



REPORT OF THE BOARD OF DIRECTORS

ON THE FIFTH ITEMS ON THE AGENDA OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF ITALIAN DESIGN BRANDS S.P.A. CONVENED FOR 22 APRIL 2024 WITH A SINGLE CALL

5. PROPOSAL TO SUPPLEMENT THE MEDIUM-LONG TERM MONETARY INCENTIVE PLAN APPROVED ON MAY 9, 2023. RELATED AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,

you have been convened to discuss and resolve on the proposal of the Board of Directors of Italian Design Brands S.p.A. (**IDB** or the **Company**) to amend the medium-to-long-term monetary incentive plan in favor of executive directors approved by the Shareholders' Meeting on 9 May 2023 and whose terms and conditions were defined by the Board of Directors on the same date and subsequently confirmed on 23 May 2023.

As well known, the Shareholders' Meeting of 9 May 2023, among other things, resolved "*for the three fiscal years of office and, in case of renewal, also for the following three fiscal years of office, an additional [with respect to the fixed annual gross remuneration and the variable annual gross remuneration] variable gross total remuneration, in the maximum amount of 8,750,000.00 (eight million seven hundred and fifty thousand/00), which the Board of Directors may grant in favor of one or more directors vested with special offices, including executive positions, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, upon the achievement of specific results, all to the extent and according to the parameters and conditions, of whatever nature, that may be decided by the Board of Directors itself.*"

The Board of Directors, also on 9 May 2023, as subsequently confirmed on 23 May 2023, among other things, resolved:

- for the Chairman of the Board of Directors and CEO, "*a variable gross compensation ("Long-Term Incentive"), linked to the appreciation of the Company's share price recorded for a period of at least 30 consecutive days on the trading market ("Share Appreciation") compared to the price of the same share on the date of commencement of trading ("IPO Price"), during Andrea Sasso's first three-year term of office and/or during the second three-year term of office in the event of Andrea Sasso's reappointment and failure to achieve the objectives set forth above during the first three-year term, to be calculated and paid in cash by the Company during the month following the positive verification by the Board of Directors that the Long-Term Incentive has vested, as follows: (i) Euro 3,000,000.00 (three million/00), in the event of Share Appreciation of 30% or more and up to 49%; (ii) an additional Euro 2,000,000.00 (two million/00), then a total of Euro 5,000,000.00 (five million/00), in the event of Share Appreciation of 50% or more"*
- for the other Executive Director, "*a gross variable compensation (also "Long-Term Incentive"), linked to the Share Appreciation (as defined above) with respect to the IPO Price (as also defined above), during Giorgio Gobbi's first three-year term of office and/or during the second three-year term of office in the event of Giorgio Gobbi's reappointment and failure to achieve the objectives set forth above during the first three-year term, to be calculated and paid in cash by the Company during the month*

following the positive verification by the Board of Directors that the Long-Term Incentive has vested, as follows: (i) Euro 2,250,000.00 (two million two hundred and fifty thousand/00), in the event of Share Appreciation equal to or greater than 30% and up to 49%; (ii) an additional Euro 1,500,000.00 (one million five hundred thousand/00), thus totaling Euro 3,750,000.00 (three million seven hundred and fifty thousand/00), in the event of Share Appreciation equal to or greater than 50%."

The variable compensation established by the above resolutions is hereinafter jointly referred to as the **"Monetary Plan."**

To align the interests of shareholders and top management more closely with reference to the appreciation of the Company's stock, to complement and as a condition of the "Performance Shares Italian Design Brands 2024/2029 Plan" referred to in Agenda Item 6, with respect to the Monetary Plan, it is proposed to provide:

- (a) for the Chairman of the Board of Directors and CEO, a commitment to reinvest 50% (fifty percent) of the equivalent value of the net incentive, if any, received under the Monetary Plan to purchase shares of the Company and a commitment not to dispose of 70% (seventy percent) of the shares purchased in the 36 (thirty-six) months following the purchase and not to dispose of 35 percent (thirty-five percent) of the shares purchased in the 48 (forty-eight) months following the purchase, with the clarification that the purchase of shares by the Chairman of the Board of Directors and CEO may be made by the Company or in the market within six months from the date of collection of the net incentive, if any, accrued under the Monetary Plan;
- (b) for the other Executive Director, in view of the fact that he already holds shares in the Company, the assumption of lock-up commitments equivalent to those indicated under (a) above with reference to a number of shares already held corresponding to 50% (fifty percent) of the equivalent value of the net incentive, if any, received under the Monetary Plan.

In view of the above, the Board of Directors submits the following proposed resolutions for your approval.

«The Ordinary Shareholders' Meeting of Italian Design Brands S.p.A,

- examined the report of the Board of Directors;

resolves

that the Chairman of the Board of Directors and CEO and the other Executive Director may be granted the "Performance Shares Italian Design Brands 2024/2029 Plan", if approved by the Shareholders' Meeting, provided that they agree to make the following commitments to the Company with respect to the existing monetary incentive plan linked to the appreciation of the Company's stock:

- as to the Chairman of the Board of Directors and CEO, a commitment to reinvest 50% (fifty percent) of the equivalent value of the net incentive, if any, received under the existing monetary incentive plan linked to the appreciation of the Company's stock to purchase shares of the Company and a commitment not to dispose of 70% (seventy percent) of the shares purchased in the 36 (thirty-six) months following the purchase, and not to dispose of 35% (thirty-five) of the shares purchased in the 48 (forty-eight) months following the purchase, with the clarification that the purchase of shares by the Chairman of the Board of Directors and CEO may be made by the Company or on the market within 6 (six) months from the date of collection of the net incentive that may have accrued under the existing monetary incentive plan linked to the appreciation of the Company's stock;
- as to the other Executive Director, the assumption of lock-up commitments equivalent to those indicated in the preceding point for the Chairman of the Board of Directors and CEO with reference to a number of shares already owned corresponding to 50% (fifty percent) of the countervalue of the net incentive that may have been cashed in pursuant to the existing monetary incentive plan linked to the appreciation of the Company's stock price;

- to vest the Board of Directors with the broadest powers necessary or appropriate to execute this resolution and providing for all the fulfillments required by current regulations».

This report is made available to the public, both at the Company's registered office and through publication on the Company's website (www.italiandesignbrands.com) under the section "[Investors/Governance/Shareholders' Meetings](#)", as well as at the 1Info Storage system (www.1info.it).

Milan, 11 March 2024

**For the Board of Directors of Italian Design Brands S.p.A.
The Chairman - Andrea Sasso**