

**RECOMMENDATION OF THE BOARD OF STATUTORY AUDITORS, ACTING AS THE
INTERNAL CONTROL AND AUDIT COMMITTEE, PURSUANT TO ARTICLE 19,
PARAGRAPH 2, LETTER A) OF LEGISLATIVE DECREE NO. 39/2010, ON THE
APPOINTMENT OF THE INDEPENDENT AUDIT FIRM FOR THE YEARS 2024-2032**

1. Introduction

The approval of the financial statements for the year 2023 brings to an end the independent audit firm engagement for the nine-year period 2015-2023, awarded to KPMG S.p.A. by the Shareholders' Meeting of Elica S.p.A. (hereinafter "Elica" or the "Company") on April 29, 2015.

The current legislation on the legally-required auditing of accounts, consisting in particular of European Regulation No. 537/2014 (the "Regulation") and Legislative Decree No. 39/2010, as supplemented by Legislative Decree No. 135/2016, provides that:

- KPMG S.p.A. may not be reappointed unless at least four fiscal years have elapsed since the conclusion of the current appointment;
- the new legally-required-audit engagement must be awarded using a special selection procedure, to be carried out in accordance with the criteria and procedures set out in Article 16 of the Regulation.

Pursuant to Article 19, paragraph 2, letter a) of Legislative Decree No. 39/2010, the Board of Statutory Auditors, acting as the Internal Control and Audit Committee, in agreement with the relevant corporate functions, considered it appropriate to bring forward the beginning of the selection procedure for the assignment of the legally-required audit engagement for 2024-2032. This decision was made in view of the prohibition set out in Article 5 of the Regulation, which, in order to protect the independence of the auditor, requires that the auditor refrain from providing certain types of services other than the legally-required audit, from the year before the first year of the audit.

It was therefore deemed appropriate for the Shareholders' Meeting called to approve the Company's financial statements at December 31, 2022, to include on its Agenda the appointment of the new independent auditor and the determination of its compensation.

The Board of Statutory Auditors has thus prepared this recommendation (the “Recommendation”) to be submitted to the Shareholders’ Meeting.

The proposal includes two potential options for the appointment and provides a reasoned preference for one of them.

The Company has identified independent audit firms with adequate expertise and experience and suitable facilities to receive requests for bids, using transparent and non-discriminatory criteria as required by relevant regulations.

2. Regulatory framework

EU legislation on legally-required audit has most recently been amended by two separate acts:

- Directive 2006/43/EC, as amended by Directive 2014/56/EU (the “Directive”), on the legally-required audit of annual accounts and consolidated accounts, converted into Italian law by Legislative Decree No. 39 of January 27, 2010, most recently amended by Legislative Decree No. 135 of July 17, 2016;
- European Regulation No. 537/2014 on the audit of public interest entities, effective June 17, 2016.

The new legislation seeks to further harmonise the standards originally introduced by Directive 2006/43/EC at the European Union level to strengthen the independence, objectivity, transparency, and reliability of auditors and improve the quality of audit work, which in turn is designed to increase public confidence in public interest entities’ annual and consolidated financial statements and consequently contribute to the smooth functioning of the market.

Specifically, the Regulation strengthened the role of the Internal Control and Audit Committee in selecting the new independent audit firm, tasking it with submitting a reasoned “recommendation” to enable the Shareholders' Meeting to make a fully informed decision.

3. The selection process

3.1 Introduction

The Company's independent audit firm selection process was shared by the Board of Statutory Auditors.

3.2 Independent audit firms

The request for submissions of bids for the legally-required audit was addressed to companies of proven national and international expertise, namely Deloitte & Touche S.p.A. ("Deloitte"), EY S.p.A. ("EY") and PricewaterhouseCoopers S.p.A. ("PwC") (hereinafter jointly the "Bidding Companies"). The Company then invited the Bidding Companies to submit a bid for engagement as the independent audit firm of the Elica Group.

The invitation to bid also covered the audit engagements for the Company's subsidiaries, in the interests of optimising the auditor's work across the entire Elica Group.

The following services were included in the request for bids for the legally-required audit engagement:

- Audit of the Consolidated and Separate Financial Statements of Elica S.p.A., pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537 of April 16, 2014, and specifically Article 10;
- Opinion on compliance with the provisions of the European Commission's Delegated Regulation (EU) 2019/815 on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF) for Consolidated and Separate Financial Statements to be included in the Annual Financial Report;

- Opinion pursuant to Article 14, paragraph 2, letter e) of Legislative Decree No. 39/2010 and Article 123-*bis*, paragraph 4 of Legislative Decree No. 58/1998 on the consistency of the Directors' Report and certain information contained in the Corporate Governance and Ownership Structure Report with Elica S.p.A.'s Consolidated and Separate Financial Statements;
- Verification of the preparation by the Directors of Section II of the Remuneration Report;
- For Elica S.p.A., verification that the accounting records are properly kept and operating events in the year are correctly reported in the accounts, pursuant to Article 14, paragraph 1, letter b) of Legislative Decree No. 39/2010;
- Auditing of the Reporting Package that subsidiary companies will send to Elica S.p.A. for consolidation purposes, selecting the subsidiaries to be included in the consolidated financial statements in each reporting year based on their relevance;
- Verification of the English translation of the Elica Group's Annual Financial Report, allowing the auditor to prepare the translation of the Audit Reports, also in English;
- For Elica S.p.A., verification and signing of tax returns (770 Simplified/Ordinary, Consolidated, IRAP, National and World Consolidation) completed in accordance with the tax regulations in force at the time of the Bid;
- Declaration pursuant to Article 3, Paragraph 10, of Legislative Decree No. 254/2016 and Article 4 of Consob Regulation No. 20267 of January 18, 2018, regarding verification of the approval of the Consolidated Non-Financial Statement;
- Limited review (and in any case in line with the requirements of the applicable legislation at the time of the bid) of the Consolidated Non-Financial Report pursuant to Article 3, Paragraph 10, of Legislative Decree No. 254/2016 and Article 5 of Consob Regulation No. 20267 of January 18, 2018;
- Verification of the English translation of the Elica Group's Non-Financial Report, allowing the auditor to prepare the translation of the Report, also in English;

- Limited audit of the Condensed Consolidated Half-Year Financial Statements, required as per Consob Recommendation No. 97001574 of February 20, 1997, carried out in accordance with the criteria recommended by Consob Resolution No. 10867 of July 31, 1997;
- Limited audit of the half-year Reporting Package that subsidiary companies will send to Elica S.p.A. for consolidation purposes, selecting the subsidiaries to be included in the consolidated financial statements based on their relevance;
- Verification of the English translation of the Elica Group's Half-Year Financial Report, allowing the auditor to prepare the translation of the Audit Reports, also in English;
- Assisting in the interpretation of relevant IFRS accounting standards, including in the event of new developments/updates.

A request was also made to add a specific proposal for the following audit-related activities to the listing of individual activities above:

- Audit of the Statement of Expenditure incurred by Elica S.p.A. for Research and Development, Technological Innovation and Design, to take advantage of the Tax Credit pursuant to Article 1, paragraphs 198 to 208, of Law No. 160 of December 27, 2019 and Decree May 26, 2020 issued by the Ministry for Economic Development;
- Audit of statements containing sectional income statements presenting cost and revenue elements pertaining to transactions relating to the subsidiaries Elica Group Polska Sp.z.o.o (Poland) and Elica Mex S.A. de C.V. (Mexico).

Finally, a specific proposal was requested for the legally-required audit of the financial statements (local statutory) of foreign subsidiaries (including for subsidiaries in countries where, for certain types of company, there is no legally-required audit requirement).

3.3 Assessment criteria

Both qualitative aspects (knowledge of Elica and the Elica Group, assessment of the company and its network, assessment of the audit team, assessment of the methodological approach, expected number of hours, use of IT systems) and quantitative aspects (fees charged) were taken into account for the assessment.

As part of the assessment, the following aspects were assigned particular importance:

- knowledge of the Company and the Elica Group;
- local presence;
- audit team structure;
- total price set out in the bid.

3.4 Bid selection

On September 14, 2022, the Company invited the three Bidding Companies to submit their bids.

On October 26, 2022, the Company and the Board of Statutory Auditors met with representatives of the Bidding Companies at the Company's headquarters. The Bidding Companies gave presentations and were invited to submit their bids by November 2, 2022.

On the basis of the documentation received by that date and considering the above criteria, the bids were evaluated in detail through analysis of the individual distinctive and qualifying aspects of the Bidding Companies.

3.5 Assessment

As indicated above and consequently also set out in the Request for Bids, both qualitative and quantitative/economic aspects were assessed in preparing this recommendation.

In assessing the qualitative and quantitative aspects outlined above, the Board's considerations are described below.

Qualitative aspects:

- knowledge of the Elica Group: attention was paid to the how well the Bidding Companies knew the Elica Group;
- methodological approach proposed for the audit: assessed particularly closely were aspects such as the audit strategy, the process for liaising with business and control functions, and the detail

with which the process for communication with the Board of Statutory Auditors is prepared;

- assessment of the Audit Team: the composition of the Audit Team and the specialised area Teams were taken into account;
- assessment of the estimated total number of hours: the assessment considered the reasonableness of the estimated total number of hours and the number of professionals involved in the activity;

Quantitative aspects:

- using the 2022 cost of the outgoing independent audit firm as a benchmark, the fee proposed for Elica and its subsidiaries was taken into account, based on the principles of reasonableness.

4. Results of the selection process

All three bids received were deemed valid because of the quality of the proposals and the professionalism of the Audit Teams. The analysis conducted resulted in the following ranking:

1. EY;
2. PwC;
3. Deloitte.

Specifically, EY was the Board of Statutory Auditors' preferred option for the following reasons, which form the rationale for this Recommendation:

- direct geographic coverage and presence in the area thanks to a local office;
- assessment of the qualitative-quantitative composition of the audit Team;
- appreciation of the proposed audit strategy;
- lower total fees for the Elica Group.

5. Board of Statutory Auditors' recommendation

The Board of Statutory Auditors:

On the basis that

- the findings of the process carried out, which derive from the comparative and overall analysis of the bids received at Group level, with particular attention to the requirement of independence, in addition to technical/economic aspects, were considered and taken on board;
- it was taken into account that Article 16, paragraph 2 of the Regulation provides that the reasoned recommendation of the Board of Statutory Auditors should contain at least two possible alternatives for the assignment in order to permit a choice;
- it was also taken into account that the aforementioned Article 16, paragraph 2 of the Regulation, requires the Board of Statutory Auditors to express a duly justified preference,

HAVING VERIFIED that

- the method for carrying out the audit, illustrated in the Bids, also considering the hours and the professional resources to be employed, along with the fees proposed, are considered adequate in relation to the extent and complexity of the appointment;
- there is no evidence that the Bidding Companies already hold assignments other than the legal audit of the accounts and the audit of the annual financial statements, which by their nature and/or extent could be considered likely to compromise their independence;

RECOMMENDS

that the Board of Directors propose to the Shareholders' Meeting:

- to confer the engagement for the legally-required audit of Elica S.p.A. for the years 2024-2032, pursuant to Article 13, paragraph 1, and 17, paragraph 1, of Legislative Decree No. 39 of January

27, 2010, as amended, respectively, by Articles 16 and 18 of Legislative Decree No. 135 of July 17, 2016 and Article 16 of European Regulation No. 537/2014 of the European Parliament and of the Council of April 16, 2014,

to EY S.p.A. or, alternatively, to PricewaterhouseCoopers S.p.A.

The economic conditions relating to the bids from the aforementioned independent audit firms are provided in Annex 1 to this Recommendation (Economic Conditions).

Finally, between the two independent audit firms

EXPRESSES ITS PREFERENCE

for EY S.p.A., since the bid assessment procedure found it to be the highest ranked company and, therefore, the company considered most suitable to perform the assignment, including in terms of the proposed audit approach and the professional mix offered.

This preference is intended merely as a proposal to be referred to the Elica S.p.A. Shareholders' Meeting motion regarding the engagement for the legally-required audit of the accounts for the years 2024-2032.

6. Declarations

In accordance with Article 16, paragraph 2 of European Regulation 537/2014, the Board of Statutory Auditors declares that this Recommendation has not been influenced by third parties and that none of the type of clauses referred to in paragraph 6 of the aforementioned Article 16 of the Regulation have been applied.

Jesi, March 13, 2023

THE BOARD OF STATUTORY AUDITORS

Giovanni Frezzotti

Massimiliano Belli

Simona Romagnoli

	EY		PWC	
	NO. HOURS	FEES €	NO. HOURS	FEES €
<i>Audit of the separate financial statements of Elica S.p.A. and the Group's consolidated financial statements</i>	2,097	142,632	2,500	163,000
<i>Legally-required audit of the financial statements of Italian subsidiaries</i>	1,114	73,831	1,320	85,000
EMC Fime Srl	915	60,600	1,020	67,000
Airforce Spa	199	13,231	300	18,000
<i>Audit of the financial statements of foreign subsidiaries</i>	2,611	126,882	2,730	113,500
Ariafina Co., LTD	50	7,915	160	10,000
Elica Group Polska Sp.z.o.o	626	45,267	770	35,000
Elicamex S.A. de C.V.	1,071	34,058	900	33,000
Zhejiang Elica Putian Electric Co.LTD.	864	39,642	900	35,500
<i>ELICA GROUP AUDIT TOTAL</i>	5,822	343,345	6,550	361,500
a. Review of the consolidated Non-Financial Report	274	20,320	330	22,000
b. Audit of Research and Development costs	156	9,920	100	7,000
c. Audit of statements containing sectional income statements	192	12,740	260	18,000
<i>OTHER SERVICES</i>	622	42,980	690	47,000
<i>PROPOSED TOTAL</i>	6,444	386,325	7,240	408,500

The fees are governed as follows:

EY S.p.A.

"The fees will be fixed and unchangeable for the duration of the assignment, except in the following cases:

a) Adjustment of fees based on significant changes in the cost of living according to the following mechanism: fees will be adjusted annually to the extent of 75% of the portion exceeding 3% of the change in the cost of living index, taking as base 100 the index for the month of January 2025. The cost-of-living index will be that of the country to which the currency indicated in the assignment refers (for Italy, the ISTAT index or other equivalent index for the Euro); the adjustment will be calculated based on the cumulative index, taking as a base the contractual fees.

b) Occurrence of exceptional and/or unforeseeable circumstances that result in a prolongation of the time period and/or a change to the professional level of team members compared to what was set out in the Bid (such as, but not limited to, significant changes in the Group's structure or activities, corporate transactions, fundamental changes in regulations or accounting and/or auditing standards).

► Excluding the above, we expressly acknowledge that we assume the risk of any changes resulting from changed market conditions which may result in higher costs.

► Reimbursements for expenses incurred in performing the assignment, such as out-of-office expenses and transfers, will be added to the fees indicated, and charged to the maximum extent of 3% of the fees. Reimbursements will also be added for incidental expenses related to technology (connectivity, IT infrastructure, databases, software, etc.) and secretarial and communication

services at the overall flat rate of 5%, for the supervisory fee to Consob (where applicable) and for VAT. Any costs deriving from foreign site visits are excluded from the stated maximums and will be charged as incurred. In any case we undertake to use facilities affiliated with you.

► Fees for subsidiaries with local currencies other than Euro are reported in Euro for indicative purposes only using the exchange rate as at December 31, 2021. It remains understood that for local proposals, payments are made in local currency."

PwC

"Technological equipment costs, out-of-pocket and secretarial expenses will be charged at a flat fee of 8% of the fees. Excluded from the above are expenses incurred by the Italian team for any travel that may be necessary as part of the activities required by ISA Italia Auditing Standard 600 "The Audit of Group Financial Statements-Specific Considerations (including the work of component auditors)." These expenses will be charged to you based on the cost incurred. We are, moreover, willing to reach an agreement with you on travel arrangements and to make use of the organisational facilities of your travel office.

Total expenses (technological equipment, out-of-pocket expenses, secretarial expenses) are capped at Euro 40 thousand.

Update of the fees due to the independent audit firm

Fees are indicated with reference to the current rates and will be adjusted annually every July 1 from July 1, 2025, based on the total change in the ISTAT cost-of-living index (consumer price index for blue- and white-collar households or similar index used in foreign countries) from the previous year using June 2024 as a base. For fees for foreign companies, reference will be made to an equivalent index used in the individual countries. The adjustment will be applied on a company-by-company basis if the cumulative change exceeds 3% and only if the year-on-year change exceeds 1%.

Fees to supervisory bodies

The Consob fee will be charged to the company appointed, in an amount equal to the amount paid to the Commission. The current Consob Resolution provides for a fee of 10.05% of the fees for the legal audit of the statutory and consolidated financial statements of Public Interest Entities, in addition to the statutory financial statements of Italian subsidiaries included in the consolidation scope.

Exceptional or unforeseeable circumstances

The fee structure we present to you is not subject to change except in exceptional or unforeseeable circumstances. These include, but are not limited to, significant changes in the structure and activities of Elica S.p.A. and the Elica Group, establishment of assets earmarked for a specific business, significant changes in accounting and auditing standards, new professional recommendations, etc. In the event of such circumstances, which may substantially prolong our work compared to the timeframes agreed in this proposal, we will inform you immediately to facilitate an agreement on any adjustment of the budgeted fees. Should such circumstances arise, we will suggest a supplement to this proposal, which must be expressly authorised by you."