Intred S.p.A.

with registered office in Brescia, via Pietro Tamburini no. 1, registered in the Brescia Companies Register under no. 11717020157 and VAT No. 02018740981

EXPLANATORY REPORT OF THE DIRECTORS ON THE ITEMS ON THE AGENDA OF THE SHAREHOLDERS' MEETING CALLED IN ORDINARY SESSION FOR 19 APRIL 2019, IN FIRST CALL, AND FOR 20 APRIL 2019 IN SECOND CALL, IF NECESSARY

Board of Directors
Daniele Peli
Marisa Prati
Adalberto Salvi
Renzo Torchiani
Alessandro Triboldi

Board of Statutory Auditors
Vittorio Giongo
Salvatore Capatori
Giovanbattista Lechi di Bagnolo

Independent Auditors
BDO Italia S.p.A.

Dear Shareholders,

the Board of Directors of Intred S.p.A. (hereinafter the "**Company**") points out that the agenda for the Ordinary Shareholders' Meeting called by means of a notice published on the Company's website at www.intred.it, in the Governance section, on 4 April 2019, as well as in extract form in the daily newspaper "Italia Oggi" on 4 April 2019, at the registered office, in Brescia, via P. Tamburini 1, for 19 April 2019, at 9.00, in first call and for 20 April 2019, at 9.00 in second call, if necessary, is as follows:

1. Approval of the Financial Statements for the year ended 31 December 2018, accompanied by the Report of the Board of Directors on operations, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors. Approval of the allocation of the profit for the year. Related and consequent resolutions;

2. Appointment of the Board of Statutory Auditors:
   a) Appointment of the members of the Board of Statutory Auditors and of the Chairman of the Board of Statutory Auditors;
   b) Determination of the remuneration of the Statutory Auditors.

The purpose of this report is to explain to you the reasons for the proposals relating to the items on the agenda of the Shareholders' Meeting.

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1. **Approval of the Financial Statements for the year ended 31 December 2018, accompanied by the Report of the Board of Directors on operations, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors. Approval of the allocation of the profit for the year. Related and consequent resolutions**

Dear Shareholders,

with reference to the first item on the agenda, you have been called to the Shareholders' Meeting, in ordinary session, to approve the financial statements for the year ended 31 December 2018. The related draft financial statements as at 31 December 2018 were approved by the Board of Directors of the Company at its meeting held on 19 March 2019.

The Company's financial statements close with a profit for the year of Euro 3,208,734. This result was influenced, in particular, by the increase in sales of high-speed ultra-broadband connections (FTTH and FTTC) and by the growth in telephony services.

In addition, in relation to the results achieved, we propose that you allocate the profit of Euro 3,208,734 as follows:

i Euro 160,437 to the legal reserve;
ii Euro 2,731,287 to the extraordinary reserve/etc.;
iii the remaining part as a dividend for a total of Euro 317,010.

For all information and detailed comments, see the directors' report, made available to the public, together with the financial statements, the report of the Statutory Auditors and of the Independent

Auditors, at the registered office in Brescia, via Pietro Tamburini no. 1, as well as on the Company's website at www.intred.it – Governance Section, within the terms set by the regulations in force.

In light of the foregoing, we submit to you the following proposed resolution:

"The ordinary Shareholders' Meeting of Intred S.p.A.:
- having examined the financial statements for the year ended 31 December 2018,
- having taken note of the Report of the Board of Directors on operations and of the Reports of the Board of Statutory Auditors and of the Independent Auditors,

RESOLVES

i. *to approve the financial statements for the year ended 31 December 2018, which show a profit of Euro 3,208,734;*

ii. *to allocate the 2018 net profit of Intred S.p.A., equal to Euro 3,208,734, as follows:*
   - *Euro 160,437 to the legal reserve;*
   - *Euro 2,731,287 to the extraordinary reserve;*
   - *Euro 317,010 to the dividend distribution, equal to Euro 0.02 for each share that will be outstanding on 6 May 2019, the date scheduled for the "coupon detachment";*

3) *to pay the above-mentioned dividend for the 2018 financial year, equal to Euro 0.02 per share – gross of any withholding taxes required by law – from 6 May 2019, with the coupon "detachment date" on 8 May 2019 and the record date on 7 May 2019."*

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2. Appointment of the Board of Statutory Auditors:

a) **Appointment of the members of the Board of Statutory Auditors and of the Chairman of the Board of Statutory Auditors;**
b) **Determination of the remuneration of the Statutory Auditors.**

Dear Shareholders,

in relation to the second item on the agenda, you are reminded that upon approval of the financial statements for the year ended 31 December 2018 the term of office of the Board of Statutory Auditors currently in office will expire and, therefore, the Shareholders' Meeting called for 19 April 2019 in first call and, if necessary, for 20 April 2019 in second call, is called upon to renew the control body.

We also remind you that the Company's Board of Statutory Auditors consists of three standing and two alternate members and remains in office for three financial years, i.e. until the date of approval of the financial statements as at 31 December 2021, and that, pursuant to Article 21.22 of the Articles of Association, upon appointment the Company's Shareholders' Meeting must determine the remuneration to be paid to the standing auditors.

Pursuant to Article 21.6 of the Articles of Association, the Statutory Auditors are appointed on the basis of slates. In this regard, shareholders who, alone or together with other shareholders, hold in aggregate shares representing at least 5% of the share capital carrying voting rights at the ordinary

shareholders' meeting of the Company may submit slates of candidates for Statutory Auditor. The slates, duly signed, may contain a maximum number of candidates equal to the number of members to be elected (and therefore not more than 5) and must be divided into two sections, one for standing auditors and one for alternate auditors. Each shareholder, as well as shareholders belonging to the same group (meaning subsidiaries, parent companies and companies under common control pursuant to Article 2359, paragraph 1, nos. 1 and 2 of the Italian Civil Code), and shareholders who are parties to the same shareholders' agreement, may not submit or contribute to submitting, not even through an intermediary or a trust company, more than one slate.

In order to allow participants in the Shareholders' Meeting to cast an informed vote, shareholders who intend to submit a slate of candidates for Statutory Auditor are invited to file the slate, together with the candidates' *curricula vitae* and the documentation certifying the shareholder status of those submitting the candidacy, no later than 7 days before the Shareholders' Meeting in first call. By the same deadline, the declarations by which the individual candidates certify, under their own responsibility, that there are no grounds for incompatibility or ineligibility, as well as that they meet the requirements laid down by the Articles of Association and/or by law, are to be filed. They may be sent by hand delivery during office hours, or by registered letter, to the Company's registered office, at the address via Pietro Tamburini, 1, 25136 Brescia, or by certified e-mail to the address amministrazione@legal.intred.it.

The first two candidates on the slate that has obtained the highest number of votes and the first candidate on the slate that has ranked second by number of votes, who will also be appointed chairman of the board of statutory auditors, will be elected standing auditors. The first alternate candidate on the slate that has obtained the highest number of votes and the first alternate candidate on the slate that has ranked second by number of votes will be elected alternate auditors.

In the event of a tie between several slates, a new run-off vote is held between those slates, and the candidates of the slate obtaining the simple majority of the votes are elected, while if only one slate is submitted, the board of statutory auditors is drawn entirely from that slate, provided that it obtains the majority required by law for the ordinary shareholders' meeting.

In light of the foregoing, we submit to you the following proposed resolution:

"The ordinary Shareholders' Meeting of Intred S.p.A.:

RESOLVES

1) *to appoint Dr [●] as standing auditors and Dr [●] as alternate auditors, who will make up the Board of Statutory Auditors of the Company and will remain in office for three financial years, that is, until the date of approval of the financial statements as at 31 December 2021;*

2) *to appoint Dr [●] as Chairman of the Board of Statutory Auditors;*

3) *to set the remuneration of the auditors appointed above at a total of Euro [●] per year, of which*

   Euro [●] per year for the Chairman of the Board of Statutory Auditors, and Euro [●] per year for each of the standing auditors."

Brescia, 4 April 2019

For the Board of Directors
The Chairman
Daniele Peli

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