

OBSERVATIONS OF THE BOARD OF STATUTORY AUDITORS

ON THE EXPLANATORY NOTES OF GIGLIO GROUP S.P.A.¹'S BOARD OF DIRECTORS REGARDING THE ITEM ON THE AGEND OF THE SHAREHOLDERS' MEETING HELD ON 28 JUNE 2024

* * *

Dear Shareholders,

The Board of Directors of the Company called you on 28 June 2024 for a Shareholders' Meeting aimed at resolving upon, among other things, the following item on the Agenda:

... omissis ...

1.2 Appropriate provisions pursuant to Art. 2446 of the Italian Civil Code.

Resolutions pertaining thereto and resulting therefrom.

... omissis ...

The Board of Statutory Auditors hereby states its observations on the Explanatory Report prepared by the Board of Directors of Giglio Group S.p.A., pursuant to Art. 125-ter of the CFA, to Art. 2446 of the Italian Civil Code and to Art. 74 of Consob Regulation no. 11971 of 14 May 1999 as amended and integrated (the "Issuers Regulation"), in accordance with model no. 5 of Annex 3A (the "Report").

More specifically, this document refers to point 1.2 of the Agenda, having the Board of Statutory Auditors already expressed its opinion on the Financial Statements in its 2023 Report, to which reference is made.

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I. Financial Position and Income Statement

The financial statements mentioned in the Report under assessment highlight the financial position, the income statement and the going concern related to the foreseeable management evolutions.

¹ Prepared pursuant to Art. 125-ter of the CFA, to Art. 2446 of the Italian Civil Code and to Art. 74 of Consob Regulation no. 11971 of 14 May 1999 as amended and integrated (the "Issuers Regulation"), in accordance with model no. 5 of Annex 3A of the same Regulation.

The financial position reported in the Directors' Report highlights a loss as of 31 December 2023 of € 3,946,000 and a positive net equity of € 1,377,000. Please refer in full to the Financial Statements for the illustration of all the detailed aspects relating to the financial position and income statement of the Company.

The Financial Statements as of 31 December 2023 are presented to the Shareholders' Meeting together with the proposal:

- *To approve the Financial Statements as of 31 December 2023 in all their parts and findings;*
- *For the losses as of 31 December 2023, believing that the reasons indicated in the Directors' Report as a prerequisite for business continuity and the initiatives indicated therein also constitute the tool that makes it possible to recover profitability within the following financial year, to carry forward the loss of financial year 2023, specifying that if within the following financial year the loss is not reduced to less than one third, the Ordinary Shareholders' Meeting that approves the Financial Statements for that financial year will have to reduce the capital in proportion to the losses ascertained pursuant to Art. 2446, par. 2 of the Italian Civil Code.*
- *We also invite you to evaluate the possibility of using part of the existing reserves, (as increased following the capital increase completed on 20 December 2023, to cover the losses accrued as of 31 December 2020 (equal to € 8,419,120) and 31 December 2021 equal to € 3,123,461), with the consequent reduction of reserves to € 15,956,000."*

II. Directors' assessment on going concern

To this regard, see par. 40 of the Financial Statements of Giglio Group S.p.A. where the Directors, *despite the presence of significant uncertainties linked to the current financial situation, the amount of overdue debts and the actual feasibility of the forecasts of the Industrial Plan, the Directors of the Company considered it reasonable to adopt the assumption of business continuity in preparation of the Financial Statements as of 31 December 2023.*

For this reason, therefore, the Directors continue to adopt the assumption of business continuity in the preparation of the financial statements, believing that they have in any case provided exhaustive information on the existing significant uncertainties and the consequent doubts that insist on the maintenance of this assumption.

Please also refer to the Report issued by the Board of Statutory Auditors on 7 June 2024 for all detailed aspects in this regard.

III. Proposal pursuant to Art. 2446 of the Italian Civil Code

The Board of Directors of Giglio Group S.p.A., in the Directors' Report on the item 1.2 on the agenda for the Shareholders' Meeting of 28 June 2024 (the "**Directors' Report**"), acknowledging that, among others:

- Due to the loss for the year of € 3,946,000, the Share Capital of the Company (€ 6,653,363) was reduced by a third, pursuant to and in accordance with Art. 2446, par. 1 of the Italian Civil Code;
- Hence, the Company must reduce its capital by more than a third due to losses, as per Art. 2446, par. 1 of the Italian Civil Code. Therefore, pursuant to the law, the Shareholders' Meeting must be called "to take appropriate measures", however, the law also provides for the postponement of the measures aimed at offsetting the loss, which are required (as per par. 2 of the same article) only in the event that the loss does not diminishes within a third of the capital by the following fiscal year (unlike what happened with the losses accrued as of 31 December 2020 and 31 December 2021, for which, pursuant to the provisions set forth in Law no. 178 of 30 December 2020 and in Legislative Decree no. 228 of 30 December 2021 (converted with amendments by Law no. 15 of 25 February 2022), the obligation to cover the losses provided for by Art. 2446, par. 2 of the Italian Civil Code was moved to the fifth following financial year).

The Board of Directors, having taken into account the aforementioned, wishes to submit to the Shareholders' Meeting the following:

draft resolution

"Giglio Group S.p.A. Shareholders' Meeting,

- Having examined the Directors' Report, prepared pursuant to Art. 125-ter of Legislative Decree no. 58 of 24 February 1958, as well as Art. 2446, par. 1 of the Italian Civil Code and Consob's Issuers Regulation no. 74;

- Having examined the Annual Financial Statements as of 31 December 2023 and, in

particular, the Directors' Report on Operations, the Board of Statutory Auditors' Report and the Auditing Company's Report;

- Having acknowledged that the Financial Statements of the Company as of 31 December 2023 highlighted a loss for the year of € 3,946,000, which produced -taking into account the existing reserves- a relevant loss of share capital (as of the reporting date, equal to € 6,653,353) of more than a third, as per Art. 2446 of the Italian Civil Code;

- Having examined the proposals for appropriate measures formulated by the Board of Directors pursuant to Art. 2446, par. 1, of the Italian Civil Code, and the Auditors' observations

resolves

1. *To approve the Financial Statements of Giglio Group S.p.A. as of 31 December 2023, which shall be closed with a loss of € 3,946,000;*

2. *To acknowledge the fact that the loss produced a reduction in the share capital of the Company (currently equal to € 6,653,353) of more than a third, and as such, relevant pursuant to and in accordance with Art. 2446, par. 1 of the Italian Civil Code;*

3. *To carry forward said loss;*

To attribute to the Board of Directors and on its behalf to its Chairman all the broadest powers necessary and/or appropriate to implement this resolution as well as making, where necessary, merely formal additions, modifications and deletions that were requested by the competent authorities for the registration of the this resolution in the company register".

In relation to the above, the Board of Statutory Auditors, within its competence, believes that also in consideration of the significant uncertainties identified regarding the assumption of business continuity, given the Art. 2446, par. 2, invites the Shareholders' Meeting to decide at least on off-setting the losses accrued in 2023 with the use of available reserves for the same amount.

Milan, 7 June 2024

The Board of Statutory Auditors

Giorgio Mosci

Chairman

Lucia Tacchino

Statutory Auditor

Marco Andrea Centore

Statutory Auditor