DIRECTORS' REPORT

ON THE FIFTH ITEM ON THE AGENDA

(ordinary part)

for the Ordinary and Extraordinary Shareholders' Meeting

of Equita Group S.p.A.

of 20 April 2023

(published on 21 March 2023)

ITEM 5 ON THE AGENDA

5. Mutually-agreed termination of the engagement for the statutory audit of the financial statements with KPMG S.p.A. and assignment of the new engagement for the statutory audit of the financial statements for the period 2023 – 2031. Determining the related fees. Related and consequent resolutions.

Dear Shareholders,

this explanatory report (the "**Report**") is provided pursuant to Article*125-ter* of Legislative Decree of 24 February 1998, No. 58, as subsequently amended and supplemented (the "**TUF [Consolidated Law on Finance]**") and Article*84-ter* of the Consob regulation adopted by resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulation**"), with reference to the fifth item on the agenda of the shareholders' meeting of Equita Group S.p.A. (the "**Company**" or the "**Equita Group**"), summoned for 20 April 2023, concerning the consensual termination of the audit agreement with KPMG S.p.A. and the conferment of the new audit engagement for the period 2023 - 2031, as well as the determination of the relevant fee.

This Report is made available to the public at the Company's registered office in Milan, Via Filippo Turati no. 9, on the Company's *website* www.equita.eu (Corporate Governance section, Shareholders' Meeting area) and on the authorised eMarket Storage mechanism (www.emarketstorage.com).

*****

GLOSSARY

In this Report, the meaning of terms indicated in capital letters is as follows:

Shareholders' Meeting: the ordinary meeting of the shareholders of the Company;

Board of Statutory Auditors: the oversight body of the Company;

Board of Directors: the Company's Board of Directors;

MEF Decree 261/2012: Ministerial Decree No. 261 of 28 December 2012 containing the "*Regulation concerning the cases and modalities of revocation, resignation and consensual termination of the statutory audit engagement, in implementation of Article 13, paragraph 4, of Legislative Decree No. 39 of 27 January 2010*";

Legislative Decree No. 39/2010: Legislative Decree No. 29 of 27 January 2010 containing "*Implementation of Directive 2006/43/EC on statutory audit of annual accounts and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC and repealing Directive 84/253/EEC*";

Issuers' Regulation: the Consob regulation adopted by resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented;

EIP Regulation: the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014;

Report: this report prepared pursuant to Article*125-ter* of the TUF;

Website: the Company's website, available at www.equita.eu;

Company or **Equita Group**: Equita Group S.p.A., with head office in Milan, Via Filippo Turati no. 9, Milan-Monza-Brianza-Lodi Companies' Register, Tax Code and VAT No. 09204170964.

TUF: Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented.

1. Consensual termination of the statutory audit contract with KPMG S.p.A.

With reference to the fifth item on the agenda, we would like to remind you that you are called upon, *inter alia*, to resolve on the consensual early termination of the engagement of KPMG S.p.A. as statutory auditor of the Company's accounts, conferred on KPMG S.p.A. by the Shareholders' Meeting on 26 September 2018, for the period 2018-2026, ending on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2026.

In this regard, it should be noted that, pursuant to Article 13, paragraph 4, of Legislative Decree No. 39/2010 and Article 7 of MEF Decree No. 261/2012, the Shareholders' Meeting, having heard the oversight body and acquired the observations made by the audit firm, resolves on the consensual termination of the independent auditing contract, at the same time conferring the assignment to another independent auditing firm.

That being said, the following should be noted:

- on 14 November 2022, the Company notified KPMG S.p.A. of its intention to mutually terminate the engagement for the legal audit of the Company's accounts pursuant to Article 13, paragraph 4, of Legislative Decree No. 39/2010, as well as Article 7 of MEF Decree 261/2012, effective as of the shareholders' meeting resolution approving the mutually agreed termination and the simultaneous appointment of the new audit firm;

- in the aforesaid communication, the Company explained that the request for termination was based on the need to confer (in continuity with what has been done so far) to a single auditing firm the auditing mandates of Equita Group, Equita SIM S.p.A. and Equita Capital SGR S.p.A. currently conferred by the aforementioned Group companies to KPMG S.p.A. In particular, it should be noted that, given the natural expiry of the nine-year mandate granted to KPMG S.p.A. by Equita SIM S.p.A., the shareholders' meeting of Equita SIM S.p.A., which will be called to approve the financial statements for the year ending 31 December 2022, will include, among the items on the agenda, the new appointment for the nine-year period 2023-2031 of an independent auditing firm other than KPMG S.p.A, in compliance with Article 17 of Legislative Decree No. 39/2010. Therefore, starting from the financial year 2023, the audit engagement of Equita SIM S.p.A. would be assigned to a different audit firm from Equita Group and Equita Capital SGR S.p.A.;

- considering that the relevance of Equita SIM S.p.A. with respect to the consolidated financial statements of the Equita Group is particularly significant (and it is expected that such relevance will be maintained in the near future), it is deemed appropriate that the audit engagements of the three companies of the Equita Group be conferred to the same audit firm, even though the audit engagements conferred by the Company and Equita Capital SGR S.p.A. are not expiring. Such a solution would be more suitable to (i) ensure a better effectiveness and efficiency of the audit process, also in terms of cost-effectiveness and rationalisation, and (ii) avoid that the audit activity is burdened by the fulfilments and information burdens imposed, respectively, on the auditor of the parent company and on the auditors of the subsidiaries (where different from the former) pursuant to Article*10-quinquies* of Legislative Decree 39/2010;

- in the aforementioned communication of 14 November 2022, the Company therefore requested KPMG S.p.A.'s willingness to mutually terminate the existing audit engagement for the period 2018-2026;

- KPMG S.p.A., in a letter dated 23 November 2022, informed the Company that it had no observations to make on the reasons put forward by it, confirming its willingness to reach a consensual termination of the audit contract. In particular, by signing the aforesaid letter, KPMG S.p.A. has accepted the consensual termination of the audit engagement, it being understood that such consensual termination shall be effective from, and conditional upon, the adoption of a resolution by the Shareholders' Meeting approving the consensual early termination of the audit engagement and the appointment of a new auditor by 30 June 2023, after which date KPMG S.p.A.'s acceptance of the termination shall automatically cease to be effective;

- on 7 March 2023, the Company's Board of Statutory Auditors, as part of its reasoned proposal on the appointment of the independent auditors for the nine-year period from 31 December 2023 to 31 December 2031, announced that it did not find any obstacles to a resolution on the consensual termination of the independent auditing agreement in place between the Company and KPMG S.p.A, noted KPMG S.p.A.'s acceptance of the reasons underlying the request for consensual termination and the expiry and non-extendibility of the audit engagement assigned to KPMG S.p.A. with respect to the subsidiary Equita SIM S.p.A.

It should be noted that any resolution of the Shareholders' Meeting to terminate the appointment will be effective subject to the approval of the appointment of a new statutory audit engagement, which will be resolved upon by the Shareholders' Meeting under the same agenda item.

2. Appointment of the new statutory auditors for the period 2023-2031. Determining the related fees.

As mentioned above, Article 13 of Legislative Decree No. 39/2010 provides that, in the event of termination of the statutory audit engagement, the audited company must promptly transfer the engagement to another statutory auditor or another statutory audit firm, in accordance with the procedures set forth in paragraph 1 of that same Article 13.

Pursuant to the latter provision, the Shareholders' Meeting, upon reasoned proposal of the supervisory board, awards the audit engagement and determines the remuneration payable to the statutory auditor or the auditing firm for the entire duration of the engagement, as well as any criteria for adjusting this remuneration during the term of the engagement.

To this end, the Company conducted the procedure for the selection of the new auditing company to be entrusted with the relevant assignment for the financial years 2023-2031, carried out in accordance with Article 16(3) of the EIP Regulation.

As a result of the aforementioned selection procedure, performed by the Board of Statutory Auditors, the Board of Statutory Auditors prepared its own reasoned proposal(attached to this Report), submitting to the Shareholders' Meeting the proposals received from EY S.p.A. and Deloitte & Touche S.p.A., respectively.

The Board of Directors analysed the reasoned proposal formulated by the Board of Auditors and the documentation relating to the selection process.

As stated in the above-mentioned reasoned proposal, the Board of Statutory Auditors invited the Shareholders to appoint the company EY S.p.A. as the company with the highest score following the evaluation procedure of the bids received, for the 2023-2031 financial years, to audit Equita Group.

The Board of Statutory Auditors clarified that, if the shareholders do not like the proposal to confer the office to EY S.p.A., they will be able to vote in favor of assigning the office to Deloitte & Touche S.p.A..

The company EY S.p.A., in favour of which the Board of Statutory Auditors expressed its preference, is also the same auditing firm whose appointment was recommended by the Boards of Statutory Auditors of Equita SIM S.p.A. and Equita Capital SGR S.p.A. to the respective Shareholders' Meetings convened for the approval of the financial statements as of 31 December 2022.

*****

In light of the above, and:

- of the comments made by the auditing firm KPMG S.p.A. on the proposed consensual early termination of the auditing contract;
- the approval of the Board of Statutory Auditors concerning the proposed consensual early termination of the audit contract;
- the reasoned proposal formulated by the Board of Statutory Auditors regarding the assignment of the statutory audit of the accounts of Equita Group S.p.A. for the financial years 2023-2031, and the preference, contained therein, for EY S.p.A;

the Shareholders' Meeting, having examined the illustrative report of the Board of Directors, prepared pursuant to Article*125-ter* of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article*84-ter* of the Consob regulation adopted by resolution No. 11971 of 14 May 1999, as amended and supplemented, will be called upon to:

1. approve the consensual early termination, pursuant to Article 13, paragraph 4, of Legislative Decree No. 39/2010 and Article 7 of MEF Decree No. 261/2012, of the contract for the statutory audit of the accounts awarded to the auditing firm KPMG S.p.A., for the nine-year period 2018-2026, by the Shareholders' Meeting of the Company of 26 December 2018;
2. to approve the proposal formulated by the Board of Statutory Auditors, in accordance with the terms and conditions indicated therein, in which the Board of Statutory Auditors invites the Shareholders to award the audit engagement of Equita Group S.p.A. for the financial years 2023-2031, pursuant to Article 13, paragraph 1 of Legislative Decree No. 39/2010, (i) to the company EY S.p.A., under the terms and conditions indicated in the contractual proposal formulated by EY S.p.A, as reported in the aforesaid reasoned proposal prepared by the Board of Statutory Auditors, or (ii) if the shareholders do not like the proposal under (i), to the company Deloitte & Touche S.p.A., under the terms and conditions indicated in the contractual proposal formulated by Deloitte & Touche S.p.A., as reported in the aforesaid reasoned proposal prepared by the Board of Statutory Auditors;
3. mandate the Board of Directors, and on its behalf the Chief Executive Officer in office, to perform the acts necessary to finalise the conferment of the assignment, as well as, with the right to sub-delegate, to perform the inherent and consequent tasks;

4. grant the Board of Directors, and on its behalf the Chief Executive Officer, all powers necessary to execute these resolutions, also performing all formalities so that the resolutions are entered in the Company Register, with the power to introduce any variations, amendments or non-substantial additions that may be appropriate or required by the competent Authorities, also during registration and, in general, to provide for all that is necessary for the complete execution of the resolutions, with any and all powers necessary and appropriate for this purpose, none excluded and excepted.

*****

THE EQUITA GROUP S.P.A. BOARD OF DIRECTORS