



**Ordinary General Shareholders' Meeting**  
**October 28<sup>th</sup>, 2024 (single call) at 9.00 a.m.**

**Directors' explanatory report on the fourth item on the agenda of the Ordinary General Shareholders' Meeting: "Authorization for the purchase and disposal of treasury shares pursuant to and for the purposes of Art. 2357, 2357-ter of the Italian Civil Code, of Art.132 of Legislative Decree no. 58 of February 24<sup>th</sup>, 1998, and Art. 144-bis of CONSOB resolution no. 11971 of May 14<sup>th</sup>, 1999".**

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*

**Item no. 4 on the agenda**

***“Authorization for the purchase and disposal of treasury shares pursuant to and for the purposes of Art. 2357, 2357-ter of the Italian Civil Code, of Art.132 of Legislative Decree no. 58 of February 24<sup>th</sup>, 1998, and Art. 144-bis of CONSOB resolution no. 11971 of May 14<sup>th</sup>, 1999”.***

Dear Shareholders,

You are hereby called to authorize the purchase and disposal of Digital Bros S.p.A.’s treasury shares pursuant to Art. 2357, 2357-ter of the Italian Civil Code, of Art. 132 of Legislative Decree no. 58 of February 24<sup>th</sup>, 1998 (T.U.F.) and Art. 144-bis of CONSOB resolution no. 11971 of May 14<sup>th</sup>, 1999, as subsequently amended (the “**Issuers Regulation**”), without prejudice to EU Regulation no. 596 of April 16<sup>th</sup>, 2014 on market abuse (“**MAR**”), EU Delegated Regulation no. 1052 of March 8<sup>th</sup>, 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures (“**Delegated Regulation**”) and the market practices admitted and approved by **CONSOB** in accordance with MAR (“**Admitted Practices**”).

Please consider that the previous authorization for the purchase and disposal of treasury shares was approved by the Shareholders' Meeting held on October 27, 2023, which will expire on April 26, 2024, after the 18-month as specified in the resolution itself. As of date of approval of this Directors’ Report (September 26, 2024), the Board of Directors has not used the previous authorization in full and the Company does not hold any treasury shares as of the current date.

Given the limited time available, we ask the Shareholders Meeting to revoke the authorization granted on October 27<sup>th</sup>, 2023, and concurrently request a new authorization for the purchase and disposal of the Group’s ordinary shares, as described below.

**1. Reasons behind the authorization request to purchase and dispose of treasury shares.**

The authorization object of this proposal allows the Company to purchase and dispose of ordinary treasury shares in accordance with the procedures laid down by the EU Regulations and the Italian law in force and for the purposes permitted by the Law, which include:

- (i) liquidity support and market efficiency;
- (ii) retention for subsequent uses including: consideration in extraordinary transactions e.g. the disposal of shares carried out by exchange, conferral or other act of disposition and/or use with other subjects, including bonds convertible into Company shares or warrant bonds; and
- (iii) use in compensation plans based on financial instruments in favor of the Group directors, employees or collaborators pursuant to Art. 114-bis of the T.U.F., as well as free shares allocation to Shareholders.

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*

The authorization also provides for the Board of Directors to carry out repeated and subsequent purchase and sale operations (i.e. revolving shares), whether or not for fractions or the maximum authorized quantity, so that, at any time, the quantity of shares purchased and in the Company's treasury does not exceed the limits provided for by the Law and the Shareholders Meeting's authorization, and in compliance with the Issuers Regulation, the MAR, the Delegated Regulations, and the Admitted Practices.

**2. Maximum number, category and nominal value of the shares to which the authorization refers.**

The purchase of Digital Bros S.p.A. treasury shares, even in several tranches and with a nominal value of Euro 0.4 up to a maximum amount not exceeding 10% of the share capital, must be authorized by the Shareholders' Meeting pursuant to Art. 2357, paragraph 2 and 3 of the Italian Civil Code. The purchase of treasury shares shall therefore respect the 20% threshold provided for by Art. 2357, paragraph 3 of the Italian Civil Code, it being understood that, within this overall limit, purchases carried out pursuant to art. 144-bis, paragraph 1, comma c) of the Issuers Regulation shall not exceed 5% of the share capital. At the date of this report, the share capital of Digital Bros S.p.A. amounts to Euro 6,024,334.80 of which Euro 5.706.014,80 subscribed. The subscribed capital is divided into 14.265.037 ordinary shares with a par value of Euro 0.4 each.

At the time of this report, Digital Bros S.p.A does not hold any treasury shares, and no subsidiaries hold any of the Group shares.

**3. Information useful for a complete evaluation of the compliance with the provisions of Art. 2357 of the Italian Civil Code.**

The purchase of treasury shares must be carried out within the limits of distributable profit and available reserves resulting from the last financial statements approved at the time of carrying out each operation in accordance with Art. 2357 of the Italian Civil Code. Only called-in shares may be acquired.

The Board of Directors will be required to verify compliance with the limits set by Art. 2357 of the Italian Civil Code, prior to each purchase of treasury shares. Digital Bros S.p.A. will provide its subsidiaries with specific guidelines for the timely communication of any treasury shares purchase pursuant to Art. 2359-bis of the Italian Civil Code.

All the Law provisions and the accounting principles applicable to the allocation of treasury shares must be observed during the purchase, sale, exchange, transfer or write-down of shares. The corresponding amount of sold, exchanged, transferred or written-down shares may be reused for further purchases, until the expiry of the period authorized the Shareholders' Meeting, without prejudice to the conditions, the quantitative and expenditure limits set by the same Meeting.

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*

#### **4. Duration of the Shareholders Meeting's authorization.**

The authorization to purchase treasury shares is requested for an eighteen-month period (the maximum duration provided for by Art. 2357, paragraph 2 of the Italian Civil Code), starting from the eventual approval of this resolution by the Shareholders' Meeting.

The Board of Directors may purchase treasury shares in one or more occasions, at any time and to an extent freely determined yet deemed appropriate in the interest of the Company, in compliance with the applicable laws and for the entire period authorized by the Shareholders' Meeting. The authorization to purchase and dispose of treasury shares is requested without temporal limits, pursuant to the current provisions and to grant maximum flexibility to the Board of Directors to carry out the transactions.

#### **5. Minimum and maximum consideration of treasury shares to which the authorization refers.**

The Board of Directors proposes that the purchase price of each share should not be lower than the Stock Exchange price of the trading day preceding the day on which the purchase transaction will be carried out, decreased by 20%, and not higher than the Stock Exchange price of the day preceding the day in which the purchase transaction will be carried out, increased by 10%, in compliance with the Delegated Regulation and the Admitted Practices, where applicable.

Furthermore, the Board of Directors proposes to be authorized to dispose of the shares acquired for any reason and at any time, in whole or partially, for the purposes indicated in Paragraph 1 and without prejudice to Art. 2357 of the Italian Civil Code. Purchased treasury shares shall be allocated in regard to the actual execution methods used, the Digital Bros stock price trend and the Company's best interest; the proceeds of treasury shares disposal may be used for further purchases of shares, until the expiry of the Shareholders' authorization, within the limits set by this and by the applicable regulations.

#### **6. Purchase and disposal procedures.**

Treasury shares will be purchased on regulated markets, according to the operating procedures set out in the markets organization and management regulations, also through trading of options or financial derivatives on the Digital Bros stock, in compliance with Art. 132 of the T.U.F. (with particular reference to the principle of equal treatment of Shareholders), Art. 144-bis of the Issuers' Regulation, the EU and national legislation on market abuse in force from time to time, among which the MAR, the Delegated Regulation and the Admitted Practices.

The purchase and disposal of treasury shares shall be carried out in the interest of the Company, in compliance with the provisions of the Law and regulations in force at the time and for the pursuit of the purposes referred to in this proposal, including sales on regulated markets, blocks and through exchange or securities lending or free assignment. The Board of Directors also proposes to be authorized to carry

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*

out subsequent and repeated purchase and disposition operations as part of the trading activity, as indicated in the purposes set out in paragraph 1 and until the expiration of the requested assembly authorization.

**7. Instrumentality of the treasury share purchase to a share capital reduction.**

The purchase of treasury shares is not instrumental in reducing the Company's share capital through the canceling of the treasury shares purchased, without prejudice to the right of the Company to cancel the treasury shares held in its portfolio, should the Shareholders' Meeting decide to reduce the share capital in the future.

**8. Effects of the authorization to purchase treasury shares in the manner indicated in Art. 44-bis of the Issuers' Regulation.**

The treasury shares directly or indirectly held by the Company are excluded, pursuant to Art. 44-bis, paragraph 1 of the Issuers' Regulation, from the share capital on which the relevant shareholding is calculated to promote a takeover bid provided for by Art. 106, paragraphs 1, 1-bis, 1-ter and 3, letter b) of the T.U.F..

The aforementioned provision does not apply in the event that exceeding the Art. 106 of the T.U.F.'s thresholds results in purchases of treasury shares carried out, even indirectly, by the Company in execution of a resolution approved by means of whitewash, pursuant to Art. 44-bis, paragraph 2, of the Issuers' Regulation.

Such resolution needs to be approved by the majority of the Company's shareholders, other than the shareholders who hold, also jointly, a majority stake exceeding 10%, without prejudice to the provisions of Articles 2368 and 2369 of the Italian Civil Code.

The treasury shares purchased by the Company are not excluded from the share capital (and therefore counted in the same) for the purpose of calculating the excess of the relevant thresholds by one or more shareholders for the purposes of Art. 106 of the T.U.F., with consequent exemption from the obligation of a public takeover bid provided for therein.

The treasury shares purchased: (i) in accordance with the provisions of Consob resolution no. 16839 of March 19<sup>th</sup>, 2009, in regard to the retention and disposal of securities for use as consideration in extraordinary transactions, also exchange of shares, already resolved; and (ii) to use in compensation plans based on financial instruments pursuant to Art. 114-bis of the T.U.F., are not excluded from the share capital on which the relevant shareholding is calculated for the purposes of Art. 106 of the T.U.F., pursuant to Art. 44-bis, paragraph 4, of the Issuers' Regulation.

\* \*

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*

## Proposed resolution

Dear Shareholders,

Considering the aforementioned information, the Board of Directors hereby proposes the following resolutions:

*“The Shareholders’ Meeting of Digital Bros S.p.A. having:*

- *examined the resolution of the Board of Directors meeting held on October 27<sup>th</sup>, 2023, authorizing the purchase and disposal of treasury shares;*
- *noted that the Company did not hold its own shares at the date of the report;*
- *reviewed the Financial Statements at June 30<sup>th</sup>, 2024, as approved by this Meeting;*
- *noted the total of available reserves, amounting to €47,904,972.29 resulting from the Digital Bros S.p.A. Financial Statements as of June 30<sup>th</sup>, 2024;*
- *noted the resolution proposals submitted;*

*resolves*

1. *to revoke the Assembly resolution as of October 27<sup>th</sup>, 2023, which authorized the purchase and disposal of treasury shares;*
2. *to authorize the purchase of treasury shares in one or more times, pursuant to Art. 2357 and of the Italian Civil Code and Art. 132 of Legislative Decree no. 58 of February 24<sup>th</sup>, 1998, for a period not exceeding 18 months from the date of this resolution in compliance with the following terms and conditions:*
  - (i) *the purchase shall be made:*
    - *to support the liquidity and market efficiency;*
    - *for retention for subsequent uses including: consideration in extraordinary transactions e.g. the disposal of shares carried out by exchange, conferral or other act of disposition and/or use with other subjects, including bonds convertible into Company shares or warrant bonds; and to use in compensation plans based on financial instruments in favor of the Group directors, employees or collaborators pursuant to Art. 114-bis of the T.U.F., as well as free shares allocation to Shareholders;*
  - (ii) *Digital Bros S.p.A.’s treasury shares shall be purchased and disposed of pursuant to Art.132*

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*

*of Legislative Decree no. 58 of February 24<sup>th</sup>, 1998, and Art. 144-bis of CONSOB resolution no. 11971/1999, and without prejudice to EU Delegated Regulation no. 1052 of March 8<sup>th</sup>, 2016, and the market practices admitted by EU Regulation no. 596 of April 16<sup>th</sup>, 2014 and approved by CONSOB;*

- (iii) the purchase price of each share should not be lower than the Stock Exchange price of the trading day preceding the day on which the purchase transaction will be carried out, decreased by 20%, and not higher than the Stock Exchange price of the day preceding the day in which the purchase transaction will be carried out, increased by 10%, in compliance with the Delegated Regulation and the Admitted Practices, where applicable;*
  - (iv) the purchase of Digital Bros treasury shares shall not exceed 10% of the share capital, being understood that, within this overall limit, purchases carried out pursuant to art. 144-bis, paragraph 1, comma c) of the Issuers Regulation shall not exceed 5% of the share capital;*
- 3. to authorize the Board of Directors to dispose in whole and/or in part, without time limits, of the treasury shares purchased pursuant to Art. 2357-ter of the Italian Civil Code, establishing the price and the modalities of disposition and making any accounting registration necessary or appropriate, in compliance with the applicable Law and accounting standards;*
  - 4. to confer to the Board of Directors - and on its behalf to the Chairman and Chief Executive Officer - all the appropriate powers to purchase, sell, exchange, transfer or write-down treasury shares and to implement the aforementioned resolutions, also through its own agents, also through the implementation of any and all executive provisions of the related purchase programs, including buy-backs pursuant to the Delegated Regulation, and complying with what may be requested by the competent Authorities.*

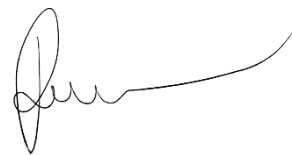
*\* \* \**

Milan, September 26<sup>th</sup>, 2024

**DIGITAL BROS S.P.A.**

**CHAIRMAN OF THE BOARD OF DIRECTORS**

**Signed by ABRAMO GALANTE**



*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency*