



**DOVALUE S.P.A.**

EXPLANATORY REPORT

OF THE BOARD OF DIRECTORS OF DOVALUE S.P.A.

ON THE ITEM N. 4 ON THE AGENDA

OF THE ORDINARY SHAREHOLDERS' MEETING

IN A SINGLE CALL ON 26 MAY 2020

22 April 2020

**doValue S.p.A.**

già doBank S.p.A.

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**1) EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF DOVALUE S.P.A. IN ACCORDANCE WITH ART. 73 OF CONSOB REGULATION NO. 11971/99 ON THE ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING IN A SINGLE CALL ON 26 MAY 2020 "PROPOSAL FOR AUTHORISATION OF THE BOARD OF DIRECTORS TO PURCHASE TREASURY SHARES AND TO DISPOSE OF THESE SHARES". RELATED AND CONSEQUENT RESOLUTIONS".**

Dear Shareholders,

you have been called by the Board of Directors of DoValue S.p.A. ("DoValue" or the "Company") to the Ordinary Shareholders' Meeting (the "Meeting") to be held on 26 May 2020, to discuss and resolve on the approval of the proposal to authorise the Board of Directors for the purchase and availability of the company's ordinary shares, in accordance with the provisions of Art. 2357 and Art. 2357-ter of the Italian Civil Code, in compliance with the conditions laid down in Art. 132 of Legislative Decree no. 58 of 24 February 1998 (the "TUF"), Art. 144-bis of CONSOB regulation adopted by resolution no. 11971 of 14 May 1999, as amended (the "Issuers' Regulation"), and without prejudice to the application of Regulation (EU) no. 596 of 16 April 2014 on market abuse (the "MAR"), and, where necessary, the application of Delegated Regulation (EU) no. 1052 of 8 March 2016, with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (the "Delegated Regulation"), as well as in compliance with market practices from time to time accepted, including those referred to in Art. 180, paragraph 1, letter c), of the TUF, approved by CONSOB resolution no. 16839 of 19 March 2009 (the "Accepted Practice").

**1. Reasons for requesting authorization for the purchase and disposal of treasury shares.**

The aims for which the Shareholders' Meeting is requested to authorise the purchase of treasury shares are to provide the company with a tool, where the conditions are met, to (i) encourage normal trading and to support market liquidity. In this regard, it should be recalled that the option to buy and sell treasury shares, which by now is standard practice of listed companies, is considered an important element of operating flexibility to be used for the purposes above, when there are suitable market conditions and (ii) to implement the Group remuneration policies.

Moreover, in this context it would be appropriate to include the right to proceed also with the possible cancellation of treasury shares in the absence of a reduction in share capital and consequent increase in the book value of the other shares, however with no par value.

The initiative will therefore allow the Board of Directors to:

a) take action, where necessary and in accordance with current provisions, directly or through authorised intermediaries, with the aim of containing abnormal movements in the listing of the Company's shares and/or to stabilise trading and prices; in this context, to also dispose of the company's treasury shares, with no par value, in the absence of a reduction in share capital and consequent increase in the book value of the other shares; and/or

b) to make investments in treasury shares in furtherance of the Company's strategic policies (e.g. using them as consideration, including the case of exchange of securities, for the purchase of equity investments or in acquisitions of other companies), where the market conditions make such transactions advantageous on an economic scale; and/or

c) to restore, where necessary, the treasury shares reserve to service the Share-based incentive plan for the Group's management, as well as the payment to the Chief Executive Officer of the portion of remuneration in the form of company shares; and/or

d) to use the treasury shares for transactions such as the sale, transfer, assignment, exchange or other act of disposal as part of any agreements with strategic partners, or to service any extraordinary financial transactions (e.g. convertible loans); and/or



e) to use the treasury shares as a guarantee for loans;

f) use sources of surplus liquidity to optimise the capital structure and improve shareholder remuneration.

It is understood that as soon as the share program is launched, the Issuer will be able to identify the specific purpose (or specific purposes) for which it carries out the transaction, using, if necessary, the regulatory safeguards established by the MAR or by Allowed Market Practice, and therefore identifying the limits on the amount of shares to be purchased for each of the specified purposes.

## **2. Maximum number of shares and compliance with the provision laid down in art. 2357, paragraph 1, of the Italian Civil Code.**

In accordance with Art. 2357, paragraph 3, of the Italian Civil Code, authorisation is required for the purchase, even if in multiple tranches, of 10% of the Company's share capital; this percentage is lower than the maximum limit established by the pro tempore applicable regulations, fixed at one-fifth of the Company's share capital - equivalent to 8,000,000 ordinary shares, less the number of ordinary shares already held by the Company, i.e. 1,164,174 shares on the date of this report (this figure may need to be updated on the date of the Shareholders' meeting).

In accordance with Art. 2357, paragraph 1, of the Italian Civil Code, the maximum number of treasury shares that may be purchased must not exceed the amount of distributable profits and available reserves reported in the latest duly approved financial statements. In any case, only fully paid up shares may be purchased.

The maximum number of shares that can be held would be increased proportionally and automatically at the time of any capital increase made during the duration of the authorisation, always in compliance with the maximum limit provided under Art. 2357 of the Italian Civil Code.

Prior to each transaction regarding the purchase of ordinary shares for the above purposes, the Board of Directors will check to ensure compliance with the limits laid down in art. 2357 of the Italian Civil Code.

As far as the disposal of shares is concerned, authorisation is requested for the entire amount of treasury shares already held in addition to those that would be purchased, with disposals to be carried out in one or more tranches, without any time limits.

## **3. Duration of the requested authorisation.**

The Board of Directors proposes that the authorisation to purchase treasury shares be granted for the maximum term permitted by applicable laws and regulations (on the date of this report established by Art. 2357, paragraph 2, of the Italian Civil Code for a period of eighteen months from the date of the resolution passed by the Meeting approving this proposal). During this period, shares may be purchased on one or more occasions and at any time, as decided by the Board of Directors, and in any case freely determining the amount and times in accordance with the applicable law, and at a pace deemed advantageous for the Company.

The shares that will be purchased on the basis of the Shareholders' Meeting authorization may be subject to disposals and, in this context, may also be sold, even before the total amount of purchases subject to said authorisation is used up, on one or more occasions, without time limits, in the manner deemed most appropriate for the Company.

The authorisation for disposal is requested for an unlimited period of time also so that the Board of Directors can take full advantage of the flexibility in carrying out the disposal of shares.

## **4. Minimum price and maximum price to be paid for the purchase of treasury shares.**

The Board of Directors proposes that treasury shares may be purchased at a unit price not lower than the official stock exchange price of doValue shares on the day preceding that in which the transaction will be carried out, less 15%, and not higher than the official stock exchange price on the day before the purchase transaction will be carried out, increased by 15%, without prejudice to the possible application of the terms and conditions established by the Delegated Regulation and by the Accepted Practice, where applicable.



The purchases will be made on the Screen-Based Stock Exchange (MTA) in accordance with Art. 144-bis, first paragraph, letter b) of CONSOB Regulation no. 11971/99.

## **5. Disposal of treasury shares**

As regards the consideration relating to the disposal of ordinary treasury shares, the Board of Directors proposes that the Shareholders' Meeting determine a price per share not lower than the official stock exchange price of doValue shares on the day before the each transaction will be carried out, less 15%, and not higher than the official stock exchange price on the day before each transaction will be carried out, increased by 15%, granting the Board of Directors the power to determine, from time to time, any further conditions, methods and time limit of the disposal.

As an exception to the above:

where the shares are subject to exchange, swap, contribution or any other type of disposal not in cash, the economic terms of the transaction may be decided by the Board of Directors in compliance with the purposes of the initiative proposed herein and within the limits of applicable legislative provisions;

- in the event of provisions to service share-based incentive plans the transaction will be completed according to the terms and conditions provided under these plans;
- if the shares are used for the purpose of carrying out activities to support market liquidity, the sales shall be carried out in accordance with the criteria set out in the Consob resolution on accepted market practices and applicable legislation in force at that time.

The authorisation for the disposal of treasury shares shall be understood as granted also in reference to the treasury shares already held by doValue on the date of the resolution passed by the Shareholders' meeting.

## **6. Procedures for purchases and disposals.**

Transactions for the purchase of treasury shares will be carried out on regulated markets in compliance with current legislation and in compliance with the provisions of Art. 132 of the TUF, art. 144-bis of the Issuers' Regulation and any other applicable laws and regulations, including EU laws, and any Accepted Practice from time to time in force, at any rate in compliance with the operating rules set forth in the organisational and management regulations of those markets, also through trading options or derivatives on DoValue shares.

The Company will provide for, in accordance with Art. 2357-ter of the Italian Civil Code reducing equity by an amount equal to the value of the treasury shares acquired; (i) derecognising the amount corresponding to the relative nominal value from the issued capital and (ii) adjusting the extraordinary reserve by an amount equal to the premium (or discount) paid with respect to the nominal value of the purchased shares.

With reference to transactions concerning the disposal of treasury shares, the Board of Directors proposes that they be carried out in any manner deemed appropriate in the interest of the Company and for the aims referred to in this proposed resolution, including the sale on regulated markets, in blocks and through a swap or securities lending, in any case in compliance with the current legislation and Accepted Practice, where applicable.

## **7. Information in case the purchase transaction is instrumental to the reduction of capital.**

The request for authorisation to purchase treasury shares is not intended to reduce share capital through cancellation of the purchased treasury shares, on the understanding that, should a reduction in share capital be approved by the Shareholders' Meeting in the future, the Company may implement this also through the cancellation of the treasury shares held in the portfolio of the company.

## **8. Proposed resolution**

In consideration of the foregoing, the Board of Directors submits for your approval the following resolutions:



*"The Ordinary Shareholders' Meeting of doValue S.p.A.:*

- having examined the explanatory report prepared by the Board of Directors;*
- having acknowledged that, as of today's date, the Company holds XXXX ordinary treasury shares (i.e. 0.XXXX% of the Company's share capital);*
- having regard to the financial statements for the year ended 31 December 2019, approved today by the Shareholders' Meeting;*
- having acknowledged the proposed resolution put forward;*

*resolves*

*(a) to authorise, pursuant to and for the purposes of Article 2357 et seq. of the Italian Civil Code and Article 132 of Legislative Decree no. 58 of 24 February 1998, the purchase of the Company's treasury shares, on one or more occasions, for a period of 18 months as from the date of this resolution in compliance with the following terms and conditions:*

- the purchase is allowed for the following purposes:*

*a) take action, where necessary and in accordance with current provisions, directly or through authorised intermediaries, with the aim of containing abnormal movements in the listing of the Company's shares and/or to stabilise trading and prices; in this context, to also dispose of the company's treasury shares, with no par value, in the absence of a reduction in share capital and consequent increase in the book value of the other shares; and/or*

*b) to make investments in treasury shares in furtherance of the Company's strategic policies (e.g. using them as consideration, including the case of exchange of securities, for the purchase of equity investments or in acquisitions of other companies), where the market conditions make such transactions advantageous on an economic scale; and/or*

*c) to restore, where necessary, the treasury shares reserve to service the share-based incentive plan for the Group's management, as well as the payment to the Chief Executive Officer of the portion of remuneration in the form of company shares; and/or*

*d) to use the treasury shares for transactions such as the sale, transfer, assignment, exchange or other act of disposal as part of any agreements with strategic partners, or to service any extraordinary financial transactions (e.g. convertible loans); and/or*

*e) to use the treasury shares as a guarantee for loans;*

*f) use sources of surplus liquidity to optimise the capital structure and improve shareholder remuneration.*

- the purchase must be made in compliance with law and, in particular, Art. 132 of Italian Legislative Decree no. 58 of 24 February 1998, Art. 144-bis of CONSOB Regulation 11971/1999, Delegated Regulation (EU) no. 2016/1052 of 8 March 2016, as well as any market practice from time to time accepted including those referred to in Art. 180, paragraph 1, letter c), of Legislative Decree no. 58 of 24 February 1998, approved with CONSOB resolution no. 16839 of 19 March 2009, and may be executed according to one or more of the procedures laid down in Art. 144-bis, first paragraph, of CONSOB Regulation 11971/1999;*

- the purchase price of each shares must not be lower than the official stock exchange price of doValue shares on the day preceding that in which the transaction will be carried out, less 15%, and not higher than the official stock exchange price on the day before the purchase transaction will be carried out, increased by 15%, without prejudice to the possible application of the terms and conditions established by the Delegated Regulation and by the Accepted Practice, where applicable;*



- the purchases may be made exclusively within the limits of the distributable profits and unrestricted reserves disclosed in the last regularly approved financial statements at the date each transaction is executed, and only fully paid up shares may be purchased;

- the maximum number of shares to be purchased may not exceed 10% of the Company's share capital on the date of this resolution, including any shares already held even by subsidiaries, without prejudice to an upward revision in the event of any increases of share capital implemented during the period of authorisation, always in compliance with the maximum limit provided for in Art. 2357 of the Italian Civil Code.

(b) to authorise the Chairman of the Board of Directors, in accordance with Art. 2357-ter of the Italian Civil Code, to dispose of all and/or part, without time limits, of the treasury shares purchased even before completing the purchases, establishing the price and methods of disposal and making any necessary or opportune accounting record, in accordance with the laws and regulatory provisions and accounting standards applicable at the time;

- the price of each share for disposal must not be lower than the official stock exchange price of doValue shares on the day before the each transaction will be carried out, less 15%, and not higher than the official stock exchange price on the day before each transaction will be carried out, increased by 15%, granting the Board of Directors the power to determine, from time to time, any further conditions, methods and time limit of the disposal.

As an exception to the above:

where the shares are subject to exchange, swap, contribution or any other type of disposal not in cash, the economic terms of the transaction may be decided by the Board of Directors in compliance with the purposes of the initiative proposed herein and within the limits of applicable legislative provisions;

- in the event of provisions to service share-based incentive plans the transaction will be completed according to the terms and conditions provided under these plans;

- if the shares are used for the purpose of carrying out activities to support market liquidity, the sales shall be carried out in accordance with the criteria set out in the Consob resolution on accepted market practices and applicable legislation in force at that time.

The authorisation for the disposal of treasury shares is understood as granted also in reference to treasury shares already held by doValue on the date of the resolution passed by the Shareholders' meeting.

(c) to grant to the Board of Directors and, on its behalf, the CEO, all the powers and authority necessary or appropriate to perform the purchases of treasury shares, also through buy-back programmes, as well as for the performance of sale, disposal and/or use of all or part of the purchased treasury shares and in any case to implement the above resolutions, also through attorneys-in-fact, also approving each and any action implementing the relevant purchase program and in compliance with any requirement of the competent Authorities."