

**REPORT DESCRIBING THE PROPOSALS OF THE BOARD OF DIRECTORS OF INTERPUMP GROUP S.p.A. TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 30 APRIL 2020**

*Sant'Ilario d'Enza, 16 March 2020*

Shareholders,

This report has been prepared in compliance with art. 125-(3), subsection 1, of Italian legislative decree no. 58 dated 24 February 1998 (the “**Consolidated Finance Act**” or “**TUF**”), art. 84-(4) of the Regulation adopted by CONSOB Decision no. 11971 of 14 May 1999 and subsequent amendments (the “**Issuers' Regulation**”), as well as arts. 73 and 84-(2) of the Issuers' Regulation and Annex 3A, Format 4, of the Issuers' Regulation, in order to describe to the shareholders of Interpump Group S.p.A. (“**Interpump**” or the “**Company**”) the proposals that the Board of Directors intends to present for your approval in relation to the matters indicated in points 1, 3, 4, 5, 6, 7 and 8 on the agenda for the Ordinary Shareholders' Meeting and in points 1 and 2 on the agenda for the Extraordinary Shareholders' Meeting, to be held in a single call on **30 April 2020** at the registered offices of Interpump Group S.p.A., via Einstein 2, Sant'Ilario d'Enza (RE), at **10.00 am**.

The agenda of the above Shareholders' Meeting is as follows:

***Ordinary Part***

1. Approval of the Annual financial statements at 31 December 2019, accompanied by the Report on operations, the Report of the Board of Statutory Auditors and the additional documentation required by statutory regulations; presentation of the Group Consolidated Financial Report at 31 December 2019, accompanied by the Board of Directors' Report and the documentation required by statutory regulations; related and consequent resolutions.
2. Presentation of the Non-financial statement prepared pursuant to Decree 254 dated 30 December 2016.
3. Allocation of profit for the year; related and consequent resolutions.
4. Report on remuneration policy and the payments made pursuant to art. 123-(3) of Italian legislative decree no. 58/1998:
  - 4.1 Approval of the first section of the Report on remuneration policy and the payments made pursuant to art. 123-(3), subsection 3, of Italian legislative decree no. 58/1998:
  - 4.2 Vote on the second section of the Report on remuneration policy and the payments made pursuant to art. 123-(3), subsection 4, of Italian legislative decree no. 58/1998:
5. Appointment of the Board of Directors:
  - 5.1 Establishment of the number of members;
  - 5.2 Establishment of the term of office;
  - 5.3 Appointment of the members of the Board of Directors;
  - 5.4 Appointment of the Chairman of the Board of Directors;
6. Determination of the remuneration of the directors for 2020 and the total remuneration of those Directors with special duties; related and consequent resolutions.
7. Appointment of the Board of Statutory Auditors for the three-year period 2020, 2021 and 2022:
  - 7.1 Appointment of three Serving Auditors and two Alternate Auditors;
  - 7.2 Determination of the remuneration of the Board of Statutory Auditors;
8. Authorization, pursuant to articles 2357 and 2357-(3) of the Italian civil code, to purchase treasury shares and the possible subsequent disposal of treasury shares held in the portfolio or purchased; related and consequent resolutions.

### ***Extraordinary Part***

1. Granting of a mandate to the Board of Directors to increase the share capital with the exclusion of option rights, pursuant to articles 2443 and 2441, subsection 4, first and second sentences, of the Italian civil code. Consequent amendment of article 5 of the Bylaws; related and consequent resolutions.

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### ***Ordinary Part***

#### **On the first point on the agenda of the Shareholders' Meeting - Approval of the Annual financial statements at 31 December 2019**

The draft financial statements at 31 December 2019, approved by the Board of Directors on 16 March 2020, reports a profit for the year of Euro 60,151,411 (*sixty million one hundred and fifty-one thousand four hundred and eleven*). The above document was published together with the Report on operations and all other accompanying documentation on 20 March 2020.

In view of the foregoing, the Board of Directors submits for your approval the following

#### **proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.,*

- *given the Financial statements of the Company at 31 December 2019, which report a profit for the year of Euro 60,151,411;*
- *given the Report on operations accompanying the Financial statements of the Company at 31 December 2019;*
- *given the Report of the Board of Statutory Auditors and the Report of the Independent Auditors EY S.p.A. on the Financial statements of the Company at 31 December 2019*

#### **resolves**

*to approve the Report on operations of the Board of Directors, the Financial statements comprising the statement of financial position, the income statements and the explanatory notes to the Financial statements of Interpump Group S.p.A. at 31 December 2019, which report a profit for the year of Euro 60,151,411.”*

#### **On the third point on the agenda of the Shareholders' Meeting - Resolution concerning the allocation of profit for the year**

This section of the Report describes the proposal that the Board of Directors of Interpump Group S.p.A. intends to submit for your approval in relation to the allocation of profit for the year.

The Financial statements at 31 December 2019, subject to approval at the Shareholders' Meeting as in the previous point on the agenda, report a net profit for the year of Euro 60,151,411 (*sixty million one hundred and fifty-one thousand four hundred and eleven*).

Taking account of the consolidated financial statements and the economic and financial outlook for the current year, the Board of Directors considers it appropriate to recommend as follows:

1. allocate the net profit for the year of Euro 60,151,411 (*sixty million one hundred and fifty-one thousand four hundred and eleven*) to the Extraordinary Reserve, since the Legal Reserve has already reached the limit of one-fifth of the fully paid up and subscribed share capital;

2. distribute part of the Extraordinary Reserve by declaring a dividend of Euro 0.25 (zero point two five) for each of the shares in circulation, including the right pursuant to art. 2357-(3) subsection 2 of the Italian civil code. It should be noted that the provisions of the Ministerial Decree dated 26 April 2017 will be applied for tax purposes, since the entire dividend of Euro 0.25 per share is taxable in the hands of the recipient and is considered to have been taken from the profit reserves accumulated subsequent to the year in progress on 31 December 2007 and through the year in progress on 31 December 2016.

In consideration of this premise, we submit for your approval the following

**proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.:*

- *given that the Financial statements at 31 December 2019 report a net profit for the year of Euro 60,151,411 (sixty million one hundred and fifty-one thousand four hundred and eleven);*
- *given the resolution proposed by the Board of Directors;*

**resolves**

1. *to allocate the above profit for the year as follows:*
  - i) *to allocate the net profit for the year of Euro 60,151,411 (sixty million one hundred and fifty-one thousand four hundred and eleven) to the Extraordinary Reserve, since the Legal Reserve has already reached the limit of one-fifth of the fully paid up and subscribed share capital;*
  - ii) *to distribute part of the Extraordinary Reserve by declaring a dividend of Euro 0.25 (zero point two five) for each of the shares in circulation, including the right pursuant to art. 2357-(3) subsection 2 of the Italian civil code;*
2. *to determine the legitimacy of paying out profits, pursuant to article 83-(ter) TUF by reference to the accounting records at the end of the accounting day on **19 May 2020** (the **record date**), with payment of the dividend from **20 May 2020**, following clipping of coupon no. 27 on **18 May 2020**;*
3. *to vest in the Chairman, with the right to delegate to third parties, all the widest possible powers required to implement the matters described above”.*

**On the fourth point on the agenda of the Shareholders' Meeting - Report on remuneration policy and the payments made**

This section of the Report describes the proposal that the Board of Directors of the Company intends to submit for your approval in relation to the remuneration policy and the payments made pursuant to art. 123-(3) TUF.

On 16 March 2020, the Board of Directors approved the Report on remuneration policy and the payments made, prepared by the Remuneration Committee, which pursuant to art. 123-(3), subsection 2, comprises two parts on, respectively:

- (i) the policy of the Company governing the remuneration of the members of the Board of Directors, the Directors assigned special duties, the non-executive Directors and, without prejudice to the provisions of art. 2402 of the Italian civil code, the members of the control body, as well as the procedures used to adopt and implement that policy;

- (ii) the presentation of each of the elements comprising the remuneration, including the treatment applied on termination of the appointment or the working relationship, as well as the payments made by the Company and by subsidiaries or associates during the year, for whatsoever reason and in whatsoever form.

The above Report will be made available to the public, by the legal deadline, at the registered offices of the Company, on the website [www.interpumpgroup.it](http://www.interpumpgroup.it), and at the authorized repository.

Pursuant to art. 123-(3), subsections 3-(3) and 6, the Shareholders are called on to resolve on the above two parts of the Report on remuneration policy and the payments made, considering that the vote on the first part will be binding, while the second part of the Report will be subjected to a consultative vote that, therefore, will not be binding.

Taking account of the information contained in the Report on remuneration policy and the payments made, considers it appropriate to recommend as follows:

- i) approve the first part of the Report on remuneration policy and the payments made of the Company governing the remuneration of the members of the Board of Directors, the Directors assigned special duties, the non-executive Directors and the members of the control body, as well as the procedures used to adopt and implement that policy in 2020, as indicated in point 4.1 on the agenda for the Shareholders' Meeting;
- ii) approve the second part of the Report on remuneration policy and the payments made in relation to the remuneration paid in 2019 to the members of the Board of Directors, the Directors assigned special duties, the non-executive Directors and the members of the control body, as indicated in point 4.2 on the agenda for the Shareholders' Meeting.

In consideration of this premise, we submit for your approval the following

#### **proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.:*

- *given the Report on remuneration policy and the payments made, prepared pursuant to art. 123-(3) TUF by the Remuneration Committee and approved by the Board of Directors on 16 March 2020*

#### **resolves**

- 1. to approve the first part of the Report on remuneration policy and the payments made of the Company governing the remuneration of the members of the Board of Directors, the Directors assigned special duties, the non-executive Directors and the members of the control body, as well as the procedures used to adopt and implement that policy in 2020 - 2021 - 2022;*
- 2. to approve the second part of the Report on remuneration policy and the payments made in relation to the remuneration paid in 2019 to the members of the Board of Directors, the Directors assigned special duties, the non-executive Directors and the members of the control body.*

## **On the fifth point on the agenda of the Shareholders' Meeting - Appointment of the Board of Directors**

This section of the Report illustrates the proposal that the Board of Directors of the Company intends to submit for your approval, in relation to renewal of the Board of Directors, whose mandate expires upon approval of the Financial statements at 31 December 2019.

This mandate was granted to the Board of Directors at the Shareholders' Meeting held on 28 April 2017 and will expire naturally on approval of the Financial statements at 31 December 2019.

We therefore invite you to appoint the new Board of Directors, after determining the number and the term of office of the members, in compliance with the matters indicated in this respect in art. 14 of the Bylaws, which establishes a minimum of 3 (three) and maximum of 13 (thirteen) members of the Board of Directors and states that the Directors shall be appointed for a term of no longer than three years and may be re-elected.

Pursuant to art.147-(3), subsection 4 TUF, at least one of the members of the Board of Directors or 2 (two) if the Board of Directors is composed of more than 7 (seven) members, must possess the minimum requirements for independence established for Statutory Auditors by art. 148, subsection 3 TUF, and the additional requirements established in the Code of Corporate Governance of Listed Companies promoted by the Committee for Corporate Governance of Borsa Italiana S.p.A. Art. IA2.2.3 of the Instructions for the Regulation of Borsa Italiana S.p.A. also states that, in order to remain qualified for the STAR segment, the number of independent Directors is considered adequate when there are at least 2 independent Directors on Boards of Directors comprising up to 8 members and at least 3 independent Directors on Boards of Directors comprising between 9 and 14 members.

Further, pursuant to art. 147-(3), subsection 1-(3), TUF, as amended by Law no. 160 of 27 December 2019, the characteristics of the Directors to be elected must be determined using a criterion that ensures gender balance. In this regard, the least represented gender must be represented by at least two-fifths of the elected Directors. Additionally, CONSOB Communication no. 1/20 of 30 January 2020 has clarified that these two-fifths can only be rounded down on boards of directors comprising three members; accordingly, gender balance on Boards of Directors comprising more than three members must be determined by rounding the two-fifths calculation up to the nearest integer.

With regard to the methods of appointment, art. 14 of the Bylaws, current statutory legislation, and the implementation regulations prescribed by Consob envisage the following:

- the appointment of Directors will be carried out on the basis of lists submitted by the shareholders, except for the cases in which the appointment must be made using ordinary methods and majorities and those in which appointment by list voting is not permitted or is not possible; Directors are appointed using criteria that ensure gender balance;
- shareholders who, within the terms established by statutory legislation, own, alone or jointly with others, shares with voting rights representing 1%<sup>(1)</sup> of the subscribed and paid up share capital with voting rights at Ordinary Shareholders' Meetings, are entitled to submit a list. Ownership of the interest required for the legitimate submission of lists is established with regard to the shares registered in the name of the shareholder on the day in which the lists are filed with the Issuer, and can be attested even after the filing of the lists, provided this is carried out at least twenty-one days prior to the date of the Shareholders' Meeting, in other words by 9 April 2020;

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<sup>1</sup> Pursuant to art.144-(7) of the Issuers' Regulation, the percentage interest in share capital required in order to present lists was established in CONSOB Decision no. 28/2020, published on 30 January 2020.

- individual shareholders cannot submit (or join in submitting) or vote for, even via an intermediary or via a trust company, more than one list; the same is true for shareholders belonging to the same group and shareholders who are signatories of a shareholders' agreement regarding the Company's shares;
- shareholders who intend to submit a list (or join in submitting one), and who are interconnected, even indirectly, pursuant to the terms of art. 144-(5) of the Issuers' Regulation, to other shareholders who have submitted (or joined in submitting) another list, are required to disclose this situation at the start of the Shareholders' Meeting convened to appoint the Directors, and said disclosure must be recorded in the minutes of the Meeting;
- each shareholder who intends to propose (or join in proposing) candidates for the office of Director, must file at the registered offices by the twenty-fifth day prior to the date established for the Shareholders' Meeting, in other words by 5 April 2020:
  - a) the list of candidates, not exceeding 13 (thirteen) persons, giving each a sequence number; at least the first candidate in sequence on the list must satisfy the independence requirements established by law and the Code of Corporate Governance. Pursuant to art.147-(3), subsection 4 TUF, at least one of the members of the Board of Directors or 2 (two) if the Board of Directors is composed of more than 7 (seven) members, must possess the minimum requirements for independence established for Statutory Auditors by art. 148, subsection 3 TUF, and the additional requirements established in the Code of Corporate Governance of Listed Companies promoted by the Committee for Corporate Governance of Borsa Italiana S.p.A. Art. IA2.2.3 of the Instructions for the Regulation of Borsa Italiana S.p.A. also states that, in order to remain qualified for the STAR segment, the number of independent Directors is considered adequate when there are at least 2 independent Directors on Boards of Directors comprising up to 8 members and at least 3 independent Directors on Boards of Directors comprising between 9 and 14 members.  
In application of Law no. 160 of 27 December 2019 and as specified in CONSOB Communication no. 1/20 of 30 January 2020, lists containing three candidates must have two-fifths of them belonging to the least represented gender, as rounded down, while lists containing more than three candidates must have at least two-fifths of them belonging to the least represented gender, as rounded up to the nearest integer;
  - b) the curriculum vitae of each candidate, containing full information on their personal and professional characteristics, with indication, if applicable, of their satisfaction of the independence requirements established pursuant to current legislation and the Code of Corporate Governance, as well as:
    - i) the non-executive directorships and memberships of boards of statutory auditors held in companies listed on regulated stock markets (including foreign stock markets), in finance companies, banks, insurance companies, or companies of significant size, these latter being construed as companies whose financial statements for the previous year report assets or sales in excess of 500,000,000.00 euro (five hundred million/00);
    - ii) the executive directorships of any company, including companies not covered by the categories specified in the previous point i), with the sole exception of companies engaged in the "mere utilization" of property, shareholdings or other assets, and companies that in the previous year reported sales of not more than 50,000,000.00 euro (fifty million/00);
    - iii) the offices pursuant to art. 2390, subsection 1 of the Italian civil code that require the Shareholders' Meeting to make an exception to the legal ban on competition, with the added specification that it is not necessary to disclose offices in companies directly or indirectly controlled by the Company, which are generally assumed to have been approved by the Company in advance. For each company in which offices are held, it is necessary to specify

its name, location, company registration number or equivalent, and the nature of the position held (including status as executive director, non-executive director, or independent director);

- c) the declarations of each candidate whereby they express their willingness to take office in the event of election and attesting, under their personal responsibility, to the absence of any causes for ineligibility or incompatibility, the possession of the requirements of integrity, professionalism and independence specified by statutory provisions, and the existence of any requirements prescribed for the office, either in law or in the Bylaws;
  - d) a list of the shareholders submitting the list, with their name, company name, location, company registration number or equivalent, and the percentage of capital they hold overall, together with a declaration by the shareholders other than shareholders who hold, also jointly, a controlling or relative majority interest, attesting to the absence of relations of association pursuant to art. 144-(5) of the Issuers' Regulation;
- those submitting a list are obliged to include a sufficient number of candidates on the list, as well as the minimum number of candidates complying with the independence criteria and the other requirements specified by law, and to act in such a way as to ensure that the composition of the list complies with the proportionality criterion for gender balance;
  - lists for which the foregoing instructions are not observed will be considered not to have been submitted;
  - pursuant to art. 147-ter, subsection 1-bis, TUF, lists of candidates are made available to the public at the registered offices, on the Company website and that of authorize repository, at least twenty-one days prior to the date scheduled for the Shareholders' Meeting, in other words by 9 April 2020;
  - the Board of Directors is elected as follows:
    - i. all the Directors to be elected less one will be taken, on the basis of the sequential number with which the candidates are listed, from the list that receives the highest number of votes; all the Directors of the least represented gender, as required by statutory legislation concerning the gender balance, will also be taken from that list except if the remaining Director, taken from the list that received the second highest number of votes, is of the least represented gender: in that case all the Directors of the least represented gender, as required by statutory legislation, will be taken from the list that obtained the highest number of votes, except for one;
    - ii. the remaining Director will be taken from the list that obtains the second highest number of votes, being the person indicated with the first sequential number in the list, without prejudice to the matters established in the preceding letter a) concerning gender balance;
    - iii. in the case of a tied vote (i.e., if two lists both receive the highest number of votes, or the second highest number of votes) the Shareholders' Meeting will repeat the ballot, with list voting, to appoint the entire Board of Directors;
    - iv. the candidates from the lists will be elected in compliance with the criteria indicated in the foregoing letters (a), (b) and (c), without prejudice to the provisions set down under the following letters (e), (f) and (g);
    - v. if just one list is duly submitted, all the Directors to be appointed will be taken from that list, on the basis of the sequential order with which the candidates appear in the list, again in compliance with the statutory legislation on the independence of directors and gender balance;

- vi. if the list that received the second highest number of votes fails to obtain a percentage of the votes equivalent at least to half of those necessary for submission of the lists (i.e. half of 1% of the share capital), all the directors to be appointed will be taken from the list that receives the highest number of votes cast by the shareholders, on the basis of the sequential number with which the candidates appear in the list;
- vii. if the list that received the second highest number of votes has received votes cast by one or more shareholders considered to be associated with one or more of the shareholders that submitted (or joined in submitting) the list that received the highest number of votes, such votes shall not be counted. Consequently, if without considering such votes, another list emerges as the second most voted list, the remaining Director will be the candidate with the first sequential number appearing in that other list;
- viii. if no list is submitted or if, for any reason, the appointment of one or more directors cannot be carried out in compliance with these instructions, the Shareholders' Meeting will adopt a resolution with the majorities required by law, anyway ensuring the presence of the necessary number of directors in possession of the legal requirements of independence and in compliance with statutory legislation concerning gender balance.

With regard to the obligation for candidate Directors to indicate, in their CVs, the non-executive directorships or memberships of boards of statutory auditors already held in certain types of company and the executive directorships held in any company, reference is made to the opinion of the Board of Directors on the accumulation of offices, pursuant to Application Criterion 1.C.3 of the Code of Corporate Governance, which states as follows:

- the Board recommends that the Shareholders' Meeting should not appoint persons as executive Directors of the Company when they already hold executive appointments in one or more other companies (including companies not classified as "significant companies"<sup>(2)</sup>), with the sole exception of those that "merely hold" real estate, equity investments or other assets with annual sales of not more than 50 million euro), or are non-executive directors in four or more other "significant companies";
- the Board of Directors recommends that the Shareholders' Meeting should not appoint Directors of the Company to non-executive, independent or non-independent office when they are already executive directors in two or more "significant companies", or non-executive directors or statutory auditors in ten or more other "significant companies";
- if reappointed, the Board will only assign executive offices to the Directors appointed at the Shareholders' Meeting, and will only approve the assignment of executive offices in Interpump group companies, when not incompatible with the above indicated limits, unless the Board, with a reasoned resolution, rules that there exist reasonable, objective grounds for either temporarily or permanently departing from these limits.

With regard to the term of office of the Directors, the Board proposes fixing it at three years in accordance with customary practice. Therefore, if the Shareholders' Meeting accepts the proposal, the appointments of the Directors will expire on the date of approval of the Financial statements at 31 December 2022.

Finally, the Board of Directors proposes to establish the number of members of the Board as **ten (10)**.

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<sup>2</sup> Companies listed on regulated stock markets (including foreign stock markets) or banks, insurance companies, or companies of significant size, being those whose total assets or sales exceed 500 million euro.



In consideration of this premise, we submit for your approval the following

**proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.:*

- *considering the need to proceed with the appointment of the new members of the Board of Directors, after determination of their number;*
- *considering it appropriate to establish the number of members of the Board of Directors as **ten (10)**;*
- *considering it appropriate to fix the term of office at three years;*
- *considering that no.[x] lists of candidates for the office of Director complete with the necessary documentation have been validly submitted;*
- *considering the results of the ballot;*

**resolves**

1. *to establish the number of members of the Board of Directors as ten (10);*
2. *to appoint, as members of the Board of Directors for a period of three years, with expiry on the date of approval of the financial statements at 31 December 2022, Messrs.:*
  - *[complete with the details of the elected candidates];*
3. *to appoint as Chairman of the Board of Directors Mr/Ms [...];*
4. *to grant powers to the Chairman to do everything necessary for the complete execution of the above resolutions, with any and all, necessary and useful powers to achieve that purpose, excluding none and with the right to delegate to third parties.”*

**On the sixth point on the agenda of the Ordinary Shareholders' Meeting - Determination of the remuneration of the Directors for 2020 and the total remuneration of the Directors with special duties**

This section of the Report illustrates the proposal that the Board of Directors intends to submit for your approval in relation to the determination of emoluments for the office of Director for 2020, and the overall amount of emoluments due to Directors with special duties.

1. *On remuneration for the office of Director for 2020*

With reference to remuneration to assign to each Director for the office, pursuant to art. 2389, subsection 1, of the Italian civil code, the Board of Directors proposes 2020 remuneration of Euro 45,000.00 (*forty-fivethousand/00*) for each Director.

As an exception to the above proposed resolution, if an elected Director is also an employee of the Company or companies belonging to the Group, the proposed remuneration is understood to be already included, where applicable, in the employment contract in force at the time of appointment.

2. *On the maximum total remuneration to assign to Directors with special duties for 2020*

Art. 18 of the Company's Bylaws states that the Shareholders' Meeting shall resolve on the maximum total remuneration that can be assigned to the members of the Board of Directors with special duties in compliance with art. 2389, subsection 3, of the Italian civil code, including the Chairman and the members of Board committees.

The Ordinary Shareholders' Meeting held on 30 April 2019 established that maximum total remuneration to be Euro 3,000,000.00 (threemillion/00) for 2019.

As proposed by the Remuneration Committee and after having heard the opinion in favor of the Board of Statutory Auditors, the Board of Directors recommends that the Shareholders' Meeting fix the maximum total remuneration for 2020 of the Directors assigned special duties at Euro 3,000,000.00 (*three million/00*), of which Euro 2,000,000.00 related to the fixed component and Euro 1,000,000.00 to the variable component.

3. *On the remuneration to assign for the period from 1 January 2021 to approval of the 2020 Financial statements*

On the basis of an identical proposal from the Remuneration Committee and having heard the favorable opinion of the Board of Statutory Auditors, the Board of Directors proposes that the remuneration for the office of Director and the total emoluments of the Directors with special duties authorized for 2020, as indicated in points 1 and 2 above, also be paid - as in prior years - in the period from 1 January 2021 to the date of approval of the Financial statements at 31 December 2020, without prejudice to any higher amount decided subsequently, within any limits established at the Shareholders' Meeting.

In consideration of this premise, we submit for your approval the following

**proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.:*

*having heard and approved the Board of Directors' Report and the favorable opinion of the Board of Statutory Auditors,*

**resolves**

1. *to fix the 2020 remuneration assigned to each Director for the office, in compliance with art. 18 of the Bylaws and art. 2389, subsection 1, of the Italian civil code, in the amount of Euro 45,000.00 (forty-fivethousand/00);*
2. *to fix, as an exception to the resolution envisaged in the previous point, the remuneration of Directors who are employees of the Company or other companies belonging to the Group at the amount already envisaged and included in their employment contracts;*
3. *to fix, for 2020, the maximum total emoluments assigned and to be assigned to the Directors with special duties, for the purposes of art. 18 of the Bylaws and art. 2389, subsection 3, of the Italian civil code, including the Chairman and the members of Board committees, in the amount of Euro 3,000,000.00 (threemillion/00), of which Euro 2,000,000.00 related to the fixed component and Euro 1,000,000.00 to the variable component;*
4. *to fix, in the amount specified in the previous points 1 and 2, calculated on a time-apportioned basis, the emoluments and remuneration to be assigned to the Directors for the period from 1 January 2021 to the date of approval at the Shareholders' Meeting of the 2020 financial statements, without prejudice to any higher amount decided subsequently, within any limits established at the Shareholders' Meeting;*
5. *to vest in the Chairman, with the right to delegate to third parties, all the widest possible powers required to implement the matters described above.”*

## **On the seventh point on the agenda of the Ordinary Shareholders' Meeting - Appointment of the Board of Statutory Auditors**

This section of the report illustrates the proposal that the Board of Directors intends to submit for your approval, in relation to renewal of the Board of Statutory Auditors, whose mandate expires at the time of approval of the Financial statements at 31 December 2019.

The approval of the Financial statements at 31 December 2019 marks the expiry of the mandate of the Board of Statutory Auditors of the Company, which was granted at the Shareholders' Meeting held on 28 April 2017.

The Statutory Auditors must satisfy the independence requirements established in art. 148, subsection 3, of the Consolidated Finance Act, as well as the honorability and professionalism requirements specified for this role in the regulations or the Bylaws.

Further, pursuant to art. 148, subsection 1-(2), TUF, as amended by Law no. 160 of 27 December 2019 and specified in CONSOB Communication no. 1/20 of 30 January 2020, the process of electing the Statutory Auditors must be such that the least represented gender comprises at least two-fifths of the serving members of the Board of Statutory Auditors.

With regard to the methods of appointment, art. 19 of the Bylaws, current statutory legislation, and the implementation regulations prescribed by CONSOB envisage the following:

- the Board of Statutory Auditors is composed of three Serving Auditors and two Alternate Auditors, whose term of office is three years (expiring on the date of the Shareholders' Meeting convened for approval of the financial statements for the third year of office) and who are eligible for re-election on expiry of the mandate;
- the Serving Auditors and the Alternate Auditors are appointed at the Shareholders' Meeting on the basis of lists submitted by the shareholders;
- the appointment of Statutory Auditors is performed on the basis of criteria that ensure gender balance;
- lists may be submitted legitimately by all shareholders that, either individually or jointly with other shareholders, represent at least 1%<sup>3</sup> of the subscribed and paid-up share capital with voting rights at Ordinary Shareholders' Meetings, in compliance with art. 14.3 of the Bylaws; ownership of the interest required for the legitimate submission of lists is established by reference to the shares registered in the name of the shareholder on the day on which the lists are submitted to the Issuer and can be attested even after filing the lists, provided this occurs at least twenty-one days prior to the date of the Shareholders' Meeting, pursuant to art. 144-(6), subsection 4-(4), of the Issuers' Regulation, in other words by 9 April 2020;
- possible candidates for the office of Statutory Auditor, in compliance with the applicable regulations, include those: (i) whose situation does not makes them unelectable or is not incompatible with election pursuant to art. 148, subsection 3, TUF and (ii) whose situation complies with the limits on the accumulation of positions envisaged in art. 148-(2) TUF and, in implementation thereof, arts. 144-(12) to 144-(15) of the Issuer's Regulation;
- each candidate may be included on just one single list, subject otherwise to ineligibility;

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<sup>3</sup> Pursuant to art.144-(7) of the Issuers' Regulation, the percentage interest in share capital required in order to present lists was established in CONSOB Decision no. 28/2020, published on 30 January 2020.

- each shareholder who intends to propose (or join in proposing) candidates for the office of Statutory Auditor, must file at the registered offices by the twenty-fifth day prior to the date established for the Shareholders' Meeting, in other words by 5 April 2020:
  - a) a list of candidates comprising two sections: one section for candidate Serving Auditors, and the other for candidate Alternate Auditors. At least one candidate must be indicated in the section for Serving Auditors and at least one in the section for Alternate Auditors. If, considering both sections, the list contains three or more candidates, at least two-fifths of the candidate Serving Auditors must belong to the least represented gender (rounding down in the case specified in CONSOB Communication no. 1/20 of 30 January 2020); if the section for Alternate Auditors contains two candidates, they must be of different genders. Each candidate in each section must be given a sequential number;
  - b) a curriculum vitae for each candidate, containing: (i) comprehensive information about their personal and professional characteristics, and (ii) the list of directorships or memberships of boards of statutory auditors held by the candidate Auditor in other companies or organizations, if significant as defined in the statutory regulations on cumulative limits of offices held;
  - c) the declarations of each candidate expressing their willingness to take office in the event of election and attesting, under their personal responsibility, to the absence of any causes for ineligibility or incompatibility, the possession of the requirements of integrity, professionalism and independence specified by statutory provisions, and the existence of any other requirements prescribed for the office, either in law or in the Bylaws;
  - d) details of the shareholders submitting the list, with their name, company name, location, company registration number or equivalent, and the percentage of the capital they hold in total, accompanied by the declaration required by art. 144-(6), subsection 4, letter b) of the Issuers' Regulation, attesting to the absence of relations of association pursuant to art. 144-(5) of the Issuers' Regulation;
- those submitting a list intended to obtain the highest number of votes are obliged to include a sufficient number of candidates in the list and also the minimum number of candidates in possession of any special requirements of professionalism or of other matters that are not required by statutory regulations for all Statutory Auditors, and to act in such a way as to ensure that the composition of the list complies with the proportionality criterion for gender balance;
- the Company provides information about the submitted lists, accompanied by the additional documentation requested, by making them available to the general public at the registered offices, and by publishing them on its website and on the site of the authorized repository at least twenty-one days prior to the Shareholders' Meeting convened to make the appointments, pursuant to the provisions of art. 144-(8) of the Issuers' Regulation, in other words by 9 April 2020;
- if, at the deadline date for the filing of lists (5 April 2020), only one list has been submitted, or lists have only been submitted by shareholders who are interconnected in accordance with the terms of art. 144-(5) of the Issuers' Regulation, additional lists may be submitted until the third day after the above deadline (i.e. by 8 April 2020), and the minimum holding for the submission of lists will be halved (to 0.5%). This situation will be disclosed in the cases and in the forms established by statutory regulations;
- individual shareholders cannot submit (or join in submitting) or vote for, even via an intermediary or via a trust company, more than one list; the same is true for shareholders belonging to the same group and shareholders who are signatories of a shareholders' agreement regarding the Company's shares;
- shareholders who intend to submit a list (or join in submitting one), and who are interconnected, even indirectly, pursuant to the terms of art. 144-(5) of the Issuers' Regulation, to other shareholders who have

submitted (or joined in submitting) another list, are required to disclose this situation at the start of the Shareholders' Meeting convened to appoint the Statutory Auditors, and said disclosure must be recorded in the minutes of the Meeting;

- the Board of Statutory Auditors is elected as follows:
  - i. two Serving Auditors and one Alternate Auditor will be taken, on the basis of the sequential number with which the candidates are listed, from the list that receives the highest number of votes; all the Statutory Auditors of the least represented gender, as required by statutory legislation concerning the gender balance, will also be taken from that list except if the remaining Serving Auditor, taken from the list that received the second highest number of votes, is of the least represented gender: in that case all the Statutory Auditors of the least represented gender, as required by statutory legislation, will be taken from the list that obtained the highest number of votes, except for one;
  - ii. the remaining Serving Auditor and the remaining Alternate Auditor will be taken from the list that obtains the second highest number of votes, being the persons indicated with the first sequential number in the respective sections of the list, without prejudice to the matters established in the preceding letter (a) concerning gender balance; the Chairman of the Board of Statutory Auditors shall be the first-listed candidate in the section of Serving Auditors of the list that obtains the second highest number of votes;
  - iii. in the case of an equal number of votes (i.e. if two lists both receive the highest number of votes or the second highest number of votes), if this situation of parity occurs for lists that have both obtained the second highest number of votes, the candidate on the list that obtained the votes of the highest number of shareholders entitled to vote will be appointed, while in all other cases the Shareholders' Meeting will repeat the ballot, with list voting, for the appointment of the entire Board of Statutory Auditors;
  - iv. the candidates from the lists will be elected in compliance with the criteria indicated in the foregoing letters (a), (b) and (c), without prejudice to the provisions set down under the following letters (e), (f) and (g);
  - v. if just one list is duly submitted, all the Statutory Auditors to be appointed will be taken from that list, again in compliance with the statutory legislation on gender balance. The candidate indicated with the first sequential number in the Serving Auditors section will be elected Chairman of the Board of Statutory Auditors;
  - vi. if the list that received the second highest number of votes has received the votes cast by one or more shareholders considered to be associated with one or more of the shareholders that submitted (or joined in submitting) the list that received the highest number of votes, those votes shall not be counted. Consequently, if without considering such votes, another list emerges as the second most voted list, the remaining Serving Auditor and the remaining Alternate Auditor will be the candidates with the first sequential number appearing in the respective sections of that other list;
  - vii. if no list is submitted or if, for any reason, the appointment of one or more Statutory Auditors cannot be carried out in compliance with these instructions, the Shareholders' Meeting will adopt a resolution with the majorities required by law, anyway ensuring compliance with the statutory legislation on gender balance.

With regard to determination of the remuneration of the Statutory Auditors, the Board of Directors proposes Euro 105,000.00 (*onehundredandfivethousand/00*), in addition to the legally required social security contributions, as the total annual amount payable to the Board of Statutory Auditors, of which Euro 45,000.00 (*forty-fivethousand/00*) to the Chairman and Euro 30,000.00 (*thirtythousand/00*) to each Serving Auditor.

In consideration of this premise, we submit for your approval the following:

**proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.:*

- *considering that no.[x] lists of candidates for the office of Statutory Auditor complete with the necessary documentation have been validly submitted;*
- *considering the results of the ballot;*

**resolves**

1. *to appoint, as members of the Board of Statutory Auditors for a period of three years, with expiry on the date of approval of the financial statements at 31 December 2022, Messrs.:*
  - *[complete with the details of the elected candidates] - Chairman of the Board of Statutory Auditors;*
  - *[complete with the details of the elected candidates] - Serving Auditor;*
  - *[complete with the details of the elected candidates] - Serving Auditor;*
  - *[complete with the details of the elected candidates] - Alternate Auditor;*
  - *[complete with the details of the elected candidates] - Alternate Auditor;*
2. *to fix at Euro 105,000.00 (onehundredandfivethousand/00), in addition to the legally required social security contributions, the total annual amount payable to the members of Board of Statutory Auditors, of which Euro 45,000.00 (forty-fivethousand/00) for the Chairman of the Board of Statutory Auditors and Euro 30,000.00 (thirty thousand/00) for each of the Serving Auditors;*
3. *to grant powers to the Chairman to do everything necessary for the complete execution of the above resolutions, with any and all, necessary and useful powers to achieve that purpose, excluding none and with the right to delegate to third parties.”*

**On the eighth point on the agenda of the Ordinary Shareholders' Meeting - Authorization to purchase and use treasury shares**

This section of the Report, prepared inter alia pursuant to art. 73 and Annex 3A of the Issuers' Regulation, illustrates the proposal that the Board of Directors intends to submit for your approval in relation to the authorization, pursuant to the provisions of arts. 2357 and 2357-(3) of the Italian civil code, to purchase treasury shares and possibly to sell any treasury shares held or purchased.

1. *Subject of the authorizations requested*

The Board of Directors draws your attention to the fact that the Ordinary Shareholders' Meeting of 30 April 2019 authorized, for a period of eighteen months following that date, the purchase of treasury shares up to the maximum number of 3,500,000 (threemillion fivehundredthousand) ordinary shares of nominal value of Euro 1,820,000 (onemillion eighthundredandtwentythousand/00) and thus in total, considering the treasury shares already purchased and not yet sold in execution of the previous resolutions of the Shareholders' Meeting, up to the maximum number of 6,943,489 (sixmillion ninehundredandforty-threethousand fourhundredandeighty-nine) ordinary shares, or in any event within any lower limit imposed by the legislation in force at the time, for a unit price of between a minimum of the nominal value of 0.52 (zero/52) euro and a maximum of 40.00 (forty/00) euro.

At the date of this report, the Company holds 2,187,506 (*twomillion onehundredandeighty-seventhousand fivehundredandsix*) treasury shares having a total nominal value of Euro 1,137,503.12 (*onemillion onehundredandthirty-seventhousand fivehundredandthree/12*), corresponding to 2.09% of the subscribed and paid-up share capital, which totals Euro 56,617,232.88 and is represented by 108,879,294 ordinary shares.

Such shares were purchased for a total price of Euro 55,396,959.50 (*fifty-fivemillion threehundredandninety-sixthousand ninehundredandfifty-nine/50*), corresponding to an average unit price of approximately Euro 25.32 (twenty-five point three two) per share.

The Board of Directors now considers it appropriate, for the reasons illustrated in point 2 below, to request a new authorization to proceed for a period of eighteen months from the related resolution of the Shareholders' Meeting: (i) with the purchase of treasury shares up to a maximum number of 10,000,000 (*tenmillion*) ordinary shares of nominal value Euro 5,200,000 (*fivemillion twohundredthousand*) hence, overall, considering the treasury shares already purchased and not yet sold in execution of prior resolutions of the Shareholders' Meeting, up to a maximum of 12,187,506 (*twelvemillion onehundredandeighty-seventhousand fivehundredandsix*) ordinary shares, or, in any event, within any lower limit imposed by current legislation in force at the time, and also (ii) with the sale of treasury shares purchased up to the date of the Shareholders' Meeting and to be acquired in execution of the required resolution of the Shareholders' Meeting.

In making the individual purchases the Board of Directors must observe the legislative and regulatory provisions applicable on a time-by-time basis. With regard to the maximum number of shares that the Company can purchase from time to time, we invite you to refer to the information given in points 3 and 4 below. With regard to spending limits, we invite you to refer to the details given in points 5 and 7 below.

## 2. *Reasons for which authorization is requested for the purchase and sale of treasury stock*

The latest authorization for the purchase of treasury stock granted by the Shareholders' Meeting expires on 30 October 2020.

The Board of Directors therefore asks the Shareholders' Meeting to issue a new authorization for the purchase and the possible subsequent sale of the treasury stock already purchased or that will be purchased in implementation of the new authorization resolutions requested.

Given that the Company will not trade speculatively in treasury shares, the authorization to purchase is required in order to allow the Company to purchase additional lots of treasury stock, even via public offers for the purchase or exchange of shares, for the purpose of investment, stabilization of the stock price in situations of reduced stock market liquidity, and in order to obtain shares that may be allocated for possible exchange following acquisitions and/or commercial agreements with strategic partners.

The authorization to sell is also requested in order to act on the market to stabilize the price of stock in situations of reduced stock market liquidity, and in order to make possible exchanges following acquisitions and/or commercial agreements with strategic partners.

The authorization to purchase treasury shares, and the authorization for their sale, will also be valid for the purposes of the purchase and subsequent sale of shares to be placed at the service of the incentive plans in existence and potentially to be adopted in the future by the Company.

## 3. *Maximum number, category, and nominal value of the shares to which the authorization refers*

The Company has issued a single class of ordinary shares comprising 108,879,294 shares with nominal value Euro 0.52 (zero/52) each.

The Board of Directors asks the Shareholders' Meeting to authorize the purchase of treasury shares up to the maximum number of 10,000,000 (*tenmillion*) ordinary shares of total nominal value Euro 5,200,000 (*fivemillion twohundredthousand*) hence, overall, considering the treasury shares already purchased and not yet sold in execution of prior resolutions of the Shareholders' Meeting, up to a maximum of 12,187,506 (*twelvemillion onehundredandeightyseventhousand fivehundredandsix*) ordinary shares, or, in any event, within any lower limit imposed by current legislation in force at the time.

4. *Useful information for a complete assessment of compliance with the provisions of art. 2357, subsection 3 of the Italian civil code*

The maximum limit within which the Company, further to authorization of the shareholders' meeting, can purchase treasury shares is currently defined by art. 2357, subsection 3 of the Italian civil code, whereby the nominal value of treasury shares cannot exceed one fifth of the share capital, taking account for this purpose any shares held by subsidiaries.

With reference to the incidence of the above limit with respect to the authorization requested, we draw your attention to the fact that:

- i. the treasury shares currently held by the Company total 2,187,506 (*twomillion onehundredandeightyseventhousand fivehundredandsix*) for a total nominal value of Euro 1,137,503.12 (*onemillion onehundredandthirty-seventhousand fivehundredandthree/12*), corresponding to 2.09% of the subscribed and paid-up share capital;
- ii. the treasury shares currently subject to the proposed authorization described herein total 10,000,000 (*tenmillion*) with a total nominal value Euro 5,200,000 (*fivemillion twohundredthousand*), corresponding to about 9.18% (*nine point one eight*) of the current subscribed and paid-up share capital.

Note also that, at today's date, none of the Company's subsidiaries hold treasury stock.

5. *Useful information for a complete assessment of compliance with the provisions of art. 2357, subsection 1 of the Italian civil code*

With reference to the maximum spending limit that must be observed when purchasing the stock, the Board of Directors draws your attention to the fact that art. 2357, subsection 1, of the Italian civil code allows the purchase of treasury shares within the limits of distributable profit and available reserves resulting from the latest duly approved Financial statements, being obliged also to consider any lock-up constraints that have emerged subsequently.

Because, at the date of this Report, the 2019 draft financial statements have only been approved by the Board of Directors and will be submitted for approval at the next Shareholders' Meeting as the first topic on the agenda (i.e. appearing before the resolution concerning the purchase of treasury stock), the Board, for the purpose of checking the spending limits, has taken account of the contents of the 2019 draft financial statements and the proposed allocation of the net profit for 2019, as described in explanatory report to the third point on the agenda for the next Shareholders' Meeting, on the assumption that the shareholders will express their approval.

The above 2019 draft financial statements of the Company report *additional paid-in capital* of Euro 83,524,930.01 (from which Euro 2,424,307.21 must be deducted as unavailable, since it relates to the reserve for stock options assigned to the Directors and employees of other Group companies, together with Euro 10,050,575.18 that is not available in relation to a reserve for the purchase of treasury shares subsequent to 31/12/2019, and to which Euro 14,535,594.49 must be added for increases in additional paid-in capital



following the use of treasury shares to purchase equity investments and service the exercise of options by the beneficiaries of the Company's incentive plans from 1 January 2020 to date), an *extraordinary reserve* of Euro 265,910,892.33 (including allocation of the 2019 profit of Euro 60,151,410.75, and use of the reserve to service payment of the dividend for 2019<sup>4</sup>, as recommended to the next Shareholders' Meeting, as well as the non-distributable *reserve for IFRS adjustments*, the non-distributable *reserve for unrealized exchange gains*, and the non-distributable *TFR re-measurement reserve*) and a merger surplus of Euro 698,016.45 (net of estimated non-distributable amounts totaling Euro 164,925.79).

For the purpose of determining the amount of distributable profits and available reserves, it must be considered that:

- pursuant to the terms of art. 2426, subsection 1, no. 5 of the Italian civil code, dividends can be distributed only if sufficient available reserves remain to cover the unamortized amount of costs for plant and expansion, research, development and advertising of multi-annual utility; in the Company's draft financial statements for 2019 said costs totaled Euro 3,403,808.12;
- in compliance with art. 2431 of the Italian civil code, additional paid-in capital cannot be distributed until the legal reserve has reached one fifth of the share capital; subscribed and paid-up share capital resulting from the draft 2019 financial statements approved by the Board of Directors, totals Euro 56,617,232.88; the amount of the legal reserve has reached one fifth of the share capital, and consequently, pursuant to art. 2431 of the Italian civil code, the additional paid-in capital is available.

Taking account of the foregoing situation, the total amount of effectively distributable profits and effectively available reserves at the date of this Report amounts to Euro 348,790,742.77 (*threehundredandfortyeightmillion sevenhundredandninetythousand sevenhundredandforty-two point seven seven*).

Before making individual purchases, the Board of Directors undertakes to first ascertain that the distributable profits and available reserves effectively exist at the time of the purchases concerned.

#### 6. Time for which the authorizations are requested

Authorization for the purchase and sale of treasury shares is requested for the maximum duration permitted by art. 2357, subsection 2 of the Italian civil code, and hence for eighteen months from the date of the Shareholders' Meeting convened to adopt the related resolution.

#### 7. Minimum and maximum price

The Board of Directors proposes that:

- the minimum purchase price of treasury stock be fixed at the nominal value of Euro 0.52 (zero/52) per share, consistent with the resolution already adopted at the Shareholders' Meeting on 30 April 2019, cited in point 1 above;
- the maximum purchase price be established as Euro 34.50 (*thirty-four point five*) per share, thereby making it possible to purchase stock also in the event of significant rises in the stock market value of the shares and taking account of the necessary flexibility required in this type of transaction.

The Board of Directors further proposes that the Shareholders' Meeting establish Euro 0.52 (zero/52) per share as the minimum price for the sale of the treasury stock held by the Company.

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<sup>4</sup> Dividend calculated on the basis of the number of treasury shares held by the Company at 16 March 2020, which was 26,672,947.00

8. Methods that will be adopted for purchases and sales of treasury stock

With regard to the methods for treasury stock purchase transactions, the Board of Directors proposes that said transactions be performed by means of purchases on the market or by means of public offers to purchase or exchange in compliance with the methods established by the legislative provisions and regulations in force from time to time and, notably, in compliance with the provisions of art. 132, subsection 1, TUF and art. 144-(2), subsection 1, letters a) and b) of the Issuers' Regulation.

With regard to the methods for any sale of treasury stock acquired in this manner, in consideration of the aims illustrated in point 2 above, it is proposed that the Shareholders' Meeting authorize the Company's Board of Directors to sell treasury stock also by means of a public offering, sale of shares to the employees or Directors of the Company or of Group companies in execution of the incentive plans approved beforehand by the Shareholders' Meeting, placement with warrants or deposit certificates representing shares or similar securities, or exchange for the acquisition of equity investments or assets of interest to the company, and in the framework of possible agreements with strategic partners.

Lastly, it is proposed that the Board of Directors can resolve to authorize executive Directors to purchase and sell treasury shares or to grant a mandate to an authorized external Intermediary to carry out the above operations. The Board of Directors may also establish all additional conditions, methods and terms of the disposal of the treasury shares held.

9. Use the operation to reduce the share capital

The purchase of treasury stock in relation to which authorization is requested complies with the corporate aims illustrated in point 2 above, and is not intended to be a way to reduce the Company's share capital.

10. Effective exemption from the obligation to make a public offer following approval of the resolution to purchase treasury shares

In general, any treasury shares held directly or indirectly by the Company are excluded from the share capital on which the interest of significance is calculated for the purposes of article 106, subsections 1 and 3, letter b), TUF governing public offers.

However, pursuant to the provisions of article 44-(2) of the Issuers' Regulation, the above-mentioned provision is not applicable if the limits indicated in article 106, subsections 1 and 3, letter b) TUF are exceeded as a result of the direct or indirect purchase of treasury shares by the Company, in execution of a resolution approved by the majority of the shareholders of the Issuer present at the Shareholders' Meeting, other than the shareholder or shareholders who, jointly or alone, hold a relative majority interest of more than 10% (i.e. Gruppo IPG Holding S.p.A.).

Consequently, if the resolution proposed today is approved by the majority of the Issuer's shareholders present at the Shareholders' meeting, other than Gruppo IPG Holding S.p.A., the latter would be exempt from the obligation to launch a takeover bid if, due to the purchase of treasury shares thus authorized, the significant interest thresholds for the purposes of article 106, subsections 1 and 3, letter b), TUF are exceeded.

In consideration of this premise, we submit for your approval the following

**proposed resolution**

*“The Ordinary Shareholders' Meeting of Interpump Group S.p.A.:*

- *in view of the resolution of the Ordinary Shareholders' Meeting of 30 April 2019;*

- *considering the proposal of the Company's Board of Directors;*
- *considering that, if the resolution indicated below is approved with the favorable vote of the majority of the shareholders of Interpump Group S.p.A. Present at the Shareholders' Meeting, other than the shareholder or shareholders who hold, individually or jointly, the (relative) majority interest, provided it is greater than 10 percent (i.e. Gruppo IPG Holding S.p.A.), the exemption envisaged by the combined provisions of article 106, subsections 1 and 3, TUF and article 44-(2), subsection 2, of the Issuers' Regulation will be applied in relation to Gruppo IPG Holding S.p.A.,*

**resolves**

1. *to authorize the Board of Directors, via specifically authorized Directors or an authorized Intermediary, to purchase treasury shares up to the maximum number of 10,000,000 (tenmillion) ordinary shares of total nominal value Euro 5,200,000 (fivemillion twohundredthousand) hence, overall, considering the treasury shares already purchased and not yet sold in execution of prior resolutions of the Shareholders' Meeting, up to a maximum of 12,187,506 (twelvemillion onehundredandeightyseven thousand fivehundredandsix) ordinary shares, or, in any event, within any lower limit imposed by the legislation in force from time to time, for a period of eighteen months from the date of this resolution. The purchase may take place at a unit price of between a minimum equal to the nominal value of Euro 0.52 (zero point five two) and a maximum of Euro 34.50 (thirty-four point five). Purchases must be made in accordance with the methods and the limits established by legislative and regulatory provisions in force from time to time and, notably, by art. 132, subsection 1, TUF and by art. 144-bis, subsection 1, letters a), b) and c) of the Issuers' Regulation;*
2. *to authorize the Board of Directors, via specifically authorized Directors or an authorized Intermediary, to sell or transfer, in one or more transactions, for a period of eighteen months starting from the date of this resolution, the treasury shares held by the Company, whether already purchased or to be purchased in connection with the authorization described in point 1 above. The disposal must be carried out at a price that is not lower than the nominal value of Euro 0.52 (zero/52). The disposal can occur also by means of a public offering, sale of treasury shares to employees, Directors and collaborators of the Company and/or of the Group companies in execution of incentive plans that have been approved beforehand at the Shareholders' Meeting, servicing of warrants or deposit certificates representing shares or similar securities, exchange for the purchase of equity investments or assets of interest to the company and in the framework of any agreements with strategic partners. The Board of Directors may also establish all additional conditions, methods and terms of the disposal of the treasury shares held;*
3. *to make, pursuant to art. 2357-(3), subsection 3, of the Italian civil code, all the accounting entries that are necessary or advisable in relation to transactions in treasury shares, in compliance with the statutory legal provisions and the applicable accounting standards;*
4. *to vest in the Chairman, with the right to delegate to third parties, the widest possible powers required to make purchases and sales of treasury shares, even by means of successive transactions, and anyway to implement the above resolutions, even using attorneys, in compliance with all the procedures required by law and the competent authorities.”*

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## *Extraordinary Part*

### **On the first point on the agenda of the Extraordinary Meeting - Granting of a mandate to the Board of Directors to increase the share capital with the exclusion of option rights, pursuant to articles 2443 and 2441, subsection 4, first and second sentences, of the Italian civil code. Amendment of article 5 of the Bylaws; related and consequent resolutions**

This section of the Report illustrates the reasons for the proposal to grant the Board of Directors a mandate to increase the share capital on one or more occasions, with the exclusion of option rights, pursuant to articles 2443 and 2441, subsection 4, of the Italian civil code (the “**Mandate**”).

#### *1. Subject of the Mandate*

Art. 5, subsection 1, second part, of the current Bylaws states that “*if the Company's shares are traded on regulated markets, the option rights of the shareholders can be excluded in relation to shares and bonds convertible into newly-issued shares, pursuant to article 2441, subsection 4, of the Italian civil code*”.

Pursuant to art. 2443 of the Italian civil code, the Bylaws may - even by amendments - grant the Directors the right to increase capital, on one or more occasions, up to a predetermined amount and for a maximum period of five years from the date of the amending resolution, pursuant to art. 2441, subsection 4, of the Italian civil code and otherwise.

For the reasons and objectives better described later in this Report, the purpose of the Mandate that we propose should be granted to the Board of Directors is to increase share capital pursuant to art. 2441, subsection 4, first<sup>5</sup> and second<sup>6</sup> sentence, of the Italian civil code. In particular, it includes the right to increase share capital for payment, on more or more occasions on a divisible basis, by the issue even in several tranches:

- i. of new Interpump ordinary shares, nominal value Euro 0.52 (zero point five two) each, to be offered in whole or in part to third parties, with the exclusion or limitation of the option right pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code (i.e. payment by contribution in kind), up to a maximum of 10% of the Interpump share capital outstanding on the Mandate exercise date; and/or
- ii. of new Interpump ordinary shares, nominal value Euro 0.52 (zero point five two) each, to be offered to third parties, with the exclusion or limitation of the option right pursuant to art. 2441, subsection 4, second sentence, of the Italian civil code (i.e. payment in cash), up to a maximum of 10% of the Interpump share capital outstanding on the Mandate exercise date;

all to be exercised within five years of the date of shareholders’ resolution that granted the Mandate (i.e. the maximum term envisaged in art. 2443 of the Italian civil code), with the right to establish any related share premium.

This resolution is necessary since the similar mandate, granted to the Board of Directors pursuant to art. 2443 of the Italian civil code at the Extraordinary Meeting held on 30 April 2014, expired on 29 April 2019 and, accordingly, the right granted to the Board of Directors on that date cannot be exercised any more.

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<sup>5</sup> Art. 2441, subsection 4, first sentence, of the Italian civil code, establishes: “*The option right does not apply to the issue of new shares that, in accordance with the capital increase resolution, must be paid for by contributions in kind. [...]*”.

<sup>6</sup> Art. 2441, subsection 4, second sentence, of the Italian civil code, establishes: “[...] *The Bylaws of companies whose shares are listed on regulated markets may also exclude the option right up to a maximum of ten percent of the existing share capital, on condition that the issue price corresponds to the market value of the shares and that this is confirmed in a specific report from a legal auditor or a firm of legal auditors*”.

## 2. Reason for the Mandate and criteria for its exercise

In recent years, the Interpump Group has undergone a significant process to strengthen its position in the sectors in which it operates. As an example, the recent acquisitions are consistent with the external growth strategy adopted by the Group, with expansion of the product range and the maintenance of highly competitive positions in the markets in which the Group is active.

In order to support this strengthening and expansion process, it is important for the Company to be able, in the near future, to obtain in a rapid and highly flexible manner the financial resources needed to grasp promptly the opportunities offered by the market, including by the arrangement of “paper in exchange for paper” acquisitions. Indeed, the characteristics of the financial markets require the ability to act in a timely manner, in order to source the resources needed to finance investments at the most favorable times.

The above Mandate would make it possible to obtain the above advantages, in terms of flexibility and timeliness of execution, in order to benefit in good time from the most favorable conditions for special transactions that are best completed with a certain rapidity, having regard inter alia for the considerable uncertainties and volatility of the financial markets. In this regard, in addition to the mentioned flexibility with regard to the timing of implementation, compared with the need to obtain a shareholders’ resolution, the Mandate has the additional benefit of letting the Board of Directors decide on the characteristics of the shares to be issued, as well as the economic conditions of the overall offer (including the maximum amount of the offer and the issue price of the shares involved, consistent with best practices for similar transactions and in compliance with the limits and criteria established by the laws referred to later) based on the market conditions prevailing at the time of launching the operation, thus reducing among other matters the risk of market price fluctuations during the period between the announcement date and the transaction start date, which would occur if the transaction had to be authorized at the Shareholders’ Meeting.

In addition to pursuit of the strengthening and growth strategies mentioned earlier, the resources obtained on exercise of the Mandate could also be used to develop existing investments and, more generally, to meet any financial needs that may arise during the five-year period subsequent to the date of the approving shareholders’ resolution.

Should the Mandate be granted on the above basis, it is understood that any decisions by the Board of Directors to offer capital increases in whole or in part to third parties, with the exclusion in whole or in part of the option right pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code (i.e. payment by contribution in kind), and therefore with dilution of the existing shareholders, may only be taken when justified by specific corporate needs and the overall benefits expected from the operations to be pursued.

In particular, pursuant to the provisions of art. 2441, subsection 6, of the Italian civil code, as referenced by art. 2443, subsection 1, of the Italian civil code, it is hereby confirmed that the option right pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code may only be excluded if the Board of Directors considers it appropriate for the newly-issued shares to be paid for by the contribution, by shareholders and/or third parties, of lines of business, businesses or operations functionally organized to carry out activities envisaged in the corporate objects of the Company, as well as of receivables, equity investments, financial instruments (listed or otherwise) and/or other assets deemed useful by the Board of Directors in pursuit of the corporate objects.

## 3. Criteria for determining the issue price

The new shares will be offered at the price determined on a case-by-case basis by the Board of Directors, including any share premium deemed appropriate.

With regard to resolutions to increase share capital for payment in kind, pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code, to be offered in whole or in part to third parties, the Board of Directors must determine the issue price of the new shares having regard, among other factors, for the value of shareholders' equity and the conditions prevailing in the financial markets at the time of the operation, stock market prices and the application of any discounts in line with market practices for similar transactions, without prejudice where applicable to the formalities and limits envisaged in art. 2441, subsections 4, first sentence, and 6, of the Italian civil code.

With regard to resolutions to increase share capital for payment in cash pursuant to art. 2441, subsection 4, second sentence, of the Italian civil code, the regulations establish - as a condition for excluding the option right up to a maximum of 10% of the share capital outstanding on the Mandate exercise date - that the issue price must correspond to the market value of the shares and that this is confirmed in a specific report from a legal auditor or a firm of legal auditors. In fact, the issue price will be determined by the Board of Directors using reasonable and non-arbitrary criteria, having regard for market practices, the circumstances applying on the Mandate exercise date and the characteristics of the Company, even with the application of a discount in line with market practices for similar transactions.

The criteria and reasoning described here establish broad principles with which the Board of Directors must comply when exercising the Mandate, without prejudice to the obligation to present a specific report on the reasons for exercising the Mandate in each case.

#### 4. Duration of the Mandate and its exercise

The proposal fixes the duration of the Mandate at the maximum allowed by law, being five years from the date of the shareholders' resolution, and establishes that it may be exercised on one or more occasions. This means that, if the Mandate is approved at the Shareholders' Meeting called for 30 April 2020, the Mandate must be exercised by 29 April 2025 at the latest, after which it will expire automatically.

Without prejudice to the above, the timing of exercise of the Mandate, pursuant to art. 2443 of the Italian civil code, as well as the terms and conditions of any issues, will depend on the concrete opportunities that arise and will be promptly notified to the market, pursuant to the law and the regulations, as soon as they are identified by the Board of Directors.

#### 5. Amount of the Mandate

It is proposed to fix the amount of the Mandate as, respectively:

- i. a nominal amount equal to 10% of the share capital of Interpump existing on the Mandate exercise date, in relation to the power to increase share capital pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code (i.e. contributions in kind), with the right of the Board of Directors to establish the amount of any additional paid-in capital; and
- ii. a nominal amount equal to 10% of the share capital of Interpump existing on the Mandate exercise date, in relation to the power to increase share capital pursuant to art. 2441, subsection 4, second sentence, of the Italian civil code (meaning by the payment of cash), with the right of the Board of Directors to determine the amount of any additional paid-in capital.

6. Amendment of art. 5 of the Bylaws

The proposed amendment to the text of art. 5 of the Bylaws is presented below.

<i>Current text</i>	<i>Proposed text</i>
<p style="text-align: center;"><b>Art. 5</b></p> <p>Share capital is Euro 56,617,232.88 (fifty-sixmillion sixhundredandseventeenthousand twohundredand thirty-two point eight eight), represented by 108,879,294 (onehundredandeightmillion eight hundredandseventy-ninethousand twohundredand ninety-four) ordinary shares of nominal value Euro 0.52 euro (zero point five two) each. Cash, assets in kind, or receivables can be conferred, also at the time of share capital increases. If the company's shares are listed on regulated markets, the right of option of the shareholders in relation to the shares and bonds convertible into newly issued shares can be excluded, pursuant to the terms of article 2441, subsection 4, second period, of the Italian civil code, in the limits of 10% of the existing share capital, on condition that the issue price corresponds to the market value of the shares and that this is confirmed in a specific report of the company responsible for performing the independent audit.</p>	<p style="text-align: center;"><b>Art. 5</b></p> <p style="text-align: center;"><i>[UNCHANGED]</i></p> <p><b>The Extraordinary Meeting of 30 April 2020 resolved to grant the Board of Directors a mandate, pursuant to art. 2443 of the Italian civil code, to increase share capital for cash on one or more occasions by 29 April 2025, on a divisible basis pursuant to art. 2439 of the Italian civil code and with the exclusion of option rights pursuant to art. 2441, subsection 4, of the Italian civil code, by the issue of ordinary shares on the following basis: (i) up to a maximum amount equal to 10% of the share capital of Interpump existing on the date of exercising the mandate in relation to the power to increase share capital pursuant to art. 2441, subsection 4, first sentence of the Italian civil code (i.e. contributions in kind), with the right of the Board of Directors to establish the amount of any additional paid-in capital; and (ii) up to a nominal amount equal to 10% of the share capital of Interpump existing on the date of exercising the mandate in relation to the power to increase share capital pursuant to art. 2441, subsection 4, second sentence of the Italian civil code (meaning by the payment of cash), with the right of the Board of Directors to determine the amount of any additional paid-in capital.</b></p>

**For the purpose of exercising the above mandates, the Board of Directors is also granted all powers to:**

**(a) fix, for each tranche, the number, unit issue price (inclusive of premium, if applicable) and the dividend rights of the new ordinary shares, subject only to the restrictions specified: (i) in art. 2441, subsections 4, first sentence, and 6, and/or in art. 2438 and/or in art. 2346, subsection 5, of the Italian civil code, with regard to the right to increase share capital pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code (i.e. contributions in kind); (ii) with the right of the Board of Directors to establish the amount of any additional paid-in capital; and (ii) in art. 2441, subsection 4, second sentence, and/or in art. 2438 and/or in art. 2346, subsection 5, of the Italian civil code, with regard to the right to increase share capital pursuant to art. 2441, subsection 4, second sentence, of the Italian civil code (meaning by the payment of cash);**

**(b) establish the deadline for subscription to the new ordinary shares in the Company; and**

**(c) execute the Mandate and the above powers including, but not limited to, those needed to make any consequent amendments to the Bylaws that are necessary in each case.**

**The resolutions adopted by the Board of Directors in execution of the above mandates must comply with the following criteria:**

**(1) with regard to resolutions pursuant to arts. 2443 and 2441, subsection 4, first sentence, of the Italian civil code, the issue price, including any premium, of the new ordinary shares to be issued on one or more occasions (or of each tranche) will be determined by the Board of Directors having regard, among other factors, for shareholders' equity, the conditions prevailing in the financial markets at the time of the operation, the Interpump stock market prices and the application of any discounts in line with market practices for similar transactions, without prejudice to the formalities and limits envisaged in art. 2441, subsections 4, first sentence, and 6, of the Italian civil code;**

**(2) with regard to resolutions pursuant to arts. 2443 and 2441, subsection 4, second sentence, the issue price, including any premium, of the new ordinary shares to be issued on one or more occasions (or of each tranche) will be determined**



	<p><b>by the Board of Directors in compliance with the limits envisaged in art. 2441, subsection 4, second sentence, using reasonable and non-arbitrary criteria, having regard for market practices, the circumstances applying on the Mandate exercise date and the characteristics of the Company, as well as for the application of a discount in line with market practices for similar transactions;</b></p> <p><b>(3) with regard to resolutions pursuant to arts. 2443 and 2441, subsection 4, first sentence, of the Italian civil code, the option right may only be excluded or restricted when such exclusion or limitation appears, even if only on a reasonable basis, to be in the best interests of the Company, it being understood in all cases, pursuant to the provisions of art. 2441, subsection 6, of the Italian civil code, as referenced by art. 2443, subsection 1, of the Italian civil code, that the option right may only be excluded if the newly-issued shares are paid for by the contribution, by shareholders and/or third parties, of lines of business, businesses or operations functionally organized to carry out activities envisaged in the corporate objects of the Company, as well as of receivables, equity investments, financial instruments (listed or otherwise) and/or other assets deemed useful by the Board of Directors in pursuit of the corporate objects.</b></p>
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7. Economic-financial effects of the operation, effects on the unit value of the shares and dilution

On execution of the Mandate, the Board of Directors will make suitable disclosures to the market with regard to the economic-financial effects of the operation concerned, as well as to the effects on the unit value of the shares and to the dilution deriving from the operation.

8. Absence of withdrawal rights

The proposed amendment to the Bylaws is not one of the reasons for withdrawal envisaged in the Bylaws or the applicable laws and regulations.

In consideration of this premise, we submit for your approval the following

**proposed resolution**

*"The Shareholders' Meeting of Interpump Group S.p.A., meeting in extraordinary session:*

- i) considering the "Illustrative Report of the Board of Directors" and the proposals contained therein; and*
- ii) considering the attestation of the Board of Statutory Auditors that the current share capital of Interpump Group S.p.A. amounts to Euro 56,617,232.88, represented by 108,879,294 subscribed and paid-up ordinary shares having a nominal value of Euro 0.52 each;*

**resolves**

1. *to grant the Board of Directors a mandate, pursuant to art. 2443 of the Italian civil code, to increase share capital on one or more occasions, pursuant to art. 2441, subsection 4, of the Italian civil code, on the terms and conditions contained in the above "Illustrative Report of the Board of Directors" and in the amendment to the Bylaws referred to in point 2 below;*
2. *consequently, to amend art. 5 of the Bylaws by inserting the following paragraphs after the first paragraph:*

*“The Extraordinary Meeting of 30 April 2020 resolved to grant the Board of Directors a mandate, pursuant to art. 2443 of the Italian civil code, to increase share capital for cash on one or more occasions by 29 April 2025, on a divisible basis pursuant to art. 2439 of the Italian civil code and with the exclusion of option rights pursuant to art. 2441, subsection 4, of the Italian civil code, by the issue of ordinary shares on the following basis: (i) up to a maximum amount equal to 10% of the share capital of Interpump existing on the date of exercising the mandate in relation to the power to increase share capital pursuant to art. 2441, subsection 4, first sentence of the Italian civil code (i.e. contributions in kind), with the right of the Board of Directors to establish the amount of any additional paid-in capital; and (ii) up to a nominal amount equal to 10% of the share capital of Interpump existing on the date of exercising the mandate in relation to the power to increase share capital pursuant to art. 2441, subsection 4, second sentence of the Italian civil code (meaning by the payment of cash), with the right of the Board of Directors to determine the amount of any additional paid-in capital.*

*For the purpose of exercising the above mandates, the Board of Directors is also granted all powers to:*

*(a) fix, for each tranche, the number, unit issue price (inclusive of premium, if applicable) and the dividend rights of the new ordinary shares, subject only to the restrictions specified: (i) in art. 2441, subsections 4, first sentence, and 6, and/or in art. 2438 and/or in art. 2346, subsection 5, of the Italian civil code, with regard to the right to increase share capital pursuant to art. 2441, subsection 4, first sentence, of the Italian civil code (i.e. contributions in kind); (ii) with the right of the Board of Directors to establish the amount of any additional paid-in capital; and (ii) in art. 2441, subsection 4, second sentence, and/or in art. 2438 and/or in art. 2346, subsection 5, of the Italian civil code, with regard to the right to increase share capital pursuant to art. 2441, subsection 4, second sentence, of the Italian civil code (meaning by the payment of cash);*

*(b) establish the deadline for subscription to the new ordinary shares in the Company; and*

*(c) execute the Mandate and the above powers including, but not limited to, those needed to make any consequent amendments to the Bylaws that are necessary in each case. The resolutions adopted by the Board of Directors in execution of the above mandates must comply with the following criteria:*

*(1) with regard to resolutions pursuant to arts. 2443 and 2441, subsection 4, first sentence, of the Italian civil code, the issue price, including any premium, of the new ordinary shares to be issued on one or more occasions (or of each tranche) will be determined by the Board of Directors having regard, among other factors, for shareholders' equity, the conditions prevailing in the financial markets at the time of the operation, the Interpump stock market prices and the application of any*

*discounts in line with market practices for similar transactions, without prejudice to the formalities and limits envisaged in art. 2441, subsections 4, first sentence, and 6, of the Italian civil code;*

*(2) with regard to resolutions pursuant to arts. 2443 and 2441, subsection 4, second sentence, the issue price, including any premium, of the new ordinary shares to be issued on one or more occasions (or of each tranche) will be determined by the Board of Directors in compliance with the limits envisaged in art. 2441, subsection 4, second sentence, using reasonable and non-arbitrary criteria, having regard for market practices, the circumstances applying on the Mandate exercise date and the characteristics of the Company, as well as for the application of a discount in line with market practices for similar transactions;*

*(3) with regard to resolutions pursuant to arts. 2443 and 2441, subsection 4, first sentence, of the Italian civil code, the option right may only be excluded or restricted when such exclusion or limitation appears, even if only on a reasonable basis, to be in the best interests of the Company, it being understood in all cases, pursuant to the provisions of art. 2441, subsection 6, of the Italian civil code, as referenced by art. 2443, subsection 1, of the Italian civil code, that the option right may only be excluded if the newly-issued shares are paid for by the contribution, by shareholders and/or third parties, of lines of business, businesses or operations functionally organized to carry out activities envisaged in the corporate objects of the Company, as well as of receivables, equity investments, financial instruments (listed or otherwise) and/or other assets deemed useful by the Board of Directors in pursuit of the corporate objects.”*

3. *consequently, to grant to the Board of Directors and, on its behalf, to the Chairman and to the Chief Executive Officer for the time being, as sole signatories with the power to grant related and specific powers of attorney, all the widest powers without any exclusions that are necessary or appropriate in order to execute the above resolutions and exercise the related rights, as well as to make all necessary, minor amendments, additions or deletions to the shareholders' resolutions that may be requested by the competent authorities or on filing with the Companies Register as representatives of the Company”.*

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This report is available in the “*Corporate Governance - Shareholders' Meeting*” section of the website [www.interpumpgroup.it](http://www.interpumpgroup.it), at the registered offices of the Company and at “eMarket STORAGE”, the authorized repository, at the following address [www.emarketstorage.com](http://www.emarketstorage.com).

The parties eligible to participate in the Shareholders' Meeting are entitled to obtain a copy of the foregoing documentation. The Corporate Secretarial Department of Interpump Group S.p.A. is at your disposal on weekdays from Monday to Friday from 9.00 am until 12.00 noon and from 3.00 pm until 5.00 pm for further information, at the following numbers: phone + 39 0522 9043 11; fax + 39 0522 90 44 44 and at the e-mail address: [fgest@interpump.it](mailto:fgest@interpump.it).

Sant’Ilario d’Enza, 16 March 2020

For the Board of Directors

The Chairman

Fulvio Montipò