



REPORT OF THE BOARD OF DIRECTORS

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

9. **GRANTING TO THE BOARD OF DIRECTORS THE AUTHORITY TO INCREASE THE SHARE CAPITAL, AGAINST PAYMENT, IN ONE OR MORE INSTALLMENTS, ALSO IN DIVISIBLE FORM, UP TO THE LIMIT OF 10% (TEN PERCENT) OF THE PRE-EXISTING CAPITAL, I.E. FOR A MAXIMUM AMOUNT OF EUR 2,692,629.80 (TWO MILLION SIX HUNDRED AND NINETY-TWO THOUSAND SIX HUNDRED AND TWENTY-NINE/80), IN ADDITION TO ANY SHARE PREMIUM, TO BE CARRIED OUT WITHIN 5 (FIVE) YEARS FROM THE DATE OF THE RESOLUTION, THROUGH THE ISSUE OF ORDINARY SHARES WITH NO INDICATION OF PAR VALUE, HAVING THE SAME CHARACTERISTICS AS THOSE IN CIRCULATION AND REGULAR DIVIDEND RIGHTS, WITH THE EXCLUSION OR LIMITATION OF OPTION RIGHTS, PURSUANT TO ARTICLE 2441, PARAGRAPH 4, SECOND SENTENCE, OF THE ITALIAN CIVIL CODE; ALL WITH THE POWER TO DEFINE THE TERMS AND CONDITIONS OF THE INCREASE, IN COMPLIANCE WITH ALL LEGAL AND REGULATORY PROVISIONS. CONSEQUENT AMENDMENT OF THE BYLAWS. RELATED AND CONSEQUENTIAL 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 grant the Board of Directors the authority to increase the share capital, against payment, in one or more installments, also in divisible form, within the limit of 10% (ten percent) of the pre-existing capital, i.e., for a maximum amount of EUR 2,692,629.80 (two million six hundred and ninety-two thousand six hundred and twenty-nine/80), in addition to any share premium, to be executed within 5 (five) years from the date of the resolution, by issuing ordinary shares with no indication of par value, having the same characteristics as those in circulation and regular dividend rights, with the exclusion or limitation of option rights, pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code; all with the power to define terms and conditions of the increase, in compliance with all legal and regulatory provisions, as well as to amend the bylaws accordingly.

1. Reasons for the proposal and reasons for the exclusion of the option right

Article 6.5 of the current bylaws already provides that "*pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, the Company may approve share capital increases with the exclusion of pre-emptive rights, within the limit of ten percent of the pre-existing capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a special report by a statutory auditor or auditing firm*".

Pursuant to Article 2443 of the Italian Civil Code, the bylaws may grant the directors the power to increase the capital stock in one or more tranches up to a specified amount and for the maximum period of 5 (five) years from the date of the resolution of the amendment, also pursuant to paragraph 4 of Article 2441 of the Italian Civil Code.

For the reasons and objectives better described later in this report, the delegation of authority that we propose to grant you to the Board of Directors is for the purpose of increasing the share capital pursuant to Article 2441, paragraph 4, second sentence of the Italian Civil Code.

Specifically, it entails granting the Board the power to increase the share capital, for cash, in one or more tranches, also in divisible form, within the limit of 10% (ten percent) of the pre-existing capital, i.e., for a maximum amount of EUR 2,692,629.80 (two million six hundred and ninety-two thousand six hundred and twenty-nine/80), in addition to any share premium, to be executed within 5 (five) years from the date of the resolution, by issuing ordinary shares with no indication of par value, having the same characteristics as those in circulation and regular dividend rights, with the exclusion or limitation of option rights, pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code; all with the power to define terms and conditions of the increase, in compliance with all legal and regulatory provisions, as well as to amend the bylaws accordingly.

The proposal to grant the Board of Directors the authority to increase capital in the terms indicated is aimed primarily at providing the Company with an instrument to be used to service transactions consistent with the Company's strategic development lines with a view to or as part of agreements with strategic partners. Indeed, the Company and the group it heads continue to experience steady growth, due in part to the acquisition strategy, and in order to support this process and the growth and value creation objectives that the Company is pursuing, it is considered essential that the Company continue to be able to have access, with speed and flexibility, to the financial resources necessary to seize, as quickly as possible, the opportunities offered by the market.

The delegation of authority to increase capital would also enable the Board of Directors to determine with greater flexibility the characteristics of the issue (both in terms of size and with reference to the economic conditions), defining these conditions in light of the market scenario prevailing at the time of the transaction. It would also bring the additional benefit of reducing the risk of fluctuations in the Company's share price in the period between the announcement and the start of the transaction, which would elapse if the transaction were decided by the Shareholders' Meeting and which, on the other hand, in the case of the use of the instrument of proxy to increase capital, would be significantly reduced.

With reference to the exclusion of pre-emptive rights, the possibility of offering newly issued shares to third parties would make it possible to carry out extraordinary transactions with strategic partners, for example, by means of capital increase operations reserved for holders of stakes in companies being acquired by the Company interested in reinvesting in the Company itself.

The resources raised through the possible exercise of the delegation of authority to increase capital could be allocated not only to the growth strategies mentioned above, but also, and more generally, to the satisfaction of financial needs that may arise in the period following the date of the shareholders' resolution granting the proxy to increase capital.

The financial resources raised through the capital increase are not intended to reduce or change the structure of financial debt.

2. Issue price of newly issued shares

In the event that the Board of Directors should decide to exercise the authority to increase the capital, the Board of Directors shall have the power to determine the issue price of the Company's new shares, which shall correspond to the market value of the shares, and this shall be confirmed in a special report by a statutory auditor or auditing firm, in compliance with all legal and regulatory provisions.

3. Benefit date of the newly issued shares

The newly issued shares pursuant to the delegation of authority to increase capital will have regular dividend entitlement and will therefore give their holders the same rights as those due to other ordinary shares from the time of their issuance.

4. Expected period for the exercise of the delegation of authority to increase capital

It is proposed to grant the delegation of authority to increase capital to the Board of Directors for a period of five (5) years from the relevant resolution of the shareholders' meeting. The terms for the issuance and subscription of newly issued shares will be determined by the Board of Directors when exercising the delegation of authority to increase capital.

Notwithstanding the foregoing, the timing of the exercise of the delegation of authority to increase the capital (exercise which is required may also be partial and take place in several stages and at different times), as well as the terms and conditions of any issues will depend on the concrete opportunities that arise and will be promptly communicated to the market in accordance with the law and regulations as soon as they are determined by the Board of Directors.

5. Existence of guarantee and/or placement syndicates

As of the date of this explanatory report, there are no agreements for the establishment of guarantee and/or placement consortia in connection with the exercise of the proxy to increase capital.

6. Any other forms of placement

As of the date of this Report of the Board of Directors, no forms of placement other than those referred to in Article 2441 of the Italian Civil Code are planned.

7. Effects on the unit value of shares of any dilution of said value or redistribution of said value among several classes of shares

When executing the delegation of authority to increase capital, the Board of Directors will give adequate information to the market within the terms of the law regarding the economic and financial effects of the transaction involved from time to time, as well as the effects on the unit value of the shares and the dilution resulting from the transaction.

8. Comparative exposition of the article of the bylaws proposed to be amended in the current and proposed text, with accompanying explanation of the changes introduced

Approval of the proposal to grant the Company's Board of Directors the authority to increase capital follows the amendment of Article 6 of the Company's bylaws.

The following is the text of Article 6 of the bylaws whose amendment is proposed in the current and proposed versions.

| CURRENT TEXT | PROPOSED TEXT |
|---|----------------------|
| 6.1 The share capital amounts to EUR 26,926,298.00 and is divided into 26,926,298 ordinary shares, no par value indicated. | [unchanged] |
| 6.2 The Shareholders' Meeting may grant the Board of Directors the power to increase the share capital in one or more increments and to issue convertible bonds up to a specified amount and for the maximum period of 5 (five) years from the date of the resolution, through the necessary amendment of the bylaws. | [unchanged] |
| 6.3 In the event of a capital increase, newly issued shares may be allotted in an amount that is not proportional to the contributions, subject to the consent of the Shareholders concerned and in compliance with applicable regulations. | [unchanged] |
| 6.4 The registered address of the Members, as far as their relations with the Company are concerned, is that shown in the register of | [unchanged] |

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| Members, unless a different election of address is communicated in writing to the Board of Directors. | |
| 6.5 Pursuant to Article 2441, paragraph 4, second sentence, Italian Civil Code., the Company may approve capital increases with the exclusion of pre-emptive rights, up to a limit of ten percent of the pre-existing capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a special report by a statutory auditor or auditing firm. | [unchanged] |
| 6.6 The allocation of profits to employees of the Company and/or Subsidiaries is permitted, in the manner and form prescribed by law, through the issuance, in an amount corresponding to such profits, of special classes of shares pursuant to Article 2349, paragraph 1, Italian Civil Code. The share capital must be increased by a corresponding amount. | [unchanged] |
| | <p><u>6.7 On 22 April 2024, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the authority to increase the share capital, against payment, in one or more installments, also in divisible form, within the limit of 10% (ten percent) of the pre-existing capital, i.e., for a maximum amount of EUR 2,692,629.80 (two million six hundred and ninety-two thousand six hundred and twenty-nine/80), in addition to any share premium, to be carried out within 5 (five) years from the date of the resolution, through the issue of ordinary shares with no indication of par value, having the same characteristics as those in circulation and regular dividend rights, with the exclusion or limitation of option rights, pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code; all with the power to define terms and conditions of the increase, in compliance with all legal and regulatory provisions.</u></p> |

10. Absence of the right of withdrawal

Proposed amendments to the bylaws do not give rise to any cause for shareholders' withdrawal rights under Article 2437 of the Italian Civil Code or under the bylaws.

9. Proposed resolution

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

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

- having examined the illustrative report of the Board of Directors;
- noted the statement of the Board of Statutory Auditors that the current share capital of the Company is EUR 26,926,298.00, divided into 26,926,298 ordinary shares, and is fully subscribed and paid up, with a share premium reserve of EUR 66,970,569;

resolves

1. to grant the Board of Directors the authority to increase the share capital, for cash, in one or more tranches, also in divisible form, within the limit of 10% (ten percent) of the pre-existing capital, i.e., for a maximum amount of EUR 2,692,629.80 (two million six hundred and ninety-two thousand six hundred and twenty-nine/80), in addition to any share premium, to be carried out within 5 (five) years from the date of the resolution, through the issue ordinary shares with no indication of par value, having the same characteristics as those in circulation and regular dividend rights, with the exclusion or limitation of option rights, pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code; all with the power to define terms and conditions of the increase, in compliance with all legal and regulatory provisions;
2. to amend Article 6 of the Bylaws by adding the following paragraph: "6.7 On 22 April 2024, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the authority to increase the share capital, against payment, in one or more installments, also in divisible form, within the limit of 10% (ten percent) of the pre-existing capital, i.e., for a maximum amount of EUR 2,692,629.80 (two million six hundred and ninety-two thousand six hundred and twenty-nine/80), in addition to any share premium, to be carried out within 5 (five) years from the date of the resolution, through the issue of ordinary shares with no indication of par value, having the same characteristics as those in circulation and regular dividend rights, with the exclusion or limitation of option rights, pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code; all with the power to define terms and conditions of the increase, in compliance with all legal and regulatory provisions."
3. to empower the Board of Directors with the broadest powers to implement and execute the above resolutions for the successful completion of the transaction, including but not limited to:
 - a) to prepare and submit any document required for the purposes of the capital increase, as well as to carry out the formalities necessary to proceed with the admission to listing on the Euronext Milan market organized and managed by Borsa Italiana S.p.A. of the newly issued shares, including the power to arrange for the preparation and submission to the competent Authorities of any application, petition or document for the purpose necessary or appropriate;
 - b) to make any changes and/or additions to the adopted resolutions that may be necessary and/or appropriate, including as a result of the request of any competent Authority or at the time of registration and, in general, to carry out all that is necessary for the complete execution of the resolutions themselves, with any and all powers for the purpose necessary and/or appropriate, none excluded and excepted, including the task of filing with the competent Business Registry the updated bylaws with the modification of the share capital."

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**