

ORDINARY SHAREHOLDERS MEETING

JULY 18, 2024

Board of Directors' Report

*Proposal for distribution of an extraordinary dividend
(sole item on the agenda of the Ordinary Part)*



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
MILAN MONZA-BRIANZA LODI COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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PROPOSAL FOR DISTRIBUTION OF EXTRAORDINARY DIVIDEND

Dear Shareholders,

you have been convened at the ordinary Shareholders' Meeting of Sogefi S.p.A. ("**Sogefi**" or the "**Company**") on July 18, 2024, to resolve on the proposal for a distribution of an extraordinary dividend, according to the terms and methods better described below.

The Board of Directors of the Company, at the meeting of June 17, 2024, approved this report (the "**Report**") which was made available to the public within the terms and conditions of the law and regulations, at the registered office of the Company, on the authorized storage mechanism e-Market STORAGE and on the Company's website at www.sogefigroup.com (Investor – Shareholders' Meeting section).

The Report has the purpose of illustrating the proposal in accordance with the provisions of article 125-*ter* of Legislative Decree no. 58 of February 24, 1998 (the "**TUF**") and article 84-*ter* of the regulation adopted with CONSOB resolution no. 11971 of May 14, 1999 (the "**Issuers Regulation**").

The Board of Directors of Sogefi proposes the distribution of an extraordinary dividend per share of Euro 0.923, gross of legal withholdings (the "**Extraordinary Dividend**"), for each of the shares in circulation on the record date (excluding, pursuant to art. 2357-*ter* of the civil code, treasury shares held in portfolio).

The shares in circulation as of the date hereof is 118,741,050 and on the basis thereof the total amount of the dividend would be Euro 109.597.989. This amount may change depending on the shares actually in circulation on the record date (particularly as a result of grants of treasury shares according to stock grant plans previously approved by the Company).

The Extraordinary Dividend will be paid with ex-dividend date July 22, 2024, *record date* July 23, 2024 and payment date July 24, 2024, according to the Italian Stock Exchange calendar.

The Extraordinary Dividend proposal is linked to the valorization process of one of the three Sogefi Group's operating divisions, the Filtration Business Unit, completed on May 31, 2024, for a cash consideration of Euro 331.2 million.

In line with what was announced to the market on February 23, 2024, the Board of Directors decided to allocate the proceeds deriving from the sale mainly to reduce the debt, which at December 31, 2023 amounted to Euro 266.1 million (Euro 200.7 million, excluding IFRS 16 debts), in order to strengthen the financial solidity of the Group and encourage the pursuit of the development objectives of the Suspension and Air & Cooling divisions, in particular in the *e-mobility* sector.

It also considered that a significant part of the aforementioned proceeds could be allocated to remunerate the shareholders' investment through the Extraordinary Dividend, subject of this proposal, subject to regulatory constraints on distribution and without compromising the sustainability, development and investment perspectives of the Group.

As at December 31, 2023, the amount of share capital and reserves of the parent company Sogefi S.p.A. was Euro 228,287,778, made up as follows:

• Share Capital	62,461,356
• <i>Capital reserves</i>	
Share premium reserve	15,925,424
• <i>Profit reserves</i>	
Legal reserve	12,639,783

Other profit reserves	112,411,190
• Reserves under tax suspension	18,114,736
• Profit for the year	6,735,289

In particular, the distributable reserves amounted to Euro 146,425,503, and were made up as follows:

• <i>Capital reserves</i>	
Share premium reserve ^(*)	15,925,424
• <i>Profit reserves</i>	
Legal reserve	147,512
Other profit reserves	110,678,265
• Reserves in suspension of tax	12,939,013
• Profit for the year	6,735,289

(*) Distributable reserve pursuant to art. 2431, civil code, as the legal reserve has exceeded one fifth of the share capital.

Considering that:

- a. the Company has recorded in the financial statements as at December 31, 2023 available reserves sufficient to cover the disbursement of the ordinary dividend, already paid on May 8, 2024, for Euro 23,730,484, and the proposed Extraordinary Dividend, for Euro 109,597,989;
- b. the Company, after December 31, 2023, did not suffer losses that have affected the reserves resulting from the financial statements as at December 31, 2023, as also confirmed by the financial information as at March 31, 2024, and it is not subject to art. 2433, third paragraph, of the civil code;
- c. the Board of Statutory Auditors expressed a favorable opinion on the proposed distribution of the Extraordinary Dividend;

the Board of Directors approved the proposal of Extraordinary Dividend, according to the terms and conditions described in this Report, using the distributable Profit reserves, up to their total amount equal to Euro 93,830,582, and the Share premium reserve for the remaining portion.

As regards the fiscal aspects, it should be noted that:

- the use of profit reserves involves the qualification of the sums distributed as dividends, which are subject to different tax regimes depending on the category to which the recipient shareholder belongs; in particular, in the case of recipients made up of natural persons resident in the territory of the Italian State and who hold the shares outside the business exercise, the dividends represent capital income and are subject to a substitute tax of 26 percent applied on the entire amount by the financial intermediaries who proceed with the payment; in the case, however, of recipients made up of joint-stock companies resident in the territory of the Italian State, the dividends are not subject to any substitute tax, but contribute to forming the recipient's income to the extent of 5 percent of their amount.
- the use of capital reserves involves the qualification of the sums distributed as reimbursement of capital, therefore these sums reduce the tax value of the shares held by the shareholder.

Proposed resolution

In light of the above, the Board of Directors proposes to adopt the following resolution:

“The Ordinary Shareholders’ Meeting of Sogefi S.p.A.,

- *having examined the illustrative report of the Board of Directors, pursuant to article 125-ter of Legislative Decree no. 58 of February 24, 1998 and article 84-ter of the regulation adopted with Consob resolution no. 11971 of May 14, 1999, published pursuant to law, and having acknowledged the proposal therein;*
- *having acknowledged that the share capital and reserves resulting from the financial statements approved by the Company as at December 31, 2023 were equal to Euro 228,287,778, of which Euro 146,425,503 made up of distributable reserves, considering that the condition required by art. 2431 of the civil code is satisfied for the purposes of the distribution of the Share Premium Reserve, as the Legal Reserve has exceeded one fifth of the share capital;*
- *having acknowledged that these reserves, even after considering the dividend paid on May 8, 2024, are sufficient in relation to the proposed extraordinary dividend;*
- *having acknowledged that the Company, after December 31, 2023, did not suffer losses that have affected the reserves resulting from the financial statements as at December 31, 2023, as also confirmed by the financial information as at March 31, 2024, and it is not subject to art. 2433, third paragraph, of the civil code;*
- *having acknowledged that the Board of Statutory Auditors has expressed a favorable opinion regarding the legitimacy of the proposal formulated;*

resolves

1. *to approve the proposal for distribution of an extraordinary dividend of Euro 0.923 for each of the shares in circulation on the record date (excluding, pursuant to art. 2357-ter of the civil code, treasury shares held in portfolio), for a total, calculated on the basis of the n. 118,741,050 Sogefi shares in circulation as of 17 June 2024, of Euro 109,597,989, using the distributable Profit Reserves, up to their total amount equal to Euro 93,830,582, and the Share premium reserve for the remaining portion, which will be paid with ex-dividend date July 22, 2024, record date July 23, 2024 and payment date July 24, 2024, according to the Borsa Italiana calendar, it being understood that the total amount may change on the basis of the shares actually in circulation as of the record date;*
2. *to authorize the Board of Directors, and on its behalf the Chairman of the Board and the Chief Executive Officer, jointly or severally, with the right to sub-delegate to third parties, to determine the actual amount of the extraordinary dividend to be withdrawn from the reserves referred to in the previous point;*
3. *to grant the Chairman of the Board of Directors and the Chief Executive Officer, jointly or severally, with the right to sub-delegate to third parties, all the broadest powers necessary and/or appropriate, without any exclusion, to implement the foregoing .”*

Milan, June 17, 2024