmed Mr Garavaglia's ability to build strong and successful teams that are motivated to always give their best.

Taking into account these characteristics, the Board of Directors, after the favourable opinion of the Remuneration and Appointments Committee and the Board of Statutory Auditors, approved the proposal of the Chairman and Vice Chairman of the Company, identifying Massimo Garavaglia as the ideal candidate to guide the company, alongside Fabio de’ Longhi and Giuseppe de’ Longhi, during its upcoming challenges.

Should the Shareholders’ Meeting share these considerations by voting in favour of the proposals that the Board of Directors will submit to the Shareholders’ vote, the programme for Mr Garavaglia’s inclusion in the company provides for a period of coaching with Mr Fabio de’ Longhi at the end of which the new CEO will take over all the functions currently exercised by the current CEO, while the Group’s strategic development activities will be managed by Mr Garavaglia jointly with Mr Fabio de’ Longhi in the exercise of the powers conferred on him as Vice-Chairman of the Group.

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Taking into account the above, the Board of Directors asks you firstly to vote on the proposal to increase the number of directors from 11 (eleven) to 12 (twelve).

First, it should be remembered that the Board of Directors currently in office was appointed on 30 April 2019.

Pursuant to Art. 9 of the Articles of Association of De’ Longhi S.p.A. (the “**Articles of Association**”), the Board of Directors must be composed of between “*a minimum of three and a maximum of thirteen members*”. In accordance with this Article, on 30 April 2019, the Shareholders’ Meeting set the number of members for the Board of Directors at 11 (eleven) and then appointed the current Board for three terms and, therefore, until the Shareholders’ Meeting that will be called to approve the financial statements as at 31 December 2021.

The composition of the Board of Directors in office at the date of this Report provides for 11 (eleven) members of which: *(i)* 5 (five) possess the requirements of independence required by the TUF, as well as those recommended by the Corporate Governance Code for Listed Companies to which the Company adheres (the “Corporate Governance Code”); *(ii)* 4 (four) women and 7 (seven) men, therefore ensuring compliance with the provision regarding gender equality laid down by Art. 9 of the Articles of Association and by the law in force, which in the case of the Company requires that at least one third (rounded up to next number) of the Board members belong to the least represented gender. The increase from one-third to two-fifths of the number of directors who must belong to the less represented gender, currently required by Art. 147-*ter*(1-*ter*) of the TUF following the recent amendments introduced by paragraph 302 of Law No. 106 of 27.12.2019 (2020 Budget Law), does not yet apply to the Board of Directors currently in office since paragraph 304 of the said Law provides for the application of the new criterion “*from the first renewal of the boards of directors ... of companies listed on regulated markets after the date of entry into force of this law*.” As the Shareholders’ Meeting renewed the current Board of Directors on 30 April 2019 for three terms, the previous criterion of one third of the directors belonging to the less represented gender still applies to the Company.

It should also be remembered that each member of the Board of Directors is paid an annual remuneration of €45,000.00 for the office, plus any other further remuneration determined by the Board of Directors in compliance with Art. 9 of the Company's Articles of Association, pursuant to Art. 2389, paragraph 3 of the civil code.

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It should be noted that Massimo Garavaglia has stated that he will accept the appointment, if made, and confirms that he possesses the requirements laid down by current regulations and by the Articles of Association for taking up the office, excepting those relating to independence required by the TUF, as well as those recommended by the Corporate Governance Code.

Massimo Garavaglia's CV and the above statement are attached under Annex A to this Report.

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Lastly, the Shareholders are informed that, in accordance with Art. 9 of the Articles of Association, the appointment of just one director must be resolved by the Shareholders' Meeting with a legal majority, without using the list voting procedure governed by the same Article. The list voting method cannot be applied to the appointment of just one director because the situation such voting refers to does not exist.

The Board of Directors submits the following proposed resolutions to you the Shareholders for your approval. These proposed resolutions have been broken down so that you can vote differently, should you wish, on the two points that make up this item of the Agenda.

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The Shareholders' Meeting is therefore invited to adopt the following proposed resolutions:

1) "The Shareholders' Meeting of De' Longhi S.p.A., having seen the Board of Directors' Report on the proposed enlargement of the Board of Directors by increasing the number of members and taking into account the provisions of the law and of the Articles of Association

RESOLVES

- to enlarge the Board of Directors by increasing the number of members from 11 (eleven) to 12 (twelve).

2) "*The Shareholders' Meeting, having seen the Board of Directors' Report on the proposed enlargement of the Board of Directors by increasing the number of members,*

RESOLVES

a) to appoint Massimo Garavaglia , born in Rho (MI) on 3 April 1966, Tax Code GRVMSM66D03H264K, as a member of the Board of Directors of De' Longhi S.p.A. until the expiry of the current Board's mandate and, therefore, until the Shareholders' Meeting convened to approve the statutory financial statements at 31 December 2021;

b) to attribute an annual remuneration of €45,000.00 (forty-five thousand/00) to the newly appointed director, leaving the determination of any further compensation pursuant to Art. 2389(3) of the civil code, on the basis of the particular duties that he will be assigned, to the Board of Directors;

c) to grant the Chairman of the Board of Directors and the Chief Executive Officer, jointly and severally, the power to carry out all the necessary actions in order to fully execute the resolution contained in point a), using any and all powers necessary and/or appropriate for this purpose, without exception, and authorising them to delegate powers to third parties."

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FIFTH ITEM ON THE AGENDA FOR THE ORDINARY PART

"Proposal to authorise the purchase and disposal of treasury shares, after revoking the resolution taken by the Shareholders' Meeting of 30 April 2019, for the portion not executed. Resolutions thereon."

Dear Shareholders,

We submit the proposal to authorise the Company's purchase and subsequent disposal of treasury shares for your consideration and approval.

We remind you that the previous authorisation to purchase and dispose of treasury shares was approved by the Shareholders' Meeting held on 30 April 2019 and, therefore, the 18-month period envisaged by the same resolution is due to expire on 30 October 2020.

We would like to inform you that the Board of Directors has not, to date, ever made use of the abovementioned Shareholders' Meeting authorisation and that, as of the date this Report is approved (12 March 2020), the Company does not hold treasury shares either directly or through its subsidiaries, trust companies or intermediaries.

It would also be pointed out that, during today's meeting (12 March 2020), the Board of Directors granted the Chief Executive Officer, Mr Fabio de' Longhi, the authority to start the buyback of treasury shares within the terms authorised by the Shareholders' Meeting of 30 April 2019 and in line with the communication to the market on 14 March 2019. Specific information on this point will be provided to the market, in compliance with the relevant laws and regulations in force, by means of a press release to be circulated before the start of the buyback in the manner required by the regulations.

In consideration of the opportunity to renew the authorisation, for the reasons and under the terms set out below, we propose that you revoke the authorisation granted with the resolution of 30 April 2019 for the portion that has not been executed at that date and, at the same time, approve a new authorisation to purchase and dispose of the Company's ordinary shares under the following terms.

5.1 Reasons for the requested authorisation to purchase and dispose of treasury shares.

The Board of Directors has resolved to submit again to the Shareholders' Meeting the request for authorisation to perform operations to purchase treasury shares - after revocation of the resolution passed by the Shareholders' Meeting last year for the portion not executed - and, under certain conditions, to dispose of said shares, though still in compliance with the equal treatment of Shareholders and with the legislation and regulations that are applicable, including EU Regulation No. 596/2014 of the European Parliament and Council of 16 April 2014 relating to market abuse ("**EU Reg. No. 596/2014**") and related regulatory technical standards, as well as market practices permitted by Consob, for the following reasons:

a) it will be possible to proceed with investments in the Company's shares, in the interests of the same and of all the Shareholders: *(i)* in relation to current market situations to perform a support activity that improves the share's liquidity, promoting the regularity of trading, and *(ii)* when the stock exchange prices or the amount of available cash make this operation economically convenient;

b) if necessary, treasury shares may be used for transactions related to business or commercial projects or however in the interests of the Company and the De' Longhi

Group, involving the opportunity to trade or transfer shareholdings or to use them as guarantee on the same;

c) if necessary, treasury shares (or options on the same) may also be purchased and/or sold and/or assigned in relation to remuneration plans based on financial instruments in accordance with Article 114-*bis* of the TUF, either in the form of (traditional) stock options or under plans that do not envisage the “real” allocation of the shares, such as for example, so-called “phantom stock options”, to, among others, directors, employees, consultants of the Company or of the De’ Longhi Group;

d) if necessary, treasury shares (or options on the same) may also be purchased and/or sold and/or assigned in relation to the issue of financial instruments that can be converted into shares;

e) if necessary, treasury shares (or options on the same) may also be purchased and/or sold and/or assigned in relation to programmes for Shareholder scrip issues.

5.2 Maximum number, class and nominal value of the shares to which the authorisation proposal relates.

The authorisation which the Board requests from the Shareholders’ Meeting concerns the purchase of the Company’s shares to be carried out, also through a series of operations, until reaching a maximum quantity of 14,500,000 (fourteen million five hundred thousand) ordinary shares with a nominal value of €1.50 (one euro fifty cents) each, and therefore an amount not exceeding one fifth of the share capital - considering also any shares held by subsidiaries - and, in any case, within the limits of the distributable profits and available reserves according to the last approved financial statements. The authorisation requested includes the faculty to subsequently dispose of the shares in portfolio, without any time limit, one or more times, also before having reached the maximum quantity of shares that can be purchased, and to buy-back the same shares in compliance with the limits and conditions established by this authorisation.

5.3 Useful information for the evaluation of compliance with the provision as per Article 2357, paragraph 3 of the Civil Code.

For the purposes of the evaluation of compliance with the limits as per Article 2357, paragraph 3 of the Civil Code, it is noted that the Issuer’s share capital is currently €224,250,000.00, comprising 149,500,000 ordinary shares, and that, at the date of this Report, the Company does not hold treasury shares either directly or through subsidiaries.

The nominal value of the shares for which purchase authorisation is requested therefore does not exceed the above limit, also taking into account shares which may be bought by subsidiaries.

However, subsidiaries will be provided with specific instructions concerning the timely reporting of any share purchase operations in accordance with Articles 2359-*bis* et seq. of the Civil Code.

5.4 Duration of the requested authorisation.

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

The authorisation to dispose of treasury shares, also before reaching the purchase limit, is requested without time limit.

5.5 Minimum and maximum payments and market valuations.

<u>Purchase of treasury shares</u>

The purchase price of each treasury share must not be more than 15% (fifteen percent) below or 15% (fifteen percent) above the average of the official trading prices recorded by the Mercato Telematico Azionario on the three trading days before the purchase or the announcement of the operation, depending on the technical methods identified by the Board of Directors.

<u>Disposal of treasury shares</u>

As regards the subsequent disposal of the shares purchased, only the minimum price for sale to third parties is established, which must not entail negative economic effects on the Company, and in any case not below 95% (ninety-five percent) of the average official price recorded on the Mercato Telematico Azionario over the three days before the sale. This price limit may be waived for the exchange or sale of treasury shares (or their use as guarantee on the same) relating to the realisation of operations associated with industrial and/or commercial projects and/or however in the interests of the Company or the De' Longhi Group, and in the case of the allocation and/or sale of shares (or options on such shares) in relation to *(i)* remuneration plans based on financial instruments pursuant to Art. 114-*bis* of the TUF (for, among others, directors, employees or consultants of the Company and of companies in the De' Longhi Group) and/or *(ii)* for the issue of other financial instruments that can be converted into shares and/or *(iii)* programmes for Shareholder scrip issues.

5.6 Methods through which the purchase and disposal of treasury shares will be carried out.

The operations for purchasing treasury shares can be carried out in accordance with Art. 5 of Regulation (EU) No. 596/2014, and must be carried out in compliance with Art. 132 of the TUF and Art. 144-*bis* of the Issuers' Regulation and with accepted market practices, and therefore, among others, *(i)* through public purchase offer or exchange, or *(ii)* on the market or possibly on multilateral trading systems, according to the operating methods established by the market management company, which do not allow the direct linking of purchase proposals with pre-established sales proposals, or *(iii)* through the purchase and sale, in accordance with applicable regulations, of derivative instruments traded on regulated markets or possibly on multilateral trading systems which provide for the physical delivery of the underlying shares, or *(iv)* through the allocation to Shareholders, in proportion to their shareholding, of a sales option to be exercised within 18 (eighteen) months from the date the Shareholders' Meeting adopted the corresponding resolution, or also *(v)* with the methods established by the market practices permitted by Consob pursuant to Art. 13 of Regulation (EU) No. 596/2014, and in any case in a way to ensure equal treatment of Shareholders and in compliance with all applicable regulations, including EU regulations (in particular, where applicable, the regulatory technical standards adopted to implement Regulation (EU) No. 596/2014).

The purchase of treasury shares may take place through procedures that differ from those indicated above where permitted by and/or compatible with the regulations, including European regulations, in force at the time, taking into account the need, in any case, to respect the principle of equal treatment of Shareholders.

Purchases may take place on one or more occasions.

With regard to the disposal of the shares in question, this may take place, on one or more occasions, also before reaching the maximum quantity of shares that can be purchased. Disposal will take place through sale on the stock market, outside the market, or through exchange with investments or other assets or the establishment of guarantees as part of operations connected with industrial and/or commercial projects and/or however in the interests of the Company or the De' Longhi Group, in implementation of incentive programmes or in any case remuneration plans based on financial instruments pursuant to Art. 114-*bis* of the TUF (for, among others, directors, employees and consultants of the Company and of companies in the De' Longhi Group), for the issue of other financial instruments that can be converted into shares, through programmes for Shareholder scrip issues and also through public exchange offers. Shares may also be disposed of also as part of other financial instruments.

The disposal of treasury shares may also take place through procedures that differ from those indicated above where permitted by the regulations applicable at the time of the operation.

5.7 Information on the utility of the purchase to reduce share capital.

It should be noted that the abovementioned purchase of treasury shares does not constitute a reduction of the share capital.

§§§

The Shareholders' Meeting is therefore invited to adopt the following proposed resolution:

"The Meeting of the Shareholders of De' Longhi S.p.A.:

- *having regard to the resolution passed by the ordinary Shareholders' Meeting of De' Longhi S.p.A held on 30 April 2019, with regard to the authorisation to purchase and dispose of treasury shares;*
- *having noted the Report by the Board of Directors and the applicable laws and regulations;*

RESOLVES

1) to revoke the Shareholders' Meeting resolution of 30 April 2019 authorising the purchase and disposal of treasury shares, since it has not been used;

2) to authorise the purchase and disposal of treasury shares for the purposes indicated in the Directors' Report under the following terms and conditions:

- without prejudice to the limits as per Article 2357 of the Civil Code, the purchase may be carried out on one or more occasions, until reaching a maximum quantity of 14,500,000 (fourteen million five hundred thousand) ordinary shares with a nominal value of €1.50 each, also considering the shares held by the Company and by its subsidiaries, and within the limits of distributable profits and available reserves according to the last approved financial statements;

- the authorisation to purchase treasury shares is approved for a period of 18 (eighteen) months from today's date and therefore until 22 October 2021;

- the authorisation includes the faculty to subsequently dispose of the shares in portfolio, one or more times, also before having reached the maximum quantity of shares that can be purchased, and to buy back the same shares in compliance with the limits and conditions established by this authorisation;

The operations for purchasing treasury shares can be carried out in accordance with Art. 5 of EU Regulation No. 596/2014, and must be carried out in compliance with Art. 132 of the TUF, Art. 144-bis of the Issuers' Regulation and with accepted market practices, and therefore, among others, (i) through public purchase offer or exchange; (ii) on regulated markets or possibly on multilateral trading systems, according to the operating methods established by the market management company; (iii) through the purchase and sale, in accordance with the regulations in force at the time, of derivative instruments traded on regulated markets or possibly on multilateral trading systems which provide for the physical delivery of the underlying shares; (iv) through the allocation to Shareholders, in proportion to their shareholding, of a sales option to be exercised within 18 (eighteen) months from today's date; (v) with the methods established by the market practices permitted by Consob pursuant to Art. 13 of Regulation (EU) No. 596/2014; (vi) with other methods permitted by the regulations in force at the time; and in any case ensuring the equal treatment of Shareholders and compliance with all applicable regulations, including applicable EU regulations;

- the purchase price of each treasury share must not be more than 15% (fifteen percent) below or 15% (fifteen percent) above the average of the official trading prices recorded by the Mercato Telematico Azionario on the three trading days before the purchase or the announcement of the operation, depending on the technical methods identified by the Board of Directors;

- the sale price for third parties must not be lower than 95% (ninety-five percent) of the average official prices recorded on the Mercato Telematico Azionario over the three days before the sale. This price limit may be waived for the exchange or sale of treasury shares (or their use as guarantee on the same) relating to the realisation of operations associated with industrial and/or commercial projects and/or however in the interests of the Company or the Group, and in the case of the allocation and/or sale of shares (or options on such shares) in relation to remuneration plans based on financial instruments pursuant to Art. 114-bis of the TUF (for, among others, directors, employees or consultants of the Company and of companies in the De' Longhi Group) and/or for the issue of other financial instruments that can be converted into shares and/or programmes for scrip issues;

- the authorisation to dispose of treasury shares, also before reaching the purchase limit, is given without time limit."

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<u>**ITEM ON THE AGENDA FOR THE EXTRAORDINARY PART**</u>

"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,

With regard to the subject of the first item on the agenda of the extraordinary part of the Shareholders' Meeting, concerning the share capital increase to service the "*Stock Options Plan 2020-2027*" and the consequent integration of Art. 5-*quater* of the Articles of Association, reference should be made to the "Directors' Report on the subject on the extraordinary part of the agenda" prepared in compliance with the provisions of Art. 125-*ter* of the TUF and Art. 72 of the Issuers' Regulations and in compliance with Scheme 2 of Annex 3A of the same Regulation, which also contains the proposed resolution formulated by the Board on this point.

This report 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 1INFO authorised storage mechanism accessible via the website www.1info.it, on **31 March 2020**.

In the same manner and within the same deadline, the external auditors' report containing the opinion required by Art. 2441, paragraph 4, second subparagraph, of the civil code will be filed and made available to the public.

*****

Treviso, 12 March 2020

For the Board of Directors

The Chairman

Giuseppe de' Longhi

Annex A

<u>Mr Massimo Garavaglia's CV and statement accepting candidature</u>

Massimo Garavaglia

b. April 3rd, 1966
Italian national
2 daughters (2001, 2004)
Mobile +41-79-6169842
Massimo_Garavaglia@Barry-Callebaut.com
Massimogaravaglia@yahoo.it

Professional Experience

2015-today

Barry Callebaut AG, Zurich (Switzerland)
President EMEA (Europe, Middle East, Africa)
EMEA: annual sales 3.2 billion CHF

- Responsible for the Region Europe, Middle East and Africa
- Reporting to the CEO of the Barry Callebaut Group
- Member of the Executive Committee of Barry Callebaut AG
- Full P&L responsibility for the Region
- Definition and execution of the strategy for the Region
- 23 plants, 4300 people
- Full line reports with the 4 Business Units Heads , Operations and Supply Chain, R&D, Quality, Finance and Human Resources
- Realized 5% CAGR volume growth and 9% CAGR EBIT increase since 2015
- Responsible, within the Executive Committee, of the Global Partnerships with the major FMCG Strategic Accounts
- Leading the M&A activities in the Region: negotiated and concluded deals for the acquisition of the Halle Cote d'Or Mondelez site -Belgium (2016), Satro FrieslandCampina Beverage Vending business – Germany (2017), D'Orsogna Dolciaria -Italy (2017), Inforum Group – Russia (2018) – Burton's Chocolate site – Moreton UK (2018)

2009-2015

Barry Callebaut AG, Zurich (Switzerland)
President Western Europe (WE)

WE: annual sales 2.6 Billion CHF

- Overall P&L responsibility for Region WE, including the 4 Business Units Food Manufacturers (FM), Gourmet and Beverage, Consumer Division (included until 2011)
- Reporting to CEO of the Barry Callebaut Group and member of the Executive Committee of Barry Callebaut AG
- Negotiated and finalized targeted acquisitions: Chocovic (Spain) 2010, La Morella Nuts (Spain) 2012 and ASM Foods (Sweden) 2014
- Negotiated and finalized the divestment process of the European Consumer Business Unit (Stollwerk – 600 Mio EUR sales) and of the Frozen Pastry Business, including the Alicante site
- Defined and implemented a European supply chain and manufacturing footprint review with creating of operational hubs in Belgium , Poland, Spain and satellite manufacturing plants in a total network of 20 factories
- Created a pan-European Specialty & Decorations Unit, focused on high value added products
- Led negotiations and finalized long term Global Partnership Agreements with Global Strategic Accounts

2006-2009

Barry Callebaut USA Inc., Chicago IL (USA)
President BC Americas
Americas: annual sales 800 million USD

- Conducted and executed a complete strategic review of the North and South American industrial chocolate and Foodservice business
- Implemented an extensive expansion plan in Canada , USA, Mexico and Brazil
- Established the new HQ of Barry Callebaut Americas in Chicago and transitioned all management functions from Canada to the USA
- Started new green field investments in Monterrey (Mexico) and Extrema (Minas Gerais, Brazil)
- Introduced the Commercial Excellence Program in the whole Region
- Fully re-organized the business by restructuring the Sales network, Operations and SC organization, Pricing & Sourcing teams, Applied R&D and staff functions (HR, Finance, Controlling)
- Led negotiations and finalized a long term Global Partnership Agreement with the leading American confectionery company

2004-2006

Barry Callebaut Belgium N.V., Lebbeke-Wieze (Belgium)
President Business Unit Industrial Customers
Volume 550'000 tons – annual sales 1.7 billion CHF

- Redefinition of the products portfolio and customers groups
- Strategic review of the business in Eastern Europe and execution of expansion plans in Poland and Russia, incl. new green field investment in Checov (Moscow)
- Strategic review of the business in Asia and execution of the restructuring of the sales network in China and Japan
- Finalized long term partnership agreements with major European and Asian confectionery groups

2002-2003

Barry Callebaut Italia SpA, Assago (Italy)
Manager South East Europe

- Managed the Industrial/Cocoa Sales in the Region (Italy, Spain, Portugal, Greece, Balcans area, Poland, Czech Rep, Slovakia, Hungary, Bulgaria, Rumenia, Russia, Ukraine)

1996-2001

Barry Callebaut Italia SpA, Assago (Italy)
Country Manager Italy

- Developed BC business after the merger of Barry and Callebaut by integrating and rationalizing the sales force and staff functions
- Restructuring and optimization of the Italian manufacturing network
- Acquired the industrial/foodservice chocolate business of Nestlé (including the chocolate plant of Intra) in 1999-2000
- Integrated the Nestlé sales force in BC and rationalized the organization, achieving the targeted G&A cost savings and operational efficiency

1992-1995

Callebaut Italia SpA, Milano (Italy)
Country Manager

- Managed the newly founded Callebaut branch in Milan, implementing the strategy and commercial policy for the two newly eastablished Business Units (Industrial and Foodservice)

1990-1992

E. Oreggia SpA, Milano (Italy)
Sales Controller
E. Oreggia SpA, is a large food importer specialized in confectionary products including Côte d'Or, Jacobs Suchard, Van Houten chocolates and cocoa powder for professionals and Callebaut industrial chocolates.

Education

1986-1990

Università Bocconi, Milan (Italy)

	Master degree in Economics (quinquennial course of study)
1985	**Ginnasio classico C. Beccaria, Milan (Italy)** Maturità (high school diploma)

Advanced Training

2018	**IMD Business School , Lausanne (SUI)** High Performance Board - Lausanne
2017	**INSEAD BUSINESS SCHOOL, Fontainbleu (F)** Avira Program – Insead Singapore
2014	**Harvard Business School, Cambridge MA (USA)** Agribusiness Strategy Program
2012	**University of Chicago, Chicago IL (USA)** Corporate Strategy – Chicago Booth
2010	**University of Chicago, Chicago IL (USA)** Finance for Executive – Chicago Booth

Spett.le
De' Longhi S.p.A.
Via L. Seitz n. 47
31100 TREVISO

DICHIARAZIONE

Il sottoscritto MASSIMO GARAVAGLIA, nato Rho (MI) il 3 aprile 1966, residente in Milano, via Sant'Aquilino n. 2, Cod. Fiscale GRVMSM66D03H264K,

PRESO ATTO

della proposta che il Consiglio di Amministrazione di De' Longhi S.p.A. ("De' Longhi" o "Società") sottoporrà all'Assemblea degli Azionisti convocata per il prossimo 22 aprile 2020 circa l'ampliamento del numero degli attuali amministratori da 11 a 12 e circa la propria nomina a nuovo membro del Consiglio di Amministrazione medesimo, sotto la propria responsabilità

ACCETTA

la candidatura e pertanto accetta sin d'ora, qualora risultasse eletto dall'Assemblea degli Azionisti della Società, la carica di Consigliere di Amministrazione di De' Longhi fino alla scadenza dell'attuale Consiglio di Amministrazione e, dunque, sino all'Assemblea di approvazione del bilancio di esercizio al 31 dicembre 2021;

DICHIARA

- che non sussistono a suo carico cause di ineleggibilità e di incompatibilità previste dalla legge e dallo statuto sociale di De' Longhi per l'assunzione di tale carica;

- di essere in possesso dei requisiti previsti dalla normativa, anche regolamentare, applicabile e dallo statuto sociale di De' Longhi per ricoprire tale carica; e

- di non essere in possesso dei requisiti di indipendenza previsti dal combinato disposto degli artt. 147-*ter*, comma 4° e 148, comma 3° del D. Lgs. n. 58/98 e dall'art. 3 del Codice di Autodisciplina delle Società Quotate.

Il sottoscritto si impegna a produrre, su richiesta di De' Longhi, la documentazione idonea a confermare la veridicità delle proprie dichiarazioni e a comunicare tempestivamente ogni successivo atto o fatto che modifichi le informazioni rese con la presente dichiarazione e autorizza la pubblicazione della presente dichiarazione e del proprio *curriculum vitae* sul sito internet di De' Longhi o su altri siti ove previsto dalla vigente normativa, anche regolamentare, dichiarando di aver preso atto della *Privacy policy - De' Longhi Group* pubblicata dalla Società nel proprio sito internet, ai sensi e per gli effetti della normativa vigente in materia.

[20] marzo 2020

In fede

Massimo Garavaglia