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Dear Julia,

We regret to inform you that in the next board meeting's agenda we are including, among the items for discussion and consequent deliberation, a proposal for dismissal of the CEO.

As directors, the priority is our duty to act in the best interest of the Organization and, in such respect, we believe that your dismissal may no longer be delayed. However, we believe it proper and fair to clearly explain to you the reasons that led us to this difficult decision.

Even though the traditional model management activities have consistently rebounded after the initial phase of the pandemic crisis and were almost breaking-even also during the crisis, the Company is still in a situation of severe financial stress and needs urgent restructuring measures.

While the pandemic crisis contributed to this situation, it was clearly not the main driver of such a huge deterioration of the Company's profitability, with the EBITDA going from +$6M in 2018, to -$6.1M in 2019 (the first year of your tenure as a CEO and before the pandemic crisis), -$20.5M in 2020 and -$10.4 in 2021. If we include also E1972, which is not consolidated in the above figures, we come to -$6.2M in 2019, -$24.9 in 2020 and -$15.5 in 2021!

The above losses are mainly attributable to a huge increase in corporate costs and expenses attributable to the CEO office, well beyond the budgeted amounts, which have completely wiped out the solid results produced by the traditional business, without producing any appreciable results, as we are going to better detail here below.

Corporate costs, including expenses attributable to the CEO office and those pertaining to E1972 (a fashion brand initiative that failed to produce any result at all, while generating costs in the region of $5M per year!), added up to $16.6M in 2020 (vs a budget of $8.2M) and $15.8 in 2021 (vs a budget of $11.3M). By way of comparison, they were below $2M in the years before your appointment. A large component of these costs were representation and entertainment expenses almost entirely attributable to the CEO, never authorized by the Board and well beyond budget.

You have always justified these expenses, pretending that they were necessary to elevate the public profile and visibility of the Group and to increase the EWG brand awareness among clients, talents and ultimately investors. In fact, you had a target to raise fresh capital from new investors, to further finance the digital expansion, developing both internal and external growth opportunities. However, after two-year of attempts, it appears that this target has not been achieved, as the Company was unable to secure any

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investment from external investors, despite the significant help obtained by primary investment banks.

Also, the other main target that you had as CEO, the development of the digital division, has not produced the intended results: its revenue was nil in 2019, $1.6M in 2020 vs $17.9M budget, and $8.8M in 2021 vs $16.5M budgeted, never reaching the break-even, despite an exceptionally positive trend in digital marketing expenses fueled by the pandemic crisis. Just to put things into contest, the digital division represented only 5% of the Group revenue in 2021.

Hence, we must acknowledge that the two main targets which led to your appointment as CEO have not been met and that no visible progress was made in that direction, despite almost $50M costs incurred in the effort. The above-mentioned investments and expenses must be swiftly cut, and we believe that this difficult task needs different hands to be implemented and executed in a credible and effective fashion.

We must add that, under your leadership, the Elite Model Look contest, a key element in the Elite brand awareness, has completely lost its relevance and has also failed to produce a fresh pipeline of talents, as it had consistently done for the past 40 years. Also, the licensing business has shrunk from almost $3M revenue in 2018 to less than $0.5M revenue in 2021, damaging the bottom line by $2M.

For all the above reasons, we don't see any other option, in the interest of the Company and all its stakeholders, than submitting your dismissal as CEO to the board's approval and immediately appoint a new CEO, who shall implement and execute an immediate and severe cost-cutting exercise at the corporate level, while protecting the traditional model management business as well as the agencies and their staff all around the world, so to rapidly restore the company's financial stability.

Best wishes,

Silvio Scaglia
Chairman

Paolo Barbieri
Deputy Chairman

New York, 7th February 2022