



# Corporate Governance Report

**Pursuant to Art. 123-bis of the T.U.F.  
(one tier governance model)**

**(Fiscal year 2023/2024)**

Date of approval: September 26<sup>th</sup>, 2024

**Digital Bros S.p.A.**  
Via Tortona, 37 – 20144 Milan, Italy VAT  
Number and Tax Number 09554160151  
Share Capital: Euro 6,024,334.80 of which subscribed Euro 5,706,014.80  
Milan Companies House no. 290680-Vol. 7394 Chamber of Commerce No. 1302132

The report is available in the Governance/Corporate  
Governance Report section at [www.digitalbros.com](http://www.digitalbros.com)

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

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## GLOSSARY

**Articles of Association:** the Articles of Association of Digital Bros S.p.A..

**Board:** the Board of Directors of Digital Bros S.p.A..

**Civil Code:** the Italian Civil Code.

**Corporate Governance Code/Code:** the Corporate Governance Code approved in January 2020 by the Corporate Governance Committee.

**Corporate Governance Committee/Committee:** the Italian Committee for Corporate Governance for listed companies promoted by Borsa Italiana S.p.A., the Italian Banking Association, ANIA, Assogestioni, Assonime and Confindustria.

**Fiscal Year/Reporting Period:** the year ended June 30<sup>th</sup>, 2024, to which this Report relates.

**Group or Digital Bros Group:** collectively, the Parent company and its subsidiaries, pursuant to Art. 93 of the T.U.F..

**Issuers' Regulation:** the Regulations issued by Consob with Resolution no. 11971 of 1999 regarding stock issuers, as subsequently amended.

**Market Regulation:** the Regulations issued by Consob with Resolution no. 20249 of 2017 regarding stock markets, as subsequently amended.

**Parent Company/Company/ Issuer:** Digital Bros S.p.A..

**Related party Regulation:** the regulations issued by Consob with Resolution no 17221 of March 12<sup>th</sup>, 2010 (as subsequently amended) on related party transactions.

**Remuneration Report:** the Report on Remuneration and fees paid, pursuant to Art. 123-ter of the T.U.F., approved by the Board of Directors together with the Corporate Governance Report.

**Report/Corporate Governance Report:** the corporate governance report prepared pursuant to Art. 123-bis and 89-bis of the T.U.F..

**T.U.F.:** Legislative decree no. 58 of February 24<sup>th</sup>, 1998 (Testo Unico della Finanza) as subsequently amended.

Unless otherwise specified, the following definitions are used in the Corporate Governance Report with the meaning therein specified: Directors, Executive Directors, Independent Directors, Significant shareholder, Chief Executive Officer (CEO), Management Body, Control Body, Business Plan, Companies with concentrated ownership, Large company, Sustainable success and Top management.

## 1. ISSUER PROFILE

The Company develops, produces, publishes, and distributes entertainment products and services, including video games for personal computers and consoles and related accessories and other multimedia products. These activities are carried out either directly or through its subsidiaries, both in Italy and internationally.

The corporate mission has been pursued through an international structure, involving the establishment, incorporation and/or acquisition of companies to promote and sell the Group's products in major international markets and to develop new video games.

The Issuer is a company incorporated under the Italian law and listed on the Euronext STAR segment of Borsa Italiana. The Company adopted the Corporate Governance Code.

The Company has a one tier governance model, consisting of the following governance bodies:

- Shareholders' General Meetings;
- Board of Directors;
- Board of Statutory Auditors and internal control and audit committee;
- External auditors.

The Shareholders' General Meetings act as the primary decision-making body representing the entire shareholder base. Resolutions passed in accordance with the law and the Articles of Association are binding on all shareholders, including those absent or dissenting, although dissenting shareholders retain the right of withdrawal when permitted by law. These meetings are convened in compliance with the applicable laws and regulations for listed companies on regulated markets, addressing matters within their statutory and regulatory remit.

The Board of Directors is vested with full powers of ordinary and extraordinary administration. It plays a continuous role in overseeing the Company's management, ensuring decisions are made transparently and with integrity. This approach is designed to uphold trust and fairness with both internal and external stakeholders, including shareholders and the broader market. The Board manages the Group with a focus on achieving sustainable success through:

- robust economic, financial and social growth;
- the continuous effort to enhance the quality of products and services provided to consumers, aiming to increase customer satisfaction. This is achieved through effective and fair competition, strictly adhering to the laws and regulations in force in all the areas where the Group operates;
- the well-being and professional growth of employees and consultants, maintaining a healthy, motivating and compassionate work environment, free of any form of discrimination;
- the promotion of the long-term professional growth of individuals within the Group;
- the contribution to the financial and technological development of the videogame sector, pursuing its sustainable success.

Further details on how the Group's strategy incorporates sustainability goals are provided in sections 4.1 – Role of the Board of Directors, 6 – Board of Directors' Committees, 8 - Directors' Remuneration, 9 - Internal Control and Risk Management System of this Report, as well as in the Group's ESG Policy and the Code of Conduct, both available in the Sustainability section of the Company's website [www.digitalbros.com](http://www.digitalbros.com).

The Board of Statutory Auditors, along with the internal control and audit committee, oversees the Group's compliance with the Law and the Articles of Association. Their duties include management control activities, with particular emphasis on its adherence to the principles of proper administration and evaluating the adequacy of the Group's organizational structure. Following the adoption of Directive 200/43/EC, the Board of Statutory Auditors also performs the functions outlined in Article 19 of Legislative Decree 39/2010. Such activities include the supervision of:

- the financial reporting process;
- the effectiveness of the internal control and risk management systems;
- the audit of the Company's financial statements and of the Group's consolidated financial statements;
- the independence of the external auditors.

In accordance with legal provisions, the external auditors are appointed by the Shareholders' General Meeting from the register of audit firms published by Consob. The external auditors are responsible for verifying that the accounting records are properly maintained, operating events are accurately recorded, and that the Company's accounting records align with its consolidated financial statements.

Pursuant to the Code, the Board established a Control and Risk Committee, a Remuneration Committee and a Nomination Committee, as well as the Supervisory Board pursuant to Legislative Decree 231/2001.

The Company does not fall under the scope of Art. 2 of the Legislative Decree no. 254/2016 and is not therefore required to prepare any non-financial statements. Following the approval of the European Directive 2022/2464, the Corporate Sustainability Reporting Directive (CSRD), the Group will be required to report on the economic, social, and environmental impact of its activities starting with the fiscal year ending on June 30<sup>th</sup>, 2025. However, due to the increasing importance of sustainability issues among its stakeholders, Digital Bros has decided to publish its first sustainability report in the current fiscal year, on a voluntary basis.

The Issuer is classified as a Small and Medium Enterprise under the terms of Art. 2-ter of Consob Regulation 11971 and Art 1(1)(w-iv 1) of the T.U.F., as per the list published by Consob on its website at [www.consob.it/web/area-pubblica/emittenti-quotati-pmi](http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi). As of June 30<sup>th</sup>, 2024, the Group's capitalization amounted to Euro 128,670,633.74.

The Issuer neither falls within the scope of the Code definitions of "Large company" i.e., with a capitalization greater than Euro 1 billion, nor within the definition of "Company with concentrated ownership".

## 2. INFORMATION ABOUT THE OWNERSHIP STRUCTURE AT JUNE 30<sup>TH</sup>, 2024 (pursuant to Art.123-bis, (1), T.U.F.)

This section provides information regarding the Company's ownership structure, in accordance with Art. 123-bis of the T.U.F., when applicable. The information is updated as of June 30<sup>th</sup>, 2024.

### a) Capital structure (pursuant to Art. 123-bis (1) (a) of the T.U.F.)

The subscribed and paid-up share capital as of June 30<sup>th</sup>, 2024 amounted to Euro 5,706,014.80.

The subscribed share capital consists of no. 14,265,037 ordinary shares with a par value of Euro 0.4 each.

SHARE CAPITAL STRUCTURE				
	No. shares	No. voting rights	Listed/not listed	Rights and obligations
Ordinary shares	14,265,037	14,265,037	Euronext STAR Milan	The shares are nominal, fully transferable and indivisible. Each share grants the right to one vote at the Company's Ordinary and Extraordinary Shareholders' Meetings

No shares with multiple voting rights, limited voting rights or without voting rights have been issued. At the reporting date, Digital Bros S.p.A. had not issued any other classes of shares, nor financial instruments that enable the right to subscribe newly issued shares.

On January 11<sup>th</sup>, 2017, the Shareholders' General Meeting approved the "2016-2026 Stock Options Plan" ("**The Plan**") for a limited number of directors and managers, identified by the Board of Directors at Company and Group level. The Plan will expire on June 30<sup>th</sup>, 2026 and provides for the allocation of a maximum number of no. 800,000 options as follows:

- no. 240,000 options on July 1<sup>st</sup>, 2019;
- no. 240,000 options on July 1<sup>st</sup>, 2022;
- no. 320,000 options on July 1<sup>st</sup>, 2025.

The exercise price of each option shall be equal to the average listed price of Digital Bros shares recorded on the market in the six months prior to the assignment date.

The options have been allocated as follows: 744,000 on January 29<sup>th</sup>, 2017 at Euro 10.61 per share and 56,000 on May 12<sup>th</sup>, 2017 at Euro 12.95 per share.

At the reporting date, only one beneficiary requested the exercise of the first tranches of options, for a total of no. 4,200 options exercised at Euro 10.61 each.

Further information about the "2016-2026 Stock Options Plan" and the related capital increase is provided in the Notes to the



Company's financial statements as at June 30<sup>th</sup>, 2024 and in the illustrative document available in the Governance/Remuneration section of the website at [www.digitalbros.com](http://www.digitalbros.com), as well as in the Remuneration Report.

**b) Restrictions on the transfer of shares (pursuant to Art. 123-bis (1) (b) of the T.U.F.)**

There are no restrictions of any kind on the transfer of the shares.

**c) Significant equity holdings (in terms of Art. 123-bis(1)(c) of the T.U.F.)**

As the Company is classified as a Small or Medium-sized Enterprise (SME) under Art. 2-ter of Consob Regulation 11971 and Art. 1 (1) (w-iv) (1) of the T.U.F., the threshold for the disclosure of significant shareholdings is set at 5% of the share capital with voting rights, in accordance with Art. 120 of the T.U.F.

Based on the shareholders' register and the notices received under Art. 120 of the T.U.F., the following shareholders held a stake in the Company's voting rights that was equal to or greater than 5% of the Company's share capital, either directly or indirectly., as of the reporting date:

SUBSTANTIAL HOLDINGS			
Declarant	Direct shareholder	% of share capital	% voting rights
Abramo Galante	YES	34.62%	34.62%
Raffaele Galante	YES	32.80%	32.80%

**d) Shares with special rights (pursuant to Art. 123-bis (1) (d) of the T.U.F.)**

The Company has not issued any shares holding special control rights. The Articles of Association does not allow for the possibility of issuing shares with increased or multiple voting rights.

**e) Employee share ownership: mechanism for exercise of voting rights (pursuant to Art. 123-bis (1) (e) of the T.U.F.)**

There are no specific mechanisms for the exercise of voting rights by employees.

**f) Restrictions on voting rights (pursuant to Art. 123-bis(1)(f) of the T.U.F.)**

There are no restrictions of any kind on voting rights.

**g) Shareholder agreements (pursuant to Art. 123-bis (1) (g) of the T.U.F.)**

The Company is not aware of any shareholder agreements pursuant to Art. 122 of the T.U.F..

**h) Change of control clauses (pursuant to Art. 123-bis(1)(h) of the T.U.F.) and provisions of the Articles of Association on takeover bids (pursuant to Arts. 104 (1-ter) and 104-bis (1) of the T.U.F.)**

Neither the Company nor its subsidiaries have entered into agreements that might come into force, be terminated and/or be amended as a result of a change in the control of the Company.

The Articles of Association does not waive from the passivity rule outlined in Art. 104 (1) and (2) of the T.U.F. and, since there are neither limitations on the transfer of shares nor limitations on voting rights, the Articles of Association does not

provide for the application of the neutralisation rules provided for in Art. 104-bis (2) and (3) of the T.U.F..

**i) Delegated powers regarding share capital increases and powers to authorize the purchase of treasury shares (pursuant to Art. 123-bis (1) (m) of the T.U.F.)**

No powers to authorise share capital increases have been granted to the Board of Directors.

Under Article 6 of the Articles of Association, the share capital of the Company can be increased or reduced through a resolution passed by an Extraordinary Shareholders' Meeting, in accordance with the applicable legal provisions. When capital increases are proposed, contributions can be made in various forms, including cash, in-kind contributions, or as credit, in line with Article 2342 of the Italian Civil Code. In the event of a share capital increase or the issuance of convertible bonds, shareholders are entitled to a pre-emption right, in compliance with the relevant legal provisions and the Articles of Association

The Extraordinary Shareholders' Meeting holds the authority to delegate to the Board of Directors the power to increase the Company's share capital, either in one or multiple steps, for a period of up to five years from the date of the resolution. This delegation may specify the maximum amount by which the share capital can be increased. It may also grant the Board the authority to adopt resolutions in accordance with Articles 2441 (4) and (5) of the Civil Code, as well as Article 2441 (6). Without prejudice to all other provisions governing share capital increases and in accordance with Article 2441 (4), the Shareholders' Meeting or the Board of Directors (if delegated) may resolve to increase the share capital without granting pre-emption rights to existing shareholders. This can include cash contributions, provided that the increase does not exceed 5% of the pre-existing share capital and that the issue price of the new shares is established at their market value, as confirmed by a specific report prepared by the external auditors.

Pursuant to Art. 2349 (1) of the Italian Civil Code, the Extraordinary Shareholders' Meeting may authorise the allocation of earnings and/or earnings reserves to the employees of the Company and its subsidiaries by issuing special classes of shares for an amount up to the total retained earnings reserves.

The Shareholders' Meeting held on October 27, 2023, authorized the Company to purchase and dispose of its treasury shares in accordance with Article 2357 of the Italian Civil Code. This authorization allows the Company to buy back its shares within an eighteen-month period and to dispose of them without time constraints. All transactions must comply with the procedures established by EU regulations and Italian law, and may be conducted for legally recognized purposes, such as:

- (i) liquidity support and market efficiency;
- (ii) retention for subsequent uses, including as consideration in extraordinary transactions, such as disposals, exchanges, or other acts of disposition involving shares, or in connection with convertible bonds or warrant bonds;
- (iii) use in compensation plans based on financial instruments benefiting the Group's Directors, employees or collaborators. They may also be distributed as free shares to shareholders, in accordance with Article 114-bis of the T.U.F.

The authorized purchases shall be conducted at a unit price that must not be lower than 20% below the official price recorded on the Stock Market in the trading session prior to the purchase, and not higher than 10% above the official price recorded on the Stock Market in the trading session immediately before the purchase, in compliance with the terms and conditions

established by the Delegated Regulation (EU) 2016/1052 and current market practices. As at June 30<sup>th</sup>, 2024, the Company did not hold any treasury shares.

Further information is provided in the Directors' proposal for the authorization to purchase and dispose of treasury shares, as approved by the Shareholders' Meeting on October 27<sup>th</sup>, 2023, available on the Company's website in the Governance / Shareholders' Meeting section.

#### **j) Management and coordination activities (in terms of Art. 2497 of the Civil Code)**

The Company is not subject to any management control or coordination by other companies.

The information required by Art. 123-bis (1) (i) of the T.U.F. is reported in the Remuneration Report and in Section 8.1. of the Corporate Governance Report. Information on the appointment and substitution of Directors, pursuant to Art. 123-bis (1) (l) of the T.U.F. is provided in Section 4.2 of this Report, while the information required in the second part of Art.134-bis is detailed in Section 13.

### **3. COMPLIANCE (pursuant to Art.123-bis(2)(a), of the T.U.F.)**

The Company adopted the Corporate Governance Code, as approved by the Corporate Governance Committee in January 2020. The Corporate Governance Code is available at the link <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020eng.en.pdf>.

The governance model adopted by the Issuer takes into consideration its size, shareholders base, industry, and the complexity of its operations. Any exemption to the Code is motivated in the dedicated sections of the Report, detailing why a different system was adopted and which corporate body approved such exemptions.

The governance structure adopted by the Issuer is not influenced by any non-Italian legal provisions, either for the Parent Company or its relevant subsidiaries.

## **4. BOARD OF DIRECTORS**

The Shareholders' Meeting resolution of October 28<sup>th</sup>, 2013 amended the Company's Articles of Association to ensure compliance with Legislative Decree no. 272010 and the Law 120/2011.

### **4.1 Role of the Board of Directors**

The Board of Directors has the exclusive responsibility for the management of the Company, carrying out all acts deemed necessary to achieve the Group's objectives.

Pursuant to Principles I, II, III and IV of the Code, the Board of Directors:

- pursues the Group's sustainable success;
- develops strategies at both Company and Group level aimed at pursuing the sustainable growth, closely monitoring their implementation;
- determines the most efficient corporate governance framework that aligns with the Group's business and strategic

objectives, within the powers granted by the Law. It regularly assesses the governance system, recommending any necessary amendments to the Shareholders' Meeting, when required;

- encourages and facilitates the most effective forms of communication with shareholders and other key stakeholders.

The Board of Directors is granted full authority over the Company's ordinary and extraordinary administration, as specified in Article 20 of the Articles of Association. This authority enables the Board to perform all actions necessary to achieve the corporate mission, except for those actions specifically reserved for the Shareholders' Meeting by law. According to the Company's Articles of Association, the Board of Directors is entrusted with the following powers:

- a) the possibility to appoint an executive committee, defining its terms of office, the scope of its powers and the remuneration of its members;
- b) the definition of the remuneration for each Director and for the Chief Executive Offices, following a preliminary review by the Board of Statutory Auditors;
- c) the establishment of consulting committees, defining their powers, responsibilities and operating procedures;
- d) to report to the Company's shareholders during the Shareholders' Meetings;
- e) to regularly report to the Board of Statutory Auditors about its activities, detailing the most significant actions carried out at each period.

Pursuant to the Articles of Association and in line with Recommendation 1 of the Code, the Board of Directors has sole responsibility for:

- a) reviewing and approving the strategic plans for the Company and the Group, monitoring their implementation, and ensuring that they take into account the relevant issues for the Group's long-term value creation;
- b) defining the corporate governance structure for both the Company and the Group;
- c) assessing the nature and the level of risk that aligns with the Company's and Group's strategic objectives, considering all risks relevant to its medium/long-term sustainability;
- d) reviewing the organisational, administrative and accounting structures of the Company and its subsidiaries, focusing on compliance with the internal control and risk management systems (further details in Section 9 – Internal Control and Risk Management System);
- e) assigning and withdrawing the powers of attorney to the Chief Executive Officers, defining the scope and conditions for exercising these powers;
- f) reviewing the general operational performance of the Company and the Group, particularly in relation to potential conflicts of interest, using information from the Chief Executive Officers and the internal control and risks committee, and comparing actual results with forecasts;
- g) examining and pre-approving the significant transactions by the Company and its subsidiaries, especially those impacting the Group's strategy, profitability, and financial position, with particular attention to conflicts of interest and related party transactions;
- h) defining and adopting the Group's Corporate Governance rules;
- i) establishing the frequency with which the Chief Executive Officers must report to the Board;
- j) assessing its size, composition and functioning, along with that of its committees, at least once a year. Based on such assessment, the Board provides guidelines to the shareholders regarding the desired professional profiles for the next Board of Directors;
- k) providing relevant information about its composition for inclusion in the Corporate Governance Report, including

details on the professional backgrounds, role, their seniority and other characteristics of its members. According to Art. 1 of the Code, the Board reports on the meeting frequency and average duration, the Directors' individual attendance rates, and on the evaluation process for the functioning of the Board and its Committees;

- l) adopting specific procedures for issuing internal and external documents and information, particularly regarding insider information, based on proposals from the Chief Executive Officers and the Chairman of the Board, for both internal use and external communication, in particular for insider information (further details in Section 5 - Release of Corporate Information);
- m) providing guidelines on the maximum number of offices as Directors or as Statutory Auditors that its members can hold in other listed companies, financial companies, banks, insurance firms or other large companies (in Italy and abroad), given the required attendance to its Committees;
- n) approving any commitment with a duration exceeding five years;
- o) approving leases commitments with terms exceeding four years and any purchase of real estate properties.

The Chairman ensures that all relevant information and documents for resolutions falling within the scope of the Board's responsibilities are timely made available to the Directors and the Statutory Auditors before each meeting. The managers at both Group and the Company levels may be asked to attend Board meetings when specific information on the items on the agenda are required. During the reporting period, no managers attended any Board meeting.

Pursuant to the Board regulations, the Chairman is responsible for ensuring that all Directors receive adequate information about each item on the agenda with adequate notice prior to each meeting. For items related to the ordinary administration, relevant documents are usually provided to Directors at least two working days prior to the meeting, when available. For items requiring special confidentiality, particularly those involving insider information, the same notice period applies when feasible. For extraordinary activities, the Chairman has the discretion to adjust the notice period on a case-by-case basis. During the reporting period, all notice requirements were met without any exemptions due to confidentiality reasons.

The calendar of Board meetings convened to approve quarterly, and annual financial statements is communicated to the public with prior notice. The financial calendar is available on the Company's website under the Investor Relations section.

The Board of Directors has evaluated and deemed the organizational, administrative, and accounting structures of both the Company and the Group to be adequate. This assessment specifically focused on the internal control systems, risk management, and conflict of interest management. The evaluation was conducted with the assistance of the Control and Risk Committee, which monitored the regular functioning of the internal control system within its areas of responsibility.

Pursuant to Art. 21 of the Code, the Board of Directors performed its annual assessment on May 14<sup>th</sup>, 2024. The size, composition and operation of the Board and its committees were deemed appropriate for the Company's management and organizational needs. The evaluation assessed the Directors' professional background and managerial experience. As at the date of the assessment, the Board was composed of eight Directors, of whom four were Non-Executive Directors. Three out of the Non-Executive Directors were independent, pursuant to the criteria set in Art. 148 (3) of the T.U.F. and the Code. The Board was not assisted by any external consultant during such assessment. The Board of Statutory Auditors monitored the process as part of its responsibilities, ensuring the proper application of the criteria and procedures related to the Directors' independence.

Before the appointment of new members, the Board of Directors issues its guidelines to the Company's shareholders, detailing the professional and managerial skills required for the roles, based on its assessment. On July 3<sup>rd</sup>, 2023, the outgoing Board

provided its guidelines on the ideal managerial and professional roles to be appointed during the Shareholders' Meeting on October 27<sup>th</sup>, 2023.

On October 27<sup>th</sup>, 2023, the Shareholders' General Meeting approved the Board of Directors' annual remuneration, amounting to Euro 1,200,000.000. The individual remuneration for each Director was determined by the Board after a preliminary review by the Board of Statutory Auditors and the Remuneration Committee. The Company implemented a Remuneration Policy for Executive Directors, that includes performance-based incentives tied to short-term and medium- to long-term objectives.

Details on the remuneration and fees paid to Board members as of June 30<sup>th</sup>, 2024 are provided in the second section of the Remuneration Report.

The Board of Directors monitors the Group's operating performance on a quarterly basis, by comparing actual and forecasted results.

The Board of Directors has established a procedure for managing significant transactions and transactions where a Director has an interest. Significant transactions, which require prior approval from the Board of Directors (including binding preliminary agreements and framework agreements), include:

- a) mergers, spinoff, disposals, and acquisitions of equities, companies or business units, in any form;
- b) investments in property, plant and equipment exceeding 1 million Euro per transaction;
- c) leases (or sub-leases) for property or leases (or sub-leases) of companies or business units, with terms longer than nine years or amounts above 1 million Euro per transaction;
- d) settlements of judicial and non-judicial disputes involving amounts greater than 1 million Euro;
- e) disposals of operating assets for a total value exceeding Euro 1 million per transaction;
- f) loans or grant of guarantees to third parties exceeding Euro 3 million, when done in the interest of / for the benefit of companies (associations, foundations, consortia and other entities) that are directly or indirectly controlled by the Company; or loans or grant of guarantees exceeding Euro 500 thousand when done in the interest/for the benefit of third parties;
- g) purchase commitments for goods or services and/or agreements for the purchase or supply of assets or services, as well as grant funding, not involving investments in intangible assets. All commitments requiring the joint signature of the two Chief Executive Officer.

To streamline the Group's operations, transactions at point d) and g) can be executed by the Chief Executive Officers, who will report to the Directors and Statutory Auditors in advance. The transactions will only subsequently be ratified by the Board of Directors.

In accordance with the applicable Laws, regulations and the Articles of Association, the Board of Directors is responsible for the preliminary review and the approval of all transactions where one or more Directors have a direct or indirect interest.

The Board of Directors is also responsible for the preliminary approval of all related party transactions performed by the Group's subsidiaries. On November 11<sup>th</sup>, 2010, the Board approved the Group's Transaction with Related Parties Procedure, which adopted the amendments introduced by Consob Resolution n. 17221 of March 12<sup>th</sup>, 2010. The procedure establishes general criteria for identifying significant transactions with related parties. An updated version of the Procedure was approved by the Board of Directors on June 29<sup>th</sup>, 2021, incorporating the latest updates on the subject. Such procedure is available in the Governance/Documents and Procedures section of the Company's website at [www.digitalbros.com](http://www.digitalbros.com).

During the Reporting Period, the Board of Directors did not submit to the Shareholders' Meeting any amendment to the Group's corporate governance system.

On February 10<sup>th</sup> 2022, the Board adopted the Group's Shareholders Engagement Policy, formalizing the procedures for encouraging and managing the communication with shareholders, investors and other key stakeholders, pursuant to Art. 1, Recommendation 3 of the Code. Further information is provided in Section 12 'Relations with Shareholders' of this Report, as well as in the Sustainability section of the corporate website.

The Shareholders' General Meeting authorised the possibility to derogate from the non-competition requirements pursuant to Art. 2390 of the Civil Code. The Board of Directors did not examine any matter of such a nature.

#### **4.2 Appointment and replacement of Directors (pursuant to Art. 123-bis (1)(l) of T.U.F.)**

Pursuant to Art. 16 of the Articles of Association, the Board of Directors of Digital Bros S.p.A. may be composed of a minimum of five up to a maximum of eleven members. The exact number of Board members is determined by the Shareholders' Meeting, while also ensuring compliance with the legal requirements for the minimum number of independent Directors.

The Shareholders' Meeting held on October 27<sup>th</sup>, 2023 resolved that the Board of Directors shall be composed of nine members. The Directors are appointed for a term of three fiscal years, expiring on the date of the Shareholders' Meeting convened to approve the financial statements as at June 30<sup>th</sup>, 2026. On January 24<sup>th</sup>, 2024, the Group's Director Lidia Florean passed away. On May 14<sup>th</sup>, 2024, the Board of Directors decided to abstain from co-opting a new Board member, as no consensus on a nominee was reached. On that occasion, the Board assessed that the current structure of eight members enables an effective management control of the Group given its current complexity and referred any further decision about the co-option to the Shareholders' Meeting convened for October 28<sup>th</sup>, 2024.

In accordance with Art. 16 of the Articles of Association, the Board of Directors is appointed by the Shareholders' Meeting, based on candidates lists submitted by shareholders. These lists must present a sequential order of candidates to ensure that minority shareholders have the opportunity to elect a Board member. Candidate lists may be submitted by shareholders or groups of shareholders holding a stake of the share capital at or above the legal threshold set by the applicable Laws and by the Issuers' Regulation. The legal threshold for the corporate bodies' renewal was set at 4.5% of the share capital, as stipulated by Consob decision no. 83 of July 20<sup>th</sup>, 2023. Each shareholder, or shareholders belonging to a voting syndicate, cannot submit more than one list, either directly or through a third party or trust company. Candidates can only be included in one list; otherwise, they will be ineligible.

Candidate lists shall be signed by the submitting shareholders and filed at the Company's registered office within the deadlines provided by the Law. Along with the list, the following documents shall be submitted within the same deadlines:

- a statement from each candidate accepting their nomination and an affidavit declaring that there are no reasons for ineligibility or incompatibility and that they meet all legal and statutory requirements for the office.
- curricula vitae for each candidate, detailing their personal information, professional experience, and, if applicable, their independence.
- certification from an authorized broker confirming that the submitting shareholders meet the required shareholding. This certification can be submitted at a later date, up to the deadline provided by the T.U.F.



Any list failing to meet the above-mentioned requirements will be disregarded. Directors shall be elected as follows:

- Directors are elected from the list that receives most votes, following the sequential order in which candidates appear on the list, depending on the number of Directors appointed by the Shareholders' Meetings. This is valid for all but one of the available seats, pursuant to the applicable regulations on gender balance;
- the first candidate on the second-most-voted list who meets the independence criteria will be appointed to the Board. Lists that do not meet at least 50% of the required votes for submission will be disregarded.

Following the above-mentioned procedure, if the appointed Board members do not meet the gender-equality requirements in force at the time of the election, the candidate of the more-represented gender who was last elected (based on the sequential order of the list with the most votes) shall be replaced by the first candidate of the under-represented gender from the same list. Such process will be repeated until the gender-equality requirement is met. If the procedure does not achieve a gender-equal Board, the Shareholders' Meeting will authorize the appointment of a director from the under-represented gender by a relative majority vote from a list of candidates of that gender.

Should a single list be presented, all Directors shall be elected from such list, provided it received the majority of the votes, still complying with the gender-equality regulations in force. Should no lists be submitted, or should no Director be appointed for whatever reason, the Directors will be appointed by a Shareholders' Meeting resolution, adhering with the legal majority requirements and the gender-equality regulations. In cases where the entire Board is not renewed, the resolutions of the Shareholders' Meeting must comply with legal majority requirements and gender-equality regulations, bypassing the aforementioned list-based process.

The candidate lists are published on the Company's website in the Governance/Shareholders' Meeting section.

Pursuant to Art. 17 of the Articles of Association, if the Shareholders' Meeting does not appoint a Chairman, the Board of Directors is responsible for appointing one from among its members.

The Board of Directors can delegate part or all of its powers to one or more Chief Executive Officers and/or to an Executive Committee, within the legal provisions and the Articles of Association.

Pursuant to Art. 16 of the Articles of Association, if the majority of the Directors leave office, the entire Board is considered to have resigned. In this case, the remaining Directors must convene a Shareholders' Meeting to appoint a new Board of Directors. The outgoing Directors will continue to serve until the new Board is elected.

No mechanism is in place to ensure the election of the minimum number of independent Directors required by Law. A procedure is in place to ensure compliance with the gender equality provisions, pursuant to Art.1 par.302, 303 and 304 of Italian Law no. 160/2019 ("2020 Budget Law").

The Articles of Association do not provide for any additional independence requirement in addition to the provisions at Art. 148 of the T.U.F..

No additional legal provisions apply to the composition of the Board of Directors, other than the T.U.F..

Section 7 – Directors Evaluation and Succession – Nomination Committee provides further details on the role of the Board of Directors and its Committees in the Directors' evaluation, nomination and succession process.



#### 4.3 Composition of the Board of Directors (pursuant to Art. 123-bis (2) (d) (d-bis) of the T.U.F.)

Pursuant to Art. 16 of the Articles of Association, the Company is managed by a Board of Directors composed of a minimum of five up to a maximum of eleven members. The Shareholders' General Meeting should define the number and the duration of the terms of office of the Board members before their appointment.

The Directors shall meet the legal requirements in force at the time of their election. The minimum number of Directors who fulfil the independence criteria is stipulated by law.

##### *Composition of the Board of Directors*

As at June 30<sup>th</sup>, 2024, the Board of Directors is composed of eight members (four executive directors and four non-executive directors, three of which are independent). All the appointed members display adequate professionalism and expertise for the role (Principle V of the Code). The Board was appointed by the Shareholders' General Meeting on October 27<sup>th</sup>, 2023 and will remain in office until the approval of the financial statements as at June 30<sup>th</sup>, 2026. Only one list was submitted to the Shareholders' Meeting by Abramo Galante and Raffaele Galante, which represented 66.14% (9,435,548 shares) of the share capital.

The list of candidates was as follows:

<b>Name and last name</b>	<b>Office</b>
Carlotta Ilaria D'Ercole	Non-Executive/Independent Director
Lidia Florean	Non-Executive Director
Abramo Galante	Chairman and Chief Executive Officer
Davide Galante	Non-Executive Director
Raffaele Galante	Chief Executive Officer
Susanna Pedretti	Non-Executive/Independent Director
Stefano Salbe	Executive Director
Laura Soifer	Non-Executive/Independent Director
Dario Treves	Executive Director

The candidates were elected by 98.71% of the voting capital.

The independent Directors meet the requirements set out by Art. 147-ter of the T.U.F. and the additional requirements at Art. 2, Recommendation 7 of the Corporate Governance Code. Details about their seniority in office are provided in the Section 17 - Summary Tables.

As noted in Section 4.2 of this Report, former Director Lidia Florean passed away on January 24, 2024. The Board of Directors is currently composed of eight members. The decision regarding the co-option of a new member was deferred to the Shareholders' Meeting scheduled for October 28, 2024.

Short biographical notes about the Board members are provided below:

### **Carlotta Ilaria D’Ercole**

Born in Milan (Italy) on March 17<sup>th</sup>, 1976. Italian

Graduated in Law from Università degli Studi di Milano.

Global General Counsel of IRCA Group, with a twenty-year experience in top law firms (Bonelli Erede Lombardi), corporations (Snam S.p.A.) and global organizations (World Food Programme).

Proven experience in a variety of business and legal matters, such as legal risk assessment and management, transaction structuring and execution, mergers, acquisitions and joint ventures, contract negotiation and drafting, multi-jurisdictional legal analysis, regulatory compliance and investigations, litigation and arbitration.

### **Abramo Galante**

Born in Beirut (Lebanon) on April 20<sup>th</sup>, 1963. Italian.

Together with his brother, Raffaele Galante, he founded Digital Bros S.p.A. which has become one of Italian largest video game distributors. He is in charge of the Group’s Business Development Department.

He holds several offices in Digital Bros’ subsidiaries: Chairman and CEO of 505 Games S.p.A., Director for 505 Games Ltd., Chrysalide Jeux et Divertissement Inc., DR Studios Ltd., 505 Games Ltd., 505 Games Inc., 505 Go Inc., Ingame Studios a.s., 505 Mobile Inc., Seekhana Ltd. and 505 Games Australia Pty Ltd.. He also serves as Sole Director for Avantgarden Srl, Hook s.r.l., 505 Mobile S.r.l., Game Entertainment S.r.l., Kunos Simulazioni S.r.l and Supernova Games Studio S.r.l..

### **Davide Galante**

Born in Damascus (Syria), on January 11<sup>th</sup>, 1933. Italian.

Founded Digital Bros S.p.A. with his sons, Abramo and Raffaele Galante, while continuing to carry out entrepreneurial and commercial activity in the fashion industry.

### **Raffaele Galante**

Born in Beirut (Lebanon) on May 7<sup>th</sup>, 1965. Italian.

Together with his brother, Abramo Galante, he founded Digital Bros S.p.A.. He is in charge of the Group’s Sales and Marketing Department.

He holds several offices in Digital Bros’ subsidiaries: Director for Digital Bros S.p.A., 505 Games S.p.A., 505 Games Ltd., Chrysalide Jeux et Divertissement Inc., DR Studios Ltd., 505 Go Inc., 505 Mobile Inc., Game Network S.r.l., 505 Games US Inc., Sole Director for Game Service S.r.l., Digital Bros Asia Pacific Ltd., Digital Bros China, Digital Bros Japan K.K. and Digital Bros Game Academy S.r.l..

### **Susanna Pedretti**

Born in Milan (Italy) on July 26<sup>th</sup>, 1977. Italian.

She has a Law degree from the Università degli Studi di Milano. Member of the Milan Bar Association since 2005.

Founding partner of Auditability S.r.l. Benefit Company, a consulting company specialized in “governance compliance and sustainability”, internal control and risk management systems for industrial and commercial companies and the non-profit organization. She is specialized about compliance pursuant to Legislative Decree 231/2001, in particular in the pharmaceutical and medical sector.

She is an Independent Director in the following companies listed on regulated markets: Technoprobe S.p.A.\*, Fine Foods & Pharmaceuticals N.T.M. S.p.A. \*, Beewize S.p.A. \* where she is chairman or member of the Control and Risks, Sustainability, Remuneration and Related Parties committees. She also serves as Chairman/member of several Supervisory Bodies pursuant to Legislative Decree 231/2001 in other commercial and industrial companies.

### **Stefano Salbe**

Born in Milan (Italy) on March 10<sup>th</sup>, 1965. Italian.

He has a degree in Business Economics from Università Bocconi, in Milan.

He began his career in 1990 as an auditor with Deloitte & Touche. In 1995, Stefano became Group Financial Analyst at Eaton Automotive. From 1996 to 2000, he served as Chief Financial Officer of Austin Italia Group. Since 2000, he is CFO for Digital Bros Group, Director of 505 Games S.p.A., 505 Games Interactive Inc., 505 Games Mobile US Inc., Chrysalide Jeux et Divertissement Inc. and liquidator for 505 Games Spain Slu and 505 Games GmbH.

### **Laura Soifer**

Born in Buenos Aires (Argentina), on December 10<sup>th</sup>, 1974. Italian and Argentinian dual citizenship.

She graduated in Business Economics from Università Luigi Bocconi, Milan. Qualified as a Chartered Accountant and Auditor in 2010.

Following several experiences as a consultant in the Management Control system development, design and implementation team at companies operating in the manufacturing, pharmaceuticals, textiles and service sectors, since 2009, she is an associate at Studio Commercialisti Fumagalli e Codega. She teaches Management Accounting in the Economics department of Università Cattolica di Milano.

Since 2019, she has been an independent director of Orsero S.p.A.\*. Since October 2023 she serves as Statutory Auditor of Mediobanca Premier S.p.A.\*.

### **Dario Treves**

Born in Milan (Italy) on March 2<sup>nd</sup>, 1968. Italian.

Graduated in Law from Università degli Studi di Milano. Member of the Milan Bar Association and counsel to the Corte di

Cassazione.

He has served Digital Bros Group since 1999 and holds the position of General Counsel.

He is the owner of a law firm with specific expertise in civil, procedural and bankruptcy law.

The companies marked with an asterisk (\*) in the above list are either listed on regulated markets in Italy or abroad, or they operate in finance, banking or insurance, or they have a significant size and are not part of the Issuer's Group.

Each member of the Board of Directors is required to make informed and independent decisions aimed solely at creating value for shareholders. They must also inform the Board of any directorship or statutory auditor position held in other companies listed on regulated markets, whether in Italy or abroad, as well as in financial, banking, insurance, or significant-sized companies.

There have been no additional changes in the composition of the Board since the reporting date.

*Diversity criteria and policies in the composition of the Board and within the Group*

Since the appointment of the corporate governance bodies in 2015, the composition of the Board of Directors and the Board of Statutory Auditors has always complied with the gender balance requirements set by the Italian Law no. 160/2019 ("2020 Budget Law"), by the T.U.F., and by the Civil Code. The 2020 Budget Law at Art. 1, par. 301, 302 and 303 introduced amendments to Articles 147-ter, par. 1-ter, and 148, par. 1-bis, of the T.U.F., which required listed companies to allocate at least one-third of the seats of their corporate bodies to the least-represented gender. The 2020 Budget Law increases the quota reserved to the least-represented gender to at least two-fifths of the seats. Pursuant to Art. 16 of the Articles of Association, all lists with at least three candidates shall include both genders, so that the (rounded-up) number of members from the least represented gender shall meet the minimum percentage required by the gender-equality law in effect at the time of appointment. As of June 30<sup>th</sup>, 2024, three women and five men served as Digital Bros' Directors, following the death of Director Florean. Decisions about the co-option of a new member were referred to the Shareholders' Meeting of October 28<sup>th</sup>, 2024.

The Company has established additional diversity criteria for the composition of the Board of Directors beyond the mandatory gender balance requirements, such as the age and the educational and professional background of Directors. Such additional criteria consist of the following:

- a) competence in the sector in which the Group operates;
- b) entrepreneurial and managerial experience;
- c) international experience, with focus on foreign markets;
- d) expertise in control and risk management systems, with specific knowledge in administrative, accounting, and financial matters;
- e) competence in sustainability, social responsibility, and innovation;
- f) expertise in corporate governance matters (audit, legal, corporate, remuneration, etc.).

Further information is provided in the Board's guidance to the shareholders upon the Board renewal, available on the corporate website in the Governance/Shareholders' Meeting/Shareholders' Meeting October 27<sup>th</sup>, 2023 section.

The appointed Members of the Board of Directors meet the above-mentioned characteristics as well as the diversity

requirement, as reported in Section 17 - Table 2.

The Group has not implemented a specific diversity policy for its finance and control departments due to their limited size. However, the Group's commitment to diversity and inclusion is reflected in its broader ESG Policy, which explicitly rejects discrimination based on gender, sexual orientation, race, religion, political or trade union affiliation, language, national origin, age, or disability. The Group ensures that its HR processes, including management, recruitment, training, professional development, remuneration, and welfare systems, promote equal opportunities for all employees. The Group is committed to maintaining equality, addressing pay gaps, enhancing and embracing diversity among its workforce.

#### *Maximum number of offices that may be held in other companies*

Pursuant to the provisions of the Code regarding the role and effectiveness of the Board of Directors, the Company has determined that Board members may not serve on the boards of more than five listed companies, whether in Italy or abroad, as well as in companies within the financial, banking, or insurance sectors, or in companies of significant size. Upon accepting their position, Directors are expected to commit sufficient time to the diligently fulfil their duties. Positions held in the Group's subsidiaries are not included in the calculation of the maximum limit for external positions that Board members may hold.

The current composition of the Board of Directors is consistent with the criteria above.

#### **4.4 Functioning of the Board of Directors (pursuant to Art.123-bis (2) (d) of the T.U.F.)**

On February 10<sup>th</sup>, 2022, the Board of Directors of Digital Bros adopted the "Regulation of the Board of Directors" (the "**Regulation**"), which outlines the procedures governing the Board's activities, including how meeting minutes are drafted and how information is managed and disseminated to Directors, in compliance with the Laws, regulations, the Articles of Association and the Code. The Regulation also applies to the Board's Committees, unless explicitly stated otherwise. Each Committee also adopted its own regulations, which outline their composition, functions, and procedures for calling and conducting meetings.

In particular, the Regulation defines:

- a) the procedures for calling Board meetings: the Board of Directors is convened by the Chairman according to the yearly schedule, at least once every three months, or whenever deemed necessary. The Board of Directors is convened also following a written request submitted by at least three members. The procedures and timing for calling meetings shall comply with the Articles of Association;
- b) the management of information: the Board Secretary provides Directors and Statutory Auditors with relevant documentation and information at least two calendar days prior to scheduled Board meetings, ensuring maximum confidentiality. In exceptional cases where these deadlines cannot be met or documentation needs to be presented during the meeting, the Chairman ensures that all Directors and Statutory Auditors receive adequate information during the meeting itself. Sufficient time is allocated for thorough analysis and discussion of each agenda item;
- c) drafting of minutes: the minutes of the Board meetings are prepared by the Secretary or his designated substitute and signed by both the Chairman and the Secretary (or the individual acting in that capacity). A draft of the minutes is then circulated to all Directors for review. Upon approval, the Secretary records the final version in the Board's Book of Meetings and Resolutions.

During the reporting period, the Group complied with the above-mentioned provisions. Minutes have been drafted and timely approved- Directors have always been timely and adequately informed before each Board meeting.

Further details on the activities carried out by the Board of Directors during the reporting period are provided in Section 4.1. Section 17-Table 2 details the attendance rates for each meeting.

During the fiscal year, the Board of Directors was called ten times, with an average duration of around one hour. Six meetings are scheduled for the fiscal year ending June 30<sup>th</sup>, 2025, two of which already completed.

#### **4.5 Role of the Chairman of the Board of Directors**

The Board of Directors appoints the Chairman from among its members, unless the Shareholders' Meeting designates the Chairman during the appointment of the new Board of Directors.

The Chairman leads Board meetings. In his absence, the Chief Executive Officer, or another Director appointed by the remaining members, presides over the meetings. The Chairman also leads the Shareholders' Meetings and fosters the effective functioning of the corporate governance system, ensuring a balance of powers among the different corporate bodies.

The Chairman promotes and coordinates the Board of Directors to align with the company's best interests. The Chairman is responsible for convening Board meetings, setting the agenda, coordinating discussions, and ensuring that all Directors receive adequate information regarding agenda items. Additionally, the Chairman has the authority to propose Board resolutions.

The Chairman ensures that sufficient time is allocated for discussion of each agenda item during Board meetings. He:

- (i) invites the managers responsible for corporate functions relevant to specific agenda items to attend Board meetings, consulting with the CEO or at the request of other Directors;
- (ii) ensures that all relevant information is provided to Directors in a timely and appropriate manner, enabling them to perform their duties with the necessary knowledge and context.

The Chairman promotes the involvement of Directors and Statutory Auditors in initiatives that enhance their understanding of the industry, including competitive dynamics, their evolution, and key principles for effective risk management, all aimed at achieving the Group's sustainable growth.

The Chairman ensures that the Board's self-assessment process is adequate and transparent.

Following the adoption of the Shareholders Engagement Policy, the Chief Financial Officer (CFO), who also serves as the Investor Relations manager, is responsible for maintaining adequate communication between the company and its shareholders, analysts, and brokers. After holding meetings with these stakeholders, the CFO reports on the discussions and outcomes at the next Board of Directors meeting.

#### *Secretary of the Board of Directors*

The Board is assisted by a Secretary ("**Secretary**") in the organization of its work, in accordance with the Articles of Association. The Secretary is appointed upon proposal by the Chairman of the Board of Directors.

Pursuant to the Board Regulation, the Secretary must possess adequate professional qualifications and provide impartial

assistance and advice to the Board on all aspects relevant to the proper functioning of the corporate governance system.

The Secretary is responsible for offering impartial advice and support to the Board regarding the effective functioning of the corporate governance system. In alignment with Recommendation No. 18 of the Corporate Governance Code, the Secretary assists the Chairman and the Deputy Chairman, if appointed, in ensuring the Board operates smoothly. This entails ensuring that all information provided to Board members prior to meetings is accurate, complete, clear, and unbiased. He coordinates the activities of the Board Committees with the overall activities of the Board of Directors.

On November 9<sup>th</sup>, 2023, the Board of Directors appointed the Executive Director Dario Treves as its Secretary.

#### **4.6 Executive Directors**

For more than a decade, four Executive Directors have served the Company, each with specific tasks and responsibilities. The two main shareholders are also active members of the Board. All significant transaction (i.e. Above Euro 5 million) require their joint signature. The other two Executive Directors are the CFO and the General Counsel. The CFO oversees the finance department, the investor relations function and the management system of the Group, the General Counsel is responsible for all corporate affairs and legal activities.

This structure has proven to be efficient and effective overtime, with clear roles assigned to each Executive Director. Therefore, the Company decided to maintain its governance structure unchanged, with the Chairman and Chief Executive Officers entrusted with significant management powers and the CFO as the Director in charge of the internal control and risk management system.

#### **Chief Executive Officers**

Abramo Galante and Raffaele Galante have been appointed Chief Executive Officers (“CEOs”).

On November 9<sup>th</sup>, 2023, the Board of Directors granted the CEOs the authority for the legal representation of the Company with signing powers, to allow for greater flexibility in the Group’s operations. The granted authority includes all operations, except for those explicitly reserved for the Board by law, the Articles of Association, or a specific Board resolution.

#### **Chairman**

Abramo Galante was appointed as Chairman of the Board of Directors by the Shareholders’ Meeting on October 27<sup>th</sup>, 2023.

In accordance with the Law and the Articles of Association, the Chairman possesses the power of attorney for the Company and has the authority to sign all legal transactions. The Chairman has also been appointed as Chief Executive Officer, taking on primary responsibility for managing the Group. The Chairman is not a controlling shareholder of the Company.

#### **Executive Committee (pursuant to Art.123-bis, (2) (d) of the T.U.F.)**

No Executive Committee has been established.

#### **Reporting to the Board**

The CEOs shall periodically report to the Board of Directors on the activities they have performed pursuing their delegated powers, as provided by Article 2381 of the Civil Code. This includes providing detailed information to the Board and the

Statutory Auditors about significant operations and financial transactions carried out by the Company or its subsidiaries. It also covers atypical or unusual transactions, transactions with related parties, and any transactions that may involve potential conflicts of interest, particularly the ones that are not subject to direct review and approval by the Board of Directors.

During the Reporting Period, the CEOs consistently reported to the Board on the activities conducted under their authority and provided updates on significant transactions. These reports were presented either at the first Board meeting following the completion of the transactions or at least on a quarterly basis.

#### **Other executive directors**

The other executive Directors are:

- Stefano Salbe who serves as the Group Chief Financial Officer, as the Director in charge of the internal control and risk management system and as financial reporting manager. He also serves as a Director of 505 Games S.p.A., 505 Games Inc., 505 Mobile Inc and Chrysalide Jeux et Divertissement Inc. and as liquidator for 505 Games GmbH and 505 Games Spain Slu;
- Dario Treves who serves as the Group's General Counsel.

#### **4.7 Independent Directors and Lead Independent Director**

##### **Independent Directors**

The Board of Directors appointed by the Shareholders' Meeting on October 27<sup>th</sup>, 2023, includes three independent Directors. The number and authority of the non-executive and independent Directors ensure that their perspective significantly influence the decision-making process. Non-executive and independent Directors contribute with their specific professional expertise during the Board meetings and its committees, providing valuable insights to the Board resolutions, aligning with the Company's best interests. Pursuant to Art. 148, paragraph 3 of the T.U.F. and Art. 3 of the Corporate Governance Code, the Board assessed the independence of Directors Carlotta Ilaria D'Ercole, Susanna Pedretti and Laura Soifer. The Directors confirmed their independence pursuant to Art. 148, paragraphs 3 and 4 of the T.U.F. and the outcome of the assessment was included in the press release disseminated on November 9<sup>th</sup>, 2023.

The assessment of independence was conducted in accordance with the Code, adopting a prudent approach. To maintain objectivity, each independent Director abstained from voting during their own independence evaluation. The Board performed a comprehensive review of any relationships that could potentially pose a risk to the Directors' independence, relying on information supplied by the Directors themselves as well as any other relevant data available.

The Board concluded that none of the existing relationships compromised the Directors' ability to act independently, also considering their professional expertise. Additionally, the Board established specific qualitative and quantitative criteria to assess the independence of the Directors. For this purpose, a relationship with the Company is deemed significant if, in the current or previous fiscal year, the total remuneration received by the Director for services rendered is either double the amount of the standard compensation for their role as Director or exceeds 30% of their total annual income.

Independent Directors are expected to remain independent throughout their tenure and shall immediately inform the Board if any situation arises that could potentially undermine their independence.



The Board conducts an annual assessment of the persistence of independence requirements. On May 14<sup>th</sup>, 2024, the Board evaluated the independence of Directors D'Ercole, Pedretti, and Soifer, based on all relevant information provided by the independent Directors, as well as the criteria established by the T.U.F., the Code, and the above-mentioned qualitative and quantitative criteria.

The Board of Statutory Auditors oversaw the process to ensure the proper application of the criteria and procedures adopted by the Board of Directors, without any remarks.

The participation of independent Directors in Board meetings fosters a genuinely impartial perspective when assessing potential conflicts of interest between the Company and its controlling shareholders.

### **Lead Independent Director**

On November 9<sup>th</sup>, 2023, the Board of Directors appointed Laura Soifer as Lead Independent Director, in line with the previous term. In compliance with Recommendation no.13 of the Code, the Lead Independent Director is entrusted to the powers at Recommendation no. 14 of the Code, such as:

- a) acting as a point of reference and serving as a central figure for coordinating the requests and contributions from non-executive and independent Directors;
- b) collaborating with the Chairman to ensure that Directors receive complete and timely information;
- c) coordinating independent Directors' meetings.

## **5. DISSEMINATION OF CORPORATE INFORMATION**

The Company implemented a procedure for the internal management and external communication of corporate documents and information, particularly focusing on privileged information. In accordance with Article 152-bis and subsequent articles of the Issuers' Regulations, the Company adopted an *Inside Information Procedure* to ensure the proper identification, handling, and communication of privileged information to the market, thereby preventing insider trading and market manipulation. On October 2<sup>nd</sup>, 2019, the Board of Directors approved an updated version of this procedure to incorporate changes from the EU Regulation 596/2014 ("**MAR Regulation**"). The Inside Information Procedure:

- (i) establishes the criteria, responsibilities and procedures for identifying inside information. This includes mechanisms to safeguard confidentiality, even for information that is not yet precise but may become privileged when it meets the necessary precision criteria (relevant information);
- (ii) outlines all obligations and prohibitions related to accessing inside information and the creation of potential inside information, emphasizing the personal responsibility of each insider or informed person in understanding and complying to their duties;
- (iii) manages the communication of privileged information to the public, detailing how the Company shall handle communication delays, clarifying the roles and responsibilities of the parties involved in the process;
- (iv) outlines the process for maintaining the lists of people who have access to inside information, including a section for those with permanent access to all privileged information.

On September 13<sup>th</sup>, 2016, the Board of Directors approved its Internal Dealing procedure (amended on September 12<sup>th</sup>, 2017)

which:

- a) defines operational frameworks, principles and interpretative criteria concerning internal dealing and blocking periods;
- b) outlines the penalties for non-compliance with the relevant regulations, detailing the contractual liabilities and the potential contractual consequences for breaching such requirements.

Pursuant to Art. 2.2.3, paragraph 3 (P) of Borsa Italiana Regulations (applicable to companies listed on the Euronext STAR segment) and in compliance with the Internal Dealing procedure, insiders and closely related people are prohibited from undertaking any transaction before the information is made public. They should also refrain from all transactions in the 30 days preceding the Board meetings for the approval of quarterly or annual financial statements, for the discussion of the proposals for the disbursement of advances on dividends, for the approval of preliminary results and for the proposals concerning the dividend to shareholders. Such obligation does not apply to the purchase of shares under stock-option and stock-grant plans, without prejudice to the obligation not to sell these shares during the designated periods.

The above-mentioned procedures are available in the Governance/Documents and Procedures section of the corporate website.

## **6. INTERNAL COMMITTEES OF THE BOARD (pursuant to Art. 123-bis (2)(d), of the T.U.F.)**

On November 9<sup>th</sup>, 2023, the new Board of Directors established the Nomination Committee, the Control and Risks Committee and the Remuneration Committee to support and streamline its duties. Given the limited complexity of the Company's related parties transactions, the Board of Directors decided to assign the functions that were previously managed by the Related Parties Committee to the Control and Risks Committee. The Control and Risks Committee in its role of Related Parties Committee, is convened only when needed and complies with the relevant provisions of the Code. The Board of Directors decided to postpone the establishment of an ESG Committee until after the completion of the Company's first sustainability report, which was prepared with the support of an external consultant, Deloitte & Touche S.p.A.. Once the activities related to the sustainability report are finalized, the Board will reassess the potential benefits of establishing an ESG Committee to further develop and support ESG initiatives and a sustainability plan, aligning with the Company's long term sustainability goals.

The Board of Directors has not retained any of the functions that the Corporate Governance Code suggests for specific committees.

Pursuant to Recommendation 17 of the Code, the Board selected the members appointed to each committee prioritizing their professional expertise, ensuring a balanced distribution of responsibilities and avoiding an excessive concentration of assignments.

The sections 7.2 - Nomination Committee, 8.2 - Remuneration Committee, 9.2 - Control and Risks Committee, 10 - Related Parties Committee, and 17 - Summary Tables of the Report provide further details about the composition and functioning of the committees.

The Regulation adopted by the Board of Directors also applies to its committees, where feasible. The Regulation outlines the

procedures for drafting and approving meeting reports and for disseminating the relevant information before the meetings. The Regulation defines the deadlines for providing information and outlines methods for protecting data and ensuring confidentiality, thus maintaining the timeliness and completeness of information flow. Additional details about the Regulation are provided in Section 4.4.

At the reporting date, all committees adopted their own regulations, outlining their composition, functions and governing procedures concerning their convening and their duties.

#### *Other committees*

No other committees have been established, other than those provided by the Law or the Code.

## **7. NOMINATION COMMITTEE**

### **7.1 Directors assessment and succession**

The Board performs a self-assessment at least every three years, evaluating its size, composition, and functioning before the appointment of a new Board of Directors. The assessment evaluates the Board's effectiveness in defining the Group's strategies, overseeing its management and ensuring the internal control and risk management systems are adequate.

During the Reporting Period, the Board last performed its self-assessment on May 14<sup>th</sup>, 2024. It reviewed the managerial and professional skills of its members (executive, non-executive, independent), particularly in light of the passing of Director Florean. The Board did not rely on external consultants. The Board resolved that its the current composition of eight members, with the three internal committees made up of independent Directors, ensures efficient operations given the size and complexity of the Group.

In compliance with the applicable laws and regulations, or as deemed necessary, the Board:

- provides guidance on the optimal composition of the Board before each renewal, both qualitatively and quantitatively, based on the outcome of its self-assessment;
- requires that, for any submitted candidate list with more than half of the eligible candidates, adequate information is provided about their compliance with the guidelines and the diversity requirements set out in Principle VII and Recommendation 8 of the Code. The submitted list should also indicate a candidate for the role of Chairman, in compliance with the Articles of Association.

The Board's orientation and guidelines for new members are published on the Company's website prior to the issuance of the Shareholders' Meeting Notice. These guidelines detail the required skills and the ideal managerial and professional profiles for Board members, considering the Company's specific characteristics, the diversity criteria outlined in Principle VII and Recommendation 8 of the Code, as well as the maximum number of directorships permitted under Recommendation 15 of the Code.

### **7.2 Nomination Committee**

On November 9<sup>th</sup>, 2023, the Board of Directors appointed the new members to the Nomination Committee.

*Composition and functioning of the Nomination Committee (pursuant to Art.123-bis (2) (d) of the T.U.F.)*

As of June 30<sup>th</sup>, 2024, the Nomination Committee is composed of three independent Directors: Carlotta Ilaria D'Ercole (Chairman), Susanna Pedretti and Laura Soifer. In the first part of the fiscal year, independent Director Sylvia Bartyan served as Chair of the Nomination Committee, before being succeeded by Director D'Ercole following the appointment of the new Board.

During the Reporting Period, the Nomination Committee held two meetings, with an average duration of one hour and thirty minutes. All members attended the meetings. The Committee has approved its own regulation, outlining its composition, functions, and the procedures for convening and conducting meetings. The Committee's Chairman is responsible for reporting on its activities at the following Board of Directors meeting.

#### *Functions of the Nomination Committee*

Pursuant to Recommendation 19 of the Code, the Nomination Committee supports the Board with:

- a) conducting the self-assessment of the Board and its committees, supporting the Chairman in ensuring the adequacy of the process and its transparency;
- b) defining the optimal composition of the Board and its committees;
- c) identifying the ideal candidates for the role of Directors in cases of co-optation;
- d) submitting a list of candidates before its renewal, complying with the procedures set out to ensure the transparency in the definition of the candidates;
- e) preparing, updating and implementing a succession plans for the Executive Directors.

## **8. DIRECTORS' REMUNERATION - REMUNERATION COMMITTEE**

### **8.1 Directors' remuneration**

The Shareholders' Meeting held on October 27<sup>th</sup>, 2023 defined a total remuneration for Directors of Euro 1,200,000 for the 2024-2026 three-year-period.

#### ***Remuneration policy***

On September 27<sup>th</sup>, 2023, the Board of Directors defined the Company's Remuneration Policy for executive and non-executive directors, as well as key management personnel.

On October 27<sup>th</sup>, 2023, the Shareholders' Meeting approved the Remuneration Policy as outlined in Section I of the Remuneration Report, pursuant to Article 123-ter, paragraph 3 of the T.U.F.. The Remuneration Policy is valid until the expiration of the current Board of Directors, and therefore until the approval of the financial statements as of June 30<sup>th</sup>, 2026.

The Remuneration Policy adopted aims to motivate executive directors and key managers to fulfil their roles and responsibilities achieving high-performance standards. It ensures an appropriate balance between the variable and fixed components, balancing short-term and medium- to long-term criteria to the remuneration. The purpose is to align the interests of executive directors and key managers with the Group's primary goal of creating long-term value for shareholders and ensuring the Group's long-term sustainability.

A significant part of the total remuneration for executive directors and key managers is linked to the financial results achieved

by the Issuer and the achievement of specific goals. This variable component consists of a percentage of the fixed salary, capped at a certain limit. The fixed salary is defined to cover the compensation in the event that the variable component is not achieved. Performance goals are set in advance and adjusted based on the Group's growth objectives, based on the suggestions received from the Remuneration Committee. The variable remuneration is paid following the Board's approval of the financial statements, a timing deemed suitable for the business and its risk profile. The Board of Directors is not allowed to grant one-time extraordinary bonuses.

The Board also introduced a medium/long-term variable component covering the period June 30<sup>th</sup>, 2021 - June 30<sup>th</sup>, 2027, benefiting Executive Directors and specific professional positions within the Group.

This medium/long term objective consists of a monetary incentive ("**LTI Objective**") linked to the growth of the Group's operating margin ("**EBIT**"). The LTI Objective is paid according to the following schedule: two-year for the first two tranches and three-year for the third incentive. The incentives shall be paid within 45 days from the Shareholders' Meeting approval of the financial statements as of June 30<sup>th</sup>, 2022 for the first tranche, as of June 30<sup>th</sup>, 2024 for the second tranche and as of June 30<sup>th</sup>, 2027 for the last period.

The LTI objective is set as a percentage of the Group's consolidated EBIT, decreased by Euro 17,500 thousand per year. The LTI is allocated to beneficiaries based on percentages based on their participation to the program. The LTI objective percentage increased from 6% in the first period to 12% in the final period, never exceeding the 5% of the consolidated EBIT for each period. The Board of Directors considers this LTI objective as a predetermined and measurable tool designed to drive medium/long-term value creation. Although there is no absolute cap, the percentage is constrained by the consolidated EBIT.

Contractual obligations provide that the Company may reclaim or withhold variable remuneration if there are errors in the base data. There are no indemnities for early termination of office or employment in place as at the Reporting Period.

The Remuneration Committee benchmarked the Remuneration Policy, comparing the overall remuneration of Executive Directors to peers and competitors, both in absolute terms and in terms of their pay mix. Further details are available on the corporate website under the Governance/Remuneration section.

### ***Remuneration of Executive Directors and key managers***

Details on the remuneration of Executive Directors and key managers are provided in the Remuneration Report, pursuant to Art. 123-ter of the T.U.F.. The Remuneration Report is available in the Governance/Remuneration section of the Company website.

### ***Share-based remuneration plans***

On January 11<sup>th</sup>, 2017, the Shareholders' Meeting approved the "2016-2026 Stock Options Plan" benefiting a limited number of the Group's Directors and key managers, which were identified by the Board of Directors.

The Stock Options plan is incorporated into the Remuneration Policy as a key tool for attracting, retaining, and motivating talented professionals, with an emphasis on generating medium/long-term value for stakeholders. For Executive Directors, the Stock Options Plan reinforces the Group's medium/ long-term objectives, particularly in the event of significant changes to the shareholder base in the future. This plan aligns the interests of Directors with the Group's long-term goals, encouraging their contributions to its growth. Additionally, it aims to incentivize key managers to join the shareholder base, fostering

stability and enhancing the Group's capability to address market challenges.

Under the 2016-2026 Stock Option Plan, options have a minimum vesting period of three years. Executive Directors must hold at least 20% of the shares resulting from the exercised option at each vesting period until the end of their mandate.

#### ***Remuneration of Non-Executive Directors***

The remuneration for non-executive Directors is fixed and not related to the Company's financial performance. It is set to reflect the experience, professional expertise, and the commitment required for their roles on the Board. Non-executive Directors do not participate in any share-based incentive plans. Their compensation is determined by a resolution of the Board.

#### ***Accrual and disbursement of remuneration***

The Remuneration Committee annually verifies whether the Executive Director and the key managers achieved the performance objectives set for their variable remuneration. Having confirmed the achievement of the goals, the short-term variable component (MBO) is paid following the Board approval of the draft financial statements. The medium/long-term variable component (LTI) is paid within forty-five days after the Shareholders' Meeting's approval of the financial statements for each vesting period.

#### ***Directors' indemnities in case of resignation, dismissal or departure as a result of a takeover bid (pursuant to Art. 123-bis (1) (i) of the T.U.F.)***

There are no agreements for indemnities in the event of Directors' resignation, dismissal, or termination without cause, nor in the case of departure as a result of a public takeover bid.

### **8.2 Remuneration Committee**

#### ***Composition and functioning of the Remuneration Committee (pursuant to Art. 123-bis (2) (d) of the T.U.F.)***

The Remuneration Committee was established on November 9<sup>th</sup>, 2023, and is composed of three independent directors: Carlotta Ilaria D'Ercole, Susanna Pedretti (Chairman) and Laura Soifer. Before the new Board was appointed on October 27<sup>th</sup>, 2023, Director Bartyan was a member of the Committee, subsequently replaced by Director D'Ercole.

The Board of Directors acknowledged the expertise of Director Susanna Pedretti on the topic of remuneration policies, as a result of her longstanding professional experience.

During the reporting period, the Committee met twice with an average meeting duration of one hour and thirty minutes. All members attended the meetings, along with the Board of Statutory Auditors. No Executive Directors nor any representative of key departments attended the meetings, especially those dedicated to formulating recommendations on their remuneration.

The meetings were minuted. The Chairman of the Committee reported on its activities to the next Board of Directors' meeting.

No changes in its composition occurred after the end of the fiscal year. The Committee has scheduled two meetings for the current fiscal year.

### ***Functions of the Remuneration Committee***

Pursuant to its regulation, and complying with the Corporate Governance Code, the Remuneration Committee is responsible for:

- a) submitting proposals about the remuneration policy for Directors and key managers to the Board of Directors, complying with the applicable law. The Committee shall periodically assess the adequacy, overall consistency and the effective application of the remuneration policy, based on the information provided by the Chief Executive Officers;
- b) submitting proposals and opinions on the remuneration and on the performance objectives related to the variable component to the Board of Directors, while also monitoring the proper application of such proposals and verifying the achievement of objectives;
- c) reviewing the annual Remuneration Report, ensuring its dissemination before the annual Shareholders' meeting convened for the approval of the financial statements;
- d) carrying out any additional tasks upon request by the Board of Directors.

No additional functions were assigned to the Remuneration Committee.

This Committee promotes transparency concerning the remuneration of the Chief Executive Officers and other senior executives, along with its assessment methodology. In accordance with Article 2389 (3) of the Civil Code, while the Remuneration Committee offers recommendations and opinions, the final decision remains with the Board of Directors, supported by the Board of Statutory Auditors.

Pursuing to the approved rules and procedures, the Committee meets at least twice a year, especially before the Board meeting for the approval of the Remuneration Policy.

During the reporting period, the Committee:

- approved its regulations, aligning with the Corporate Governance Code;
- submitted its proposals to the Board of Directors concerning the remuneration and fees paid, pursuant to the decision of the Shareholders' Meeting;
- assessed the management incentive plans and the performance objectives related to the MBO component for the fiscal year ending June 30<sup>th</sup>, 2024;
- assessed the overall consistency of the Remuneration Policy at Group level for the drafting of the Remuneration Report.

The Remuneration Committee could access all the available information to perform its duties.

The Board of Directors ensures the Remuneration Committee has the necessary resources to perform its functions, providing them upon request.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE**

The internal control and risk management system is the set of processes aimed at monitoring the efficiency of the company operations, the reliability of the financial information, their legal compliance and its assets protection. Complying with the Code, the Group's internal control system involves:

- a) the Board of Directors, which: sets the guidelines for the internal control system, aimed at identifying, measuring and monitoring the most relevant risks for the Company and its subsidiaries. The Board periodically assesses its adequacy and effectiveness, determines risk levels in line with strategic goals and approves the internal audit plan annually, using input from the Board of Statutory Auditors and the Executive Director in charge of the internal control and risk management system;
- b) the Chief Executive Officers, who implement the Board's guidelines, identifying the most relevant operating and financial risks, with the help of the Executive Director in charge of the internal control and risk management system;
- c) the Executive Director responsible for the internal control and risk management system, who monitors that the internal control system remains effective and operational, suggests risk-reduction measures, and improves company procedures;
- d) the Control and Risk Committee, which advises also on the proper use of accounting policies and their suitability for the consolidated financial statements;
- e) the Head of internal audit, who, coordinating with the Control and Risk Committee, monitors risks, prepares a work plan and reports on key findings to the Control and Risk Committee and the Executive Director responsible for the internal control.

The internal control and risk management system consists of rules, procedures, and organizational structures designed to ensure that the Company is managed effectively and fairly, pursuant to the pre-defined objectives. It involves identifying, measuring, managing, and monitoring the most relevant operating and financial risks. The risk management system also includes the internal control system related to the financial reporting process. The internal control system contributes to protecting the Company's assets, ensuring operations are efficient and effective, promoting the accuracy, reliability and timeliness of the financial reports and the compliance with laws and regulations.

The Board of Directors takes appropriate account of existing best practices and reference model related to the internal control system, at both national and international levels, adapting them to the complexity of the Group's processes and organizational structures.

To ensure the effective and proper application of the rules and procedures governing company information, Digital Bros has established an internal control system outlined in a Manual, which is regularly updated and approved by the Board of Directors. The Manual is disseminated to the different company units after any changes. It includes the most relevant procedures for Directors and key employees to fulfill internal control and risk management requirements.

The Manual illustrates all the main tools set up at Group level to meet internal control objectives:

- a) business planning and control: the structured system for the preparation of short and/or medium/long-term business plans and forecasts, as well as their regular monitoring;



- b) Legislative Decree 231/2001: the Group implemented a specific organisational model in compliance with the Legislative Decree 231/2001;
- c) the risk-identification procedure that defines the roles, functions and methods to identify, assess and monitor the main risks for the Group on an ongoing basis, in order to promptly intervene with corrective actions, when needed;
- d) accounting procedure: this includes the criteria used to ensure the reliability, completeness and timeliness of financial reporting, including compliance with the requirements of Legislative Decree 262/2005;
- e) manual of the Group's operating procedures, governing the main processes implemented by the Company and its subsidiaries.

*Main features of the Internal Control and Risk Management System relating to the financial reporting process in terms of Art. 123-bis(2)(b) of the T.U.F.*

#### Introduction

The process for the identification of financial reporting risks falls under the risk identification, management and internal control system, which ensures that the financial information is reliable, accurate and timely.

In line with the applicable regulations, Digital Bros aligned with the following guidelines to design, implement, monitor and update its Internal Control System related to the financial reporting process:

- 1) identification of the processes that involve financial and economic information;
- 2) risk identification and risk assessment;
- 3) identification of the appropriate control systems matching the identified risks and related periodical monitoring;
- 4) assessment of control mechanisms for mitigating the identified risks.

#### Stages of the Internal Control and Risk Management System relating to the financial reporting process

Risk identification is an ongoing process involving periodic coordination meetings between the Board of Director and first-level organisational functions. Their work is summarised in a risk matrix that is prepared and regularly reviewed by the Executive Director responsible for the internal control and submitted to the Control and Risks Committee. The risk matrix includes a description of each risk, a gross risk rating (based on a probability/impact matrix), the description of the mitigating factors and/or the procedures implemented to reduce and monitor such risk, and a final net risk rating.

Each risk summary outlines how the financial reporting process could be impacted by the inability to achieve the internal control objectives.

The two CEOs and the Executive Director responsible for the internal control jointly evaluate the completeness of the risk matrix and the associated rating assessment. The Board of Statutory Auditors oversees the risk assessment process. Risks with a high net rating, whether operational or related to the financial reporting, are detailed in a dedicated section of the consolidated financial statements.

The identified weaknesses and any areas for improvement outlined in this process are then used to plan the work of the internal control functions and to enhance the implemented control mechanisms, especially with regards to the financial reporting risks.

Each risk is assessed based on the specific impact on the Group's operations.

The assessment is based on the relevance of the potential impact of the risk on the Group's operations.

The Director responsible for the internal control evaluates these controls every six months and reports findings to the Board of Directors.

#### *Roles and functions involved*

The production and development of video games, as well as the publishing of video games developed by third parties, are carried out by the Parent Company and/or by the Italian subsidiaries. These activities are directly managed by the two Chief Executive Officers within the limits of the powers granted by the Board, either jointly or separate. The Board of Directors manages any activity concerning amounts exceeding the powers granted to the CEOs.

The homogeneity of the processes implemented at Group level, together with the use of a shared ERP platform across all subsidiaries, with automatic and preventive checks, ensures an effective control of the single entities, limiting the delegated power of individual subsidiaries and reducing potential fraud or errors in the financial reporting process. The CEOs grant payment proxies for smaller amounts to some specific key individuals, minimizing the risk of significant financial reporting errors.

The progressive digitization of the market led to a centralized acquisition process for content, production and marketing services, and sales, simplifying the organizational structure of local subsidiaries.

The shared ERP platform also enables:

1. the effective consolidation and standardisation of accounting policies, which is managed and monitored by the Parent Company through a well-established procedure;
2. the extension of the scope of Legislative Decree 262/2005 across the Group's companies and processes, facilitating the implementation of a Group-wide control mechanism.

Even though all relevant information is easily available at any time, the Parent Company requires each subsidiary to submit quarterly reports.

The Group's short-term planning and control processes are managed quarterly, with a structured system of coordination meetings involving the CEOs and the heads of the different operating segments and departments. The Group monitors the accuracy of these plans on an ongoing basis, through its business intelligence system and regular coordination meeting, at least one per quarter.

The medium-/long-term planning process involves a smaller group of individuals (Executive Directors and the heads of the operating segments) and is performed every six months, reviewing the planning process and detecting any deviation from the plan.

The short-term plans, together with the related variance analysis, are submitted every quarter for the review and approval by the Board of Directors. Long-term plans are submitted for the Board's approval every six months.

On September 14<sup>th</sup>, 2023, the Board of Directors performed its assessment of the Internal Control and Risk Management

System, finding it appropriate and effective for the business and its associated risk profile. The Board was supported by the Control and Risks Committee, which carried out ongoing evaluations of the functionality and effectiveness of the internal control system during its meetings.

### **9.1 Chief Executive Officer**

As detailed in Section 4.6, the Group has not appointed a Chief Executive Officer as recommended by the Code. The Company has maintained its existing structure, with the Chief Financial Officer serving as the Director in charge of the internal control and risk management system. Section 9.3.1. provides further details about his duties as the Director in charge of the internal control and risk management system.

### **9.2 Control and Risks Committee**

*Composition and functioning of the Control and Risk Committee (pursuant to Art. 123-bis (2) (d) of the T.U.F.)*

The Board of Directors established the Control and Risks Committee on November 9<sup>th</sup>, 2023, composed of three independent directors: Carlotta Ilaria D'Ercole, Susanna Pedretti and Laura Soifer (Chairman). Before the Board renewal, Director Bartyan served as a member of the Control and Risks Committee, then replaced by Director D'Ercole on November 9<sup>th</sup>, 2023.

The Board identified Director Laura Soifer as experienced in accounting and finance, pursuant to Recommendation no. 35 of the Code.

During the reporting period, the Committee met four times, with an average duration of 1 hour and thirty minutes with the participation of all members and the Board of Statutory Auditors. The Director in charge of the internal control and risk management system, Stefano Salbe, was regularly invited to attend. The Audit firm, the Supervisory Body and the Internal Audit function were also invited from time to time to participate, given their involvement in the risk control and management process. The meetings were minuted and the Chairman of the Committee reported on its findings during the following Board of Directors' meeting.

The Committee has scheduled five meetings for the current fiscal year.

There have been no changes in the composition of the Committee after the reporting date.

The Committee did not utilize external consulting services, as it did not identify any need for such assistance.

*Functions assigned to the Control and Risk Committee*

In line with the Code, the Control and Risks Committee is responsible for:

- a) preliminary assisting the Board of Directors in drafting its guidelines for the Group's internal control system and risk management, ensuring alignment with the Group's strategic objectives;
- b) advising on the appointment, removal and remuneration of the head of the internal audit;
- c) verifying the adequacy and consistency of the accounting policies used for the consolidated financial statements, together with the financial reporting manager and the external auditors;
- d) providing opinions on major business risks and on designing, implementing and managing the internal control system, upon request of the the Executive Director in charge of internal control;
- e) reviewing the periodic reports prepared by the internal audit function;
- f) monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit;

- g) requesting specific operational audit from the internal audit department, if needed;
- h) reporting to the Board of Directors on the activities and the adequacy of the internal control and risk management system at least every six months, during the approval of the annual financial statements and the half year report;
- i) supporting the Board of Directors in evaluating and managing key risks resulting from harmful events.

No additional functions have been assigned to the Committee.

During the Reporting Period, the Control and Risks Committee reviewed the work plan prepared by the Director in charge of the internal control and monitored its progress. The Committee also assessed and monitored the implementation of the work plan drafted by the internal audit function. Together with the financial reporting manager and the external auditors, the Committee evaluated the proper use of accounting principles for the preparation of the consolidated financial statements. It finally reviewed the Supervisory Body's report.

The Control and Risks Committee was able to access all relevant information and company's departments to fulfil its duties. The Committee did not require any financial resources to perform its tasks.

The Board of Directors provides the Control and Risks Committee with the necessary resources to perform its functions, upon request by the Committee.

### **9.3 Head of the Internal Audit Department**

On November 10<sup>th</sup>, 2016, pursuant to the proposals of the Executive Director in charge of Internal Control, with the preliminary approval of the Control and Risk Committee and having consulted the Board of Statutory Auditors, the Board of Directors:

- (i) appointed Pierluigi Valentino, BDO partner, as the Head of the Internal Audit Department, responsible for ensuring the proper functioning of the internal control and risk management system, meeting all relevant requirements;
- (ii) defined his remuneration, in line with the Company policies, and ensured that the available resources were in line with the activities to be performed;
- (iii) approved the audit plan;

On July 3<sup>rd</sup>, 2023, the Board renewed Pierluigi Valentino's mandate for the three-year-period 2023-2025, after having assessed the persistence of the requirements of professionalism, independence, and organizational capability.

The Head of the Internal Audit is not in charge of any operational areas within the Company and reports to the Board of Directors.

Pursuant to the Code, the internal audit department:

- (i) performs regular checks on an ongoing basis and ad-hoc audits when needed to ensure that the internal control system is effective and complies with international standards. The checks are carried out through an audit plan approved by the Board of Directors, based on structured risk analysis;
- (ii) has direct access to all relevant information for fulfilling its duties;
- (iii) prepares regular reports, with detailed information on the activities performed, the risk management process and on its compliance with risk mitigation plans. Such reports include an assessment of the internal control and risk management system;

- (iv) promptly prepares reports on particularly significant events;
- (v) submits the reports at points iv) and v) to the Control and Risks Committee, to the Board of Statutory Auditors, to the Executive Director in charge of the Internal Control and Risk Management System and to the Chairman of the Board of Directors;
- (vi) based on his audit plan, he evaluates the reliability of the information systems, including the accounting systems.

The Board of Directors ensures that the Head of the Internal Audit has sufficient resources to fulfil his role, in compliance with the autonomy, adequacy, effectiveness and efficiency requirements outlined by the Code.

During the reporting period, the Head of the Internal Audit Department:

- a) prepared its annual Audit Plan, approved by the Board of Directors;
- b) scheduled and performed general and specific checks on the Company and its subsidiaries, in compliance with its Audit Plan, identifying any weaknesses in the internal control and risk management system. Such testing was performed during planned audits at the Company's premises;
- c) for each test, it provided a detailed report, with information on the activities assessed, the subject of the testing, the procedures adopted, the duration of the testing, the reporting period, the outcomes and his recommendations;
- d) created a register to record all the audit work performed in the reporting period, detailing his findings, recommendations and the corrective measures suggested to address any weaknesses and to provide an overall impression on the activities performed and the feedback received;
- e) attended the meetings of the Control and Risks Committee and those of the Board of Statutory Auditors, where it reported about the progress of the audit work and on any issues or weaknesses identified or any corrective action implemented by the Company.

### **9.3.1 Director in charge of the internal control and risk management system**

Stefano Salbe, the Executive Director in charge of the internal control and risk management system:

- (i) has direct access to all necessary information to effectively perform his duties;
- (ii) reports on his work to the Control and Risks Committee and to the Board of Statutory Auditors;
- (iii) is provided with the necessary resources to perform his activities;
- (iv) has the authority to request the internal audit department to perform specific audit on certain operational areas.

The Director in charge of the internal control:

- oversees the identification of key business risks (including strategic, operational, financial and compliance risks), working in coordination with other business units and periodically reports on these risks to the Board of Directors;
- executes the Board of Directors' guidelines by planning, implementing and managing the internal control system, also ensuring continuous monitoring of its adequacy, effectiveness and efficiency;
- adjusts the internal control system to reflect changes in operational conditions, legislative and regulatory framework;
- suggests the appointment or removal of the Head of the Internal Audit Department;
- promptly reports to the Board and to the Control and Risks Committee on any issues or problems emerged during the Reporting Period.

#### **9.4 Organisational Model pursuant to Legislative Decree 231/2001**

On March 30<sup>th</sup>, 2006, the Board of Directors approved the Group's Code of Conduct. This was then amended on March 8<sup>th</sup>, 2022 and June 28<sup>th</sup>, 2022 following the approval of the ESG Policy. The Organisational Model approved on March 30<sup>th</sup>, 2006 was updated on May 11<sup>th</sup>, 2010, September 13<sup>th</sup>, 2016, September 12<sup>th</sup>, 2017, June 6<sup>th</sup>, 2019 and on March 5<sup>th</sup>, 2020. On November 29<sup>th</sup>, 2023 the Board approved the latest revision of the Organizational Model.

The organisational model adopted by the Company is structured as follows:

1. a general section, which introduces the model and outlines its governance rules, with respect to (i) the recipients; (ii) the composition, role and powers assigned to the Supervisory Body; (iii) the role of the Board of Directors; (iv) the flow of information addressed to the Supervisory Board; (v) applicable penalties; and (vi) the dissemination of the organisational model to the recipients;
2. a special section, which identifies, for each type of offence that might be relevant to the Company, the business areas at risk and the rules of conduct that each recipient shall observe when performing his/her activities.

For the purposes of the organisational model, the following offences are theoretically relevant to the Issuer:

- offences against the Public Administration;
- offences against public trust;
- corporate offences;
- terrorism and subversion of democracy;
- financial offences or market abuse;
- offences against the person;
- cross-border crime;
- tax offences;
- crimes that endanger human life and safety;
- health and safety offences;
- handling of stolen property, money laundering and the use of money, goods or profit from criminal activities;
- non-cash payments offences;
- cybercrime and unlawful data processing;
- organised crime;
- offences against industry and commerce;
- copyright offences;
- inducement not to make statements or to make false statements to the Judicial Authorities;
- environmental offences;
- use of irregular foreign workers;
- private sector corruption and instigation to commit private sector corruption;
- racism and xenophobia;
- fraud in sports competitions, illegal gambling or betting and gambling conducted by means of prohibited devices;
- contraband;

- offences against cultural heritage;
- cultural heritage laundering and cultural and landscape heritage, destruction and plundering.

The above-mentioned documents are available in the *Governance/Model pursuant to Legislative Decree 231/01* section of the corporate website [www.digitalbros.com](http://www.digitalbros.com).

On November 8<sup>th</sup>, 2018, the Board decided to entrust the role of the Supervisory Body to an external professional, Francesco Lamperti, having assessed the autonomy, independence, professionalism, and continuity requirements, necessary for the effective performance of its functions, postponing a further evaluation in the near future. On November 9<sup>th</sup>, 2023, having assessed the persistence of such requirements, the Board renewed the mandate to Francesco Lamperti for the three-year period when the Board of Statutory Auditors will remain in office, i.e. until the approval of the financial statements as of June 30<sup>th</sup>, 2026.

During the Reporting Period, the Supervisory Board analyzed all the Group's relevant activities and the current business models, as reflected in the organizational model approved by the Board on November 29<sup>th</sup>, 2023. The Supervisory Board assessed the compliance to Legislative Decree no. 24/2023 on the implementation of a whistleblowing mechanism, identifying the positions responsible for managing the complaints submitted through this channel. He also investigated the changes in the Group's workforce, verified the adjustments made to the Group's IT policy to incorporate the feedback provided in his previous reports and, after having analyzed the list of the Group's suppliers and customers, concluded that there were no violations or breaches to the Model.

### **9.5 External auditor**

E.Y. S.p.A. was appointed as external auditor by the General Shareholders' Meeting held on October 27<sup>th</sup>, 2021 for the reporting periods up until the approval of the financial statements as at June 30<sup>th</sup>, 2030. On November 9<sup>th</sup>, 2023, the Board of Directors reviewed the additional report submitted by the external auditors to the Board of Statutory Auditors.

### **9.6 Financial Reporting Manager**

On August 7<sup>th</sup>, 2007, the Board of Directors appointed Stefano Salbe, Chief Financial Officer of Digital Bros S.p.A., as the Financial Reporting Manager, with previous approval by the Board of Statutory Auditors. The Board entrusted the Director with the necessary authority and resources to perform his duties, complying with the applicable laws and regulations.

The Financial Reporting Manager possesses significant expertise in administration, finance, and control and fulfils all the requirements under Art. 154-bis of the T.U.F.

Pursuant to Article 24 of the Articles of Association, the Board of Directors grants the Financial Reporting Manager the appropriate powers and resources to carry out his duties outlined by the applicable legal and regulatory provisions.

The Financial Reporting Manager must have extensive experience in administration, finance, and control, and meet the personal integrity standards mandated by law for directors.

The Financial Reporting Manager is subject to the regulations concerning the liability as directors, without prejudice to the possibility to undertake standard legal action with respect to his employment relationship with the Company. In particular, the Board of Directors has entrusted to the Financial Reporting Manager with all the necessary powers, pursuant to Art. 154

bis of Legislative Decree 58 of 24/2/1998, as introduced by the Art. 14 (1) of Decree Law no 262. Below a non-exhaustive list of such powers:

- a) power to implement consistent administrative and accounting practices across the Group's parent company, its Italian subsidiaries, and international entities;
- b) power to recruit or dismiss personnel for specific financial reporting tasks, with remuneration set in line with Group policy;
- c) power to retain Italian or international professionals for specialized assignments and determine their duration and remuneration;
- d) power to purchase necessary assets or software for the financial reporting, either directly or through financial leases;
- e) exercise all financial and operational powers needed to ensure the effective execution of duties, including spending powers.

Given the Group's limited size and complexity, no additional departments or roles have been designated within the internal control framework.

#### **9.7 Coordination of individuals involved in the internal control and risk management system**

Pursuant to Article n. 6 (Principle XX) of the Corporate Governance Code and in line with the best practices for listed companies, the Company has implemented a structured coordination method for the different corporate functions involved in the internal control and risk management system. Regular meetings are held in joint session between the Executive Director in charge of the internal control, the Control and Risk Committee, the Board of Statutory Auditors, the Supervisory Board and the Head of Internal Audit with the purpose of identifying areas of intervention and the relevant tasks assigned to each function. This process ensures that there is no overlapping and/or duplication of activities and fosters the implementation of a unified compliance system across the Group entities. The Board of Statutory Auditors or, at least, its Chairman or another statutory auditor designated by the Chairman, attends the meetings of the Control and Risks Committee, pursuant to Recommendation no. 37 of the Code. The external auditors meet at least every six months in joint session with the Control and Risks Committee, the Board of Statutory Auditors and the Financial Reporting Manager with to verify the correct use of the accounting standards and their consistency in the preparation of the consolidated financial statements.

### **10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

The Board of Directors shall review and approve any related parties transaction performed by the Group's companies. On November 11<sup>th</sup>, 2010, the Board of Directors approved a procedure for managing transactions with related parties, reflecting the amendments introduced by Consob resolution no. 17221 of March 12<sup>th</sup>, 2010. The procedure establishes general criteria for the identification of significant related parties transactions. The procedure is available in the Governance/Documents and Procedures section of the Company's website at [www.digitalbros.com](http://www.digitalbros.com) in its most recent version, approved by the Board on June 29<sup>th</sup>, 2021.

Related parties transactions comply with the principles of substantive and procedural fairness pursuant to the applicable laws and regulations. The Board of Directors establishes the criteria for identifying such transactions, taking into account the definitions provided by the international accounting standards or as issued by regulatory authorities.



All related parties transactions are subject to the review and approval of the Board of Directors. The Board ensures it is fully informed about the nature of the relationships, the economic terms and conditions, the methods and timing for executing the transaction, as well as the underlying interests of each party and the rationale for the transaction, aligned to the Group's overall strategy. Proper information should also be provided concerning any potential current and future risks for the Company and its subsidiaries and any other potential implications on the Group's activities.

In the event that directors are involved in a related party transaction, whether directly or indirectly, they are required to disclose all relevant information regarding the nature, terms, origin, and the extent of their interest in the transaction to the other Board members and to the Board of Statutory Auditors. The communication may occur verbally at Board meetings or in writing, addressed to the Chairman of the Board of Statutory Auditors and must be reported at the next Board meeting.

The definition of "*related parties*" refers to the individuals identified in the international accounting standard concerning the disclosures of related parties transactions, pursuant to the procedure at Art. 6 of Regulation (EC) No. 1606/2002 (IAS 24). If the Board identifies any relevant relationship involving one of the directors or another related party, it will request immediate clarification. During the resolution of such a transaction, the director involved in the transaction must leave the meeting to ensure the impartiality of the process.

On November 9<sup>th</sup>, 2023, given the reduced complexity of related party transactions, the Board of Directors confirmed its decision to assign the role of the former Related Parties Transaction Committee to the Control and Risks Committee, convened only when necessary. As mentioned above, the Control and Risks Committee is composed of the three independent directors Carlotta Ilaria D'Ercole, Susanna Pedretti and Laura Soifer (Chairman).

The Control and Risks Committee, in its role as Related Parties Committee, met once during the fiscal year in a one-hour and fifteen minutes meeting. All members attended the meeting, together with the Chairman of the Board of Statutory Auditors and the Executive Director responsible for the internal control and risk management system.

During the reporting period, the Control and Risks Committee, in its capacity as Related Party Transactions Committee, examined the reports implementing the new procedure approved on June 29<sup>th</sup>, 2021. The meetings were minuted, and the Chairman of the Committee reported immediately to the subsequent Board of Directors' meeting.

There have been no changes in the composition of the Committee after the reporting date.

## **11. BOARD OF STATUTORY AUDITORS**

### **11.1 Appointment and replacement of Statutory Auditors**

According to Art. 25 of the Articles of Association, all acting and alternate members of the Board of Statutory Auditors shall be elected by a list-based voting procedure.

The Board of Statutory Auditors is composed of three statutory auditors and two substitute statutory auditors, who remain in office for three fiscal years, with the possibility of being re-elected. The Auditors' remuneration and terms of office are set in line with the applicable regulations. Minority interests are entitled to elect one statutory auditor and one substitute statutory auditor.

The Board of Statutory Auditors is appointed in accordance with the applicable gender balance provisions, following a process that involves the submission of candidate lists by shareholders. These lists shall present the candidates in sequential order and be divided into two sections: one for statutory auditors and another for substitute statutory auditors.

The lists, signed by the submitting shareholders, shall be filed within the deadlines and according to the procedures specified by the applicable law. Shareholders, either individually or jointly with others, can submit these lists only if they represent a percentage of voting rights that meets or exceeds the threshold mandated by the relevant laws and regulations at the time of the appointment. The required percentage is determined based on the number of shares held by the shareholder(s) on the day the list is submitted. During the most recent appointment of Digital Bros' corporate bodies, the quorum needed under Article 147-ter of the T.U.F. was 4.5%, as established by Consob determination no. 83 on July 20<sup>th</sup>, 2023.

The shares holdings may also be certified after the candidate list is submitted, provided that the submission occurred within the set deadline.

Each candidate may appear only on one list, otherwise they shall be deemed ineligible.

Candidates who are ineligible or disqualified under applicable laws and regulations, or who do not meet the necessary requirements, including the minimum shareholding percentage, cannot be included in any submitted list. Each candidate is required to file a statement accepting their nomination, along with a list of any positions held in other companies. Additionally, within the same deadline, candidates must certify, under their own responsibility, that they are not subject to any conditions of ineligibility or incompatibility with the role and that they meet all legal requirements. Along with the submitted candidate lists, the shareholders shall submit a certification from an authorised broker confirming ownership of the required number of shares, within the deadlines and under the conditions established by the Law.

For all lists containing three or more candidates, the gender balance requirement mandates that the list includes a minimum number of candidates from both genders. The less-represented gender must comprise a rounded-up number of candidates for both statutory auditors and substitute statutory auditors, in compliance with applicable laws and regulations.

Any list that fails to meet these requirements will be disregarded.

Without prejudice to the applicable discipline on gender balance, statutory auditors are elected as follows:

1. two statutory auditors and one substitute auditor are elected from the most voted list by the Shareholders' General Meeting, according to its sequential order;
2. one statutory auditor and one substitute auditor are elected from the second most-voted list according to their sequential order.

The first candidate from the second most voted list shall be appointed as the Chairman.

If the established procedure fails to ensure compliance with the gender balance provisions, necessary substitutions will be made from the candidates on the majority list, following their sequential order.

If only one list is submitted, the candidates will only be appointed from that list, with the first candidate serving as Chairman of the Board of Statutory Auditors, ensuring compliance with gender balance rules. Should a statutory auditor no longer meet the legal requirements, they must leave office. If a statutory auditor must be replaced, the substitute statutory auditor from the same list will take their position. The minority statutory auditor will continue to serve as Chairman, provided gender balance requirements are met.

In Shareholders' Meetings convened to appoint or replace statutory auditors or the Chairman after they leave office or for other purposes, the gender balance rules shall remain applicable. If two or more minority lists receive the same number of votes, the youngest candidates from the minority lists will be elected until all positions are filled, in line with gender balance requirements.

Shall two or more lists, other than the first, receive the same number of votes, the youngest candidates from the minority lists will be elected, until all vacant positions have been assigned, complying with applicable gender balance provisions.

The statutory auditors shall maintain confidentiality regarding all documents and information obtained during their tenure and adhere to the Company's procedures about handling such information. They have the right to seek clarification from the Directors on any information and Company's operations, including conducting inspections and audits at any time, individually or jointly. An exchange of relevant information between the Board of Statutory Auditors and the external auditors is established to ensure an effective performance of their duties.

The Board of Statutory Auditors shall convene at least quarterly. All members of the Board certified that they met the independence criteria outlined in the Corporate Governance Code both at the time of submitting their candidacies and upon accepting the office.

The statutory auditors shall provide timely information about all transactions in which they have a direct or indirect interest.

The Company is not subject to additional legislation regarding the composition of the Board of Statutory Auditors other than the T.U.F..

#### **11.2 Composition and functioning of the Board of Statutory Auditors (pursuant to Art.123-bis, (2) (d) (d-bis) of the T.U.F.)**

As of June 30<sup>th</sup>, 2024, the Board of Statutory Auditors is composed of five members, appointed by the Shareholders' Meeting on October 27<sup>th</sup>, 2023. They will remain in office until the approval of the financial statements as at June 30<sup>th</sup>, 2026. Up until the Shareholders' Meeting, the appointed Board of Statutory Auditors was composed of Carlo Hassan, as Chairman, Maria Pia Maspes and Gianfranco Corrao as Statutory Auditors, Daniela Delfrate e Stefano Spiniello as Substitute Statutory Auditors.

Only one list was submitted to the Shareholders' Meeting by Abramo Galante and Raffaele Galante representing 66.14% (9,435,548 shares) of the share capital. The list of candidates was as follows:

Name and last name	Office
Paolo Villa	Statutory Auditor (Chairman)
Maria Pia Maspes	Statutory Auditor
Pietro Piccone Ferrarotti	Statutory Auditor
Andrea Serra	Substitute Statutory Auditor
Stefano Spiniello	Substitute Statutory Auditor

The candidates were elected by 99,29% of the voting capital.

During the Reporting Period, the Board of Statutory Auditors met seven times, with an average duration of 3 hours. Only one Statutory Auditor missed one meeting. The Board of Statutory Auditors scheduled seven meetings for the current fiscal year, three of which were already held.

Further details about the composition of the Board of Statutory Auditors and the attendance to the meetings are available in the Summary Tables.

There have been no changes to the composition of the Board of Statutory Auditors after the reporting period.

Short biographical notes on the members of the Board of Statutory Auditors are provided below:

#### **Paolo Villa**

Born in Bergamo on January 29th, 1965, Italian.

Chartered Accountant registered in Section A of the Register of Chartered Accountants and Accounting Experts of Bergamo registration no. 925/A since July 21<sup>st</sup>, 1993. Registered Auditor in in the Register of Court-Appointed Technical Consultants of the Bergamo Court section, no. 446.

Key appointments: Fine Foods & Pharmaceuticals N.T.M. S.p.A.\* (Member of the Supervisory Body and Internal Audit) – 505 Games S.p.A. (Chairman of the Board of Statutory Auditors) - Eisai S.r.l. (Statutory Auditor) - Kelly Services S.p.A.. (Statutory Auditor) - Pelikan Italia S.p.A. (Chairman of the Board of Statutory Auditors) – Friends & Partners S.p.A. (Chairman of the Board of Statutory Auditors) - Andrea Pezzi Foundation ETS (Sole Auditor). Statutory Auditor for Il Colorificio S.r.l., Kore Soc. Coop. A.R.L. Onlus, Startafrica S.r.l.

#### **Pietro Piccone Ferrarotti**

Born in Rome on March 21st, 1971. Italian.

Graduated in Law from University Luiss – Guido Carli in Rome, admitted to the Bar of Rome in 1998 and admitted to practice also before the *Corte di Cassazione* (Italian Supreme Court) and other higher Courts.

20 years' experience in assisting domestic and foreign clients with complex tax audits, handling assessment procedures, including adherence and judicial conciliation, representing clients in proceedings before the Tax Commissions and the *Corte di Cassazione*. Author of publications on tax matters and teacher of postgraduate courses.

Key appointments: Felofin S.p.A. (Statutory Auditor) - Bloomfeet S.p.A. (Statutory Auditor) - Borio Mangiarotti S.p.A. (Statutory Auditor) – Carlyle Real Estate Società di Gestione del Risparmio S.p.A. (Statutory Auditor) – Eloxel S.p.A.

(Chairman of the Board of Statutory Auditors) – Galleria Commerciale 9 S.r.l. (Statutory Auditor) – Galleria Commerciale Porta di Roma S.p.A. (Statutory Auditor) – Gruber Banca S.p.A. (Statutory Auditor) – Italian Shopping Centre Investment S.r.l. (Statutory Auditor) – Kartell S.p.A. (Chairman of the Board of Statutory Auditors) – Mercurio S.p.A. (Chairman of the Board of Statutory Auditors)

### **Maria Pia Maspes**

Born in Sondrio (Italy) on April 28<sup>th</sup>, 1970, Italian.

Chartered Accountant registered in Section A of the Register of Chartered Accountants and Accounting Experts of Milan registration no. 4565, since February 19<sup>th</sup>, 1996, Registered Auditor.

Key appointments: 505 Games S.p.A. (Statutory Auditor) – RCS MediaGroup S.p.A. \* (Statutory Auditor) – Cairo Communication S.p.A. \* (Statutory Auditor) - Saes Getters S.p.A.\* (Board Member) – Cairo RCS Media S.p.A. (Statutory Auditor) - LA7 S.p.a.(Statutory Auditor) - Cairo Editore S.p.A. (Statutory Auditor) - RCS Sport S.p.A. (Statutory Auditor) - – Torino FC S.p.A. (Statutory Auditor) - Immobiliare Molgora S.p.A. (Chairman of the Board of Statutory Auditors), UT Communications S.p.A. (Statutory Auditor), Kelly Service S.p.A. (Statutory Auditor), Nicla S.r.l. (Statutory Auditor), Previdenza Cooperativa (Statutory Auditor).

The companies marked with an asterisk (\*) are listed on regulated markets in Italy or abroad, or they are active in finance, banking or insurance, or they are companies of significant size that are not part of the Group.

Pursuant to Principle VIII, the composition of the Board of Statutory Auditors is designed to ensure both independence and professionalism in fulfilling its role. All statutory auditors meet the independence criteria stipulated by the T.U.F. and the Code. They collectively bring a proven experience in accounting and tax consultancy, having served primary, listed, and regulated companies. Additionally, two members are registered on the Register of Auditors and meet the requirements outlined in the Q.1.2 standard “Composition of the Board of Statutory Auditors” of the Code of Conduct for the Board of Statutory Auditors of listed companies, published by the National Council of Chartered Accountants and the Accounting Experts.

### ***Diversity criteria and related policies***

The Group has not adopted a specific diversity policy for the composition of its control bodies. Instead, it adheres to the diversity criteria established by the Italian Law 160/2019, the T.U.F., and the Corporate Governance Code, as detailed in Section 4.3 – “Diversity criteria and policies in the composition of the Board and within the Group” of the Report. According to Article 25 of the Articles of Association, any list with at least three candidates must include both genders, ensuring that the number of candidates from the least-represented gender meets the percentage required by applicable law. As of June 30<sup>th</sup>, 2024, the Board of Statutory Auditors is composed of three statutory auditors (two males and one female) and two substitute statutory auditors (one male and one female).

In addition to gender diversity, the Company has established supplementary diversity criteria for the Board of Statutory Auditors, which include age, educational background, and professional experience. The Board's composition reflects a balanced level of diversity in terms of these factors, as well as seniority in office, as reported in Section 17 – Table 4.

### ***Independence***

The Board of Directors has established both quantitative and qualitative criteria to evaluate the significance of relevant circumstances under the Code and to assess the independence of the Board of Statutory Auditors members. The Board of Statutory Auditors has confirmed that its members do not exceed the limit of five directorships or auditor positions in listed companies, whether in Italy or abroad, including in financial, banking, and insurance companies, or in significant companies not part of the Group.

On October 27<sup>th</sup>, 2023, the Board of Statutory Auditors verified the independence requirements of its members, pursuant to Art. 148, (3) of the T.U.F. and the Corporate Governance Code in force at the time. The Board of Statutory Auditors unanimously found that all its members possessed the independence, integrity and professionalism requisites provided by the Law. The findings of such assessment were communicated to the Board of Directors.

The Board of Statutory Auditors conducts an assessment at least annually, and additionally in the event of any relevant circumstances, to ensure that its members continue to meet the independence requirements.

During the Reporting Period, on November 9<sup>th</sup>, 2023 the Board of Statutory Auditors assessed the independence requirements of its members. The assessment of the Board of Statutory Auditors was conducted based on the criteria established by the T.U.F., the Code, and the quantitative criteria set by the Board of Directors. The evaluation took into account all relevant information provided by the Statutory Auditors. Each member is required to promptly report any changes in the number of their offices in other companies and to confirm the persistence of the professionalism, integrity, and independence criteria declared at the time of their appointment. The Board of Statutory Auditors unanimously determined that all its members were independent and submitted the results of this assessment to the Board of Directors.

### ***Remuneration***

The remuneration of the Board of Statutory Auditors is in line with the commitment required for the role and reflects the size of the Company. The Shareholders' Meeting held on October 27<sup>th</sup>, 2023 defined a total remuneration of Euro 27,000 for the Chairman of the Board of Statutory Auditors and Euro 22,000 for each acting statutory auditor.

### ***Management of interests***

The procedure governing related parties transactions also applies to members of the Board of Statutory Auditors. Statutory Auditors who have an interest, either personally or through third parties, in any transaction must promptly disclose the nature, terms, origin, and extent of that interest to both the Board of Statutory Auditors and the Board of Directors.

## **12. RELATIONS WITH SHAREHOLDERS**

Digital Bros S.p.A. is committed to maintaining a continuous dialogue with the market, also in compliance with the laws and regulations on the dissemination of inside information.

All relations with investors and other shareholders are managed by the Investor Relations Manager, Stefano Salbe. He is also responsible for receiving requests for information pursuant to Borsa Italiana Regulations and serves as the designated officer for this role.

The most relevant documents issued by the Company are timely published in Italian and in English in the Investor Relations

and Governance sections of the corporate website ([www.digitalbros.com](http://www.digitalbros.com)) on an ongoing basis, to ensure a continuous dialogue with investors and shareholders. Particularly, the corporate website includes all press releases, the quarterly and the annual financial reports, as soon as they are approved by the competent corporate bodies and additional corporate documents, including:

- a. Separate and consolidated financial statements;
- b. Half-year financial reports;
- c. Quarterly interim reports;
- d. Financial calendar;
- e. Corporate Governance report;
- f. Remuneration Report;
- g. Articles of Association;
- h. General Meeting regulations;
- i. Code of Conduct;
- j. Diversity Policy;
- k. Internal dealing procedure.

### **Shareholders Engagement**

On February 10<sup>th</sup>, 2022, the Board has approved the Shareholders Engagement Policy to enhance transparency towards the market and the Company's stakeholders. This policy is aimed at establishing, maintaining, and developing an active dialogue with shareholders, aiming to align their different interests with the Group's sustainable growth.

The dialogue with shareholders is managed by the Board of Directors and, on its behalf, by the Chief Executive Officers and the Chief Financial Officer, who also serves as the Investor Relations Manager. The Investor Relations Manager is responsible for receiving and addressing requests from shareholders, analysts, retail investors, and the media. Other Board members, such as the Chairman or Committee members, may also participate in these discussions, when needed.

The dialogue with shareholders encompasses the areas under the responsibility of the Board of Directors and its committees, including:

- long term sustainable success;
- environmental, social and governance issues ("ESG issues");
- economic/financial/operational performance (financial and non-financial results and targets);
- remuneration policy and its implementation;
- related parties;
- internal control and risk management system.

Further details on the Shareholders Engagement Policy are available on the Corporate website under the Sustainability section.

### **13. SHAREHOLDERS' GENERAL MEETINGS (pursuant to Art.123-bis (2) (a) second part of the T.U.F.)**

The legally constituted Shareholders' General Meeting represents the Company's shareholders and its resolutions, made in accordance with the Law and the Articles of Association, are legally binding on all shareholders.

Ordinary and Extraordinary General Meetings are duly constituted and pass resolutions with the legally required majorities.

Pursuant to Article 10 of the Articles of Association, General Meetings, both Ordinary and Extraordinary, are convened in compliance with legal requirements and the applicable regulations. The notice convening the meeting shall detail the date, time, and place of the meeting, include the list of agenda items, and provide any additional information required by the Law. The notice convening the Shareholders' Meeting are published on the corporate website. The Board of Directors may determine, if deemed appropriate, that the ordinary and/or extraordinary Shareholders' Meetings be held in a single call.

Pursuant to Article 11 of the Articles of Association, voting rights holders may participate in the Shareholders' Meeting upon submitting a communication to the Company from an authorized intermediary, in accordance with the Law. This notification must be received by the Company within three trading days prior to the Shareholders' Meeting's first call, or within any other terms specified by the applicable legal provisions. However, the right to intervene and vote is granted even if the notification is received after this deadline, provided it is received before the start of the Shareholders' Meeting.

According to Article 12 of the Articles of Association, shareholders entitled to attend and vote at the Shareholders' Meeting may be represented by written proxy. Proxies may also be transmitted by email following the instructions specified in the notice of call for the meeting. The Company usually does not appoint any designated representative, with the exception of the Meetings held during the Covid-19 pandemic, when Shareholders' Meetings were held exclusively through designated representatives, in accordance with Article 135-undecies of the T.U.F. and conducted via video conference.

The Chairman of the Shareholders' Meeting is responsible for verifying the validity of the proxies and the right to attend the meeting within the stipulated terms. The duly constituted General Shareholders' Meeting represents all shareholders, and its resolutions, made in compliance with the Law and the Articles of Association, are binding on all shareholders, including those who are absent or dissenting. The Chairman of the Shareholders' Meeting, or his appointed agent, verifies the rights to intervene of the proxies and the validity of the documents authorizing representation.

The Shareholders' Meetings are chaired by the Chairman of the Board of Directors. In the event of his absence, inability, or unwillingness to attend, the Deputy Chairman, the Chief Executive Officer, or any other member designated by the Board of Directors will preside over the Shareholders' Meetings. If none of these individuals are available, the Shareholders' Meeting will appoint its Chairman, who does not need to be a shareholder of the Company. All resolutions passed by the Shareholders' General Meetings are documented in minutes signed by the Chairman and the Secretary.

When required by law or deemed appropriate by the Board of Directors, the minutes of Shareholders' Meetings shall be drawn up by a Registered Notary.

There are no applicable rules for the amendment of the Article of Association other than those prescribed by Law.

The Shareholders' meetings regulation was approved on September 6<sup>th</sup>, 2000, to ensure the orderly and effective conduct of



Ordinary and Extraordinary Shareholders' meetings. The regulation is available on the corporate website, in the Governance/Documents and Procedures section.

On October 27<sup>th</sup>, 2023, the Ordinary Shareholders' Meeting was held at the presence of six Directors, the Board of Statutory Auditors and a representative of the appointed audit firm EY S.p.A..

The Board of Directors reported to the Shareholders' Meeting on both current and planned business activities, ensuring that shareholders were sufficiently informed to make well-informed decisions on the items on the agenda.

No chairman or member of the Board's committees reported to the Shareholders' General Meeting about the procedures for exercising their functions.

During the Reporting Period, there were no significant changes in the composition of the share capital, and no amendments to the Articles of Association were submitted to the Shareholders' Meeting.

#### **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to Art.123-bis (2) (a), second part of the T.U.F.)**

There are no additional corporate governance practices on top of the above-mentioned procedures concerning the organisational model pursuant to Legislative Decree 231/2001.

#### **15. SUBSEQUENT CHANGES**

There have been no changes after the closing of the reporting period.

#### **16. COMMENTS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations included in the Letter from the President of the Corporate Governance Committee ("Letter") published on December 14<sup>th</sup>, 2023 were analysed and reviewed by the Board of Directors and the Board of Statutory Auditors on March 13<sup>th</sup>, 2024.

The Letter provides specific suggestions about the application of the Corporate Governance Code and guidelines about the appropriate processes relating to the following items:

- (i) business plan;
- (ii) pre-meeting information;
- (iii) guidelines on the Board of Directors' optimal composition;
- (iv) enhanced voting rights.

##### **Business Plan**

The Committee urges companies to provide comprehensive disclosure regarding the Board of Directors' involvement in reviewing and approving the Company's business plan, particularly with regards to the most critical issues impacting the long-

term value creation.

As outlined in Section 4.1 of this Report, in accordance with corporate practice and the Articles of Association, Digital Bros' Board of Directors is responsible for reviewing and approving the Strategic Plan for both the Company and the Group, ensuring its implementation aligns with long-term value creation objectives.

During the reporting period, the Board reviewed and approved the Group's Strategic Plan for the 2024-2028 five-year period on March 13<sup>th</sup>, 2024. The plan incorporates the Group's new publishing strategy, adopted during the fiscal year to address the new competitive dynamics and to better align with the Group's medium/long-term needs. The accounting standards and principles used for the plan are consistent with those used for the annual financial statements and the interim reports, ensuring continuity and reliability in medium-to-long-term planning.

#### Pre-meeting information

The Committee invites companies to provide appropriate justifications in their Corporate Governance reports for any exemptions to the timelines of pre-meeting disclosures, particularly when such deviations are based on confidentiality or secrecy reasons.

Digital Bros' Board of Directors regulations require its Chairman to ensure that adequate information regarding agenda items is provided to Directors with sufficient notice. For ordinary administration, such information should be made available at least two working days before the scheduled meeting, unless specific confidentiality concerns or extraordinary circumstances arise. In such cases, the Chairman, having consulted with the Secretary, determines the appropriate notice on a case-by-case basis. The Chairman is responsible for ensuring that all Board members receive sufficient information on the subjects to be discussed, detailing any issue deemed crucial for a better understanding of the items on the agenda.

This topic was analyzed by Digital Bros' Board of Statutory Auditors on March 5<sup>th</sup>, 2024, which confirmed that the Board of Directors' regulations effectively support a transparent and informed decision-making processes and comply with the principles of accurate and timely information.

#### Guidelines on the Board of Directors' optimal composition

The third recommendation pertains to the guidance provided by the Board of Directors regarding its optimal quantitative and qualitative composition, upon the renewal of the corporate bodies. Companies are asked to communicate the guidance to stakeholders in a timely manner using the corporate website. The disclosure should ensure that those intending to submit candidate lists would have sufficient time to take such guidance into account. Should companies fail to make such information available to shareholders, the Committee encourages to provide adequate justification in the corporate governance report.

As outlined in Section 4.1 of this Report, Digital Bros' outgoing Board of Directors provided its recommendations on the ideal managerial and professional profiles to be appointed to the corporate bodies, based on the assessment of the Nomination Committee. The guidance was published on the corporate website on July 3<sup>rd</sup>, 2023, adequately before the notice convening the Shareholders' Meetings for the Board's renewal.

#### Enhanced voting rights

The Committee requests issuers to provide appropriate justification should the Board of Directors propose to the Shareholders' Meeting the introduction of enhanced voting rights. The Board should detail the objectives of such a proposal and the expected effects on the company's share capital and future strategies.

The Board of Directors of Digital Bros has not yet submitted any proposal regarding enhanced voting rights to the

Shareholders' Meeting.

The Board of Directors of Digital Bros S.p.A. recognizes the overall adherence of the Group to the Corporate Governance Code and the suggestions in the Letter. The Board also reaffirms its commitment to monitor Digital Bros' compliance with the guidelines of the Corporate Governance Committee.

## **17. SUMMARY TABLES**

The following tables provide a summary of the composition of the Board of Directors and the Board of Statutory Auditors and the methods of adoption of the main recommendations of the Corporate Governance Code.

**TABLE 2: BOARD OF DIRECTORS AS OF JUNE 30<sup>TH</sup>, 2024**

<b>BOARD OF DIRECTORS</b>													
<b>Office</b>	<b>Member</b>	<b>Year of birth</b>	<b>Date of first appoint.(*)</b>	<b>In office since</b>	<b>In office until</b>	<b>List presented by (**)</b>	<b>List (M/m) (***)</b>	<b>Exec.</b>	<b>Non Exec.</b>	<b>Indip. by Code</b>	<b>Indip. by T.U.F.</b>	<b>No. others appoint. (****)</b>	<b>BoD attendance (*****)</b>
Director	D'Ercole Carlotta Ilaria	1976	2023	27/10/2023	Approval FY26 FS	Shareholders	M		X	X	X	-	6/7
Chairman and CEO	Galante Abramo	1963	1991	27/10/2023	Approval FY26 FS	Shareholders	M	X				-	10/10
Director	Galante Davide	1933	1991	27/10/2023	Approval FY26 FS	Shareholders	M		X			-	9/10
CEO	Galante Raffaele	1965	1991	27/10/2023	Approval FY26 FS	Shareholders	M	X				-	10/10
Director	Pedretti Susanna	1977	2019	27/10/2023	Approval FY26 FS	Shareholders	M		X	X	X	3	10/10
Director	Salbe Stefano	1965	2005	27/10/2023	Approval FY26 FS	Shareholders	M	X				-	10/10
Director	Soifer Laura	1974	2020	27/10/2023	Approval FY26 FS	Shareholders	M		X	X	X	2	10/10
Director	Treves Dario	1968	2000	27/10/2023	Approval FY26 FS	Shareholders	M	X				-	10/10
<b>DIRECTORS WHO LEFT THE OFFICE DURING THE REPORTING PERIOD</b>													
Director	Bartyan Sylvia Anna	1975	2020	28/10/2020	Approval FY23 FS	Shareholders	M		X	X	X	-	2/3
Director	Floean Lidia	1951	2014	27/10/2023	Approval FY26 FS	Shareholders	M		X				6/6
<b>No. of meetings held during the reporting period: 10</b>													
<b>Quorum required for presentation of lists by minorities for the election of one or more members (Art. 147-ter T.U.F.): 4,5% (Determination no. 83 of July, 20, 2023)</b>													

## NOTES

- This symbol indicates the Director in charge of the internal control and risk management system

- This symbol indicates the Lead Independent Director (LID).

(\*) This column indicates the year during which the Director was elected for the first time in the Board of the Company.

(\*\*) This column contains either “Shareholders” or “BoD” whether the Director was elected from a list submitted by the shareholders or the outgoing Board of Directors

(\*\*\*) This column contains either “M” or “m” whether the Director was elected from the majority or the minority list

(\*\*\*\*) This column contains the number of positions held as a Director or Statutory Auditor in other listed or large companies. For the full list of refer to Section 4 and Section 11 of the Report.

(\*\*\*\*\*) This column indicates the Directors’ attendance at the meetings of the Board of Directors (No. of meeting attended/no. of meetings held).

**TABLE 3: BOARD OF DIRECTORS' COMMITTEES AS OF JUNE 30<sup>TH</sup>, 2024**

<b><u>B.o.D.</u></b>		<b><u>Executive Committee</u></b>		<b><u>Related Parties Committee</u></b>		<b><u>Control and Risks Committee</u></b>		<b><u>Remuneration Committee</u></b>		<b><u>Nomination Committee</u></b>		<b><u>Other Committee</u></b>	
<b>Office</b>	<b>Member</b>	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman and CEO	Galante Abramo												
CEO	Galante Raffaele												
Executive Director	Salbe Stefano												
Executive Director	Treves Dario												
Independent Director (by Code and T.U.F.)	D'Ercole Carlotta Ilaria			1/1	M	3/3	M	1/2	M	2/2	P		
Independent Director (by Code and T.U.F.)	Pedretti Susanna			1/1	M	3/3	M	2/2	P	2/2	M		
Independent Director (by Code and T.U.F.)	Soifer Laura			1/1	P	3/3	P	2/2	M	2/2	M		
<b>DIRECTORS WHO LEFT OFFICE DURING THE REPORTING PERIOD</b>													
Independent Director (by Code and T.U.F.)	Bartyan Sylvia Anna					0	M	1/2	M	0	M		
<b>MEMBERS WHO ARE NOT DIRECTORS</b>													
<b>No of meetings held during the reporting period:</b>				4				2		2			

**NOTES**

(\*) This column indicates the Directors' attendance at the meetings of the Committees (No. of meeting attended/no. of meetings held)

(\*\*) This column contains either "C" or "M" whether the Director is the Chairman or a member of the Committee.

**TABLE 4: BOARD OF STATUTORY AUDITORS AS OF JUNE 30<sup>TH</sup>, 2024**

BOARD OF STATUTORY AUDITORS									
Office	Member	Year of birth	Date of first appoint. (*)	In office since	In office until	List (M/m) (**)	Indip. By Code	Board participation (***)	No. other offices (****)
Chairman	Villa Paolo	1965	2002	27/10/2023	Approval FY26 FS	M	YES	4/4	1
Statutory Auditor	Piccone Ferrarotti Pietro	1971	2023	27/10/2023	Approval FY26 FS	M	YES	4/4	0
Statutory Auditor	Maspes Maria Pia	1970	2017	27/10/2023	Approval FY26 FS	M	YES	7/7	3
Substitute Statutory Auditor	Serra Andrea	1988	2023	27/10/2023	Approval FY26 FS	M	YES	-	-
Substitute Statutory Auditor	Spiniello Stefano	1985	2020	27/10/2023	Approval FY26 FS	M	YES	-	-
STATUTORY AUDITORS WHO LEFT OFFICE DURING THE REPORTING PERIOD									
Chairman	Hassan Carlo	1954	2020	28/10/2020	Approval FY23 FS	M	YES	3/3	4
Statutory Auditor	Corrao Gianfranco	1964	2020	28/10/2020	Approval FY23 FS	M	YES	2/3	2
Substitute Statutory Auditor	Daniela Delfrate	1965	2017	28/10/2020	Approval FY23 FS	M	YES	-	-
<b>No. of meetings held during the reporting period: 7</b>									
<b>Quorum required for presentation of lists by minorities for the election of one or more members (Art. 147-ter T.U.F.): 4,5% (Determination no.83 of July 20, 2023)</b>									

**NOTES**

(\*) This column indicates the year during which the Statutory Auditor was elected for the first time in the Board of the Company.

(\*\*) This column contains either “M” or “m” whether the Statutory Auditor was elected from the majority or the minority list.

(\*\*\*) This column indicates the Statutory Auditors’ attendance at the meetings (No. of meeting attended/no. of meetings held)

(\*\*\*\*) This column contains the number of positions held as a Director or Statutory Auditor in other companies pursuant to Art.148-bis of the T.U.F. and the related provision of Consob Issuers’ Regulation. The full list is published by Consob on its website pursuant to Art.144-quinquiesdecies of Consob Issuers’ Regulation.