Annual Financial Statements as of 31 December 2023

.

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Directors' Report

Company Information

Registered office
Giglio Group S.p.A.
Via Uberto Visconti di Modrone 11

Legal Information
Share Capital subscribed and paid-in € 6,653,353
Economic & Admin. Register No. 1028989 Tax no. 07396371002
Registered at Milan Companies Registration Office with no. 07396371002
Website www.giglio.org

Operational headquarters
The offices of the company are as follows:
Registered office - Via Uberto Visconti di Modrone 11, Milan
Operational office – Via dei Volsci 163, Rome
Operational office – Piazza della Meridiana 1, Genoa
Operational office and administration office - Centro Direzionale Milanofiori, Strada 1, palazzo F1, Assago (MI)

Corporate Boards

Board of Directors

Alessandro Giglio	Chairman and Chief Executive Officer
Anna Lezzi	Executive Board Member
Maria Cristina Grillo	Non-executive and independent member
Francesco Gesualdi	Independent Member
Carlo Micchi	Member

Board of Statutory Auditors

Giorgio Mosci	Chairman
Lucia Tacchino	Statutory Auditor
Marco Centore	Statutory Auditor
Chiara Cosatti	Alternate Auditor
Gianluca Fantini	Alternate Auditor

Internal Control, Risk and Related-Parties Committee

Francesco Gesualdi	Chairman
Maria Cristina Grillo	

Appointment and Remuneration Committee

Maria Cristina Grillo	Chairwoman
Francesco Gesualdi	

Executive Officer for Financial Reporting
Carlo Micchi

Independent Auditor
Audirevi S.p.A.

*The Board of Directors and the Board of Statutory Auditors shall expire upon the approval of 2023 Financial Statements. The Shareholders' Meeting, on 21 July 2023, appointed Audirevi S.p.A. as its official Auditor for the 2023-2031 period.

1. Introduction

Giglio Group S.p.A. (Giglio or the Company) is engaged in the e-commerce of high-end fashion products, in the design products' sector and in the food segment. Giglio's mission is to provide technological support to a growing number of prime brands (in all categories served) in their business transformation towards digital omni-channel strategies worldwide.

Founded on 2003, Giglio offers tailor-made B2B and B2C services to various industries, mainly with "Made in Italy" brands, covering the whole supply chain, from the creation of e-commerce platforms to storage management on a global scale, up to brands' connection with major digital marketplaces. Indeed, Giglio Group is not only a B2C technology platform for the fashion world, but proposes a broad range of services connecting brands on various digital platforms with consumers across the globe, having also expanded its activities towards the food, design, electronics, DIY and physical well-being industries. Moreover, thanks to its "engagement & marketing automation" division, the Group can now offer evolved digital solutions that allow its customer base both to improve the performances of their own e-commerce website and to open up new B2B and B2C sales processes, or to new national and international markets, by gaining the loyalty of their clients, boosting and digitalising the direct sales force and incentivising and rewarding trades.

The innovative and commercial offer of Giglio Group follows and tries to anticipate the changes in the relationship between brands and consumers. New technologies enable the evolution of sales channels, while the products' life-cycle changes and evolves too, forcing brands to shape their offers around the client and its needs. New business opportunities thus open up in the market, and brands must monitor them, if not autonomously, with the support of competent operators. This is the inevitable evolution of the relationship between brands and their clients, which is not set in stone anymore. Moreover, in the fashion sector, this relationship is not only linked with the change of the collections season after season, but it is also continually moving according to the different digital touchpoints, which, by changing quickly and by offering a more and more sophisticated supply range, bring about a continuous interaction between brands and clients on a global scale.

THE BUSINESS MODEL AND ITS STRENGHTS

Giglio is conceived as a Digital Enabler for brands capable of offering them a presence in the digital and selective distribution worlds by interconnecting through its omni-channel technologies all of its sales channels, thus aiming to become a fully outsourcing Omni-channel Platform for fashion, design and food brands.

With the launch of design and food sales, Giglio boasts a unique, high-standing customer base and a complete and innovative range of business and digital services for its brands and their consumers, along with a proprietary omni-channel infrastructure called "Terashop" serving Italian and European excellence in their respective categories and connecting them to the new frontiers of digital sales and interconnected selective channels worldwide.

Giglio boasts its own directly integrated and integrable platform featuring the most popular e-commerce solutions adopted by brands worldwide, as well as major technological partnership that, together with the Company's know-how, make it a pivotal business and technological key-partner for brands' strategies.

Particularly in the Fashion sector, but not only, Giglio embraces the brands' different needs with regard to their presence in the digital space, offering services that can increase the value of their current distribution strategy:

- Physical Retail. According to Giglio's philosophy, the physical retail must represent the physical lifestyle of the brand, in order to boost its popularity. Giglio Group's omni-channel technology can significantly improve the business and loyalty effectiveness of the physical retail through "click & collect" service, by recording loyalty on the sales point, by favouring products' return and exchange in the store, by providing in-store support for products available online via its "kiosk", reserved only for sales point, and via other "drive-to-store" technologies, as well as by digitally identifying the user in the store with marketing automation technologies.
- E-commerce. The first sales' pillar within the online world, and a consolidated strength for Giglio. Now part of all brands' DNA, the e-commerce offers a maximum catalogue range, an increasingly customised relationship with the clients, who can receive to-the-point information and offers thanks to the CRM technology amplified by the marketing automation software. It is the essential element in the Industrial Plan of major brands, which qualifies the economic sustainability of the brand itself. Moreover, this channel helps accelerating the penetration in new areas, as well as keeping up the sales performance in the most mature markets, where physical sales are dropping significantly.
- E-Tailers (or Multi-Brand Stores) and Marketplace. E-tailers represent the main share of online sales worldwide, with main physical department stores generating more than half of their revenues on their own online channels. The Marketplace channel amplifies the international online

distribution of brands by increasing the customers' brand awareness and, in turn, the digital sales. Giglio Group's technological and business partnership can face the challenge to keep the brands' desired positioning and to correctly manage the in-season distribution, the specials sales and off-season goods within the high variety of digital supply now available on the market. More specifically, Giglio has accrued a significant experience in managing off-season hoods on main digital channels worldwide.

- International Distribution and Travel Retail. A paramount channel for brands' presence on an international level, but also for increasing their sales and expanding their popularity with international consumers. Giglio aims at increasing brands' sales via all of the international channels in which its proprietary omni-channel technology can allow for an interaction between the physical and digital retail, also during leisure travels.

Essentially, Giglio's mission is to lead brands through their sales transformation by activating the best combination of sales channels and economic model, accompanying its partner brands along the process in order to obtain a 100% sell-through rate for every season through the correct balancing of national and international physical channels with proprietary or third-party digital channels such as marketplaces.

In 2023, the Company operated with a full focus on the international distribution and e-commerce businesses. E-Commerce Outsourcing S.r.l. (merged into Giglio Group S.p.A. on 19 December 2023 with retroactive statutory and fiscal effect up to 1 January 2023) is an e-commerce company that invested predominantly in omni-channel technologies in Italy, and its platform allows to provide to brands and end customers a complete purchase experience by interconnecting physical and digital retail in all of the users' interaction touchpoints. By integrating Giglio Group's and E-Commerce Outsourcing S.r.l.'s technologies and know-how, it was possible to expand its activity toward new sectors such as, specifically, GDS, Food and mass retailing, with a chance to apply different business models: online sales with home delivery, products' collection from retail outlets, digital kiosks for in-shop sales, CRM systems, as well as B2B and B2E websites.

E-Commerce Outsourcing S.r.l., today merged into Giglio, allowed the Group to strengthen its technical organisation thanks to the introduction of highly-specialised e-commerce experts in its workforce.

Moreover, following the purchase of Salotto di Brera S.r.l., which took place on 12 January 2021 (as of today an associate), Giglio has become a reference player in the international distribution in the selective and exclusive travel retail channel, in which Salotto di Brera has built strong business relations over the years with main cruise lines, touristic and diplomatic airports, duty-free chain stores, touristic ports and NATO bases. On 1 December 2023, Salotto carried out a capital increase reserved for Meridiana S.p.A. as a result of which Giglio Group S.p.A.'s shareholding fell to 49%, allowing the deconsolidation of Salotto, which, as of 31 December 2023, is recognized as an associate and, thus, is no longer a controlled company.

THE REFERENCE MARKET

According to a survey made by Fondazione Altagamma in 2023, in collaboration with various analysts, and called "Altagamma Consensus 2024", a positive trend was noted in the global luxury market, which recorded a growth of 8-10% if compared to 2022.

Looking ahead to 2024, moderate growth is expected and factors such as rising inflation, high interest rates, geopolitical tensions, price increases and the decline in the purchasing power of some consumer groups could impact performance. The increase in tourist flows worldwide will offset the uncertainty and international macroeconomic volatility expected in 2024.

2023 saw a growth in sales, especially in terms of value, due to significant increases in the prices of luxury products. In 2024, the estimated increase in sales will relate mainly to their volume.

Overall, a 3% (North America) and 7% (Asia) increase in the annual consumption in the various markets is expected.

The retail channel, both physical and digital, continues to grow and is the channel of choice for Personal Luxury Goods. The expected growth for the digital and physical retail will be of 4.5% and 7.5%, respectively. For both the physical and digital wholesale, the low propensity to purchase and the high stocks of 2023

will lead wholesalers to reduce orders for the next seasons, with a market contraction of -1%.

According to “The State of Fashion 2024”, a 2023 Business of Fashion (BoF) and McKinsey survey, the fashion market had to face persistent and deepening challenges throughout 2023. Europe and the United States experienced a slow growth throughout the year, while China's initially strong performance faded in 2023 H2. Although the luxury segment initially performed positively, it too began to feel the effects of a weaker demand in the latter part of the year, leading to slowing sales and uneven performances.

In 2024, the fashion sector will bear the brunt of limited economic growth, persistent inflation and weak consumer confidence. In this context, the global market shall record a slow revenue growth ranging between 2 and 4%. European and Chinese growth is thus set to slow, while US growth is expected to rebound after a relatively weak 2023.

Company's Outlook on Luxury Goods Market

Giglio sees major market opportunities and seeks to deliver results by tapping immediately into increasing online channel usage, the growing importance of the Millennials and luxury consumer growth in China, in the Far East and in the other emerging markets. The Group's objective for 2024 is to link a global customer base directly with high-end, medium-sized fashion brands, that is, Italian excellencies that have yet to reach a global positioning and that, due to their size and the need to redesign their strategies, are showing the need to access new market segments by making use of an international business and technological partner such as Giglio.

The Company envisages to continue strengthening its positioning in the reference market, i.e. as digital enabler of companies' business transformation through digital, logistic, marketing and international relationships' services for fashion brands, trying to attract an increased number of brands and aiming at increasing the volumes managed in all geographical areas and the number of marketplaces integrated in its platform. For 2024, the Company expects an increase in revenues caused by the annual growth of its current clients' portfolio, mainly due to the increased recovery of the market against 2023, to the increase in features that Terashop is constantly releasing to its clients in order to improve their revenues and to the expected revenues from two new agreements signed in 2024. Furthermore, Giglio extended the supply of its services also to adjacent business areas, with specific focus on the design, retail chain stores and food industries, offering its omni-channel platform to the main players of each segment, so that it can be integrated with physical sales points and the main reference marketplaces of those sectors.

Giglio is intensifying its efforts to increase its productive capacity in order to create more and more projects for e-commerce platforms, also by integrating the experience of a travel retail consumer, so as to face the astounding increase in demand for these goods via online sales.

2. Company's Activity and Structure

Founded in 2003 by Alessandro Giglio, the Company is today an e-commerce 4.0 company capable of promoting and distributing luxury “Made in Italy” commercial brands across the globe. Listed initially on the Italian Stock Exchange AIM Italia market since August 2015, then on the STAR segment since March 2018 and later on the MTA-Standard segment of Borsa Italiana S.p.A. starting from May 2023, Giglio operates in 5 continents and in over 70 countries when considering all the countries served by its e-commerce services.

Giglio's objective is to create a fully-integrated model both as far as distribution channels and business models are concerned.

Giglio is involved both in B2C and B2B operations. The integration between the two main business models, Principal (B2B) and Agent (B2C), allows the Group to manage in an optimal way brand's warehouse stock, both on-season and off-season, aiming at a 100% sell-through rate.

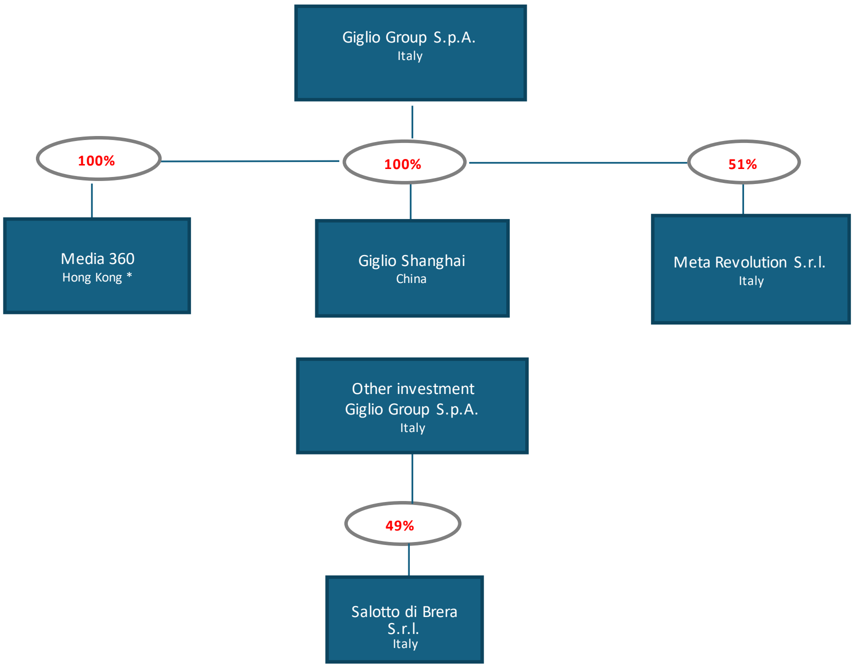
The B2C business model, managed by its E-Commerce Outsourcing division (the digital core of the group via its Terashop trademark), consists in providing digital services for the management of monobrand websites for Fashion, Design and Food customers, as well as in offering integrated digital services aimed at improving the overall performances. Terashop is a unique technological platform capable of managing the mono-brand website, the omni-channel marketing requested by the sales points, the connection with the marketplaces, the integration with payment systems and logistics. Traded goods belong to the on-season collection of brands, which pay a fee on the sales and with which Giglio cooperates in their digital marketing strategy. No specific investment in working capital is needed, and there is no warehouse risk.

The B2B model, on the other hand, aims at facilitating brands' indirect online sales on behalf of major e-commerce platforms around the world, offering an additional distribution to physical networks.

On 13 March 2024, the business travel retail branch of Salotto di Brera S.r.l. (fashion, food and jewellery B2B supplies for shops on board cruise ships and in duty free shops in ports, airports and NATO bases) was leased to Giglio for a period of one year (renewable).

Within the B2B model, Giglio directly manages logistics with the external warehouses, defines resale prices, manages the warehouse with a proved capacity to reduce stocks in a short time and with a high turnover of goods' index. Giglio collaborates with client e-commerce platforms on the basis of a defined sales plan which further diminished the risk of unsold items. The difference between brands' payment time, usually at the beginning of the season for stock-booking, and marketplaces collection time, usually 90 days after the end of the season, generates a financial requirement optimised by a careful use of the instruments supporting the working capital.

The corporate structure of Giglio Group S.p.A. and its shareholdings is as follows:



** soon to be a discontinued operation*

On 21 December 2022, the Board of Directors resolved to transfer its investments in Media 360 Hong Kong and Cloudfood S.r.l., which are currently neither active nor productive. On 14 February 2023, the transfer of the 51% stake in Cloud Food S.r.l. was completed.

On 31 October 2023, the entire share capital of IBox SA, a company incorporated under Swiss law, 100% controlled by Giglio until that date, was transferred. The operation involved the transfer of shares for a total value of € 5,887,000. Following the transfer of the shares, Giglio proceeded with the acquisition of a set of activities related to IBox SA's e-commerce, for a total value equivalent to the amount of the transfer itself and equal to € 5,887,000. The transaction did not result in any overall cash flow or financial and economic benefits. This transaction is strategic for the rationalization of corporate costs through the reduction of resources allocated to a foreign company which is no longer essential for Giglio's operations. This lead to significant savings, both in terms of payroll costs, facilities, offices, and corporate expenses related to international operations. This industrial strategy is an integral part of a long-term reorganization plan, which aims to concentrate Giglio Group as the sole 100% operational entity, in order to to maximize resource optimization and improve overall business efficiency. The transfer also concerned Ibox's US subsidiary called Giglio USA.

On 30 November 2023, a capital increase was carried out in the subsidiary Salotto di Brera S.r.l., with the transfer by the shareholder of Giglio Group S.p.A., Meridiana S.p.A., of a brand called Nira

Rubens, owned by Meridiana itself. As of 31 December 2023, the percentage of Salotto di Brera's shares owned by Meridiana Holding S.p.A. and Giglio Group S.p.A. amount to 51% and 49% respectively.

***

2023 was a year of great transformation for the company, which saw a radical reorganization of its entire corporate structure, now streamlined for the purpose of making it more economical and efficient by eliminating part of the unproductive costs and relieving it of excessive management and bureaucratic complexities. A transformation of the internal structure that came to b through a series of transfers and corporate mergers. Albeit this profound corporate restructuring led to huge costs associated with these transactions in 2023, from now on, it shall bring benefits both in terms of efficiency and in terms of lower administrative costs. At the same time, the development of the digital Flex platform has been completed, which is unique on the market in terms of performance, flexibility, innovation, cost-effectiveness and ease of use. Great satisfactions are expected from the big sacrifices made both in economic terms and in terms of commitment for its development.

3. Financial Highlights as of 31 December 2023

<u>Alternative Performance Measures</u>

Giglio utilises some performance indicators to allow for a better assessment of the Company's performance.

The gross operating margin (or EBITDA) is defined as the operating result taken from the financial statements after deducting depreciation, provisions and write-downs. Pursuant to ESMA Document 2015/1415, as implemented by Consob Communication no. 0092543 of 3 December 2015, the gross operating margin (EBITDA) represents the Alternative Performance Measure (APM) used by the management of the Company to monitor and assess its operating performance and is not identified as an accounting measure within the IFRS standards. Hence, it must not be considered as an alternative measure for assessing the performance of the Company's results. However, the management believes that gross operating margin (EBITDA) is an important parameter for measuring the Company's performance.

The Alternative Performance Measures utilised in the Financial Report are as follows:

<u>Operating/trade working capital</u>: calculated as the sum of Inventories and Trade Receivables net of Trade Payables.

Net working capital: the operating working capital net of other receivables/payables, tax receivables/payables.

Net capital employed: calculated as the sum of non-current fixed assets and net working capital.

Total Financial Debt (also Net Financial Debt): determined according to the provisions set forth in Consob Communication no. 6064293 of 28 July 2006 and in conformity with the Reference Note no. 5/21 issued by Consob on 29 April 2021 with regard to the ESMA32-382-1138 Orientation of 4 March 2021, by subtracting from cash and cash equivalents and from other current financial assets short/medium/long-term financial payables, trade payables and other medium/long-term debts.

EBITDA Adjusted: is determined adding to EBITDA non-recurring charges as detailed in the Directors' Report.

EBITDA: is the Operating result before Amortisation/Depreciation and Write-downs of tangible and intangible fixed assets.

EBIT: EBIT is the operating result reported in the income statement illustrated in the Explanatory Notes.

Gross Margin: The difference between total revenues and operating costs, made up of raw materials, ancillaries and consumables, changes in inventories, service costs and rent, lease and similar costs, adjusted for non-recurring costs.

Non-recurring costs: represented by income items that: (i) result from events or transactions that are not repeated frequently in the ordinary course of the Group's activities, or that result from non-recurrent events or facts; (ii) result from events or transactions which are not representative of the normal course of business.

Financial and Capital Position Overview as of 31 December 2023

The main balance sheet figures as of 31 December 2023 are as specified below:

(Euro thousands)	31.12.2023	31.12.2022
Intangible Assets	14,867	3,368
Property, Plant and Equipment	539	267
Financial Fixed Assets	2,869	12,110
Total Fixed Assets	**18,274**	**15,745**
Inventories	393	605
Trade receivables	3,637	6,357
Trade payables	(8,254)	(7,906)
Operating/Commercial Working Capital	**(4,224)**	**(944)**
Other current assets and liabilities	(2,452)	(1,716)
Net Working Capital	**(6,676)**	**(2,660)**
Provisions for risks and charges	(584)	(204)
Deferred tax assets and liabilities	903	1,010
Other non-current liabilities	-	-
Net Invested Capital	**11,917**	**13,891**
Total Net Invested Capital	**11,917**	**13,891**
Equity	**(1,377)**	**(408)**
Minority interest in equity	-	-

Net financial debt*	**(10,539)**	**(13,483)**
Total Sources	**(11,916)**	**(13,891)**

* For the composition of this account, see the following table.

** The "Other assets" was restated in light of the change in net financial debt that, in the new ESMA32-382-1138 scheme of 4 March 2021, does not provide for the inclusion of current financial receivables.

The Net Invested Capital as of 31 December 2023, equal to € 11.9 million, is mainly comprised of Net Fixed Assets of € 18.3 million, of Net Working Capital totalling € -6.7 million and of the Provisions for risks and charges, which mainly includes the Provisions for legal disputes.

Property, Plant and Equipment (which include also the right-of-use on existing leases) amount to € 539,000 (€ 267,000 as of 31 December 2022).

Intangible Fixed Assets, amounting to € 14.9 million (€ 3.4 million as of 31 December 2022), mainly consist of Goodwill. For the composition of the account, please refer to the notes in 3.Intangible Fixed Assets and 4.Goodwill.

Financial Fixed Assets, amounting to € 2.9 million, mainly refer to the investment in the Salotto di Brera company for € 1.951,000 and to the receivables from the IBOX SA company for € 450,000.

As of 31 December 2023, the Group's Net Financial Debt amounts to € -10.5 million (€ -13.5 million as of 31 December 2022).

As already mentioned before, the schedule of the net financial debt was reported in accordance to the Reference Note no. 5/21 issued by Consob on 29 April 2021 with regard to ESMA's Orientation related to the disclosures obligations that, starting from 5 May 2021, changed the references provided for in Communication no. DEM/6064293 of 28 July 2006 as far as the net financial position is concerned.

The following table shows the Company's net financial debt in detail:

	(Euro thousands)	31.12.2023	31.12.2022	Change
A	Cash and cash equivalents	966	105	861
B	Cash and cash equivalents			-
C	Other current financial assets	2	2	-
D	**Cash & cash equivalents (A)+(B)+(C)**	**968**	**107**	**861**
E	Current financial liabilities	(1,025)	(4,010)	2,984
	of which with Related Parties		*(1,880)*	*1,878*
F	Current part of the non-current financial liabilities	(3,736)	(3,692)	(45)
G	**Current financial liabilities (E)+(F)**	**(4,761)**	**(7,702)**	**2,939**
H	**Net current financial liabilities (G) - (D)**	**(3,793)**	**(7,595)**	**3,800**
I	Non-current financial liabilities	(4,462)	(2,807)	(1,656)
	of which with Related Parties		*(181)*	*85*
J	Debt instruments	(2,281)	(3,005)	724
K	Non-current trade and other payables	(1)	(76)	75

L	Non-current financial liabilities (I)+(J)+(K)	(6,744)	(5,888)	(857)
M	**Total financial liabilities (H)+(L)**	**(10,539)**	**(13,483)**	**2,943**

The Group's financial liabilities amount to € -10.5 million (€ -13.5 million as of 31 December 2022). More specifically, the changes that affected the financial liabilities can be ascribed to the following factors:

The reduction in current financial debt due to the change in financial liabilities with related parties, the reduction in short-term financial liabilities with the subsidiary E-Commerce Outsourcing and the change in liabilities for advance payments net of the regular payment of the instalments falling due in the month and the reduction of existing credit lines.

More in detail, the changes that affected the financial liabilities are mainly attributable to the business combination operation for the merger of E-Commerce Outsourcing into Giglio Group S.p.A..

As of 31 December 2023, the net financial debt records, amongst its current and non-current liabilities, also the financial debt related to the EBB S.r.l. bond. The regulation governing the terms and conditions of said Bond includes also some commitments and limitations borne by the Company, including the financial covenants, which, should they occur, they would entail the loss of the benefit of the term, along with the obligation for the Company to fully reimburse in advance the Bond (the so-called events of major importance). On 28 June 2023, SACE, as guarantor of the bond loan, gave consent to the bond holder EBB S.r.l. upon grant of the waiver under the following terms and conditions:

- Consent relating to non-compliance with the financial parameters "leverage ratio" and "gearing ratio" (covenant holiday) is granted in relation to all the verification dates until full repayment of the bond loan. However, the commitments referred to in clause11.2 (disclosure commitments) of the regulation of the bond loan by Giglio Group S.p.a. remain in force;

Financial Activity Overview as of 31 December 2023

The key economic highlights are shown below.

(Euro thousands)	31.12.2023	31.12.2022	Change
Revenues from contracts with customers	21,302	19,726	1,576
Operating Costs	(20,692)	-17,905	-2,787
Gross Margin	**609**	**1,821**	**-1,212**
Gross Margin %	**2.9%**	**9.20%**	**-6.30%**

Payroll expenses	(2,703)	-1,615	-1,088
EBITDA	**(2,094)**	**206**	**-2300**
EBITDA%	**(9.8)%**	**1.00%**	**-10.80%**
Amortisation, depreciation & write-downs	(1,025)	-308	-717
EBIT	**(3,113)**	**868**	**-3,981**
Net financial charges	(713)	-760	47
PROFIT BEFORE TAXES	**(3,826)**	**108**	**-3,934**
Income taxes	(121)	10	-131
PROFIT FOR THE PERIOD	**(3,946)**	**119**	**-4,065**
	)		
EBIT%	**(14.6)%**	**-0.90%**	**-13.70%**
PROFIT FOR THE PERIOD%	**(18.6)%**	**-4.70%**	**-13.90%**

The Revenues from contracts with customers, amounting to € 21.3 million, increased by € 1.6 million if compared to 31 December 2022 (€ 19.7 million), mainly due to the business combination operation. Operating and payroll costs increased by € 2.8 and € 1.1 million respectively if compared to the previous year, in witness of the business combination operation.

EBITDA shows a negative trend of € -2.1 million (positive for € 0.2 million as of 31 December 2022), as a result of the business combination operation.
The Net Profit, amounting to € -3.9 million, worsened if compared to the previous year's € 0.1 million.

The profit shows a negative trend of € -3.9 million (positive for € 0.9 million as of 31 December 2022), mainly as a consequence of the merger of E-Commerce Outsourcing S.r.l. into Giglio Group S.p.A.. The Company still has to reduce its capital by more than a third due to losses related to 2020 and 2021 (two harsh years due to the pandemic).

4. Segment disclosure

IFRS 8 accounting standard – "Operating Segments" requires the disclosure of detailed information for each segment, understood as being a component of an entity (i) who is capable of carrying out an activity that generates revenues and costs, (ii) whose operating results are periodically reviewed by top management for the purposes of adopting decisions concerning resource allocation and performance assessment, and (iii) for which separate budget information are available.
Giglio identified three business areas (Business Units) after segmenting its activities with reference to the types of products, production processes and target markets:

1. B2B e-commerce

2. B2C e-commerce
3. Corporate.

The operating units within the above business units are as follows:

1. B2B e-commerce: Giglio Group S.p.A. and Giglio Shanghai;
2. B2C e-commerce: E-Commerce Outsourcing S.r.l. and Giglio Shanghai;
3. Corporate: includes centralised Company functions which can not be assigned to the business units and mainly carried out by Giglio Group S.p.A.

The profits of the identified sectors are represented below:

31 December 2022				
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Total**
Revenues from contracts with customers	26,007	10,582	0	36,590
Other incomes	130	231	146	508
Capitalised costs		215		215
Total revenues	**26,138**	**11,029**	**146**	**37,313**
EBITDA	**2,004**	**1,174**	**(3,016)**	**162**
EBIT	**882**	**273**	**(2,283)**	**(1,129)**
EBT	**834**	**43**	**(3,043)**	**(2,167)**
Profit for the period	**824**	**131**	**(3,033)**	**(2,078)**

By comparison, the profits of sectors at 31 December 2023 are as follows:

(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Total**
Revenues from contracts with customers	9,635	8,323	0	17,957
Other incomes	3,055	240	0	3,295
Capitalised costs	0	50	0	50
Total revenues	**12,698**	**8,613**	**0**	**21,302**
EBITDA	**(1,033)**	**(678)**	**0**	**(1,710)**
EBIT	**(1,931)**	**(1,136)**	**0**	**(3,067)**
EBT	**0**	**0**	**0**	**0**
Profit for the period	**(2,796)**	**1,631**	**0**	**(1,166)**

In detail, the changes that affected the profits of the sectors are mainly attributable to the business combination operation for the merger of E-Commerce Outsourcing into Giglio Group S.p.A..

The Company does not use as an internal control driver the balance sheet data broken down by segment of activity and, consequently, segment assets and liabilities are not presented in this report.

5. Business seasonality

Giglio's operations are affected by business seasonality, as reflected in the consolidated results. Specifically, in the e-commerce sector sales volumes are highly concentrated respectively in the first, third and fourth quarters at the winter and summer sales, during the Black Friday and the Christmas periods.

6. Human resources

As of 31 December 2023, Giglio employs no. 43 employees hired in Italy.

The employees hired on internship/training contracts are three.

Over the course of 2023, 29 terminations (of which 18 resignations) and 15 recruitments were recorded.

7. Investments

In 2023, the Company did not make any investments, but the merger of E-Commerce Outsourcing S.r.l. in Giglio Group S.p.A. involved the recognition of the merger deficit allocated to the Flex e-commerce platform on an appraisal basis for the amount of € 1,421,000, in addition to the accounting of the improvements on this platform recognized in previous years amounting to € 848,000. Furthermore, € 1,659,000 were recorded, supported by a specific appraisal, relating to the e-commerce platform called Nimbus, acquired by Ibox SA.

8. Research and development new products

In 2023, no research and development costs have been capitalised. The costs have been capitalised only when the following could be proved:

- The technical feasibility to complete the intangible asset so that it can be used or sold;
- The intention to implement the intangible asset to use it or sell it;
- The capability of using or selling the intangible asset;
- The way in which the intangible asset shall generate probable future economic benefits;
- The availability of technical, financial or other resources appropriate to complete the development and use or sell the intangible asset;
- The capability to assess in a reliable way the cost of the intangible asset during its development.

9. Number and value of treasury shares and of shares in parent companies held by the Company

The Company does not hold treasury shares or shares of the parent company.

10. Number and nominal value of treasury shares and shares or quotas of holding companies purchased or sold by the Company in the period

The Company did not purchase or sell during the year treasury shares or shares of the parent

11. Significant Events During the Fiscal Year

- On 14 February 2023, the transfer of the 51% stake in Cloud Food S.r.l., previously approved by the Board of Directors on 21 December 2022, was completed.

- On 16 March 2023, the "Caput Mundi The Mall" shopping centre in the Vatican City was opened to the public, where Salotto di Brera S.r.l. signed an agreement for the lease of the business unit with Gasak S.r.l. at the end of 2022. The company is engaged in the retail sector for the first time.
- On 13 April 2023, the Board of Directors approved the Annual Financial Statements and the Consolidated Financial Statements as of 31 December 2022.
- On 2 May 2023, the Auditing Firm BDO Italia S.p.A. released its report on the audit of the annual financial statements and the consolidated financial statements, in which it declared the impossibility of expressing an opinion. The Board of Directors acknowledged the conclusions reached by the Auditing Firm in the knowledge that it has acted correctly in the interests of the Company and reserved further comments following a more in-depth examination of the Reports.
- On 5 May 2023, CONSOB sent the request for dissemination of information pursuant to Art. 114, par. 5 of Legislative Decree no. 58/98 (CFA), which must be provided at the end of each month with reference to the previous month, starting from 31 May 2023.
- On 14 May 2023, the Board of Directors resolved to request to Borsa Italiana, pursuant to Art. 2.5.7 of the Regulations of the markets organized and managed by Borsa Italiana S.p.A., the exclusion of the financial instruments of Giglio Group S.p.A. from STAR qualification and the consequent transition of the same from the MTA-Star segment to the MTA-Standard segment, as a consequence of the conclusions of the report issued by the auditing firm BDO Italia S.p.A. on the draft financial statements and the consolidated financial statements of the Company as of 31 December 2022.
- On 16 May 2023, the Auditing Company BDO Italia S.p.A., with communication via certified e-mail, "irrevocably resigned" from the statutory auditing of accounts.
- On 24 May 2023, the Ordinary Shareholders' Meeting took note of the consolidated financial statements of the group as of 31 December 2022 and approved the financial statements of Giglio Group S.p.A, resolving to carry forward the profit of € 118,670.56.
- On 30 June 2023, the right of withdrawal from the Business Branch Rental Agreement relating to the "Caput Mundi The Mall" shopping centre was exercised and the termination of

the contract was declared to the counterparty Gasak S.r.l., due to organizational and management problems that occurred for the management of the entire Mall and not attributable to Giglio.

- On 8 July 2023, the Company received the resignation, effective immediately, of the lawyer Sara Armella from the position of non-executive and independent director of the Company, due to new work commitments. Consequently, also the roles appointed to Armella in the Committees will be taken on by the new director in possession of the necessary requisites of experience and competence, who shall be appointed by co-optation.
- On 21 July 2023, the Meeting appointed the company Audirevi S.p.A. to carry out the statutory audit of the accounts for the period 2023-2031.
- On 2 October 2023, the Board of Directors co-opted lawyer Cristina Grillo as a non-executive and independent member of the company, assigning her the presidency of the Appointments and Remuneration Committee and the role as member of the Internal Control, Risk and Related-Parties Committee.
- On 23 October 2023, following the notice of call, published on 18 October 2023, of the ordinary and extraordinary Shareholders' Meeting of the Company called for 17 November 2023, the operation referred to in items 1 and 2 on the agenda of the extraordinary part was set in motion; the operation will consist of a share capital increase of up to € 5 million, which can be carried out (i) in a first part, following a resolution meeting by resorting to a private placement procedure compliant with market practice, including, where appropriate, that of accelerated bookbuilding (hereinafter "**ABB**"), evaluated with the support of MIT SIM S.p.A. which has been assigned the role of advisor and arranger of the operation and (ii) in a second part, in the event of failure to fully subscribe the increase within the deadline of 31 December 2023, through the exercise of the proxy in the manner that will be deemed most appropriate by the Board of Directors in relation to the market context. The share capital increase will be aimed at both qualified or institutional investors and, in any case, at all parties who have submitted expressions of interest, binding or non-binding, including the companies Meridiana Holding S.p.A. (“Meridiana”) and Luxury Cloud S.r.l. (“Luxury”); Meridiana has undertaken to guarantee the share capital increase of a maximum amount of € 3 million in the event that no other investor joins the increase, as already indicated in Giglio Group's Interim Condensed Consolidated Financial Statements as of 30 June 2023. Since Alessandro Giglio is the controlling shareholder of the Company, of Meridiana and of Luxury, headed by director Anna Maria Lezzi, all related parties of the Company, the subscription of the share capital increase by the latter could constitute transactions between relevant

related parties pursuant to the Procedure for transactions with related parties in the version last approved by the Board of Directors on 30 June 2021 ("RPT Procedure") and to the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and integrated ("Issuers Regulation”). In particular, the amount of the possible subscription of the share capital increase by Meridiana could lead to the qualification of the subscription as a Transaction of Greater Importance pursuant to Art. 8.1 of the RPT Procedure, while any subscription by Luxury could constitute a Transaction of Lesser Importance pursuant to Art. 8.2 of the RPT Procedure. Nevertheless, the two transactions will be taken into account together.

- On 31 October 2023, the entire share capital of the fully-owned subsidiary, IBox SA, a company incorporated under Swiss law, was transferred. The operation involves the sale of shares for a total value of € 5,887,000. Following the transfer of the shares, Giglio proceeded with the acquisition of a set of activities related to e-commerce currently recorded in the balance sheet of IBox SA, for a total value equivalent to the amount of the transfer itself and equal to € 5,887,000. The transaction did not result in any overall cash flow or financial and economic benefits.
- On 17 November 2023, the Shareholders' Meeting of Giglio Group S.p.A. resolved:
  - To appoint and confirm Maria Cristina Grillo as non-executive and independent director of Giglio Group, who will remain in office until the expiry of the entire Board of Directors (i.e. until the date of approval of the Financial Statements as of 31 December 2023);
  - To increase the share capital upon payment, in tranches, with exclusion of the option right pursuant to paragraphs 5 and 6 of Art. 2441 of the Italian Civil Code, by the final deadline of 31 December 2023 for an amount up to a total of € 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the ordinary outstanding Giglio shares and regular dividend rights, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors; consequent modification of Art. 6 of the Company's By-laws;
  - To set the price of said Share Capital Increase in accordance with the following formula: "Weighted average of the official price of Giglio Group's shares recorded on the last three market months before the day of issue times the daily volumes exchanged in the same period, to which a corrective discount between 5% and 20% must be deducted";
  - To reserve the Share Capital Increase to institutional and qualified investors, including all parties who, as of the date of the Interim Condensed Consolidated Financial Statements as of 30 June 2023, have made binding or non-binding expressions of interest, as well as

to the controlling shareholder, taking into account the commitments undertaken by the same;

- To carry out the capital increase through a private placement procedure compliant with market practice, including, possibly, accelerated bookbuilding, entrusted to an authorized intermediary, who will proceed with the identification of the non-related party investors and the price within the discount range defined above, without the participating related parties being able to influence the setting of the price;
- To grant a proxy to the Board of Directors pursuant to Art. 2443 of the Italian Civil Code to increase the share capital via a paid increase in tranches without option rights for an amount of € 5,000,000.00 including any share premium, to be subscribed by 31 December 2023 and to be carried out in one or more tranches within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as the outstanding ones and regular dividend rights, with the exclusion of the option right pursuant to paragraphs 5 and 6 of Art. 2441 of the Italian Civil Code, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors;
- To entrust, with reference to this Share Capital Increase, the determination of the price to the assessment that the Board of Directors will have to carry out at the time of exercising the proxy pursuant to Art. 2443 of the Italian Civil Code, according to a criterion consistent with that of the weighted average of the share market performance, with a maximum discount, adopted for the Share Capital Increase referred to in item no. 1 of the agenda, to be adopted with the assistance of a qualified advisor, in light of the market conditions existing at the time of the decision.
- To amend Art. 6 of the Company's By-laws, introducing par. 6.11, that shall read as follows: *"On 17 November 2023, the Extraordinary Shareholders Meeting of Giglio resolved to (i) increase the share capital of the Company upon payment, in tranches and with the exclusion of the right of option, pursuant to the par. 5 and 6 of Art. 2441 of the Italian Civil Code, by the final deadline of 31 December 2023 for an amount up to a total of € 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the ordinary outstanding Giglio shares and regular dividend, to be released in cash, reserved for the controlling shareholder and other qualified or institutional investors, as well as (ii) to grant a proxy to the Board of Directors pursuant to Art. 2443 of the Italian Civil Code to increase the share capital for a fee and in tranches with the exclusion of the right of option, pursuant to par. 5 and 6 of the art. 2441*

of the Italian Civil Code, for the part of the Share Capital Increase not subscribed by the deadline of 31 December 2023, to be carried out in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as the outstanding ones and regular dividend, to be released in cash, reserved for the controlling shareholder and other qualified or institutional investors."

- On 28 June 2023, SACE, as guarantor of the bond loan, gave consent to the bond holder EBB S.r.l. to grant the waiver under the following terms and conditions:
  - Consent relating to non-compliance with the financial parameters "leverage ratio" and "gearing ratio" (covenant holiday) is granted in relation to all the verification dates until full repayment of the bond loan. However, the commitments referred to in clause11.2 (disclosure commitments) of the regulation of the bond loan by Giglio Group S.p.a. remain in force;
  - Therefore the surety commitment of Meridiana Holding pursuant to Article 10 ("Regulation of the Loan, Financial Parameters and Further Commitment of the Guarantor") is to be considered no longer in force. In any case, it is understood between the parties that all other obligations and duties assumed by Meridiana Holding Srl pursuant to the guarantee and indemnity agreement dated 10 March 2020 shall remain in force and fully exercisable.
  - In view of the above, it should be noted that with reference to the guarantee and indemnity agreement dated 10 March 2020, the guaranteed amount referred to in premise D is thus understood to be confirmed at € 1,500,000 together with the commitment to grant a pledge on the shares of Giglio Group S.p.a. for a total of € 4,152,000 in favour of SACE. The parties agree as of now that the pledge does not imply the possibility of exercising voting rights.
  - The effectiveness of the consent expressed was ratified following receipt of the acceptance of the letter of consent countersigned by Giglio Group S.p.a., sent on 29 June 2023.
- On 1 December 2023, the Extraordinary Shareholder's Meeting of Salotto di Brera Duty Free S.r.l. resolved to increase the share capital of the company by a total of € 2,000,000.00 through an offer under subscription to the company Meridiana Holding S.p.A. - majority shareholder of Giglio Group - given acknowledgement of the waiver by Giglio Group to exercise the option right and therefore to subscribe to the Capital Increase. The Capital Increase took place through the contribution in kind to Salotto di Brera of the well-known accessory and footwear brand "Nira Rubens" - of which Meridiana itself was the exclusive

owner and on the value of which a specific sworn appraisal was issued in accordance with the law - its e-commerce website, its social channels and anything else connected to the brand; following the Capital Increase, Meridiana shall hold approximately 51% of the share capital of Salotto Brera and Giglio approximately 49%, with the consequent exit of Salotto Brera from the control and consolidation scope of Giglio. At the same time as the Capital Increase, Salotto Brera signed a Framework Agreement with the Company which, on the one hand, facilitates and improves the synergistic management of the travel retail branch with the existing distribution branch present in the Company and, on the on the other hand, entrusts the latter with the management of the exclusive worldwide distribution of the "Nira Rubens" brand products, strengthening the business lines of all the companies involved in the project.

- On 4 December 2023, the e-commerce platform www.frecciarossa.shop dedicated to the online sale of the brand-new Frecciarossa collection was presented, on the occasion of Trenitalia's Winter Experience.
- On 19 December 2023, Giglio Group S.p.A. completed the merger by incorporation of "E-Commerce Outsourcing S.r.l.", already 100% owned, into Giglio Group S.p.A..
- On 19 December 2023, the placement aimed at identifying potential investors was launched, carried out using the Accelerated Bookbuilding (ABB) procedure, entrusted to the authorized intermediary MIT SIM S.p.A..

On 20 December 2023, the Company announced the conclusion of the private placement of no. 11,298,741 ordinary newly-issued shares without nominal value, at a price of € 0.442527173 per share, for an overall countervalue of € 5 million. The placement, managed by MIT SIM S.p.A. and carried out through the Accelerated Bookbuilding ("ABB") procedure, was aimed at qualified and institutional investors and all subjects who submitted expressions of interest, binding or non-binding. Following the capital increase, Ibox SA, the only member who is not a related party, subscribed at the price indicated above no. 2,937,672 shares for a value of € 1.3 million, equal to 26% of the capital increase through the compensation of its liquid and collectable receivables towards the Company. Meridiana Holding S.p.A. subscribed no. 6,779,245 shares for a value of € 3 million, equal to 60% of the capital increase, of which € 2,528,000 in cash, which have already been transferred into the Company's coffers and € 472,000 through compensation of its liquid and collectable receivables towards the Company; Luxury Cloud S.r.l. subscribed no. 1,581,823 shares for a value of € 700,000, equal to 14% of the capital increase, paid in cash, which have already been transferred into the Company's coffers. Upon completion of the transaction, the overall share capital of the Company shall amount to € 6,653,353 divided into no. 33,266,763 ordinary shares without nominal value. Upon the conclusion of the transaction, Meridiana Holding S.p.A., already majority shareholder of the Company, shall hold 57% of Giglio Group's share capital.

12. Significant events after the end of the fiscal year

No events occurred subsequent to the end of the financial year such as to require adjustments to the values shown compared to what has already been reported in this Financial Report.

- On 13 March 2024, a Rental Agreement for the Travel Retail business unit of Salotto di Brera was subscribed, made up of the set of assets organized for the exercise of travel retail activities and includes, as better specified in the annexes thereto, (i) the subordinate employment contracts in place with the employees currently employed in the business unit, (ii) the contracts in place with customers and suppliers subscribed within the scope of the activity of the business unit, (iii) the assets instrumental to the exercise of the activity inherent to the business unit, (iv) the leasing contract of the property located in Assago, Strada 1, Palazzo 7 (MI); the same provides for a total duration of 1 (one) year, with possible renewal to be negotiated between the parties in good faith within 3 months of the relevant expiry and an agreed price for the rent for the first year equal to € 60,000.00 plus VAT, where due.
- On 04 June 2024, the Board of Directors approved the new Industrial Plan 2024-2028, which replaces the Industrial Plan 2023-2027 and its underlying assumptions. In this regard, the Company has acquired an independent analysis from an Advisor of international standing.
- On 04 June 2024, the Board of Directors approved the impairment test based on the results of the Industrial Plan, on which a leading consultancy firm has drawn up an in-depth report.

13. Disclosure pursuant to Art. 2428, par. 3 no. 6-bis of the Italian Civil Code

Over the course of 2019, Giglio Group S.p.A. issued a non-convertible bond of € 5 million in principal, made up of 50 bearer bonds with a denomination per unit of € 100,000.00 each.

The issue of the non-convertible Bond took place in the context of the operation"EBB Export Programme", aimed at the retrieval of financial resources by selected Companies for funding and supporting the internationalisation projects of their core businesses.

The main characteristics of the Bond are:

- Aggregate principal amount: equal to € 5 million;
- Subscribers: the Bond was fully subscribed by the SPV;
- Listing: the Bonds shall not be listed on any regulated market nor on any MTF;
- Terms of issue: the Bonds shall be issued in a single tranche;

- Form: the Bonds are bearer bonds issued in book-entry form and centralised at Monte Titoli S.p.A.;

- Issuance Price: the issuance price equals to 100% of the nominal value of the Obligations; - Bonds' minimum value: the minimum value of each Bond amounts to € 100,000;

- Custody and settlement: in case of subsequent negotiation, transfer shall be subscribed only to qualified investors, as per Art. 100 of Legislative Decree no. 58/1998 and Art. 34-ter, par. 1, letter b), of CONSOB Regulation no. 11971/1999, as amended and integrated;

- Interests: the Bond shall bear interest at the fixed nominal gross annual rate of 4.572%, to be paid with a semi-annual coupon postponed until the expiration of the Bond (or, if earlier, until the date in which Bonds shall be fully redeemed).

- Legal duration and expiration: the Bonds shall have a legal duration of 8 years and 6 months and the expiration date is set at the last interests' payment date of 2027;

- Reimbursement: without prejudice to anticipated reimbursement's hypotheses adoptable by the Company or to the occurrence of specific events provided for in the Bond's regulation, adoptable by Bondholders, the Bonds shall be redeemed at par, i.e. at 100% of their nominal value, pursuant to the amortisation plan set forth in the regulation, with 13 semi-annual capital instalments, with a grace period of 2 years;

- Paying agent, Bonds paying agent and bank agent: the functions of paying agent shall be carried out by Securitisation Services S.p.A. whereas the functions of Bonds paying agent and bank agent shall be carried out by Banca Finanziaria Internazionale S.p.A.;

- Tax regime: the Bonds shall be subject to the tax regime set forth in Legislative Decree no. 239 of 1 April 1996, as amended and integrated;

- Applicable law: Bonds issue and contractual obligations deriving by the issue shall be governed solely by the law of the Italian Republic and any dispute arising shall be presented exclusively to the Italian jurisdiction and adjudicated by the exclusive competence of the Court of Milan.

Furthermore, the following credit enhancements were envisaged:

(i) the issue by SACE S.p.A. of an autonomous, first-demand guarantee in favour of the SPV as guarantee of the compliance with the obligations of payment made against the Company's capital and interests deriving from the Bond issued by the same. In the event of non-compliance by the Company with the obligations of payment made against the Company's capital and interests deriving from the Bond, the SPV shall be able to address the non-collection by levying execution on SACE's Guarantee. SACE's Guarantee shall be intended as a public support measure aimed at the development of production activities covered by the counter-guarantee of the Italian State, within the framework of application of Legislative Decree no. 123 of 31 March 1998 ("*Provisions for the optimisation of the public support to the enterprises, as per Art. 4, par. 4, letter c) of Law no. 59 of 15 March 1997*");

(ii) the establishment by the Company of a debt service reserve (the "DSR") on cash collateral in favour of the SPV, amounting to the sum due in the form of interests at the first interests' payment date concerning the Bond: (a) for the purpose of allowing the SPV to promptly comply with its payment obligations with Investors, in the event that the Company fails to promptly comply with its payment obligations in the form of interests concerning the Bond and pending the enforcement of the related SACE's Guarantee; as well as (b) for the purpose of covering the so-called negative carry of the SPV in the event of payment of amounts in principal on the Bond in different dates than the one provided for by the related regulation.

The issue of SACE's Guarantee and the establishment of the cash collateral on the debt service reserve are not incorporated in the securities representing the Bond and, therefore, in case of subsequent negotiation, shall not be negotiated together with the securities.

In compliance with market standards, the regulation governing the Bond's terms and conditions includes, other than the aforementioned elements, also (i) some commitments and limitations borne by the Company, including, by way of example but not limited thereto, financial commitments (the so-called financial covenants), as well as disclosure and industrial commitments and (ii) bondholders safeguards in the case of events detrimental to their interests, which shall activate the acceleration clause and thus oblige the Company to fully redeem the Bond in advance (the so-called events of major importance). The industrial commitments mentioned above include the obligation to finalise the internationalisation project, whose content is attached to the Regulation of the Bond. The financial covenants to be respected throughout the life of the Bond are as follows: a) a gearing ratio, and b) a leverage ratio, as defined by the Regulation of the Bond.

On 28 June 2023, SACE, as guarantor of the bond loan, gave consent to the bond holder EBB S.r.l. upon grant of the waiver under the following terms and conditions:

- Consent relating to non-compliance with the financial parameters "leverage ratio" and "gearing ratio" (covenant holiday) is granted in relation to all the verification dates until full repayment of the bond loan. However, the commitments referred to in clause11.2 (disclosure commitments) of the regulation of the bond loan by Giglio Group S.p.a. remain in force;

- Therefore the surety commitment of Meridiana Holding pursuant to Article 10 ("Regulation of the Loan, Financial Parameters and Further Commitment of the Guarantor") is to be considered no longer in force. In any case, it is understood between the parties that all other obligations and duties assumed by Meridiana Holding Srl pursuant to the guarantee and indemnity agreement dated 10 March 2020 shall remain in force and fully exercisable.
- In view of the above, it should be noted that with reference to the guarantee and indemnity agreement dated 10 March 2020, the guaranteed amount referred to in premise D is thus understood to be confirmed at € 1,500,000 together with the commitment to grant a pledge on the shares of Giglio Group S.p.a. for a total of € 4,152,000 in favour of SACE. The parties agree as of now that the pledge does not imply the possibility of exercising voting rights.
- The effectiveness of the consent expressed was ratified following receipt of the acceptance of the letter of consent countersigned by Giglio Group S.p.a., sent on 29 June 2023.

14. Predictable outlook and assessment of business continuity

Over the last three years, the global context was characterised by a sequence of three extraordinary events: i) the pandemic emergency, ii) the Russian-Ukrainian conflict, with the consequent energy and food crisis and iii) the return of a rising inflation and the end of ultra-expansive monetary policies.

The risks of the global macroeconomic outlooks are still significant and prone to deteriorate. The evolution of the Russian-Ukrainian conflict and the tensions in the Middle-East continue to represent one of the negative factors that may accentuate the slowdown of the world's economic activity.

In this context, the e-commerce segment benefited from a cultural shift characterised by a constant growth in digital stores, facilitated by the slowdown of the physical retail.

The numerous requests for technological updates requested by our customers call for a constant investment in new developments for the platforms and for the constant maintenance of the same so as to support growth, also implying a constant analysis on the strategic nature of its role with partnering brands (clients), thus becoming more and more a technical and process partner, but also an outsourcing service provider.

In addition to maintaining solid relationships with Giglio's historic customers, the strengthening of marketing activity continues.

The expansion of the Travel Retail business of Salotto di Brera continues thanks to the organic growth given by the increase in tourism on cruise ships (Leisure Travel) and to the non-organic growth deriving from the growing number of ships.

The subscription of an agreement with Trenitalia, which involves all of Giglio's business units for the creation of a complete service; more specifically:

- Creation of e-commerce site;
- Production and digital sale of all merchandising;
- Creation, production and sale of co-branded products with big brands;
- Agreements with important companies in other sectors for the sale on board of their carriers of the products of the most important brands distributed by Salotto Brera.

In the B2B segment, it is believed that contracts with new distribution customers can be completed, in addition to the subscription of agreements with new leading fashion brands in the world.
The growth of the new business unit, launched in 2023 H2, relating to the production of merchandising for artists and large companies, is expected.

Business continuity

The Financial Statements as of 31 December 2023 were closed with a loss of € 3,946,000, which led to a net equity of € 1,377,000.
The Company's net financial debt as of 31 December 2023, although progressively decreasing, amounts to € -10.5 million (€ -13.5 million as of 31 December 2022) and there are significant overdue tax, social security and commercial debts and, therefore, at the reporting date the Company is in a situation of financial tension. Furthermore, as of the date of this report, a significant VAT credit (equal to about € 1.5 million) has been collected, which has contributed to alleviating the aforementioned financial tension.
Over the last few years, the Board of Directors has sought out possible financial and industrial solutions to place the company in a situation of economic solidity capable of maintaining business continuity over time; in this sense, at the end of the 2023 financial year, Giglio Group S.p.A.'s capital increase for a total amount of € 5 million was subscribed by Meridiana Holding S.p.A., Luxury Cloud S.r.l. and Ibox SA.
The Company has also significantly reduced general and payroll costs and implemented other optimizations aimed at making business units more productive.

Furthermore, in April 2024, the Company started a process aimed at collecting new financial resources and defining an agreement with credit institutions for the request of standstill clauses from the financing banks making use of a primary consultancy firm and a legal advisor.
Finally, it is noted that, on the basis of the above, on 4 June 2024, the Directors approved the new 2024-2028 Industrial Plan, basing the assessments on the successful outcome of the aforementioned transactions, as well as on the linear increase in revenues, with forecast of sustainable profitability (EBITDA/Revenue ratio) in the long term.
With regard to the revenue trend, the Company has noted some slowdowns that occurred during 2023 due to the difficulties generated by geopolitical tensions in Eastern countries and the near Middle East, but also due to a new important agreement subscribed in May 2023, whose exclusive sales operations of products for train travellers has been postponed to the second half of June 2024.

The Directors have taken steps to update as of 31 December 2023 the assessment of business continuity and the measurement of the financial requirement expected for the following 12 months as per Industrial Plan.

Following the final figures as of 31 December 2023, the Directors highlight the activities implemented to allow the Company to operate as a going concern, namely:

1. The negotiation with the banking credit institutions aimed at obtaining a grace period on the repayment of the loans obtained, aimed at achieving the objectives of the Industrial Plan, which provides for the economic-financial rebalancing of the company and its capacity in the medium term to generate cash flows necessary to guarantee the continuity of the Company, but which are dependent on hypothetical future actions and in any case potentially influenced by exogenous variables, which are currently not fully quantifiable or controllable;

2. The conclusion, on 20 December 2023, of the private placement of no. 11,298,741 ordinary newly-issued shares without nominal value, at a price of € 0.442527173 per share, for an overall countervalue of € 5 million.
The value of the capital increase, fully subscribed, is therefore equal to € 5 million, with no. 4,393,604 shares issued with the same ISIN as the outstanding ones, destined for immediate admission to listing and no. 6,905,137 with different ISIN, not intended for immediate admission to listing.
The price incorporates a 15% discount compared to the "average of the last three market months before the day of issue times the daily volumes exchanged in the same period" and therefore also

falls within the 5-20% price range established by the Board of Directors. Moreover, the price includes a discount of 6.836 % on the latest closing price of Giglio Group.
Following the capital increase, Ibox SA, the only member who is not a related party, subscribed at the price indicated above no. 2,937,672 shares for a value of € 1.3 million, equal to 26% of the capital increase through the compensation of its liquid and collectable receivables towards the Company. Meridiana Holding S.p.A. subscribed no. 6,779,245 shares for a value of € 3 million, equal to 60% of the capital increase, of which € 2,528,000 in cash, which have already been transferred into the Company's coffers and € 472,000 through compensation of its liquid and collectable receivables towards the Company; Luxury Cloud S.r.l. subscribed no. 1,581,823 shares for a value of € 700,000, equal to 14% of the capital increase, paid in cash, which have already been transferred into the Company's coffers.

3. The search for new partnerships, as well as organic and continuous collaborations with other synergistic companies with which to develop both medium- and long-term projects that strengthen the shareholder structure or the functional organizational structure by offering new and profitable opportunities for new businesses or the expansion of the current ones.

In light of the considerations reported above, the elements of uncertainty and risk that remain are linked to:

- The full realization of the objectives of the Industrial Plan, which provides for the medium-term economic/financial rebalancing of the Company and its ability to generate cash flows necessary to guarantee the continuity of the Company, but which are dependent on hypothetical future actions and in any case potentially influenced from exogenous variables, among which the trend of expected revenue volumes must be kept in mind, as well as the positive conclusion of the process of collecting new financial resources and defining an agreement with the credit institutions for the request of standstill clauses from the lending banks;
- The financial tension determined by the presence of high short-term debt and negative economic performance.

In light of the above, the Board believes that the possibility for the Company to continue its operations for the foreseeable future is necessarily linked, in addition to the maintenance of existing credit lines and the effective definition of an agreement with the credit institutions for the request of standstill clauses from the financing banks, in order to obtain the resources necessary to cover financial needs in the short term, as well as the achievement of the operational and financial targets envisaged in the Industrial Plan.

Consequently, if the actions to recover profitability only partially materialize, the Company does not exclude the need to resort to financial restructuring operations within the next 12 months with the aim of reducing debt and increasing the ability to sustain financial flows.

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.

Lastly, and as a further note of caution, the Directors, aware of the inherent limits of their assessment, will keep a constant monitoring of the evolution of the factors taken into consideration, so as to adopt, should the need arise, the necessary provisions and to provide for, with analogous promptness, the fulfilling of the disclosure obligations to the market. In particular, the Board of Directors monitors and will continue to monitor the economic, equity and financial situation in order to also evaluate alternative capital strengthening solutions such as to guarantee the existence of the assumption of business continuity.

It should be considered that if the aforementioned critical issues were to emerge, the Board of Directors would be forced to review the continuity assumption and to carry out subsequent checks, assessments and in-depth analyses in order to guarantee the recovery of the value of the tangible and intangible assets recorded in the Financial Statements as of 31 December 2023, which could be subject to significant further write-downs as a result of the possible loss of the business continuity assumption, as well as any greater provisions for contingent liabilities.

15. Information and Management of Principal Risks and Uncertainties

In this section of the report, we wish to report upon the risks - considered as those events which may impact the achievement of corporate objectives, and therefore upon value creation.

Risks are broken down between financial and non-financial and therefore according to the source of the risk. The risks may be broken down into two macro-categories: internal and external risks, according to whether stemming from internal group operating processes or from external developments.

Non-financial risks

Among the internal risks we highlight:

Efficiency/efficacy of the processes: the organisational processes are currently being completed, especially with reference to the monitoring and implementation of the internal company procedures.

Delegation: within the growth of our company, it would be beneficial to assign a wider distribution of duties and responsibilities within the organisation in order to favour IT processes and internal efficiencies;

Human resources: our activities require resources with high skill-sets: the workforce will require continual upskilling in order for our divisions to step up to the changed marketplace.

Among the external sources we highlight:

Market: the normal risks related to our activities, highly correlated to trends in market demand.

Regulations: the company's organisation permits the prompt compliance with stringent regulations especially in the Italian and foreign e-commerce sector which represents a significant level of complication.

Catastrophic Events: the previous years have been characterised by the COVID-19 pandemic, which had a significant impact on the company.

IT risks: the widespread and growing use of digital identity-SPID, of digital signature and of certified electronic email addresses may increase the risk of digital identity theft as well as the fraudulent use of these identities. Any undue and/or elicit utilisation of such information could result in, among other matters, a violation, attributable to the Issuer, of the data protection regulation, with possible negative effects on the activities and on the prospects of the Issuer, as well as on the equity and financial situation of the Issuer. During the years 2013-2021 and in the current year, there were no information system attacks nor, to the knowledge of the company, any occurrences of embezzlement of data and/or sensitive information. Where the Company is unable to adopt technological controls in order to meet these possible risks they may be liable for economic and financial damages incurred by third parties with negative effects on the economic, financial and equity situation of the Company.

Financial risks

For financing and investing operations the company adopted prudent and risk limitation criteria and no operations were taken of a speculative nature.

In order to monitor financial risks through an integrated reporting system and ensure analytical planning of future activities, the company is currently implementing a management control system.

In addition, the company did not utilise derivative financial instruments to hedge against risks regarding its funding requirements.

Currency risk

The Company prepares its financial data in Euro and, in relation to its business model, incurs the majority of its costs in Euro. The business model adopted permits the company to reduce to the minimum the risks related to changes in exchange rates.

Credit risk

Credit risk is the risk that a counterparty does not fulfil its obligations relating to a financial instrument or a commercial contract, resulting therefore in a financial loss. The Company is exposed to credit risks deriving from operations (particularly with regards to trade receivables and credit notes) and financing activities, including deposits at banks and financial institutions.

Payment terms for key clients that dictate terms and conditions make it necessary for the Company to primarily finance working capital through bank debt, especially for self-liquidating lines. The need to finance working capital entails different types of charges for the company, which is mainly interest payable on loans.

Liquidity risk

Liquidity risk is the risk that financial resources may be insufficient to meet obligations on maturity. The company manages liquidity risk by maintaining a constant balance between funding sources, deriving from operating activities, from recourse to credit institution financing, and resources employed. Cash flow, funding requirements and liquidity are constantly monitored, with the objective of ensuring efficient management of financial resources. In order to meet its obligations, in the event cash flows generated from ordinary activities are insufficient, or in the case of timing differences, the company has the possibility to undertake operations to source financial resources, through, for example, bank advances on receivables and bank lending.

16. Information relating to the environment and personnel

During the year, no corporate liability was ascertained in terms of serious accidents or deaths at work, nor any charges against the Company in relation to professional illnesses.

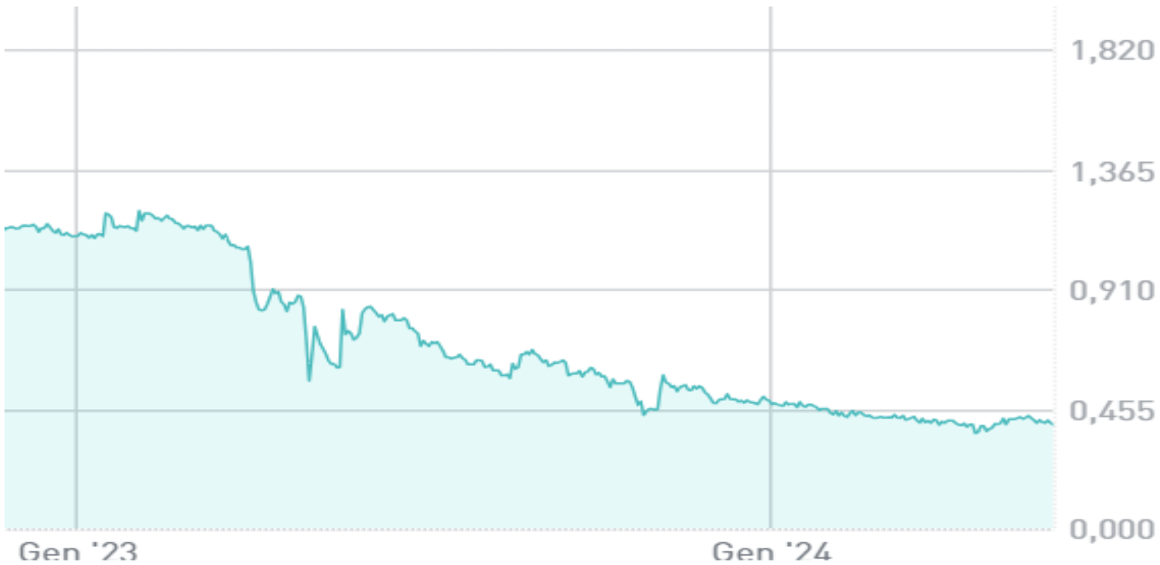
It should be noted that during the year no corporate liability was ascertained relating to damage caused to the environment or environmental crimes.

17. Relations with Related Parties

In accordance with the Consob Regulation concerning related parties adopted with resolution no. 17221 of 12 March 2010 as amended, the Company adopted a Procedure for Transactions with Related Parties ("Related-Parties Procedure") available on the Company's Website www.giglio.org, section "Corporate Governance/Governance System and Rules/Related-Parties Procedure". The Company shall update continuously the provisions contained in the Related-Parties Procedure so as to ensure that they are coherent with the regulations in force from time to time, as well as keep up to date the Register of Related Partied Transactions, where related parties shall be identified or removed if no longer applicable.

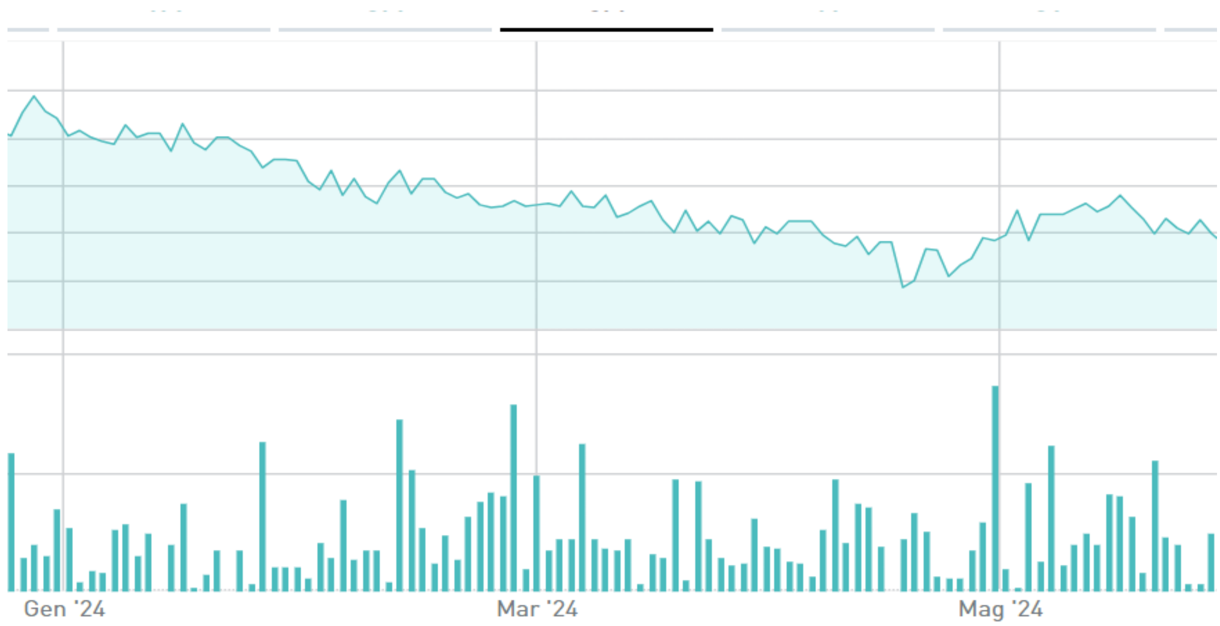
18. Share Performance

The share performance of the Company on the market and volumes traded in 2023 are as follows:



The market capitalisation as at 31 December 2023 resulted equal to € 16.1 million, thus showing a far superior value to the Shareholders' Equity book value of the Company resulting from the last approved consolidated statement of financial position. At the same date, the outstanding shares are 33,266,763.

The share performance of the Company on the market and volumes traded in the first 5 months of 2024 are as follows:



19. Information on Corporate Governance and Ownership Structure

As per Art. 123-bis of Legislative Decree no. 58/1998 (CFA)

On 04 June 2024, Giglio Group S.p.A. Board of Directors approved the annual Corporate Governance Report (the "Report"), created also as per Art. 123-bis of the Consolidated Financial Act.

The Report includes the description of the Corporate Governance system adopted by Giglio Group S.p.A. (the "Company"), provides information on the ownership structure and on the acceptance of the Corporate Governance Code, shows the main governance practices of the Company and the characteristics of the Internal Control and Risk Management system in relation to the financial reporting process.

Corporate Governance

For more information on Corporate Governance, see the Corporate Governance Report, created pursuant to Art. 123-bis of CFA, approved by the Company's Board of Directors together with the Company's Financial Statement and available in its registered office as well as on the Company's Website (www.giglio.org – Corporate Governance's section).

Main characteristics of the internal control and risk management system

The Internal Control and Risk Management System of Giglio Group S.p.A. is structured to ensure the achievement of corporate objectives through the identification and management of the Company's main risks, thus contributing to attain efficient and effective corporate operations, reliable financial reporting and conformity with current laws and regulations.

Corporate Governance Report

For the information required by Art. 123-bis of the CFA on the Corporate Governance system of Giglio Group S.p.A., please refer to the Corporate Governance Report approved by the Company's Board of Directors together with the Directors' Report made available by the Company at the Company's registered office, as well as on the Company's website (www.giglio.org - "Corporate Governance" section).

20. More Information

Number and value of treasury shares and of shares in parent companies held by the company

The Company does not hold treasury shares or shares of the parent company.

Number and nominal value of treasury shares and shares or quotas of holding companies purchased or sold by the company in the year

The Company did not purchase or sell during the year treasury shares or shares of the parent company.

Significant shareholders and shares of the Issuer

At the date of the present financial statements (June 2024) the official data indicates the following significant shareholders:

- 57 % of shares held by Meridiana Holding S.p.A.;
- 8.83 % of shares held by Ibox SA.

Investments held by Directors, Statutory Auditors, and Managers with Strategic Responsibilities

For more information on the investments held by Directors, Statutory Auditors, and Managers with Strategic Responsibilities, see the Remuneration Report created pursuant to Art. 123-ter of the CFA, Art. 84-quater and Annex 3A, scheme 7-bis of Consob Regulation no. 11971/1999 as amended (the "Issuers' Regulation") and to Art. 6 f the Corporate Governance Code, available on the Company's Website www.giglio.org, in the Corporate Governance section.

Non-financial Statement

The Company has exercised the right to not draw up the Non-financial Statement, as the mandatory requirements for its application, provided by Legislative Decree no. 254 of 30 December 2016, are not met.

21. Giglio Group S.p.A.'s Financial Statement as of 31 December 2023 - Resolution Proposal

Dear Shareholders,

On 05 June 2024, the Board of Directors of the Company proposed the following:

The Company's Financial Statements as of 31 December 2023 were closed with a loss of € 3,946,000, which led to a net equity of € 1,377,000.

This result determines a loss of more than 1/3 of the share capital (equal to € 6,653,363), relevant pursuant to Art. 2446, par. 1, of the Italian Civil Code.

This loss accrued in the financial year ended as of 31 December 2023. 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 off-set the losses provided for by Art. 2446, par. 2 of the Italian Civil Code was moved to the fifth following financial year).

To this regard, we invite shareholders:

- To approve the Financial Statements as of 31 December 2023 in all their parts and findings;
- For the losses as of 12 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.

Moreover, for the losses accrued as of 31 December 2020 and 31 December 2021 already carried forward, the Board of Directors proposes to use part of the available reserves, increased thanks to the capital increase completed on 20 December 2023, to off-set them with the consequent reduction of reserves to € 15,956,000.

This remedy, however, could still be postponed, pursuant to the provisions of Law no. 178 of 30 December 2020 and Legislative Decree no. 228 of 30 December 2021 respectively (converted with amendments by Law no. 15 of 25 February 2022), until the fifth financial year following their maturation. In this case the reserves would be reduced.

For this reason, this last aspect is not present in the proposed resolution formulated below but is left by the directors to an evaluation to be carried out directly by the shareholders at the meeting.

Consequently, the following resolution proposal is formulated to the Meeting:

"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;*
4. *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".*

Milan, 5 June 2024 Board of Directors

The Chairman

GIGLIO GROUP S.p.A.

Registered office Via Uberto Visconti di Modrone 11

Share Capital subscribed and paid-in € 6.653.353

Economic & Admin. Register No. 1028989 Tax no. 07396371002

Registered at Milan Companies Registration Office with no. 07396371002

Website www.giglio.org

Annual Financial Statements as of 31 December 2023

FINANCIAL STATEMENTS

- Statement of Financial Position
- Statement of Profit or Loss and Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Net Equity
- Explanatory Notes to the Financial Statements

Statement of Financial Position

Statement of financial position (Euro thousands)		31 December 2023	31 December 2022
Non-current assets			
Property, plant & equipment	(1)	120	54
Right-of-use assets	(2)	418	213
Intangible assets	(3)	4,611	119
Goodwill	(4)	10,256	3,249
Investments	(5)	2,052	11,313
Receivables	(6)	816	797
Deferred tax assets	(7)	903	1,011
Total non-current assets		**19,178**	**16,756**
Current assets			
Inventories	(8)	393	605
Trade receivables	(9)	4,477	6,357
Financial receivables	(10)	2	2
Tax receivables and deferred tax assets	(11)	1,002	263
Other assets	(12)	114	99
Cash and cash equivalents	(13)	966	105
Total current assets		**6,953**	**7,430**
Total Assets		**26,131**	**24,186**
Equity	(14)		
Issued capital		6,653	4,394
Reserves		26,705	24,049
Extraordinary reserve		-	-
Listing fees		(541)	(541)
FTA Reserve		4	4
Retained earnings		(27,498)	(27,617)
Foreign Currency Translation reserves		-	-
Net profit/(loss)		(3,946)	119
Total Net Equity		1,377	408
Non-current liabilities			
Provisions for risks and charges	(15)	270	-
Post-employment benefit funds	(16)	315	204
Deferred tax liabilities	(17)	0	1
Non-current financial liabilities	(18)	6,743	5,813
Other non-current liabilities	(21)	1	76
Total non-current liabilities		**7,329**	**6,093**

Current liabilities			
Trade payables	(22)	9,094	7,906
Financial payables (current portion)	(23)	4,763	7,702
Tax payables	(24)	2,124	921
Other liabilities	(25)	1,443	1,156
Total current liabilities		**17,425**	**17,685**
Total liabilities and Equity		**26,131**	**24,184**

Statement of profit or loss and of comprehensive income (Euro thousands)		**31.12.2023**	**31.12.2022**	***From E-Commerce merger***
Total revenues from contracts with customers	- (22)	**17,956**	**17,458**	***7,317***
Other revenues	(22)	3,295	2,268	*240*
Capitalised costs		50	0	*50*
Change in inventories		(382)	(888)	*(49)*
Purchase of raw materials, ancillary, consumables and goods	(23)	(12,203)	(13,587)	*(4,369)*
Service costs	(24)	(7,845)	(3,369)	*(2,558)*
Rent, lease and similar costs	(25)	(75)	(62)	*(21)*
Operating costs		**(20,123)**	**(17,018)**	***(6,948)***
Salaries and wages	(26)	(1,993)	(1,208)	*(798)*
Social security charges	(26)	(580)	(342)	*(211)*
Post-employment benefits	(26)	(130)	(65)	*(59)*
Payroll expenses		**(2,703)**	**(1,615)**	***(1,068)***
Amortisation	(27)	(836)	(63)	*0*
Depreciation	(27)	(281)	(247)	*0*
Write-downs	(27)	93	3	*0*
Amortisation, depreciation & write-downs		**(1,025)**	**(308)**	***0***
Other operating costs	(28)	(187)	(79)	*(5)*
Operating profit		**(3,119)**	**(182)**	***(463)***
Non-recurring revenues (charges)	(29)	6	**1,050**	
Financial income	(30)	2	10	*0*
Net financial charges	(30)	(714)	(770)	*(344)*
Profit before taxes		**(3,826)**	**108**	***(807)***
Deferred tax assets	(31)		**83**	***30***
Income taxes	(31)	(121)	(73)	*30*
Profit for the period		**(3,946)**	**119**	
Of which minority interest		*0*	0	
Basic and diluted profit from continuing operations		**(0.1186)**	**0.0054**	
Profit per share – basic and diluted		**(0.1783)**	**0.0078**	

Comprehensive Income (Euro thousands)		31.12.2023	31.12.2022
Profit for the period		-3,946	119
Other comprehensive income			
Other comprehensive income that will be reclassified to profit/(loss) in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		0	0
Total other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)		**0**	**0**
Other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)			
Actuarial loss on employee benefits obligations	- 16	29	54
Total other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)		**29**	**54**
Total Comprehensive Income for the period		**-3,917**	**173**

Earnings per share	-0.1783	0.0079

Statement of Changes in Equity

Description *(Euro thousands)*	**Issued capital**	**Reserves**	**FTA Reserve**	**Other reserves**	**IAS 19 Reserve**	**Retained earnings**	**Net profit/(loss)**	**Total**
31 December 2022 Balance	**4,394**	**24,055**	**4**	**(541)**	**(6)**	**(27,617)**	**119**	**408**
Issue of share capital	2,260							2,260
Share premium reserve		2,740						2,740
Shareholders contributions to the corporate funds (or assets)								-
Retained earnings							(119)	(119)
2020 suspended losses pursuant Law no. 178 of 30 December 2020								-
2021 suspended losses pursuant Law no. 178 of Legislative Decree no. 228 of 30 December 2021						119		119
IAS 19 Reserve					(29)			(29)
Exchange rate effect								-
Other changes		(55)					(3,946)	(4,002)
Profit for the period								-
31 December 2023 Balance	**6,654**	**26,740**	**4**	**(541)**	**(35)**	**(27,498)**	**(3,946)**	**1,377**
of which deferred losses Law no. 178 of 30 December 2020 for fiscal year 2020						(8,419)		
of which deferred losses Legislative Decree no. 228 of 30 December 2021 for fiscal year 2021						(3,123)		

Description (Euro thousands)	**Issued capital**	**Reserves**	**FTA Reserve**	**Other reserves**	**IAS 19 Reserve**	**Retained earnings**	**Net profit/(loss)**	**Total**
31 December 2021 Balance	**4,394**	**24,055**	**4**	**(541)**	**(59)**	**(24,493)**	**(3,123)**	**235**
							-	-
31 December 2021 Balance	**4,394**	**24,055**	**4**	**(541)**	**(59)**	**(24,493)**	**(3,123)**	**235**
Issue of share capital								-
Share premium reserve								-
Shareholders contributions to the corporate funds (or assets)								-
Retained earnings							3,123	3,123
2020 suspended losses pursuant Law no. 178 of 30 December 2020								-
2021 suspended losses pursuant Law no. 178 of Legislative Decree no. 228 of 30 December 2021						(3,123)		(3,123)
IAS 19 Reserve					54			54
Exchange rate effect								-
Other changes							119	119
Profit for the period								-

31 December 2022 Balance	**4,394**	**24,055**	**4**	**(541)**	**(5)**	**(27,616)**	**119**	**408**

Statement of Cash Flows

Euro thousands		31.12.2023	31.12.2022
Cash flows from operating activities			
Net profit from continuing operations		(3,946)	119
Profit (loss) for the period of discontinued operations			
.			
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and impairment of property, plant and equipment	(1)	281	52
Amortisation of right-of-use assets	(2)	210	196
Amortisation and impairment of intangible assets	(3)	836	63
Non-cash changes of provisions	(15 / 16)	387	(72)
Write-downs/(Revaluations)	(28)	(93)	(3)
Net foreign exchange differences	(30)	714	760
Income taxes	(31)	121	(10)
Changes in:			
Inventories	(8)	212	888
Trade receivables	(9)	2,025	(2,573)
Tax receivables	(11)	(739)	171
Current financial receivables	(10)	0	-
Other assets	(12)	(15)	133
Deferred tax liabilities	(17)		
Trade payables	(19)	1,188	4,932
Tax payables	(20)	1,203	334
Right-of-use assets	(2)		(3)
IFRS16 financial payables	(18)	104	(198)
Other liabilities	(21)	287	(2,341)
Change in net working capital		**4,266**	**1,343**
Changes in provisions			
Changes in assets/liabilities held for sale/Discontinued operations			
Cash flow generated from operating activities		**2,777**	**2,448**
Interest paid	(30)	(714)	(676)
Income taxes paid	(31)		
Net cash flow generated from operating activities		**2,062**	**1,772**
Cash flows from investing activities			**-**
Investments in property, plant & equipment	(1)	(272)	(5)
Investments in intangible assets	(2)	(162)	(19)
Changes in other intangible assets	(1)	(88)	1,840
Decrease in investments in joint ventures	(5)	-	(437)
Net cash flow used in investing activities		**(522)**	**1,379**
Cash flow from financing activities			**-**
Share capital increase		2,259	-
Change in Shareholders' Equity	(14)	119	54
New financing	(18)		90
Repayment of loans	(18)	(3,516)	(3,219)
Change in financial liabilities	(18)	458	(115)
Net cash flow used in financing activities		**(680)**	**(3,190)**
Net increase/(decrease) in cash and cash equivalents		**861**	**(39)**
Cash and cash equivalents at 1 January		105	144
Cash and cash equivalents at 31 December		966	105

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

A. Corporate information

The Company closed fiscal year 2023 with a loss of € -3,946,000.

Nevertheless, 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. 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.

Said deadline for the losses accrued as of 31 December 2020 and 31 December 2021, has been postponed to the following fifth fiscal year, 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), which allowed listed companies to temporarily suspend some provisions on capital reductions for losses (such as Art. 2446 and 2-bis), thus postponing to the following fifth fiscal year the obligation to offset the losses.

For more information, see the Statement of Changes in Equity and Note 40. Business continuity.

The registered office of Giglio Group S.p.A. is Via Uberto Visconti di Modrone 11, Milan.

The activities of the company are described in these Explanatory Notes.

The information on transactions of the Company with the other related parties are presented in Note 35.

B. Accounting standards

These Financial Statements have been drawn up on the assumption of business continuity on the basis of the considerations carried out by the Directors and described in Note 40.

The Board of Directors reserves the right to modify them if subsequent significant events occur up to the date of the Shareholders' Meeting.

These Financial Statements, drawn up in compliance with the provisions of Consob with Resolution no. 11971/1999 as amended, including in particular the amendments introduced by Resolutions no. 14990 of 14 April 2005 and no. 15519 of 27 July 2006, contain the accounting statements and notes relating to the Company, drawn up by adopting the IFRS international accounting standards issued by the IASB (International Accounting Standards Boards) and adopted by the European Union. By IFRS we mean all the "International Financial Reporting Standards", the "International Accounting Standards" (IAS), all the interpretations of the "International Financial Reporting Standards Interpretations Committee" (IFRS IC, formerly IFRIC), previously called "Standing Interpretations Committee" (SIC).

Moreover, the IFRS were applied consistently for all the periods presented in the present document.

The Financial Statements are drawn up on the basis of the historical cost criterion, except for the measurement of real estate investments, which are measured at fair value in accordance with the IAS 40 provisions.

With regard to the models for the presentation of the Financial Statements, in preparing the Statement of Profit or Loss and Comprehensive Income, the Company has adopted a model for classifying revenues and costs by nature in consideration of the specific activity carried out.

The Statement of Financial Position is presented in opposing sections with separate indication of assets, liabilities and net worth. In turn, the assets and liabilities are shown in the Financial Statements based on their classification as current and non-current. The Statement of Cash Flow was drawn up according to the indirect criterion, taking "Cash and cash equivalents" as reference.

In the Financial Statements as of 31 December 2023, significant relationships with "Related Parties" and any "non-recurring transactions" were highlighted separately, as required by Consob Resolution no. 15519 of 27 July 2006.

C. Basis of presentation

It should be noted that starting from the 2023 financial year, as a result of the extraordinary transactions described more fully in the paragraph of the Explanatory Notes to the Financial Statements, the Company has changed radically.

As of the date of these Financial Statements, Giglio Group S.p.A. (hereinafter also referred to as "Giglio", the "Company" or the "Issuer") holds control exclusively of the following shareholdings which, considered individually and/or as a whole, are irrelevant for the purposes of a correct representation:

- **Giglio (Shanghai) Technology Company Limited China - subsidiary 100%**

Registered Office: Shanghai International Finance Center, Century Avenue 8 Room 874, Level 8, Tower II, Shanghai, 200120

Share Capital € 40,000

The Company holds Chinese digital platforms, the ICP licences that allow it to operate on the Chinese web and the authorisations for Shenzen's Free Trade Zone, as well as being appointed with carrying out sales of the Chinese and Korean market, but also for other markets of the Far East that are still under development.

- **Media 360 HK Limited** - **subsidiary 100%**

Registered Office: 603 Shung Kwong Comm. Bldg

8 Des Vouex Road West, Hong Kong

Share capital: HKD 100

The investment in the company will soon be a discontinued operation.

- **Meta Revolution S.r.l. - subsidiary 51%**

Registered Office: Piazza Diaz 6, 20123 Milan

Share capital € 120,000 subscribed and paid-up at 25%.

The company's object is the development, production and marketing of high-tech, innovative products or services in the NFT sector. The investment in the company will soon be a discontinued operation.

These shareholdings, considered both individually and as a whole, are completely irrelevant for the purposes of a true and correct representation of the financial position and economic result of the complex constituted by Giglio Group S.p.A. (the Issuer) and its subsidiaries. It is believed that this situation constitutes - for the purposes of a true and correct representation of the financial position and economic result - a reason for the Company's exemption from the preparation of the Consolidated Financial Statements, as can be seen from the table below:

Statement of financial position (Euro thousands)	Giglio Group S.p.A.	Consolidated entries and adjustments (Unaudited)	Giglio Group S.p.A. and subsidiaries 2023 (Unaudited)
NON-CURRENT ASSETS			

Property, plant & equipment	120	0	120
Right-of-use assets	418	0	418
Intangible assets	4,611	46	4,657
Goodwill	10,256	0	10,256
Investments	2,052	(11)	2,041
Receivables	816	(98)	718
Deferred tax assets	903	0	903
Total non-current assets	**19,178**	**(64)**	**19,114**
CURRENT ASSETS			
Inventories	393	32	425
Trade receivables	4,477	(33)	4,444
Financial receivables	2	0	2
Tax receivables and deferred tax assets	1,002	0	1,002
Other assets	114	57	171
Cash and cash equivalents	966	(23)	943
Total current assets	**6,953**	**34**	**6,987**
Total Assets	**26,131**	**(30)**	**26,101**
Equity			
Issued capital	6,653	151	6,804
Reserves	26,705	111	26,816
Listing fees	(541)	0	(541)
FTA Reserve	4	0	4
Retained earnings	(27,498)	(116)	(27,614)
Foreign Currency Translation reserves	0	(158)	(158)
Net profit/(loss)	(3,946)	(27)	(3,973)
Total Group Equity	**1,377**	**(39)**	**1,339**
Minority interest in equity	0	43	43
Third parties net profit/(loss)	0	0	0
Total Net Equity	**1,377**	**5**	**1,382**
Non-current liabilities			
Provisions for risks and charges	270	(46)	223
Post-employment benefit funds	315	0	315
Deferred tax liabilities	0	0	0
Non-current financial liabilities	6,743	0	6,743
Other non-current liabilities	1	0	1
Total non-current liabilities	**7,329**	**(46)**	**7,282**
Current liabilities			
Trade payables	9,094	45	9,139
Current financial liabilities	4,763	(46)	4,717
Tax payables	2,124	(3)	2,121
Other current liabilities	1,443	16	1,459
Total current liabilities	**17,425**	**12**	**17,436**
Total liabilities and Equity	**26,131**	**(30)**	**26,101**

Statement of profit or loss and of comprehensive income (Euro thousands)	Giglio Group S.p.A.	Consolidated entries and adjustments (Unaudited)	Giglio Group S.p.A. and subsidiaries 2023 (Unaudited)
Total revenues from contracts with customers	**17,956**	**79**	**18,035**
Other revenues	3,295	0	3,295
Capitalised costs	50	0	50
Change in inventories	(382)	10	(373)
Purchase of raw materials, ancillary, consumables and goods	(12,203)	(53)	(12,256)

Service costs	(7,845)	(34)	(7,879)
Rent, lease and similar costs	(75)	(3)	(78)
Operating costs	**(20,123)**	**(91)**	**(20,213)**
Salaries and wages	(1,993)	(2)	(1,995)
Social security charges	(580)	0	(580)
Post-employment benefits	(130)	0	(130)
Payroll expenses	**(2,703)**	**(2)**	**(2,705)**
Amortisation	(836)	0	(836)
Depreciation	(281)	(17)	(299)
Write-downs	93	0	93
Amortisation, depreciation & write-downs	**(1,025)**	**(17)**	**(1,042)**
Other operating revenues (costs)	(187)	(1)	(188)
Operating profit	**(3,119)**	**(22)**	**(3,141)**
Non-recurring revenues (charges)	6	0	6
Financial income	2	23	24
Exchange differences on translation of foreign operations	0	0	0
Net financial charges	(714)	(28)	(742)
Profit before taxes	**(3,826)**	**(26)**	**(3,852)**
Deferred tax assets	(108)	0	(108)
Income taxes	(13)	0	(13)
Profit for the period	**(3,946)**	**(26)**	**(3,973)**
Of which minority interest	**0**	**0**	**0**
Group's net profit	**0**	**(26)**	**(26)**

In consideration of the above, the Company deemed that the Financial Statements, thus prepared, reliably represent the financial position, the economic result and the cash flows of the business.

The applicable IFRS standards were fully complied with, except for having disregarded the particular provision for the preparation of the Consolidated Financial Statements for the reasons set out above, but this was with the sole purpose of obtaining a correct, reliable and exhaustive representation of the real corporate situation.

D. Discretional valuations and accounting estimates

The preparation of the financial statements of Giglio requires estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures on the assets and contingent liabilities at the reporting date: consequently, the actual results may differ from such estimates.

The estimates are used to determine the provisions for doubtful accounts, depreciation and amortisation, write-downs, employee benefits, income taxes and other provisions. The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Statement of Profit or Loss.

The principal data subject to estimates refer to:

- Identification of Cash Generating Unit (CGU):

In application of the requirements in "IAS 36 - Impairment of assets", the goodwill recorded in the Group's Financial Statements, by virtue of business combination transactions, was assigned to single CGUs or to groups of CGUs that are expected to benefit from this combination. A CGU is the smallest identifiable group of assets that generates a largely independent cash flow. In the process of identification of the aforementioned CGUs, the management kept note of the specific nature of the activity and the business to which it belongs, verifying that the cash flows generated by a group of activities were strictly independent and largely autonomous from the ones resulting from other activities (or group of activities). The activities included in every CGU were identified also on the basis of the procedures by which the management monitors and manages them.

- Provision for inventory write-down of raw materials and accessories and inventories of finished products: Since the Company deals with products that are influenced by market trends and fashion, product inventories may be subject to impairment. In particular, the provision for inventory write-down of finished products reflects management's estimate on the impairment losses expected on the products of various seasonal collections in stock, taking into account the ability to sell them through the various distribution channels in which the Company operates. Indicatively, write-down assumptions provide for devaluation percentages that increase according to the ageing of the products purchased (it should be noted that the Company deals with both in-season and off-season collections and distributes them among the most important digital retailers in the world) in such a way as to reflect the decrease in selling prices and the reduction in the probability of their sale over time. Underpinning the calculation of this percentage is a statistical analysis on the variation of the ageing product in stock and a constancy assessment of the percentages in use over time. If a change in available information is noted, percentages are re-analysed and possibly adjusted.

- Provision for doubtful accounts: Through the ageing list and based on the collection of receivables and the assessments provided by the Legal Department, management carefully assesses the status of receivables and overdue receivables and carries out a recoverability analysis; these estimates could also be found to be incorrect since they are subject to a natural degree of uncertainty;

The recoverability analysis of commercial credits is undertaken on the basis of the so-called expected credit loss model.

More specifically, expected credit losses are determined on the basis of the product between: (i) the exposure to the counterpart net of relevant mitigating guarantees (so called Exposure At Default or EAD); (ii) the chance that the counterpart does not comply with its payment obligation (so called Probability of Default or PD); (iii) the estimate, in percentage, of the quantity of credit that shall not be recovered in case of default (Loss Given Default or LGD), defined on the basis of previous experiences (historical series of recovery capacity) and of the possible recovery actions to be undertaken (e.g. out-of-court proceedings, litigations, etc.).

- Payments based on shares or options:

The cost of work includes, consistently to the substantial nature of the compensation, the cost of the incentive stock option plan. The incentive cost is determined with regards to the fair value of the financial instruments assigned and to the intended number of shares/options to be assigned; the pertinent share is determined pro-rata temporis over the vesting period, i.e. during the period between the grant date and the assignment date . The fair value shares/options underlying the incentive plan is determine on grant date taking into account the forecasts regarding the achievement of performance parameters associated with market conditions, and cannot be adjusted in the following fiscal years; if obtaining the benefit is linked to conditions other than the market's, the forecast regarding these conditions is reflected by adjusting over the vesting period the number of shares that shall be assigned. At the end of the vesting period, in the event that the plan does not assign shares to the beneficiaries due to the failure to reach the performance conditions, the share of the cost concerning market conditions cannot be reversed into the statement of profit or loss and comprehensive income.

It is noted that, on 21 June 2021, the ordinary and extraordinary Shareholders' Meeting took place.

The Meeting, in its ordinary call, approved the Stock-Option Plan 2021-2028 reserved to executive directors and/or senior executives within the Company or its subsidiaries,

as these shall be identified by the Board of Directors pursuant to the

regulation of the Stock Option Plan.

The extraordinary Shareholders' Meeting, on the other hand, delegated to the Board of Directors the authority to increase Giglio Group S.p.A. share capital against payment, pursuant to Art. 2439, par 2 of the Civil Code, in separate issues, excluding option rights, pursuant to Art. 2441, par. 8 and as far as applicable - par. 5 of the Civil Code, for a maximum amount of € 180,000.00 in nominal value, through the issue, also in more tranches, of a maximum of no. 900,000.00 ordinary shares without nominal value, to be used only within the scope of the "Stock Option Plan 2021-2028".

The options thus assigned shall be exercised over a three-year vesting period divided in three tranches (up to 30% on the first year, up to 35% on the second year and up to 35% on the third year) and shall accrue only if the objectives set in the plan are achieved (in terms of performance conditions).

It is noted that the objectives related to 2023 were not met, and that no provision was made necessary.

- Employee Benefits: whose values are based on actuarial estimates; refer to Note 16 for the main actuarial assumptions;
- Goodwill: the recoverability of Goodwill is tested annually and, where necessary, also during the year. The allocation of goodwill to CGUs or groups of CGUs and the calculation of the latter's recoverable value involves the assumption of estimates that depend on subjective valuations and factors that may change over time with consequent effects that are also significant with regard to the valuations carried out by the Directors. These valuations are carried out at the level of cash-generating units to which the value of goodwill is attributed and assume the higher of the fair value as the recoverable value, if this is available or calculable, and its value in use obtainable from the long-term plans approved by the Boards of Directors.

It is noted that, from the assessments carried out, the need to carry out some goodwill's write-downs did not arise, as better described in Note 4;

- Intangible Rights: The Directors did not indicate any potential impairment problems regarding the carrying amount of intangible assets. In this regard, it should also be stressed that intangible fixed assets are tested annually for permanent write-downs when there are indications that the carrying amount may not be recovered. When the calculations of the value in use are prepared, Directors must estimate the cash flows expected from the asset or from the cash-generating units and choose an appropriate discount rate so as to calculate the present value of these cash flows. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impact upon the valuations and estimates made by the

- <u>Deferred tax assets</u> are recognised to the extent where it is likely there will be adequate future tax profits against which temporary differences or any tax losses can be utilised. In this regard, management estimates the probable timing and the amount of the future taxable profits.
- <u>Contingent liabilities</u>: The company accrues a liability against disputes and risks deriving from legal cases in progress when it is probable that a financial payable will arise and where the amount of the liability may be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the explanatory notes.

E. Management of capital and financial risks

<u>Financial risk objectives and criteria</u>

Financial liabilities of the Company, other than derivatives, include loans and bank loans, trade payables, trade and other payables and financial guarantees. The main objective of these liabilities is to fund Company operations. The Company has financial and other receivables, trade and non-trade receivables, cash and cash equivalents and short-term deposits which directly stem from operations.

The Company is exposed to market risk, credit risk and liquidity risk. Management is responsible for the management of these risks;

The Board of Directors reviews and approves the management policies of each of the risks illustrated below.

For financing and investing operations the company adopted prudent and risk limitation criteria and no operations were taken of a speculative nature.

Financial risks are monitored through an integrated reporting system, which ensures analytical planning of future activities; the company is currently implementing a management control system.

In addition, the company did not utilise derivative financial instruments to hedge against risks regarding its funding requirements.

The financial risks to which Giglio Group S.p.A are exposed are illustrated below.

<u>Market risk</u>

Market risk is the risk that the fair value of the future cash flows of a financial instrument will alter on the basis of market price movements. The market price includes three types of risk: currency risk, interest rate risk and other price risks.

<u>Currency risk</u>

The Company prepares its financial data in Euro and, in relation to its business model, incurs the majority of its costs in Euro. The business model adopted permits the company to reduce to the minimum the risks related to changes in exchange rates.

Interest rate risk

The fluctuations in market interest rates impact on the level of net financial charges and on the market value of the financial assets and liabilities.

The interest rate risk may be classified in:

- flow risk, which refers to variability in the amounts of interest receivable and payable that are collected and paid as a result of movements in the levels of market interest rates;

- price risk, relates to the sensitivity of the market value of assets and liabilities to changes in the level of interest rates (refers to fixed-rate assets or liabilities).

Giglio Group S.p.A. is primarily exposed to flow risk, or cash flow risk,

namely the risk of an increase in financial costs due to an adverse variation in interest rates.

The company utilises external financial resources in the form of bank debt at variable interest rates.

Variations in market interest rates only influence the cost of loans and the return on amounts invested and, therefore, on the level of financial charges and income for the company and not their fair value.

A large part of the interest-bearing debt position is represented by variable rate and short-term loans.

The cost of bank debt is linked to the market rate for the period (generally Euribor/Libor for the period or the reference rate on the interbank market specific to the currency in which the loan is denominated) plus a spread that depends on the type of credit line used.

The table below shows the sensitivity analysis of the interest rate on variable rate items.

(amount in €/000)

Analysis of sensitivity of interest rate risk on variable rate items	**Underlying**	**Increase/Reduction in underlying interest rates**	**Profit/(loss) before taxes**
31/12/2023	-2,546	1%	-25
31/12/2023	-2,546	-1%	25

Credit risk

Credit risk is the risk that a counterparty does not fulfil its obligations relating to a financial instrument or a commercial contract, resulting therefore in a financial loss. The Company is exposed to credit risks deriving from operations (particularly with regards to trade receivables and credit notes) and financing activities, including deposits at banks and financial institutions.

Payment terms for key clients that dictate terms and conditions make it necessary for the company to primarily finance working capital through bank debt, especially for self-liquidating lines. The need to finance working capital entails different types of charges for the company, which is mainly interest payable on loans.

The risk of non-collection is managed by Giglio through a series of commercial policies and internal procedures which, on the one hand, reduce the exposure risk on clients, and on the other monitors the receipts in order to take adequate and timely corrective action.

The ageing of the trade receivables (third parties) at 31 December 2023 and 31 December 2023 is shown below:

(Euro thousands)	**Year ended at 31 December 2023**	**%**	**Year ended at 31 December 2022**	**%**
> 90 days	1,870	*50.15%*	50	*1.26%*
60<> 90 days	487	*13.06%*	3	*0.08%*
30<> 60 days	-388	*-10.41%*	1	*0.03%*
0<> 30 days	863	*23.14%*	40	*1.01%*
Total overdue	***2,831***		***94***	
Not overdue	898	*24.07%*	3,886	*97.64%*
Total gross receivables	**3,728**	***100.00%***	**3,980**	***100%***
Provision for doubtful accounts	-150		-32	
Inc. provision on overdue 90 days	*8.02%*		*63.53%*	
Total	**3,578**		**3,948**	

The aforementioned accounts refer to the trade receivables of the Company, net of invoices to be issued, suppliers' prepayments, guarantee deposits and other receivables.

The following table shows the Company's exposition to credit risk (with third parties) per geographical area:

(Euro thousands)	**Year ended at 31 December 2023**	**%**	**Year ended at 31 December 2022**	**%**
Europe	3,699	*99.22%*	3,974	*99.85%*
Asia	0	*0.00%*	1	*0.03%*

USA	-1	*-0.03%*	0	*0.00%*
Rest of the world	30	*0.80%*	5	*0.13%*
Total gross receivables	**3,728**	***100.00%***	**3,980**	***100.00%***
Provision for doubtful accounts	-150		-32	
Total	**3,578**		**3,948**	

The provision for doubtful accounts was determined by elaborating a specific provision matrix.

More specifically, the Group, due to the variety of its clients, identified appropriate groupings and associated to them a specific rating determined on the basis of the Company's experience.

To each rating type, a specific write-down percentage was applied, according to the overdue range, as shown in the following table:

% Svalutazione IFRS 9	SUP_90	61/90GG	31/60 GG	1/30GG	Non scaduto
A (rischio basso)	4,4%	3,4%	2,4%	1,4%	0,2%
B (rischio medio)	5,4%	4,4%	3,4%	2,4%	0,4%
C (rischio alto)	6,4%	5,4%	4,4%	3,4%	0,6%

These percentages were later adjusted to take into account the loss given default rate or other specific considerations concerning clients undergoing litigations.

<u>Liquidity risk</u>

Liquidity risk is the risk that financial resources may be insufficient to meet obligations on maturity. The company manages liquidity risk by maintaining a constant balance between funding sources, deriving from operating activities, from recourse to credit institution financing, and resources employed. Cash flow, funding requirements and liquidity are constantly monitored, with the objective of ensuring efficient management of financial resources. In order to meet its obligations, in the event cash flows generated from ordinary activities are insufficient, or in the case of timing differences, the company has the possibility to undertake operations to source financial resources, through, for example, bank advances on receivables and bank lending.

As of 31 December 2023, the credit lines granted and the relative utilisations were as follows:

Entity	Credit line for invoice advances in Italy and abroad	Used for Italian invoices	Used for foreign invoices	Cash credit facilities	Used	Total Used
Banco BPM	250		228		-	228
Banca Popolare di Sondrio	190	150	40	-	-	190
Banca Progetto	4,000	1,518		-	-	1,518

Unicredit				50	49	-
Total	**4,250**	**1,518**	**228**	**50**	**49**	**1,936**

Capital management

For the purposes of the Company's capital management, it has been defined that the capital includes the issued share capital, the share premium reserve and all other share reserve attributable to the Company's shareholders. At the end of 2023, the Company had to reduce its capital by more than a third due to losses, as per Art. 2446, par. 1 of the Italian Civil Code. 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 amount to more than a third of the capital by the following fiscal year.

Said deadline for the losses accrued as of 31 December 2020 and 31 December 2021 was postponed to the following fifth fiscal year, pursuant to the provisions set forth in Legislative Decree 228/2020 (the so-called "Decreto Milleproroghe"), transformed into Law no. 15 of 25 February 2022, which extended the provisions set forth in Art. 6 of Legislative Decree no. 23 of 8 April 2020 (the so-called "Liquidity Decree", converted with amendments in Law no. 40 of 5 June 2020) "Temporary provisions on capital reductions", as amended by Law no. 178 of 30 December 2020, which allows listed companies to temporarily suspend some provisions on capital reductions for losses (Art. 2446 and 2-bis), thus postponing to the following fifth fiscal year the obligation to offset the losses.

For the management of the capital and of the financial risks, please see paragraph 40. "Business continuity".

ACCOUNTING POLICIES AND ASSESSMENT CRITERIA

Translation of accounts in foreign currencies

The financial statements are presented in Euro, which is the Parent Company’s functional currency.

Transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Exchange rate differences realised or arising on the translation of monetary items are recorded in the statement of profit or loss and comprehensive income, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the statement of profit or loss and comprehensive income until the sale of the net investment, and only then is the total amount reclassified to the statement of profit or loss and comprehensive income. The income taxes attributable to the exchange differences on the monetary items are also recorded in the statement of profit or loss and comprehensive income.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. Non-monetary items recorded at fair value in foreign currencies are translated using the exchange rate at the date this value was determined. The gain or loss deriving from the translation of non-monetary items are treated in line with the recognition of the gain or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes in the comprehensive income statement or in the income statement are recorded, respectively in the comprehensive income statement or in the statement of profit or loss).

Fair value measurement

The Company does not have other financial instruments or assets and liabilities measured at fair value.

Fair value is the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in a transaction settled between market operators at the measurement date.

A fair value measurement requires that the sale of the asset or transfer of the liability has taken place:

► in the principal market of the asset or liability;

or

► in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Company.

The fair value of an asset or liability is measured adopting the assumptions which market operators would
utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use.

The Company utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

► Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;

► Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;

► Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Company assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

Accounting principles

Below are the assessment criteria applied in the preparation of these Financial Statements.

Property, plant & equipment

The purchased intangible assets are recorded under assets, in accordance with the provisions of IAS 38 (Intangible Assets), when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined.

These assets are recognized at purchase cost and amortised at constant rates over their estimated useful life, if they have a defined useful life.

The estimated depreciation rates of the assets are as follows:

Plant & machinery:	15%
Equipment:	15%
Server:	12.5%
Furniture and fittings:	15%

The book value of Property, plant & equipment is subject to verification of any loss in value when events or changes occur indicating that the carrying value can no longer be recovered. If there is an indication of this type and in the case where the carrying value exceeds the realisable value, the assets or the cash generating units are written down to their realisable value, which coincides with the higher between the net sales price of the asset and its value in use. In defining value in use, expected future cash flows are discounted by using a pre-tax rate that reflects the current market assessment of the time value of money compared to the time and specific risks of the asset. For assets that do not generate independent cash flows, realisable value is calculated in relation to the cash generating unit pertaining to such assets.

Assets' loss in value

IAS 36 requires assessing the existence of losses in value (so-called "impairment tests") of Property, Plant and Equipment in the presence of indicators that suggest that this problem may exist. In the case of goodwill, other intangible assets with an indefinite life or assets not available for use, this assessment is made at least annually.

The recoverability of the recorded values is verified by comparing the book value recorded in the Financial Statements with the higher of the net sales price, if an active market exists, and the value in use of the asset. The value in use is defined on the basis of the discounting of the expected cash flows ("Discounted Cash Flow") from the use of the asset, or from an aggregation of assets (so-called "cash generating unit"), as well as the value expected from the disposal to the end of its useful life. The cash generating units have been identified consistently with the organizational and business structure of the company, as homogeneous aggregations that generate autonomous cash flows, deriving from the continuous use of the activities attributable to them.

Right-of-use assets

At the inception of the agreement, the Company evaluates whether the agreement is, or contains, a lease.

The agreement is, or contains, a lease if, in exchange for consideration, it gives the right to control the use of a specified asset for a period of time.

The Company recognises right-of-use assets at the date of beginning of the leasing, coinciding with the date on which the assets covered by the agreement are available for use. Right-of-use assets are carried at cost, less any accumulated amortisation and any impairment losses, and are adjusted for any remeasurement of leasing liabilities. The cost of the right-of-use asset includes the amount of recognised leasing liabilities, any initial direct cost borne and leasing payments taken out on the start date or before its beginning, net of any incentives received.

The right-of-use assets are amortised at constant rates from the effective date of the end of useful life of the asset consisting in the right of use or, is earlier, of the end of the leasing period.

Intangible assets

Intangible assets, capitalised only if they relate to identifiable assets which generate future economic benefits, are initially recorded at purchase cost, increased for any accessory charges and those direct costs necessary for their utilisation. However, assets acquired through business combinations are recognised at their fair value at the acquisition date.

If the payment for the purchase of the asset is deferred beyond the normal credit payment terms, its cost is represented by the equivalent cash price: the difference between this value and the total payment is recorded as financial charges over the period of the deferred payment.

Assets generated internally, with the exception of development costs, are not recorded as intangible assets. The development activity is based on the development of research or other knowledge into a well-defined programme for the production of new products or processes.

The cost of an intangible asset generated internally comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

After initial recognition, the intangible assets are recorded in the financial statements at cost net of accumulated amortisation, calculated on a straight-line basis over the estimated useful life of the assets, and of the losses for impairments in value. However, if an intangible asset has an indefinite useful life, it is not amortised, but periodically subject to an impairment test.

Amortisation begins when the asset is available for use or when it is in the position and condition necessary for it to operate in the manner intended by company management.
The book value of intangible fixed assets is subject to verification of any loss in value (impairment test) when events or changes occur indicating that the carrying value can no longer be recovered. If there is an indication of this type and where the carrying value exceeds the realisable value, the assets are written down to their realisable value. This value coincides with the higher between the net sales price of the asset and its value in use.
The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the statement of profit or loss and comprehensive income in the year in which they are eliminated.

Goodwill

Assets with an indefinite life are not amortised, but subject at least annually to an impairment test on the value recorded in the financial statements. As previously illustrated, goodwill is subject to an impairment test annually or more frequently in the presence of indicators which may give rise to a loss in value.
The impairment test is made with reference to each “Cash Generating Unit” (“CGU”) to which the goodwill is allocated and monitored by management.
A loss in the value of the goodwill is recorded when the recoverable value of the related CGU is lower than the carrying value.
The recoverable value is the higher between the fair value of the CGU, less costs to sell, and its value in use - this latter the present value of the estimated future revenues for the assets within the CGU. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. When the loss in value deriving from the Impairment test is higher than the value of the goodwill allocated to the CGU, the residual amount is allocated to the assets included in the CGU in proportion to their carrying value. This allocation has as a minimum, the higher between:

i. the fair value of the asset less selling costs;
ii. the value in use, as defined above;
iii. zero.

The original value of the goodwill may not be restated where the reasons for the loss in value no longer exist.

Intangible and tangible assets with definite useful life

For the assets subject to amortisation and depreciation, the presence of any indicators, internally and externally, of a loss in value is assessed at each reporting date. Where these indicators exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down compared to the relative book value in the statement of profit or loss and comprehensive income. The recoverable value of an asset is the higher between the fair value, less costs to sell, and its value in use, where this latter is the present value of the estimated future cash flows for this asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. For an asset that does not generate independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs. A loss in value is recognised in the statement of profit or loss and comprehensive income when the carrying value of the asset, or of the relative CGU to which it is allocated, is higher than its recoverable value. The loss in value of CGU's is firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value and to the extent of the relative recoverable value. When the reasons for the write-down no longer exist, the book value of the asset is restated through the statement of profit or loss and comprehensive income, up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

Investments

Investments in subsidiaries are valued using the cost method and, in the presence of indicators of loss of value, are subjected to an impairment test. This test is carried out every time there is evidence of a probable loss in value of the investments. The assessment method used is carried out on the basis of the Discounted Cash Flow, applying the method described in "Assets' loss in value". Should the need to proceed with a write-down arise, this will be recorded in the Statement of Profit or Loss and Comprehensive Income in the year in which it is recognised. When the reasons that led to the decrease in value no longer exist, the book value of the investment is increased up to the original cost. This restoration is recorded in the Statement of Profit or Loss and Comprehensive Income.

Investments in associates are valued using the Equity Method, according to which the associate is recorded at cost at the time of acquisition, subsequently adjusted by the fraction pertaining to the changes in the associate's net equity. Upon acquisition of the investment, any difference between the cost of the investment and the entity's interest share in the net fair value of identifiable assets and liabilities of the investee is accounted for as illustrated below:
a) Goodwill relating to an associate is included in the book value of the investment. Amortization of this goodwill is not permitted;
(b) Any excess of the entity's interest share in the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in determining the entity's interest share in profit (loss) of the associate during the period in which the shareholding is acquired.

Adequate adjustments must be made to the entity's interest share in the operating profit (loss) of the associate following the acquisition in order to account for losses due to reduction in value.

Financial assets and receivables

Trade receivables and debt securities issued are recorded at the assignment date.
With the exception of trade receivables, which do not include a significant financing component, financial assets are assessed originally at the fair value plus or less, in the event of assets and liabilities not assessed at FVTPL, the transaction costs attributable to the purchase or issue of the financial asset. On initial recognition, trade receivables without a significant financial component are assessed at their transaction price.
On initial recognition, financial assets are classified according to their assessment: amortised cost; fair value identified in other components of overall statement of comprehensive income (FVOCI) - debt security; FVOCI - share capital; or fair value through profit and loss (FVTPL). Financial assets are not reclassified following their initial recognition, provided that the Company does not change its business model for financial assets management. In this event, all affected financial assets shall be reclassified on the first day of the first fiscal year following the change in business model.

The "Loans and receivables" assessment is carried out with the amortised cost criterion, by recording in the statement of profit or loss and comprehensive income the interests calculated at effective interest rate, by applying a rate that nullifies the sum of current net cash flows values generated by the financial instrument. Losses are recorded in the statement of profit or loss and comprehensive income as a result of value losses or when receivables and lending are eliminated from company accounts. Receivables are subject to impairment and are thus recorded at their fair value through the creation of a specific write-down provision directly deducted from the asset value. Receivables are written down when an objective indication of the probable irrecoverability of the credit arises, as well as on the basis of the Company's experience and of statistical data (expected losses). When, in subsequent periods, the reasons for the write-down no longer exist, the value of the asset is restated up to the value deriving from the application of the amortised cost as if no impairment had been applied.

Inventories

Inventories are measured at the lower between cost, calculated as per the FIFO method, and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale.

Cash and cash equivalents

This comprise cash, bank deposits and accounts held at other credit institutions for current operations, postal current accounts and other equivalent values as well as investments with maturity within three months of the acquisition date. Cash and cash equivalents are measured at fair value which, normally, coincides with their nominal value.

Transaction cost related to the issue of equity instruments

Transaction costs related to the issue of an equity instrument are recorded as a decrease (net of any related tax benefit) of the share premium reserve, generated by the same operation, to the extent of marginal costs directly attributable to the equity operation which otherwise would have been avoided. The costs of an equity operation which are abandoned are recorded in the statement of profit or loss and comprehensive income.

Listing costs not related to the issue of new shares are recorded in the statement of profit or loss and comprehensive income.

Where the listing involves both the sale of existing shares, and the issue of new shares, the costs directly attributable to the issue of new shares are recorded as a reduction of the share premium reserve and the costs directly attributable to the listing of the existing shares are recorded in the statement of profit or loss and comprehensive income. The costs relating to both operations are recorded as a reduction of the share premium reserve in relation to the proportion between the shares issued and the existing shares and the remainder recorded in the statement of profit or loss and comprehensive income.

Payables and other financial liabilities

Financial liabilities are recorded initially at their fair values, which substantially coincides with amounts collected, net of transaction costs. The management shall determine the classification of financial liabilities according to the criteria set forth in IFRS 9 and IFRS 7 at the time of their first recording.

Following first recording, the liabilities shall be assessed at the amortised cost, as defined by IFRS 9 accounting standard. The "Financial liabilities assessed at amortised cost" assessment is carried out with the amortised cost criterion, by recording in the statement of profit or loss and comprehensive income the interests calculated at effective interest rate, by applying a rate that nullifies the sum of current net cash flows values generated by the financial instrument. In the event of instruments expiring in the following 12 months, nominal value as approximation of the amortised cost is adopted.

Payables and other financial liabilities are initially recognised at fair value net of any directly attributable incidental costs and only after they are measured at amortised cost, using the effective interest rate criterion. When there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change, based on the present value of the new cash flows and on the effective interest rate initially determined.

Leasing liabilities

On the leasing's start date, the Company recognises the leasing liabilities by measuring them at the present value of the owed lease payments still to be paid on said date. Payments owed include fixed payments net of any leasing incentives to be received and variable leasing payments depending on an index or a rate.

Income taxes

They include current taxes and deferred taxes. The expense or income for current income taxes for the year is determined based on current legislation. In this regard, it should be noted that Giglio and its subsidiaries, up until the date of the reorganisation as a result of the aforementioned extraordinary transactions which occurred in the last months of 2023, adhered to the National Consolidated Tax Regime (Legislative Decree no. 344 of 12 December 2003).

Deferred taxes are determined on the basis of the temporary tax differences originating from the difference between the assets and liabilities' balance sheet values and the corresponding values relevant for tax purposes, as well as on tax losses. In particular, deferred tax assets are recognized only if it is probable that a taxable income will be realized within the consolidated tax regime against which the deductible temporary difference can be used, while deferred tax liabilities must be recognized for all temporary taxable differences. They are valued according to the current tax rates, which are expected to be applicable in the financial year in which the tax asset will be realized or the tax liability will be extinguished.

Employee benefits

The short-term employee benefits, due within 12 months from the reporting date, are recorded at cost and as a liability for an amount equal to the non-discounted value as this should be paid to the employee in exchange for work performed. The long-term benefits, for example contributions to be paid beyond 12 months from the reporting date, are recorded as a liability for an amount equal to the present value of the benefit at the reporting date.

Post-employment benefits such as pension or life assurance benefits, are divided between defined contribution plans and defined benefit plans, depending on the economic nature of the plan. For defined contribution plans, the legal or implied obligation of an entity is limited to the amount of contributions to be paid: consequently, the actuarial risk and the investment risk is borne by the employee. For defined benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risk is borne by the company.

Based on IAS 19, the Post-employment benefit is classified under defined benefit plans.

For defined contribution plans, the company records the contributions due as liabilities and as a cost. Where these contributions are not due entirely within twelve months from the end of the year in which the employee has undertaken the relative work, these are discounted utilising the yield on government securities.

The accounting of defined benefit plans involves the following steps:

- calculation, with the use of actuarial techniques, of a realistic estimate of the amount of the benefit which the employees have matured for their services in the current and previous years. This requires the determination of what percentage of the benefit is attributable to the current year and previous years, as well as estimates on demographic variables – e.g. the turnover of employees - financial variables – e.g. future salary increases - which will impact the cost of the benefits;
- discounting these benefits using the projected unit credit method in order to determine the present value of the defined benefit obligation and the current service cost, utilising as a discount rate the yield on government securities;
- calculation of the present value of any plan assets;
- determine the amount of the actuarial gains and losses;
- determine the profit and loss resulting from any modifications or settlements of the plan.

The amount recorded as a liability for defined benefits is represented by the present value of the obligation at the reporting date, net of the present value of the plan assets, where existing. The cost to be recognised to the statement of profit or loss and comprehensive income is based on:

- the pension cost relating to current employment service;
- the interest cost;
- the actuarial gain or loss;
- the expected yield on plan assets, where existing.

The indemnities at the end of employment are recorded as liabilities and costs when the company is obliged to interrupt the employment of an employee or a group of employees before the normal retirement age, or is obliged to pay compensation at the end of employment following a proposal for the payment of voluntary leaving incentives.

Provisions for risks and charges

The Company recognizes provisions for risks and charges when, in the presence of an obligation, legal or implicit, towards third parties, it is probable that the use of resources will be necessary to fulfil the obligation and when a reliable estimate of the amount of the obligation itself can be carried out. The liabilities considered possible but not probable are described in the explanatory notes.

Changes in estimates are reflected in the Statement of Profit or Loss and Comprehensive Income in the period in which they occur.

Revenues from contracts with customers

Revenues and incomes are recorded net of returns, discounts, bonuses and premiums, as well as of taxes directly connected to the sale of products and the provision of services, pursuant to IFRS 15. More specifically, the revenues of products sales are recorded when the assets are under the buyers' control. That moment, on the basis of most common contractual clauses, coincides with the transfer of the assets.

Revenues regarding the provision of services are recorded on the basis of the effective completion of the service on the reference date of the financial statement, and are represented net of discounts and bonuses.

Costs

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Interest is recorded on an accruals basis utilising the effective interest method, which is the rate which exactly discounts the future receipts, estimated over the expected life of the financial instrument or a shorter period, where necessary, compared to the net book value of the financial asset.

Earnings per share

Earnings per share – basic

The basic earnings per share is calculated by dividing the result of the Company by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

Earnings per share - diluted

The diluted earnings per share is calculated by dividing the result of the Company by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have potential dilution effect, while the result of the Company is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

Payments based on shares or options:

The Company recognizes additional benefits to some of it directors, managers, employees, advisor and workers through a equity-settled plans (the "Stock Option Plan"). According to IFRS 2 provision - Payments based on shares -, they must be considered of the "equity settlement" type; therefore, the overall current value of Stock Option at the grant date is recorded in the statement of profit or loss and comprehensive income as cost.

Changes in international accounting standards

The assessment and measurement criteria are based on the IFRS standards in force as of 31 December 2023 and approved by the European Union.

The accounting standards adopted are the same used for the preparation of the Financial Statements as of 31 December 2022 to which, for further details, reference is made, with the exception of the following amendments, which apply starting from 1 January 2023 but which do not have an impact on the Company:

• IFRS 17 Insurance contracts - IFRS 17 introduces a uniform assessment model for insurance contracts. Prior to IFRS 17, there were many global discrepancies relating to the accounting for (and disclosure of) insurance contracts, with IFRS 4 allowing many older (non-IFRS) accounting policies to be applied. IFRS 17 will bring about significant changes for many insurers, requiring adjustments to current systems and processes.

• Amendment to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies) - In February 2021, the IASB published amendments to IAS 1, which changes the disclosure requirements relating to accounting policies from "significant accounting policies" to "material information on accounting policies". The amendments provide guidance on when accounting policy information is likely to be considered material.

The amendments to IAS 1 are in force for Financial Statements for years starting from 1 January 2023 or a later date, allowing their early application. Since the IFRS Practice Statements are non-mandatory guidance, a mandatory effective date for the amendments to IFRS Practice Statement 2 has not been specified.

• Amendment to IAS 8 (Definition of Accounting Estimates) - In February 2021, the IASB published amendments to IAS 8, which added the definition of Accounting Estimates to IAS 8. The amendments also clarified that the effects of a change in an input or a measurement technique are changes in accounting estimates, unless they result from the correction of prior period errors.

• Amendments to IAS 12 (Deferred taxes relating to assets and liabilities arising from a single transaction) - In May 2021, the IASB published amendments to IAS 12, which clarify whether the exemption from initial recognition applies to certain transactions involving the simultaneous recognition of an asset and a liability (e.g. a lease within the scope of IFRS 16).

The amendments introduce a further criterion for the exemption from initial recognition pursuant to IAS 12.15, according to which the exemption does not apply to the initial recognition of an asset or liability which, at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

• Amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules) - In December 2021, the Organization for Economic Co-operation and Development (OECD) published "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two model rules)". In March 2022, the OECD published illustrative comments and examples that elaborate on the application and operation of the rules and clarify some terms.

Stakeholders have expressed concerns to the IASB about the potential income tax accounting implications, particularly with respect to deferred taxes, arising from the Pillar Two rules. Stakeholders emphasized the urgent need for clarity given the imminent enactment in some jurisdictions of tax law to implement the rules. In response to these concerns, the IASB has proposed amendments to IAS 12 - Income Taxes. Thus, it published the "Exposure Draft International Tax Reform - Pillar Two Model Rules (proposed amendments to IAS 12)" on 9 January 2023.

The IASB issued the final amendments (the "Amendments") to the "International Tax Reform – Pillar Two Model Rules" on 23 May 2023.

The amendments introduce a temporary exception for entities to the recognition and disclosure of deferred tax assets and liabilities relating to the Pillar Two rules. The amendments also provide additional provisions in relation to the entity's exposure to Pillar Two income taxes.

Accounting standards, amendments and interpretations of IFRS and IFIC approved by the European Union, not yet mandatorily applicable and not adopted in advance by Giglio Group S.p.A. as of 31 December 2023

- Amendments to IAS 7 and IFRS 7 (Supplier Finance Arrangements) - On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amends IAS 7 "Cash-flow Statements" and IFRS 7 "Financial instruments: Disclosures (the Amendments)".
  These Amendments occurred following a request received by IFRIC relating to the requirements for the presentation of liabilities and related financial cash flows deriving from supply-chain financing agreements (hereinafter "supplier finance arrangements" or "reverse factoring") and related integrative information. In December 2020, the IFRIC published an Agenda decision - "Supply Chain Financing Arrangements—Reverse Factoring", which responded to this request based on the provisions of the IFRS in force at the time. During this process, various stakeholders indicated limitations due to the requirements that then existed to meet the important information needs of users to understand the effects of reverse factoring on an entity's financial statements and to compare one entity with another. In response to this feedback, the IASB adopted a draft limited amendment to the standards, resulting in the Amendments. The Amendments require entities to provide some specific information (qualitative and quantitative) relating to supplier finance arrangements. The Amendments also provide guidance on the characteristics of supplier finance arrangements
- Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback) - The IFRS Interpretations Committee published an agenda decision - "Sale and Leaseback with Variable Payments" in June 2020. The matter was referred to the IASB for the standard setting of some aspects. The IASB approved the final amendments in September 2022. The Amendments require the seller-lessee to determine “lease payments” or “revised lease payments” in a manner that does not recognize any right-of-use gain or loss retained by the seller-lessee.

- In January 2020, the IASB published the amendments to IAS 1 - "Classification of liabilities between current and non-current", which were further amended with the "Amendments - Non-current liabilities with covenants", which were published in October 2022. The Amendments require that an entity's right to defer the settlement of a liability for at least twelve months after the reporting period has form and exists at the end of the financial statement period. The classification of a liability is not influenced by the probability that the entity will exercise the right to defer its settlement for at least twelve months after exercise. As a result of the COVID-19 pandemic, the Board has postponed the effective date of the Amendments by one year, setting it for the fiscal years beginning on or after January 1, 2024.
- Amendment to IAS 1 (Non-current liabilities with covenants) - Following the publication of the Amendments to IAS 1 - "Classification of liabilities between current and non-current", the IASB further amended IAS 1 in October 2022. If an entity's deferral right is conditional on the entity's compliance with certain conditions, those conditions affect the existence of that right at the reporting date if the entity is required to comply with the condition at on or before the reporting date and not whether the entity is required to comply with the conditions after the reporting period. The Amendments also clarify the meaning of 'extinction' for the purposes of classifying a liability between current and non-current. The changes apply to financial years starting on or after 1 January 2024.
- Amendments to IAS 21 (Lack of convertibility) - On 15 August 2023, the IASB published “Lack of convertibility”, which amends IAS 21 - "Effects of changes in foreign currency exchange rates" (the Amendments). The Amendments follow a request made to the IFRS Interpretations Committee (the Committee) regarding the determination of the exchange rate in the event that a currency is not convertible into another currency, which has led to different practices. The Committee recommended that the IASB develop limited amendments to IAS 21 to address this problem. After further deliberations, the IASB published an Exposure Draft of the proposed amendments to IAS 21 in April 2021, while the Final Amendments were published in August 2023. The Amendments introduce requirements for determining when a currency is convertible into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it determines that a currency is not convertible into another currency. The Amendments

apply to financial years starting on 1 January 2024 or on a later date (early application is permitted).

Assessments regarding potential impacts are still underway, but the Directors expect that the application of these principles, amendments and interpretations will not lead to a significant impact on the amounts recorded in the financial statements and the related disclosures.

Use of estimates

The preparation of the Financial Statements and the related notes in application of the IFRS requires the Management to make estimates and hypotheses that have an effect on the values of the assets and liabilities in the Financial Statements and on the information relating to potential assets and liabilities at the reporting date. The actual results may differ from these estimates. The estimates are used to recognize provisions for credit risks, asset write-downs, taxes as well as other provisions. The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in theStatement of Profit or Loss in the period in which the estimate revision occurs.

Therefore, we cannot exclude the materialisation, in the next financial year, of results that are different from those estimated and which therefore could require even significant adjustments, which are obviously neither estimable nor predictable to date, at the book value of the relevant accounts. The balance sheet accounts mainly affected by these situations of uncertainty are the doubtful debt provision, the investments in associates, the real estate investments and the provisions for risks and charges.

It is noted, in particular, that the Directors have taken decisions based on the following discretionary assessments with a significant effect on the values recorded in the Financial Statements for the following accounts:

- Loss of value of the investments, which are checked for any loss of value at least annually; this verification requires a discretionary estimate of the valuesin use of the financial flow generating unit to which the book value of the investments is attributed, in turn based on the estimate of the financial flows expected from the unit and on their discounting based on an adequate discount rate;

- Doubtful debt provisions: the assessment regarding the recoverability of credits involves the development of discretionary estimates based on the forecast of expected losses and the future outcome of recovery actions.
- Provisions for risks and charges: the estimate of the provisions involves the development of discretionary estimates based on both historical and prospective data.

Employment data

The workforce, broken down by category, compared to the previous is presented below:

Workforce	31.12.2023	31.12.2022	Change
Executives	-	1	(1)
Managers	8	9	(1)
White-collar	35	17	18
Blue-collar	-	-	-
Others	-	-	-
Total	**43**	**27**	**16**

Over the course of the year, the workforce increased by 16 units, as a result of the business combination.

ACTIVITY

Non-current assets

1. Property, plant & equipment

Balance at 31.12.2023 121

Balance at 31.12.2022 54

The breakdown of property, plant and equipment is illustrated below:

Property, plant & equipment	Plant	Equipment	Furniture & fittings	EDP	Others	Total
Change in Acquisition Cost						
31 December 2022	**1,037**	**10**	**264**	**203**	**505**	**2,018**
Additions	-	-	-	1	13	14
Business Combinations	-	-	-	441	-	441
Transfers	-	-	-	-	-	-
Exchange differences and Reclassifications	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 December 2023	**1,037**	**10**	**264**	**645**	**518**	**2,473**
Change in Amortisations	-	-	-	-	-	-
31 December 2022	**(1,029)**	**(8)**	**(238)**	**(192)**	**(496)**	**(1,964)**
Depreciations	(4)	(0)	(15)	(27)	(19)	(65)
Business Combinations	-	-	-	(323)	-	(323)
Transfers	-	-	-		-	-
Exchange differences and Reclassifications	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 December 2023	**(1,032)**	**(9)**	**(253)**	**(543)**	**(515)**	**(2,352)**
Net Book Value						
31 December 2022	**5**	**2**	**11**	**102**	**2**	**120**

As of 31 December 2023, an increase in the historical cost of € 455,000 was recorded, mainly due for € 441,000 to amounts recorded in the accounting of the incorporated E-Commerce Outsourcing.

The company at the reporting date did not identify any impairment indicators relating to the aforementioned tangible fixed assets.

2. Right-of-use assets

Balance at 31.12.2023 418

Balance at 31.12.2022 213

The following table shows the breakdown of right-of-use assets and the changes in the year:

Right-of-use assets	Properties	Vehicles	Total
Change in Acquisition Cost			
31 December 2022	**698**	**142**	**840**
Business Combinations	-	-	-
Additions	-	-	-
Transfers	-	-	-
Increase after IFRS16 adoption	284	-	284

Exchange differences	-	-	-
Decreases	-	-	-
Disposals	-	-	-
31 December 2023	**982**	**142**	**1,125**
Change in Amortisations			-
31 December 2022	**(562)**	**(65)**	**(627)**
Depreciations	(43)	(36)	(79)
Business Combinations	-	-	-
Transfers	-	-	-
Increase after IFRS16 adoption	-	-	-
Exchange differences	-	-	-
Decreases	-	-	-
Disposals	-	-	-
31 December 2023	**(605)**	**(101)**	**(706)**
Net Value as of 31 December 2023	**377**	**41**	**418**

As of 31 December 2023, the main changes refer to increases due to IFRS16 adoption for € 284,000 of the rental agreement with the company MaxFactory S.r.l. and depreciation for the period amounting to € 79,000.

As of 31 December 2023, no impairment indicators were recorded and as such,

the Company did not carry out any impairment test with regard to the right-of-use assets.

3. Intangible assets

Balance at 31.12.2023 **4,611**

Balance at 31.12.2022 **119**

(Euro thousands)

Intangible Assets	Know-How	Development Activities	Other intangible assets	Total
Change in Acquisition Cost				
31 December 2022	**-**	**-**	**3,056**	**3,056**
Reclassification capitalised costs			-	-
Additions	-	-	1,389	1,389
Business Combinations	450	-	4,107	4,557
Transfers	-	-	-	-
Exchange differences and Reclassifications	-	-	-	-
Decreases	-	-	-	-
Disposals	-	-	-	-
31 December 2023	**450**	**-**	**8,552**	**9,002**
Change in Amortisations				
31 December 2023	**-**	**1**	**(2,937)**	**(2,937)**
Depreciations	(225)	-	(577)	(802)

Business Combinations	-	-	(652)	(652)
Transfers		-	-	-
Exchange differences and Reclassifications		1	-	-
Decreases	-	-	-	-
Disposals		-	-	-
31 December 2023	**(225)**	**2**	**(4,166)**	(4,391)
Net Value as of 31 December 2023	**225**	**2**	**4,386**	**4,611**

Other intangible assets refer to trademarks and software. As of 31 December 2023, the changes of the period mainly refer to the merger of E-Commerce Outsourcing S.r.l. in Giglio Group S.p.A., which involved the recognition of the merger deficit allocated to the Flex e-commerce platform on an appraisal basis for the amount of € 1,388,000, in addition to the accounting of the improvements on this platform recognized in previous years amounting to € 848,000. Furthermore, € 1,650,000 were recorded, relating to the e-commerce platform called Nimbus, acquired by Ibox SA.

In accordance with IAS 36, an assessment was made of any impairment indicators with regards to the procedure described in Note 5. "Investments in associates".

4. Goodwill

Balance at 31.12.2023 10,256

Balance at 31.12.2022 3,249

The account increased if compared to the previous year, and is made up as follows:

- €2,477,000: related to the acquisition of Giglio Fashion in March 2016, assigned to the B2B CGU;
- € 772,000: related to the merger of IBOX S.r.l. in June 2020;
- € 2,155,000: related to the allocation of the E-Commerce Outsourcing merger deficit to goodwill, assigned to the B2C CGU;
- € 4,852,000 recorded as goodwill generated by the purchase of the assets and liabilities purchased by the company E-Commerce Outsourcing from Ibox, assigned to the B2C CGU.

As of 31 December 2023, on the basis of the impairment tests carried out, no goodwill's write-down is recorded.

The impairment test was carried out with regard to the CGUs to which each goodwill is ascribable.

At single CGU level, the Unlevered Free Cash Flow (UFCF) of explicit forecast were determined using Plan balance-sheet data and exempting the Ebit with a theoretical taxation of 24%, while the terminal value (TV) was assumed equal to that of the Plan's last year.

The discount rate used for the B2B CGU, with a slightly higher risk profile, is the adjusted WACC of 13.30 %; the discount rate used for B2C CGU, on the other hand, is the adjusted WACC of 12.57 %.

The 2024-2028 Industrial Plan was approved by the Directors on 04 June 2024. A sensitivity test was carried out, on the basis of which the stability of the goodwill is highlighted in the event that the plan is respected, while instead there is a stability of the goodwill of the B2B business unit and a loss of value of the B2C business unit in the hypothesis that B2B and B2C revenues are reached by 95% and the revenues deriving from the 2 new customers purchased in 2023, which represent the 2 largest customers of the B2B business unit, are reached by 85%.

5. Investments

Balance at 31.12.2023 2,052

Balance at 31.12.2022 11,313

The breakdown of the account as of 31 December 2023 is illustrated below:

(Euro thousands)

Investments	31.12.2023	31.12.2022	Change
Meta Revolution S.r.l.	61	0	*61*
IBOX SA	0	5,887	*-5,887*
Cloud Food	0	5	*-5*
E-Commerce Outsourcing S.r.l.	0	4,205	*-4,205*
GIGLIO SHANGHAI TECHNOLOGY CO. LTD	40	40	*0*
Salotto di Brera S.r.l.	1,951	1,175	*776*
Total	**2,052**	**11,313**	**-9,620**
of which from E-Commerce merger	61		

The change, if compared to the previous year, is related to:

- The transfer on 31 October 2023 of the entire share capital of the fully-owned subsidiary, IBox SA, a company incorporated under Swiss law. The operation involved the transfer of shares for a total value of € 5,887,000. Following the transfer of the shares, Giglio Group proceeded with the acquisition of a set of activities related to e-commerce currently recorded in the balance sheet of IBox SA, for a total value equivalent to the amount of the transfer itself and equal to € 5,887,000. The transaction did not result in any overall cash flow or financial and economic benefits. This transaction was considered to be strategic for the rationalization of corporate costs through the reduction of resources allocated to a foreign company which were no longer essential for Giglio's operations. This lead to significant savings, both in terms of payroll costs, facilities, offices, and corporate expenses related to international operations. This industrial strategy is an integral part of a long-term reorganization plan, which aims to consolidate the activities of the Italian companies and divest those of the foreign companies, with the aim of concentrating Giglio as the sole 100% operational entity, in order to to maximize resource optimization and improve overall business efficiency. The transfer also concerns Ibox's US subsidiary called Giglio USA.

- The merger which took place on 19 December 2023, with which Giglio Group S.p.A. incorporated the company “E-Commerce Outsourcing S.r.l.”, already 100% owned, via public deed.
- On 01 December 2023, the Extraordinary Shareholders' Meeting of Salotto di Brera Duty Free S.r.l., a company 100% controlled by Giglio Group S.p.A. - a company listed on the Euronext Milan stock-exchange market, Ticker GG - resolved to increase the share capital of the company by a total of € 2,000,000 through an offer under subscription to the company Meridiana Holding S.p.A. - majority shareholder of Giglio - given acknowledgement of the waiver by Giglio to exercise the option right and therefore to subscribe to the Capital Increase. The Capital Increase took place through the contribution in kind to Salotto di Brera of the well-known accessory and footwear brand "Nira Rubens" - of which Meridiana itself was the exclusive owner and on the value of which a specific sworn appraisal was issued in accordance with the law - its e-commerce website, its social channels and anything else connected to the brand; following the Capital Increase, Meridiana shall hold approximately 51% of the share capital of Salotto Brera and Giglio approximately 49%, with the consequent exit of Salotto Brera from the control and consolidation scope of Giglio. At the same time as the Capital Increase, Salotto Brera signed a Framework Agreement with the Company which, on the one hand, facilitates and improves the synergistic management of the travel retail branch with the existing distribution branch present in the Company and, on the on the other hand, entrusts

the latter with the management of the exclusive worldwide distribution of the "Nira Rubens" brand products, strengthening the business lines of all the companies involved in the project.

A comparison between the value of the investments and the equity of the subsidiaries at 31 December 2023 is illustrated in the table below:

Company	Registered office	Issued capital	% Held	Profit/(loss) at 31/12/2023	Net equity at 31/12/2023	Equity share for the period	Book value
GIGLIO SHANGHAI TECHNOLOGY CO. LTD	Shanghai International Finance Center Century Avenue 8 Room 874, Level 8, Tower II Shanghai, 200120	40	100%	-11	-179	-179	40
Salotto di Brera S.r.l.			49%				
Media 360	603 Shung Kwong Comm. Bldg 8 Des Vouex Road West' Hong Kong	0	100%	-5	-29	-29	0

As of 31 December 2023, on the basis of the impairment test carried out, there are no write-downs of the book value of the equity investments.

At single CGU level, the Unlevered Free Cash Flow (UFCF) of explicit forecast were determined using Plan balance-sheet data and exempting the Ebit with a theoretical taxation of 24%, while the terminal value (TV) was determined on the basis of the Plan's last year.

The adjusted WACC used for the Salotto di Brera, a company belonging to the B2C CGU, is 12.57%.

The plan of the Salotto di Brera company was prepared by the new Director of the company and is independent from Giglio Group S.p.A..

6. Receivables and other non-current assets

Balance at 31.12.2023 816

Balance at 31.12.2022 797

Receivables and other non-current assets comprise financial receivables, as illustrated in the table below.

(Euro thousands)

Receivables and non-current assets	31.12.2023	31.12.2022	Change
Guarantee deposits	182	182	0
Inter-company financial receivables	52	616	(551)
Others	582	-	570
Total	**816**	**797**	**19**
of which from E-Commerce merger	*1*		

"Guarantee deposits" include deposits paid relating to rental contracts for the buildings at Milan and Rome.

The account "Inter-company financial receivables" includes financial receivables from the subsidiary Giglio Shanghai for € 52,000 and financial receivables from the subsidiary Media 360HK for € 13,000.

The account "Others" includes receivables from IBOX SA for € 450,000, financial receivables from Giglio USA for € 102,000 and financial receivables from Cloudfood for € 17,000.

7. Deferred tax assets

Balance at 31.12.2023 903

Balance at 31.12.2022 1,011

The account, equal to € 1,011,000 as of 31 December 2022, mainly refers to the deferred taxes calculated on the tax losses on 2017 (€ 514,000), following which, on a prudent basis, have not been provisioned, and to the tax effect of the interest expenses exceeding the Company's Gross Operating Income (€ 437,000), which returned for € 108,000.

The deferred tax assets are expected to be reabsorbed by future assessable income deriving from the business plan.

8. Inventories

Balance at 31.12.2023 393

Balance at 31.12.2022 1,493

The inventories of the company comprise goods for sale.

As of 31 December 2023, inventories were measured using FIFO.

We report that the inventories, within the B2B Fashion division, refer to goods which remain for a short time in stock as already allocated to final clients that have already confirmed a binding purchase order. As of 31 December 2023, the obsolescence provision amounted to € 68,000, an increase of € 4,000 if compared to the previous year.

The obsolescence provision mainly refers to PPEs that cannot be resold because they are damaged or do not comply with current legislation, as well as goods already present in the previous year and not changed in the current year.

For a better understanding of the calculation methods used for the write-down provisions shown above, please refer to Note D. Discretional valuations and significant accounting estimates.

9. Trade receivables

Balance at 31.12.2023 4,477

Balance at 31.12.2022 6,358

The breakdown of the account is as follows:

(Euro thousands)

Trade receivables	31.12.2022	31.12.2022	Change
Trade receivables	4,289	5,586	(1,297)
Credit notes to be issued	(766)		(766)
ICO trade receivables	-		-
Advances to suppliers	463	803	(340)
Guarantee deposits not among fixed assets	-		-
Other receivables	640		640
Provision for doubtful accounts	(150)	(32)	(118)
Total	**4,477**	**6,358**	**(1,881)**

The change mainly refers to the reduction in the balance of the "Advances to suppliers" account for € 524,000.

The changes in the provision for doubtful accounts are as follows:

(Euro thousands)

Provision for doubtful accounts (Euro thousand)	
31 December 2022 Balance	**32**
From E-Commerce merger	480
Provisions	92
Exchange differences	-
Utilisations	(454)

The doubtful debt provision increased by € 118,000.

The provision for the year is composed of older write-downs, to which the provision carried out in order to adjust the nominal value of receivables to their estimated realisable value must be added. As already highlighted in Note E. "Management of capital and financial risks on credit risk", the Company determines the provision for doubtful accounts by elaborating a specific provision matrix. More specifically, the Company, due to the variety of its clients, identified appropriate groupings and associated to them a specific rating, applying to each grouping a specific write-down percentage.

See the aforementioned Note for more information on the assessment procedure of the account at hand.

10. Financial receivables

Balance at 31.12.2023 2

Balance at 31.12.2022 2

The account consists in the countervalue of no. 500 shares of Vértice Trescientos Sesenta Grados SA, Spanish company listed in Madrid's main stock-exchange market.

11. Tax receivables

Balance at 31.12.2023 889

Balance at 31.12.2022 263

The breakdown of tax receivables is shown below:

(Euro thousands)

Tax receivables	31.12.2023	31.12.2022	Change
IRES	109	109	0
IRAP	55	-	55
Withholding taxes	5	2	3
INPS	6	-	6
INAIL	2	-	2
VAT	691	133	558
ICO tax receivables	13	19	

Others	119	-	119
Total current tax receivables	**1,002**	**263**	**739**
of which from E-Commerce merger	*889*		

The VAT receivable amounting to € 691,000 refers to the VAT generated by virtue of Giglio Group S.p.A. nature of habitual exporter, with specific reference to the Giglio Fashion division.

12. Other assets and other current receivables

Balance at 31.12.2023 114

Balance at 31.12.2022 99

(Euro thousands)

Other assets	31.12.2023	31.12.2022	Change
Other assets	-		-
Prepayments and accrued income	114	99	15
Total	**114**	**99**	**15**
of which from E-Commerce merger	*-*		

Prepayments and accrued income mainly refer to payments for the following year 2024.

13. Cash and cash equivalents

Balance at 31.12.2023 966

Balance at 31.12.2022 105

"Cash and cash equivalents" are illustrated in the table below:

(Euro thousands)

Cash and cash equivalents	31.12.2023	31.12.2022	Change
Bank and short-term deposits	955	104	851
Cash on hand	11	1	10
Total	**966**	**105**	**861**
of which from E-Commerce merger	*167*		

The changes relate to normal operating events and refer to the changes illustrated in the statement of cash flow. Some accounts held with Banca Popolare di Sondrio and JP Morgan are dedicated to reimbursing certain customers or paying the invoices of a client company. To date, the balance of these accounts has been entirely transferred.

LIABILITIES

14. Equity

The share capital as of 31 December 2023 consists of 33,266,762 ordinary shares, without express nominal value.

The changes in 2023 are due to:

- Allocation of profit as of 31 December 2022
- Recognition of IAS 19 actuarial profit, equal to € 54,000;
- Capital increase for € 5,000,000;
- Result for the period equals to € -3,946,000.

15. Provisions for risks and charges

Balance at 31.12.2023 270

Balance at 31.12.2022 0

The provision for risks and charges records provisions for potential liabilities as described in the paragraph "Contingent liabilities".

16. Post-employment benefit funds

Balance at 31.12.2023 315

Balance at 31.12.2022 204

The changes in the post-employment benefit provision was as follows:

Post-employment benefit provision at 31.12.2022	**204**
Business Combinations	116
Provisions 2022	106
Advances/Util.	(85)
Actuarial gains (losses)	(15)
Net Interest	(11)
31 December 2023 Balance	**315**
of which from E-Commerce merger	*116*

The principal technical demographic and economic bases utilised for the actuarial valuations are illustrated below:

- probability of elimination for death: equal to that of Italy's population in 2022 (source: ISTAT), divided by age and gender;
- probability of elimination for invalidity: zero;
- probability of elimination for other reasons (dismissal, departure): equal to 3% per annum for the entire valuation period (taken from the data recorded, as well as experience relating to similar businesses);
- pension expected on the maturity of the first possibility of I.N.P.S. pension established by Article 24 of Law 214/2011 and as provided for by Legislative Decree no. 4 of 2019, hypothesising the workers' exit from the service upon achievement of the first useful right;
- annual inflation rate: 5.9% for 2023, 2.3% for 2024 and 2 % for 2025 (source: "Update of 2021 Economic and Finance Document"); from 2026 onwards, the annual rate of 2 % was hypothesised;
- annual salary increase rate for career development and contract renewals:
  equal to inflation for all categories and for the entire valuation period;
- probability of request for first advance: 2.5% of seniority from 9 years on;
- maximum number of advances: 1;
- amount of Post-employment benefit advance: 30% of the Post-employment benefit matured.

In relation to the financial assumptions, it should be noted that the discount rate was chosen, taking into account the indications of IAS 19, with reference to the curve at 31.12.2022 of AA securities issued by corporate issuers in the Eurozone and based on the average residual duration of the Post-employment benefit at 31.12.2023. Therefore, considering that the average residual duration of the liabilities was equal to 14 years, the annual nominal discount rate assumed in the valuation was 4.2% (4.2 % as of 31 December 2022).

The sensitivity analysis on the discount rate was applied by using a rate that was respectively lower and higher than 4.2% by half a percentage point. Valuation results based on the rate of 3.7% and 4.9% (Euro thousands) are shown in the table below:

	Rate -0.5%	**Rate +0.5%**
DBO	218.1	191.6

17. Deferred tax liabilities

Balance at 31.12.2022 1

Balance at 31.12.2021 1

No change was recorded in the account during the period.

18. Current and non-current financial liabilities

Balance at 31.12.2022 11,506

Balance at 31.12.2021 13,514

The financial liabilities are illustrated in the table below:

(Euro thousands)

Financial payables	31.12.2023	31.12.2022	Change
Current	4,763	7,702	(2,939)
Non-current	6,743	5,812	932
Total	**11,506**	**13,514**	**(2,008)**
of which from E-Commerce merger	*4,269*		

Relating to the current portion, the breakdown of financial liabilities is shown below:

(Euro thousands)

Current financial liabilities	31.12.2023	31.12.2022	Change
Loans (current portion)	2,995	2,956	39
Total current loans	**2,995**	**2,956**	**39**
Advances on invoices/Credit Lines	710	1,640	(930)
Bank overdrafts	82	448	(365)
Earn-out	-	43	(43)
Rental liabilities	232	736	(504)
EBB bond;	741	732	9
Payables towards related parties	2	1,148	(1,146)
Total	**4,763**	**7,702**	**(2,939)**

The current financial liabilities mainly relate to:

- Short-term portion of unsecured loans;
- The self-liquidating credit lines as advances on invoices;
- Current account liabilities;
- Current liabilities share for operating leasing resulting from the application of the IFRS 16 accounting standard;
- Short-term portion of the EBB bond, as described below amongst the non-current financial liabilities;
- Intercompany loans received by subsidiary E-Commerce Outsourcing S.r.l;
- Loans from related parties, originally in USD and then converted into EUR. For more information, see Note 35. "Transactions with subsidiaries and related parties".

The changes mainly refer to the business combination operation for the merger of E-Commerce Outsourcing into Giglio Group S.p.A..

Relating to the non-current portion, the breakdown of financial payables is shown below:

(Euro thousands)

Non-current financial liabilities	31.12.2023	31.12.2022	Change
Loans	4,320	2,621	1,699
EBB bond;	2,281	3,005	(724)
Payables to subsidiaries	46	4	42
Rental liabilities	96	181	(85)
Payables towards related parties	-		-
Total	**6,743**	**5,812**	**932**

The non-current financial liabilities relate to:

- Long-term portion of unsecured loans;
- Non-current liabilities share for operating leasing resulting from the application of the IFRS 16 accounting standard;
- Long-term portion of EBB bond.

The reduction in financial liabilities is mainly ascribable to related-parties liabilities, expiring in 2023 and restated in the current portion, and to a drop in the non-current portion of unsecured loans and of the EBB bond.

With regard to the financial debt related to the EBB S.r.l. bond, the regulation governing the terms and conditions of said Bond includes also some commitments and limitations borne by the Company, including the financial covenants, which, should they occur, they would entail the loss of the benefit of the term, along with the obligation for the Company to fully reimburse in advance the Bond (the so-called events of major importance).

On 2 April 2019, the company issued a non-convertible bond of € 5 million in principal, made up of 50 bearer bonds with a denomination per unit of € 100,000.00 each, with the following conditions:

- Subscribers: the Bond was fully subscribed by the SPV;
- Listing: the Bonds shall not be listed on any regulated market nor on any MTF;
- Terms of issue: the Bonds shall be issued in a single tranche;
- Issue price: the issue price amounts to 100% of the Bonds' nominal value;
- Interests: the Obligations shall be interest-bearing at the fixed nominal gross annual rate of 4.572%, to be paid with a semi-annual coupon postponed;
- Legal duration and expiration: the Bonds shall have a legal duration of 8 years and 6 months and the expiration date is set at the last interests' payment date of 2027;
- Reimbursement: the Bonds shall be redeemed at par, i.e. at 100% of their nominal value, pursuant to the amortisation plan set forth in the regulation, with 13 semi-annual capital instalments, with a grace period of 2 years;

- On 28 June 2023, SACE, as guarantor of the bond loan, gave consent to the bond holder EBB S.r.l. upon grant of the waiver under the following terms and conditions:

    - Consent relating to non-compliance with the financial parameters "leverage ratio" and "gearing ratio" (covenant holiday) is granted in relation to all the verification dates until full repayment of the bond loan. However, the commitments referred to in clause11.2 (disclosure commitments) of the regulation of the bond loan by Giglio Group S.p.a. remain in force;
    - Therefore the surety commitment of Meridiana Holding pursuant to Article 10 ("Regulation of the Loan, Financial Parameters and Further Commitment of the Guarantor") is to be considered no longer in force. In any case, it is understood between the parties that all other obligations and duties assumed by Meridiana

Holding Srl pursuant to the guarantee and indemnity agreement dated 10 March 2020 shall remain in force and fully exercisable.

- In view of the above, it should be noted that with reference to the guarantee and indemnity agreement dated 10 March 2020, the guaranteed amount referred to in premise D is thus understood to be confirmed at € 1,500,000 together with the commitment to grant a pledge on the shares of Giglio Group S.p.a. for a total of € 4,152,000 in favour of SACE. The parties agree as of now that the pledge does not imply the possibility of exercising voting rights.
- The effectiveness of the consent expressed was ratified following receipt of the acceptance of the letter of consent countersigned by Giglio Group S.p.a., sent on 29 June 2023.

In accordance with the amendments to IAS 7, the following table shows the variations in liabilities recorded in the financial position, whose cash effects are recorded in the cash flow statement as cash flows from financing activities.

(Euro thousands)	Value at 01.01.2021	Cash flow	Value at 31.12.2022
Non-current financial liabilities	7,702	(959)	6,743
Current financial liabilities	5,812	(1,049)	4,763
Total liabilities from financing activities	**13,514**	**(2,008)**	**11,506**

The following table summarises the loans of the Giglio Group S.p.A. as of 31 December 2023, and highlights the amounts due within and beyond one year:

(Euro thousands)

Bank	Loan amount	Date of subscription	Expiration	Outstanding debt at 31/12/2023	0<>12 months	1 year<>2 years	2 year<>3 years	More than 3 years
INTESA								
Unsecured loan no. 0IC1047064869 - 60 months	1,000	28/06/2017	28/04/2024	74	74	0	0	0
CARIGE								
Loan no. F1227505707, MCC guarantee	550	30/11/2020	31/10/2026	393	136	138	117	0
Banca Popolare di Milano								
Loan no. 04838898 - MCC guarantee	2,000	23/11/2020	23/11/2026	1,089	365	373	350	0

UNICREDIT								
Loan no. 8406426/000	5,000	29/01/2020	30/04/2024	1,551	1,551	0	0	0
SACE BOND								
Loan no. I120C590730	5,000	10/04/2019	10/10/2027	3,023	741	749	756	777759
BANCA POPOLARE								
96-months loan no. 2020/2471/GH	3,000	21/07/2022	30/06/2030	2,592	497	476	459	1,469
BANCA POPOLARE								
loan no. 06/100/23767	2,000	13/08/2021	31/08/2027	1,422	371	384	396	271
TOTAL	**18,550**			**10,344**				

19. Trade payables

Balance at 31.12.2023 9,094

Balance at 31.12.2022 7,906

The following table shows a breakdown of the trade payables:

(Euro thousands)

Trade payables	31.12.2023	31.12.2022	Change
Customer advances	2,295	2,649	(354)
Supply of goods and services	6,799	5,257	1,542
Credit notes to be issued	-	-	-
Contribution credit notes to be issued	-	-	-
Clients guarantee deposits	-	-	-
Other trade payables	-	-	-
Total	**9,094**	**7,906**	**1,188**

The account recorded a € 1,188,000 increase if compared to the previous year, mainly due to the merger of E-Commerce Outsourcing S.r.l. Customer advances refer to advance payments for the purchase of goods, in accordance to the Company's regular activities.

20. Tax payables

Balance at 31.12.2023 2,124

Balance at 31.12.2022 921

(Euro thousands)

Tax payables	31.12.2023	31.12.2022	Change
Withholding taxes	575	314	261
VAT	263	253	
Foreign VAT	848	75	773
Income taxes	183	159	24
Social security institutions	254	120	134
Total	**2,124**	**921**	**1,203**
of which from E-Commerce merger	*616*		

Tax payables relate to:

- Withholding taxes and taxes related to the normal operating activities of the company for € 575,000 and € 183,000 respectively;
- Social security institutions for € 254,000;
- VAT payables in Italy for € 263,000 and VAT payables abroad for € 848,000.

21. Other current and non-current liabilities

Balance at 31.12.2023 1,444

Balance at 31.12.2022 1,232

The overall balance is divided as follows between current and non-current liabilities:

(Euro thousands)

Other liabilities	31.12.2023	31.12.2022	Change
Current	1,443	1,231	287
Non-current	1	1	(75)
Total	**1,444**	**1,232**	**212**

Relating to the current portion, the breakdown of the account is shown below:

(Euro thousands)

Other current liabilities	31.12.2023	31.12.2022	Change
Employee payables	211	74	4
Prepayments and accrued expenses	103	51	(225)

Other payables	1,128	1,106	13
Total	**1,443**	**1,231**	**212**
of which from E-Commerce merger	*(1,144)*		

(Euro thousands)

Other current liabilities	31.12.2023	31.12.2022	Change
Employee payables	211	207	4
Prepayments and accrued expenses	103	328	(225)
Other payables	1,128	1,115	13
Total	**1,443**	**1,651**	**(208)**
of which from E-Commerce merger	*(1,144)*		

The account "Employee payables" refers to the annual leaves accrued by employees and not yet used, while the account "Accrued expenses" refers to the revenues pertaining to the following year.

The non-current portion's breakdown is as follows:

(Euro thousands)

Other non-current liabilities	31.12.2023	31.12.2022	Change
Other payables	1	1	-
Total	**1**	**1**	-
of which from E-Commerce merger	*-*		

NOTES TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

22. Revenues from contracts with customers

The breakdown of the value of production and the changes in the individual accounts compared to the previous year are illustrated below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Revenues from contracts with customers	17,956	17,458	498
Other revenues	3,295	2,268	1,027
Total	**21,252**	**19,726**	**1,526**
of which from E-Commerce merger	*7,542*		

As of 31 December 2023, revenues from contracts with customers amounted to € 21.3 million, increasing if compared to 31 December 2022 (€ 1.5 million). Revenues from the business combination for the merger of E-Commerce Outsourcing amount to € 7.5 million.

B2B revenues as of 31 December 2023 are decreasing compared to the same period of the previous year due to some slowdowns that occurred during 2023 due to the difficulties generated by geopolitical tensions in Eastern countries, but also due to a new important agreement subscribed in May 2023, whose exclusive sales operations of products for train travellers has been postponed to June 2024.

23. Purchase of raw materials, ancillary, consumables and goods

The breakdown of raw materials, ancillary, consumables and goods and the changes compared to the previous year are shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Costs of goods	12,149	13,586	(1,437)
Consumables	54	1	53
Total	**12,203**	**13,587**	**(1,384)**
of which from E-Commerce merger	*4,369*		

As of 31 December 2023, the costs for the purchase of raw materials, ancillary, consumables and goods amounted to € 12.2 million. The purchase costs for raw, ancillary and consumable materials and business combination goods for the E-Commerce Outsourcing merger are equal to € 4.4 million.

24. Service costs

The breakdown of services costs and the changes compared to the previous year are shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Agents	381	321	60
Other service costs	1,164	57	1,107
Insurance	126	147	(21)
Bank, postal & collection commissions	197	85	112
Directors, statutory auditors	408	405	3

and supervisory board fees			
Consulting	3,528	1,403	2,125
Administrative costs	452	306	146
Customer service	35	-	35
Warehousing	380	300	80
Maintenance	14	15	(1)
Advertising, promotions, exhibitions, fairs	235	3	232
Cleaning and surveillance	20	24	(4)
Transport & shipping	629	156	473
Utilities	54	54	0
Web marketing	80	-	80
Sales representatives	139	92	47
Total	**7,845**	**3,369**	**4,476**
of which from E-Commerce merger	*2,559*		

Service costs amounting to € 7.8 million are mainly attributable to the business combination operation. Service costs are mainly made up of € 3,528,000 for consultancy costs (both for the Corporate division and for the B2C division), € 1,164,000 for other service costs and € 629,000 for transport and shipping costs.

25. Rent, lease and similar costs

The breakdown of rent, lease and similar costs and the changes compared to the previous year are shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Rental	54	52	2
Hire	17	4	13
Operating leases	4	6	(2)
Total	**75**	**62**	**13**
of which from E-Commerce merger	*5*		

The Rent, lease and similar costs refer to the lease of capital goods whose value is less than € 5,000, as well as to rentals whose duration is inferior to 12 months, thus being exempt from the IFRS 16 standard.

26. Payroll expenses

The breakdown of payroll expenses is as follows:

(Euro thousands)	31.12.2023	31.12.2022	Change
Salaries and wages	1,993	1,208	785
Social security charges	580	342	238
Post-employment benefits	130	65	65
Total	**2,703**	**1,615**	**1,088**
of which from E-Commerce merger	*1,068*		

Payroll costs increased compared to the previous year despite the reduction in personnel, due to the business combination operation for the merger of E-Commerce Outsourcing.

27. Amortisation, depreciation & write-downs

The breakdown of the account is shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Amortisation intangible fixed assets	836	63	773
Amortisation tangible fixed assets	281	247	34
Write-downs (Revaluations)	(93)	(3)	(89)
Total	**1,025**	**308**	**717**
of which from E-Commerce merger	*-*		

With regards to account "Amortisation", see Notes 1. "Property, plant & equipment", 2. "Right-of-use assets" and 3. "Intangible assets", respectively.

The "Write-downs" accounts shows a change of € 1,025,000 attributable to the business combination operation, mainly for € 454,000 for release from the doubtful debt provision relating to the company E-Commerce Outsourcing S.r.l. subject to the merger, for € 92,000 for the doubtful debt provision and for € 270,000 for the provision for legal disputes.

28. Other operating costs

The breakdown of the account is shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Other taxes	14	6	8
Other charges	26	38	(12)
Penalties and fines	103	18	85
Prior year charges	45	17	28
Losses on receivables	-	-	-
Total	**187**	**79**	**108**

of which from E-Commerce merger	*21*

As of 31 December 2023, the account "Other operating costs" includes the payment of fines, different contributions and contingent liabilities recorded during the period.

29. Non-recurring revenues

The breakdown of the account is shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Prior year charges	12	6	6
Other charges	5	38	(33)
Total	**18**	**44**	**(26)**
of which from E-Commerce merger	*15*		

The account is mainly made up of € 815,000 for windfall gains and € 803,000 for windfall losses. The two accounts mainly refer to an agreement signed on 30 December 2021 for the sale of goods returned ex works at supplier warehouses. The operation, which was completed for the most part, did not meet the agreement between the parties on some batches of items, therefore € 661,000 were recorded in the balance sheet as credit notes to be issued on receivables from customers and the related provisions were released of costs recorded in the 2022 Financial Statements for € 614,000 for invoices to be received from the supplier.

30. Financial income and charges

The breakdown of financial income and charges compared to the previous year is shown below.

(Euro thousands)	31.12.2023	31.12.2022	Change
Interest income on bank accounts	0	-	0
Incomes on transfer of securities	-	-	-
Other interest	-	-	-
Exchange gains	2	10	(8)
Financial income	**2**	**10**	**(8)**
Interests on current bank accounts	51	1	50
Other interests	60	178	(118)
Interests on invoice advances and factoring	18	50	(32)
Interests on mortgage loans	354	230	124
Interests on bond loans	160	205	(45)
Bank charges	23	15	8

SACE charges	34	-	34
IFRS 16 financial charges	11	9	-
Exchange losses	4	82	(78)
Financial charges	**714**	**770**	**(56)**
Total	**(713)**	**(760)**	**47**
of which from E-Commerce merger	*344*		

The financial income decreased if compared to the previous year due to the lack of dividends approved and distributed by the subsidiaries throughout the period.

Financial charges dropped by € 266,000 due in particular to lower other interest (amortised-cost interests), a positive effect partially mitigated by higher interest expenses accrued on mortgages.

31. Income taxes

The breakdown of the account is shown below:

(Euro thousands)	31.12.2023	31.12.2022	Change
Current taxes	(13)	(73)	60
Deferred taxes	(108)	83	(191)
Total	**(121)**	**10**	**(131)**
of which from E-Commerce merger	*(30)*		

Current taxes refer for € 13,000 to taxes from previous years.

Deferred taxes represent the change of deferred taxes during the period. These taxes were calculated especially on 2017 tax losses and on interest expenses exceeding the Company's Gross Operating Income ascribable to the tax consolidation of years 2020, 2021 and 2022.

The tax effects for the year are shown below:

(Euro thousands)	31.12.2023	31.12.2022
Pre-tax result	(3,826)	108
Theoretical tax charge	1,067	(30)
Effective tax charge	(13)	(73)
Deferred taxes	(108)	83
Net result	(3,946)	119
Theoretical tax rate	27.90%	27.90%
Effective tax rate	-0.33%	67.32%

32. Directors, Statutory Auditors and Audit Firm Remuneration

In accordance with the law, total remuneration payable to Directors and Statutory Auditors of Giglio Group S.p.A is indicated below.

Board of Directors (Euro thousand)	
A. Giglio	200
A. Lezzi	25
F. Gesualdi	25
C. Grillo	20
C. Micchi	25
Total	**295**

Board of Statutory Auditors (Euro thousand)	
G. Mosci	38
L. Tacchino	32
M. Centore	32
Total	**102**

The fees to the Auditing Company Audirevi S.p.A. amount to € 136,000 and are made up as follows:

- Legal audit of the Financial Statements: €98,000;
- Limited audit of the Interim Financial Statements: €38,000.

The fees of directors, statutory auditors and the audit firm do not include expenses.

33. Commitments, guarantees and contingent liabilities

Guarantees

Mr. Alessandro Giglio, reference partner of the holding company Meridiana Holding S.p.A., has provided personal guarantees on some Loans held by the company as of 31 December 2023.

The details are shown below:

Commitments and guarantees (Euro thousand)

Entity	Guarantee Value	Amount guaranteed
B.POP Sondrio	900	190
Banco BPM	650	650
UNICREDIT	536	536
Total bank guarantees	**2,086**	**1,376**

Contingent liabilities

Normal lawsuit (dispute): Through a writ of summons served on 18 February 2020, the company Servizi Italia Ltd sued Giglio Group S.p.A., asking the Court to: "Verify the termination of the settlement agreement between the Parties on 27 June 2019 and, consequently, to verify the renewal of the agreement entered into between the same Parties on 19 May 2016 and thus to order Giglio Group S.p.A. to pay to Servizi Italia Ltd the remunerations accrued and to be accrued, pursuant to Art. 5 of the original agreement, at an appropriate and equitable rate in the view of the Court".

The matter originates from a service and trademark licensing agreement entered into between the Parties, by virtue of which Servizi Italia Ltd undertook to supply Giglio Group with consulting advices for streamlining corporate processes and business development, other than the licensing of the trademarks owned by Servizi Italia. All this, against a payment quantified in 50% of the first profit, as defined and determined in Art. 5 of the same Agreement.

Subsequently, the Parties, due to some criticalities recorded in the execution of the Agreement, signed a settlement agreement (Addendum) according to which Giglio Group S.p.A. had to produce and broadcast on all of the TV channel managed by it, three-hundred advertising contents for Servizi Italia, paying also, in payment and satisfaction of the amount owed to Servizi Italia pursuant to Art. 5 of the aforementioned Agreement, the amount of € 120,000 in three consecutive instalments within August 2019.

On 5 August 2019, Giglio contested to Servizi Italia its serious non-performance of the Addendum, specifically for the illegal continuation of use of the trademarks, logos and designations of Giglio Group, with consequent claim of illegal competition and trademark infringement, thus halting the payments.

By letter dated 8 August 2019, the law firm representing Servizi Italia rebuked all claims made by Giglio Group, ordering the Group to pay for the Addendum, which amounted to € 80,000.

By letter dated 4 September 2019, Servizi Italia decided to order to Giglio Group the termination of the Addendum, with the consequent renewal of the Agreement. The Agreement provides for the payment, in favour of Servizi Italia, of an amount to be determined, as a result of Art. 5.1 and 5.2 of the same, of the sales volumes actually achieved and/or of the revenues generated by the advertising contents applied directly thanks to the services offered by Servizi Italia.

Giglio Group appeared in court, arguing the total and/or partial invalidity of the agreement entered between the parties and/or its articles, given the absolute vagueness and/or indeterminability of the subject of the agreement and/or the lack of cause of action and/or, in the alternative, the partial invalidity of the agreement due to the lack of cause of action because of the difference in performances.

The total and/or partial invalidity of the agreement did not move forward, even though the counterparty did not provide any relevant element regarding the effective execution of the activities and services reported in the agreement concerning the strategic-organisational advisory activity. Moreover, the arguments presented for its contribution in defining agreements with the clients mentioned by the same (agreements that, as per communication, in their larger part were never actually completed) were still absolutely general and vague.

In the hearings carried out during 2021, witnesses from both sides were heard and the Judge, via ordinance of 20 February 2022, ordered Giglio to provide a copy of the invoices collected from 2016 to 2021 with regard to the received supplies, a copy of the invoices issued to its clients, a copy of the stock summaries and a copy of the invoices related to transportation costs. For the analysis of these documents, an expert witness was appointed by the Court.

The expert witness' consultancy is still ongoing, taking into account the preparatory and document collection phases; the deadline for filing the expert report was set for 20 December 2023, with a hearing on 16 January 2024 for the examination of the consultancy. At the hearing on 16 September 2022, without prejudice to the adversary's objections regarding the notification of the order to the other companies in the group, the counterparty insisted that the Expert be appointed to determine the margin according to the contractual criterion, initially requesting the calculation of the entire margin on the entire turnover of the Group, secondly the calculation of the margin linked to the products purchased from suppliers acquired through the intermediation of Servizi Italia and to the products sold to customers acquired through the intermediation of Servizi Italia (as already identified in the order of 6 April 2022). The adversary's request was appropriately contested by highlighting, as already stated in our notes, that determining the margin on the entire turnover of the Group, in addition to not finding confirmation in the contractual provisions, appears in any case inadmissible and exploratory, especially since the Judge himself has already identified the possible customers procured thanks to the intermediation of Servizi Italia, listing them in the previous order. The Judge admitted the technical consultancy as a request, adjourning the hearing on 16 January 2024 at 9.30 AM for examination. After the first meetings held with the expert witness and some attempts at an amicable settlement which were unsuccessful, the expert witness asked for an extension of the deadlines for filing the appraisal, also asking the Judge to

integrate the documentation already produced by Giglio. At the outcome of the hearing on 23 November 2023, after extensive discussion, the Judge authorized, as requested by the expert witness, the deposit of the invoices received and
of the invoices issued, which are missing but present in the VAT book referred to in the provision dated 6 April 2022, together with all the customer and supplier accounting sheets relating to the years subject to the dispute in any case referable to the list referred to in the order dated 6 April 2022, giving the party the deadline of 29 February 2024 to deposit the aforementioned documents. Moreover, the Judge assigned a deadline to the expert witness until 30 June 2024 for transmitting the draft of the paper to the party and a deadline for the parties until 30 July 2024 to send the expert witness notes and observations on the draft expert opinion; the Judge also set for the filing of the final expert report in the registry the date of 30 September 2024; the case was postponed to the hearing on 1 October 2024 for examination of the technical expertise.
Risk of losing: at present, regardless of the alleged total and/or partial nullity of the contract, or even just of the Art. 5 of the same pursuant to Art. 1418 - 1419 and 1322 - 1325 of the Italian Civil Code, in light of the documentation produced by the adversary and the findings that the Judge considered to have emerged from the investigation carried out, it must be assumed that the Judge actually considered that the activity had been carried out by Servizi Italia (at least for the customers referred to in the order of 6 April 2022) such as to legitimize the claimed recognition of the percentage of 50% of the net margin as indicated and defined in the Art. 5 of the contract. Margin whose exact quantification has been referred to the expert witness and which is currently being evaluated, also in light of the additional documentation that Giglio was ordered to produce.
Given the above, the risk, although not yet quantifiable in its precise amount, can be qualified as certainly POSSIBLE; consequently the Company has maintained a debt provision of € 285,000.

Normal lawsuit (dispute): The company Sopra Steria Group S.p.A. notified Giglio of the electronic injunction decree no. 5410/2023, issued on 25 March 2023 on appeal by General Register no. 4866/2023 by the Ordinary Court of Milan, with which the payment of the amount of approximately € 107,000 was ordered.
In reconstructing the relationships that existed at the time with the subsidiary IBOX SA, acknowledgement was made of the signing of a settlement agreement between IBOX itself and Sopra Steria Group S.p.A. on the basis of which the parties consensually resolved on the early amendment of the contract of 4 July 2019, pursuant to Art. 1321 and 1372 of the Italian Civil Code,

redefining in Annex "A" the conditions for the supply of Oracle Front End Licenses with effect from 5 June 2021. Giglio also took part in this settlement agreement, declaring itself a guarantor towards Sopra Steria Group S.p.A. for the obligations assumed by IBOX, which allegedly did not pay the invoices listed in the appeal relating to Oracle Front End Licenses and, therefore, would have accrued the aforementioned debt of € 107,000. With writ of summons pursuant to Art. 645 of the Italian Code of Civil Procedures, Giglio opposed the injunction, raising multiple complaints about the malfunctioning of the licenses, so much so that IBOX ordered termination for breach of contract and took legal action for compensation for consequent damages. The case was registered and the Judge set the first appearance hearing for 17 January 2024.

The lawyer appointed to defend Giglio Group S.p.A. considered the outcome of the case probable, as it cannot be excluded that the Judge at the first hearing grants the provisional enforceability of the opposing decree; as a result, a partial debt was recorded by the Company. At the hearing on 21 February 2024, the Judge clearly expressed not only his desire to grant the provisional enforceability of the opposing decree but also expressed (albeit informally) his conviction regarding the outcome of the judgement itself, taking into account the guarantee of first demand actually issued by Giglio in favour of Soprasteria. For this reason, he highlighted that he would be willing not to grant the provisional enforceability of the decree only if the case had been decided quickly and therefore expressly asking the parties to waive the terms set out in Art. 183 of the Italian Code of Civil Procedures Taking into account the general situation and the clear intention of the Judge, we agreed to what was requested, preferring to avoid the risk of an execution against Giglio by virtue of the enforcement instrument that the Judge, as mentioned, would certainly have granted. The case was therefore postponed to 5 June 2024 for the clarification of the conclusions.

Risk of losing: in light of the above, it can be classified as certainly PROBABLE and this led to the registration of a risk provision of € 107,000.

Normal lawsuit (dispute): The Sopra Steria Group S.p.A. company, with writ of summons produced by IBOX SA, after having reviewed the entire contractual relationship with Sopra Steria Group S.p.A. for the supply of some Oracle licenses, contested the malfunctioning of said licenses, claiming the occurrence of such episodes following the settlement agreement with the same which took place in 2021, deducing the onset of some serious episodes linked to the functionality of the Front End Licenses supplied, with particular reference to some important customers.

The counterparty appeared in court, contesting the arguments explained by IBOX and claiming the role of mere supplier of the licenses (purchased in turn by Var Group S.r.l.).

As regards the disputes relating to the maintenance contract, Sopra objects and contests the validity of the related questions, highlighting that the contract actually signed would be of a "Time&Material" nature, in which the defendant simply made qualified personnel available to Ibox and these resources have always remained under the management of Ibox precisely due to the nature of the contract, having Sopra to simply carry out what was ordered by Ibox.

Sopra insisted on the complete rejection of the claims made by IBOX and asked the Court to waive the claims brought, purporting the absence of proof of the reported breaches and the non-existence of "serious" breaches and requests for damages, as well as ascertaining and declaring – for the license supply contract, for over-usage agreements and for maintenance support contracts - the nature of a contract with periodic and continuous execution with consequent inapplicability - in any case - of refunding effects pursuant to Art. 1458 of the Italian Civil Code.

Finally, Sopra requested Var Group S.r.l. to be called into question (as the entity from which it receives the Oracle licenses for their subsequent marketing) with regards to the alleged malfunctions of the Licenses, requesting also that Giglio Group S.p.A. be called into question as guarantor of IBOX, requesting against the latter the payment - jointly and severally with Ibox SA - of the expired fee for Licenses and over-usage, for the part not enforced with the injunction decree no. 5410 of 25 March 2023 and therefore for a total of € 133,832.15.

The first hearing, originally set for 6 November 2023, was postponed to 21 February 2024 to allow the Var Group and Giglio Group S.p.A. to be called into question.

At the outcome of the hearing on 21 February 2024, the Judge essentially rejected all of the objections raised by IBOX, considering the case already ripe for a decision, based solely on the documentary production of the parties. He then set a hearing for the referral of the case for 25 September 2024, 09.30 AM, assigning the parties the maximum terms referred to in the same Art. 189 of the Italian Code of Civil Procedures.

Risk of losing: at present, also in light of the documentation produced by the counterparty and the summoning of Giglio pursuant to the guarantee issued, it must however be highlighted that based on the objections raised, as highlighted several times, it seems likely that the judge will consider that IBOX has effectively waived the rights asserted against Sopra for the alleged malfunctions of the Licenses. At the same time, also with respect to the maintenance contract, the exceptions formulated by the counterparty seem to lead to a rejection of the requests set forth by IBOX.

Lastly, the counter-claims formulated must necessarily also be taken into account. Given the above, at present, the risk can be classified as certainly PROBABLE, consequently a provision of € 133,832 has been recorded in the risk provision.

Normal lawsuit (dispute) – Labour Court -- With appeal pursuant to Art. 409 Italian Code of Civil Procedure., an employee sued Giglio Group S.p.A. (as incorporating E-Commerce Outsourcing), asking the registered Court to condemn the defendant, pursuant to Art. 18 of Law no. 300/1970, par. 7 and 4, having ascertained the non-existence of the fact underlying the dismissal for justified objective reason and therefore having the dismissal annulled in order to reinstate the appellant in the workplace and to pay a compensatory indemnity equal to the intervening wages from dismissal to reinstatement commensurate with the monthly salary, also condemning the defendant to pay the social security and welfare contributions relating to the period between dismissal and actual reinstatement; Alternatively, the employee requested that the employment relationship be declared terminated pursuant to Art. 18 of Law no. 300/1970, par. 7 and 5, and having ascertained that the details of the justified reason given for the dismissal are not met, order the defendant to pay the compensation equal to 24 months of the final overall de facto salary.

Giglio appeared in court contesting the reconstruction elaborated by the counterparty, highlighting instead that the dismissal of the employee, far from being specious and/or illegitimate, is part of a broader organizational reorganization of the entire corporate structure which affected E-Commerce Outsourcing and its parent company Giglio, up to the decision to merge within the resistant company, also optimizing its production and the resources dedicated to it through the outsourcing of those sectors that are no longer strategic for the business activity. Precisely because of the above, since the department in which he was employed had ceased in its entirety, the appellant Giglio reiterated the existence of the requirements for dismissal for justified objective reasons, therefore asking for the complete rejection of all the opposing claims, speciously advanced against Giglio Group S.p.A., because they are unfounded and unproven, both in fact and in law.

At the hearing on 4 April 2024 the Judge attempted conciliation by proposing to the parties that the appellant renounce the appeal upon payment of 13 months' salary in addition to a contribution to expenses. The case was postponed to the hearing on 7 May 2024. During this last hearing, after extensive discussion, the Judge accepted Giglio's request to proceed with the payment of the total gross sum of € 25,847.12 (the 13 monthly payments referred to in the original proposal of the Judge himself) in 10 monthly instalments, in addition to the payment of a contribution for legal expenses equal to €3,000.00 plus accessories. These amounts are recorded in the risk provision.

Normal lawsuit (dispute) - The judgement originates from an injunction issued by the Court of Milan in favour of Ifitalia, which requested Giglio to pay the total sum of € 394,513.92 (to which €4,643.00 plus legal accessories for legal fees and disbursements are added) arising from a factoring contract. The amount of the debt is recorded in financial liabilities. Within the terms of the law, Giglio lodged an opposition, arguing that the transfer of the receivables was without recourse and that all contractual obligations had been fulfilled. The first effective hearing has been set for 11 November 2024.

In the monitoring proceedings, Ifitalia produced documentation which allegedly proves Giglio Group's willingness to repurchase the receivables transferred to Ifitalia with the conclusion of the factoring contract. Furthermore, Ifitalia has filed some repayment plans that, according to the defence statement, would demonstrate that Giglio would have recognized the factor's liabilities. The lawsuit is in its initial phase and therefore the preliminary investigation phase will have to be completed, in which documentation will have to be produced to prove that Giglio Group was not in default of its contractual obligations. In the absence of such proof, there is a risk that the Court will recognize that the amount is due and the opposition will be rejected. The risk that there could be a conviction for the entire amount requested, i.e. € 394,513.92, also appears POSSIBLE, with the company being condemned to pay additional legal costs for the opposition proceedings against the injunction.

34. Financial risk management - IFRS 7

The present financial statements were prepared in accordance with the provisions of IFRS 7, which requires disclosure of the recording of financial instruments related to the performance, to the financial exposure, to the level of exposure of risks deriving from the utilisation of financial instruments, and the description of the objectives, policies and management procedures in relation to these risks.

For further information reference should be made to paragraph F. Capital and financial risk management.

The loans and receivables are financial assets recorded at amortised cost which mature interest at fixed or variable rates. The book value may be impacted by changes in the credit or counterparty risk.

The Company has no derivative financial instruments. The book value of the financial assets and liabilities recorded in the financial statements approximates their fair value.

A comparison between the book value and the fair value of financial assets and liabilities as of 31 December 2023 is presented below.

		31.12.2023		31.12.2022	
Statement of Financial Position (Euro thousands)		**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Non-current assets					
Property, plant & equipment	(1)	120		54	
Right-of-use assets	(2)	418		213	
Other intangible assets	(3)	4,611		119	
Goodwill	(4)	10,256		3,249	
Investments	(5)	2,052	2,052	11,313	11,313
Receivables	(6)	816	816	797	797
Deferred tax assets	(7)	903		1,011	
Total non-current assets		**19,178**		**16,756**	
Current assets					
Inventories	(8)	393		605	
Trade receivables	(9)	4,447		6,357	
Financial receivables	(10)	2	2	2	2
Tax receivables and deferred tax assets	(11)	1,002		263	
Other assets	(12)	114	114	99	360
Cash and cash equivalents	(13)	966	966	105	105
Total current assets		**6,953**		**7,431**	
Total Assets		**26,131**		**24,187**	
Equity	(14)				
Issued capital		6,653		4,394	
Reserves		26,165		24,049	
Listing fees		(541)		(541)	
FTA Reserve		4		4	
Retained earnings		(27,498)		(27,617)	
Foreign Currency Translation reserves		-		-	
Net profit/(loss)		(3,946)		119	
Total Net Equity		**1,377**		**408**	
i		-			
Total Net Equity		**1,377**		**408**	
Non-current liabilities					
Provisions for risks and charges	(15)	270		-	
Post-employment benefit funds	(16)	315		204	

Deferred tax liabilities	(17)	0		1	
Other non-current liabilities		1		76	
Financial payables (non-current portion)	(18)	6,743	6,743	5,812	5,812
Total non-current liabilities		**7,329**		**6,093**	
Current liabilities					
Trade payables	(19)	9,094		7,906	
Financial payables	(18)	4,763	4,763	7,702	7,702
Tax payables	(20)	2,124		921	
Other liabilities	(21)	1,443		1,156	
Total current liabilities		**17,425**		**17,686**	
Total liabilities and Equity		**26,131**		**24,187**	

Medium-term loan

As of 31 December 2023, the Company presents a NFD of about € -10.5 million.

Amongst the non-current financial liabilities, the payable for the "EBB Export Programme" bond issued on 2019 and the non-current portion of the medium/long-term unsecured bank loans are included.

The Company has undertaken a number of loan contracts and, a significant part of these loans contain only internal cross default clauses, negative covenants and acceleration events on the non-compliance by the Group of some disclosure obligations or prior authorisation to undertake certain transactions. The loan contracts of the Issuer do not include external cost default clauses nor obligations to comply with specific financial covenants (these latter apply only to the EBB Export Programme bond).

Although the company carefully monitors its financial exposure, any violation of the contractual commitments or the non-payment of instalments, non-renewal or revocation of the current credit lines, even due to events external to the wishes and/or activity of the Issuer, may have a negative impact on the economic, equity and/or financial situation of the Company.

Note 18 summarises the loans held by Giglio.

On 2 April 2019, the company issued a non-convertible bond (EBB Export Programme bond) of € 5 million in principal, made up of 50 bearer bonds with a denomination per unit of € 100,000.00 each, with the following conditions:

- Subscribers: the Bond was fully subscribed by the SPV;
- Listing: the Bonds shall not be listed on any regulated market nor on any MTF;
- Terms of issue: the Bonds shall be issued in a single tranche;

- Issue price: the issue price amounts to 100% of the Bonds' nominal value;
- Interests: the Obligations shall be interest-bearing at the fixed nominal gross annual rate of 4.572%, to be paid with a semi-annual coupon postponed;
- Legal duration and expiration: the Bonds shall have a legal duration of 8 years and 6 months and the expiration date is set at the last interests' payment date of 2027;
- Reimbursement: the Bonds shall be redeemed at par, i.e. at 100% of their nominal value, pursuant to the amortisation plan set forth in the regulation, with 13 semi-annual capital instalments, with a grace period of 2 years;

On 28 June 2023, SACE, as guarantor of the bond loan, gave consent to the bond holder EBB S.r.l. to grant the waiver under the following terms and conditions:

- Consent relating to non-compliance with the financial parameters "leverage ratio" and "gearing ratio" (covenant holiday) is granted in relation to all the verification dates until full repayment of the bond loan. However, the commitments referred to in clause11.2 (disclosure commitments) of the regulation of the bond loan by Giglio Group S.p.a. remain in force;
- Therefore the surety commitment of Meridiana Holding pursuant to Article 10 ("Regulation of the Loan, Financial Parameters and Further Commitment of the Guarantor") is to be considered no longer in force. In any case, it is understood between the parties that all other obligations and duties assumed by Meridiana Holding Srl pursuant to the guarantee and indemnity agreement dated 10 March 2020 shall remain in force and fully exercisable.
- In view of the above, it should be noted that with reference to the guarantee and indemnity agreement dated 10 March 2020, the guaranteed amount referred to in premise D is thus understood to be confirmed at € 1,500,000 together with the commitment to grant a pledge on the shares of Giglio Group S.p.A. for a total of € 4,152,000 in favour of SACE. The parties agree as of now that the pledge does not imply the possibility of exercising voting rights.
- The effectiveness of the consent expressed was ratified following receipt of the acceptance of the letter of consent countersigned by Giglio Group S.p.A., sent on 29 June 2023.

35. Related-parties transactions (Article 2427, paragraph 1, no. 22-bis of the Italian Civil Code)

The Related Parties and their transactions for 2023 have been identified by applying the provisions set forth in the Procedure for Transactions with Related Parties ("Related-Parties Procedure"), available on the website www.giglio.org, section "Corporate Governance/Governance System and Rules/Related-Parties Procedure", drafted and applied by the Company pursuant to the Regulation on Transactions with Related Parties adopted with Consob resolution no. 17221 of 12 March 2010, as amended ("Consob Regulation"), as well as pursuant to the provisions set forth in Art. 2427, par. 2 of the Italian Civil Code and to IAS 24 international accounting standard.

The companies defined as Related Parties, along with their relation with the Company, are reported below:

- Meridiana Holding S.p.A.. is the majority shareholder of the Company, owning 57% of its share capital.
- Max Factory S.r.l. is a company fully controlled by Meridiana Holding S.p.A..
- Azo Asia Limited is a company fully controlled by Meridiana Holding S.p.A..
- Azo International OU is a company fully controlled by Meridiana Holding S.p.A..

The following tables report the transactions and balances with Related Parties as of 31 December 2023. The data indicated in the following tables are taken from the financial statements of the Issuer and/or from the general accounting data.

		Related Party Transactions as of 31 December 2022										
		Trade receivables	Tax receivables	Financial receivables	Other current liabilities	Trade payables	Financial payables	Sales revenues	Operating costs	Non-recurring revenues	Financial income	Financial charges
A	**Subsidiaries:**					(92)						
	Giglio Shanghai			31		(50)						
	Media 360 HK											
	Meta Revolution SRL			31		(42)						
B	**Holding companies or subject to joint control**								410			
	Meridiana Holding								410			
C	**Related companies**											
D	**Subsidiaries**											
E	**Joint ventures**											
F	**Senior Executives, of which:**	-		-		-	-	-	-		-	-

Executive Directors											
Non-Executive Directors											
Others											
G Other related parties, of which:	**352**	**473**	**-**	**(251)**	**(1,679)**	**-**	**(1,951)**	**822**	**(3)**	**-**	**-**
Board of Statutory Auditors											
Joint ventures											
Close Relatives											
Others:	352	473		(251)	(1,679)		(1,951)	822	(3)		
MaxFactory Srl					(558)			120			
SALOTTO DI BRERA DUTY FREE SRL	352	6		(251)	(1,121)		(1,353)	699			
AZO International Ou Private Ltd											
AZO ASIA Ltd											
Luxury Cloud SRL		17									
IBOX SA		450									
Total (A;B;C;D;E;F;G)	**352**	**504**		**(251)**	**(1,771)**		**(1,951)**	**1,232**	**(3)**		

With regard to the transactions with subsidiaries, the following table shows their composition for each type of transaction carried out:

Trade receivables and payables

Receivables/Payables	**Giglio Group**	**Giglio USA**	**Giglio Shanghai**	**Salotto di Brera**	**Media 360 HK**	**E-Commerce Outsourcing**	**IBOX SA**
Giglio Group	-	(18)	-	31	-	13	1,545
E-Commerce Outsourcing	3,508	-	-	-	-		-
Giglio USA	-	-	-	-	-	-	-
Giglio Shanghai	-	-	-	-	-	-	-
Salotto di Brera	1,209	-	-	-	-	-	-
IBOX SA	20	-	-	-	-	-	-

Financial receivables and payables

Receivables/Payables	**Giglio Group**	**Giglio USA**	**Giglio Shanghai**	**Salotto di Brera**	**Media 360 HK**	**E-Commerce Outsourcing**	**IBOX SA**
Giglio Group	-	102	40	-	13	-	450
E-Commerce Outsourcing	1,148	-	-	-	-	-	-
Giglio USA	-	-	-	-	-	-	-
Giglio Shanghai	-	-	-	-	-	-	-
Salotto di Brera	-	-	-	-	-	-	-
IBOX SA	-	-	-	-	-	-	-
Metarevolution	-	-	-	-	-	-	-

Commercial revenues and costs

Revenues/Costs	Giglio Group	Giglio USA	Giglio Shanghai	Salotto di Brera	Media 360 HK	E-Commerce Outsourcing	IBOX SA
Giglio Group		769		661	-	1,040	136
E-Commerce Outsourcing	35						-
Giglio USA	-						-
Giglio Shanghai	15					-	
Salotto di Brera	2,448						
IBOX SA	-					-	

Non-recurring revenues

Revenues/Costs	Giglio Group	Giglio USA	Giglio Shanghai	Salotto di Brera	Media 360 HK	E-Commerce Outsourcing	IBOX SA
Giglio Group						1,050	

The nature of the transactions in the above table are as follows: (i) for E-Commerce Outsourcing, Giglio USA, Ibox SA and Salotto di Brera S.r.l., they refer in general to the recharge of administration costs incurred by the Issuer in the name of and on behalf of the subsidiary companies; (ii) for Giglio USA and Ibox SA they concern, also, the supply of goods and services; (iii) for Salotto di Brera S.r.l., they refer to the supply of goods.

The transactions with Related Parties, pursuant to Article 2427, paragraph 1, No. 22-bis of the Civil Code, were undertaken with the following parties:

- Max Factory S.r.l.: real estate company owned by Alessandro Giglio who leases to Giglio Group S.p.A. the following buildings:
  - Genoa offices: Palazzo della Meridiana for a total annual cost of € 90,000;
  - Rome offices: Via dei Volsci for a total annual cost of € 49,800.

The remuneration paid in 2022 to the Board of Directors of the Issuer amounted to € 300,000.

36. Dividends

In line with the approval of the guidelines of the 2024-2028 plan, the Board approved the adoption of a long-term policy on dividend distribution decided on a year-by-year basis in accordance with the results reported, if the capital situation allows it.

37. Earnings per share

The basic earnings per share attributable to the holders of the ordinary shares of the company is calculated by dividing the profit by the number of shares outstanding at the reporting date.

38. Diluted earnings per share

There are no significant dilution effects.

Statement of Financial Position (Euro thousands)		31.12.2023	of which related parties	31.12.2022	of which related parties
Non-current assets					
Property, plant & equipment	(1)	120		54	
Right-of-use assets	(2)	418		213	
Intangible assets	(3)	4,611		119	
Goodwill	(4)	10,256		3,249	
Investments	(5)	2,052		11,313	
Receivables	(6)	816	*17*	797	*605*
Deferred tax assets	(7)	903		1,011	
Total non-current assets		**19,178**	**17**	**16,756**	**605**
Current assets					
Inventories	(8)	393		605	
Trade receivables	(9)	4,477		6,357	*1,571*
Financial receivables	(10)	2		2	
Tax receivables and deferred tax assets	(11)	1,002		263	
Other assets	(12)	114		99	
Cash and cash equivalents	(13)	966		105	
Total current assets		**6,953**	**-**	**7,431**	**1,571**
Total Assets		**26,131**	**17**	**24,187**	**2,176**
Equity	(14)				
Issued capital		6,653		4,394	
Reserves		26,705		24,049	
Extraordinary reserve		-		-	
Listing fees		(541)		(541)	
FTA Reserve		4		4	
Retained earnings		(27,498)		(27,617)	
Foreign Currency Translation reserves		-		-	
Net profit/(loss)		(3,946)		119	
Total Net Equity		**1,377**	**-**	**408**	**-**
Non-current liabilities					
Provisions for risks and charges	(15)	270		-	
Post-employment benefit funds	(16)	315		204	
Deferred tax liabilities	(17)	0		1	
Financial payables (non-current portion)	(18)	6,743		5,812	
Other non-current liabilities	(21)	1		76	
Total non-current liabilities		**7,329**	**-**	**6,093**	**-**
Current liabilities					
Trade payables	(20)	9,094	*650*	7,906	*5,287*
Financial payables (current portion)	(18)	4,763		7,702	*1,880*
Tax payables	(21)	2,124		921	
Other liabilities	(21)	1,443		1,156	
Total current liabilities		**17,425**	**650**	**17,686**	**7,167**
Total liabilities and Equity		**26,131**	**650**	**24,187**	**7,167**

Statement of Profit or Loss (Euro thousands)		31.12.2023	of which related parties	of which non recurring	31.12.2022	of which related parties
Total revenues from contracts with customers	(22)	**17,956**			**17,458**	**2,607**
Other revenues	(22)	3,295			2,268	
Capitalised costs	(23)	50			0	
Change in inventories		(382)			(888)	
Purchase of raw materials, ancillary, consumables and goods	(23)	(12,203)			(13,587)	*(2,497)*
Service costs	(24)	(7,845)		*410*	(3,369)	
Rent, lease and similar costs	(25)	(75)			(62)	
Operating costs		**(20,123)**	**0**	**410**	**(17,018)**	**(2,497)**
Salaries and wages	(26)	(1,993)			(1,208)	
Social security charges	(26)	(580)			(342)	
Post-employment benefits	(26)	(130)			(65)	
Payroll expenses		**(2,703)**	**0**	**0**	**(1,615)**	**0**
Amortisation	(27)	(836)			(63)	
Depreciation	(27)	(281)			(247)	
Write-downs	(27)	93			3	
Amortisation, depreciation & write-downs		**(1,025)**	**0**	**0**	**(308)**	**0**
Other operating revenues (costs)	(28)	(187)			(79)	
Operating profit		**(3,119)**	**0**	**410**	**(182)**	**109**
Non-recurring revenues (charges)	(29)	6		0	**1,050**	*1,050*
Financial income	(30)	2			10	
Net financial charges	(30)	(714)			(770)	*(90)*
Profit before taxes		**(3,826)**	**0**	**410**	**108**	**1,069**
Income taxes	(31)	(121)			10	
Profit for the period		**(3,946)**	**0**	**410**	**119**	**1,069**

STATEMENT OF COMPREHENSIVE INCOME (Euro thousands)		31.12.2023	31.12.2022
Profit for the period		(3,946)	119
Other comprehensive income			
Other comprehensive income that will be reclassified to profit/(loss) in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		0	0
Total other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)		**0**	**0**
Other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)			
Actuarial Loss on employee benefits	(12)	(29)	54
Total other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)		**(29)**	**54**
Total Comprehensive Income for the period		**(3,975)**	**173**
Earnings per share		-0.1810	0.0079

40. Business continuity

The Financial Statements as of 31 December 2023 were closed with a loss of € 3,946,000, which led to a net equity of € 1,377,000.

The Company's net financial debt as of 31 December 2023, although progressively decreasing, amounts to € -10.5 million (€ -13.5 million as of 31 December 2022) and there are significant overdue tax, social security and commercial debts and, therefore, at the reporting date the Company is in a situation of financial tension. Furthermore, as of the date of this report, a significant VAT credit (equal to about € 1.5 million) has been collected, which has contributed to alleviating the aforementioned financial tension.

Over the last few years, the Board of Directors has sought out possible financial and industrial solutions to place the company in a situation of economic solidity capable of maintaining business continuity over time; in this sense, at the end of the 2023 financial year, Giglio Group S.p.A.'s capital increase for a total amount of € 5 million was subscribed by Meridiana Holding S.p.A., Luxury Cloud S.r.l. and Ibox SA.

The Company has also significantly reduced general and payroll costs and implemented other optimizations aimed at making business units more productive.

Furthermore, in April 2024, the Company started a process aimed at collecting new financial resources and defining an agreement with credit institutions for the request of standstill clauses from the financing banks making use of a primary consultancy firm and a legal advisor.
Finally, it is noted that, on the basis of the above, on 4 June 2024, the Directors approved the new 2024-2028 Industrial Plan, basing the assessments on the successful outcome of the aforementioned transactions, as well as on the linear increase in revenues, with forecast of sustainable profitability (EBITDA/Revenue ratio) in the long term.
With regard to the revenue trend, the Company has noted some slowdowns that occurred during 2023 due to the difficulties generated by geopolitical tensions in Eastern countries and the near Middle East, but also due to a new important agreement subscribed in May 2023, whose exclusive sales operations of products for train travellers has been postponed to the second half of June 2024.

The Directors have taken steps to update as of 31 December 2023 the assessment of business continuity and the measurement of the financial requirement expected for the following 12 months as per Industrial Plan.

Following the final figures as of 31 December 2023, the Directors highlight the activities implemented to allow the Company to operate as a going concern, namely:

1. The negotiation with the banking credit institutions aimed at obtaining a grace period on the repayment of the loans obtained, aimed at achieving the objectives of the Industrial Plan, which provides for the economic-financial rebalancing of the Company and its capacity in the medium term to generate cash flows necessary to guarantee the continuity of the company, but which are dependent on hypothetical future actions and in any case potentially influenced by exogenous variables, which are currently not fully quantifiable or controllable;

2. The conclusion, on 20 December 2023, of the private placement of no. 11,298,741 ordinary newly-issued shares without nominal value, at a price of € 0.442527173 per share, for an overall countervalue of € 5 million. The value of the capital increase, fully subscribed, is therefore equal to € 5 million, with no. 4,393,604 shares issued with the same ISIN as the outstanding ones, destined for immediate admission to listing and no. 6,905,137 with different ISIN, not intended for immediate admission to listing. The price incorporates a 15% discount compared to the "average

of the last three market months before the day of issue times the daily volumes exchanged in the same period" and therefore also falls within the 5-20% price range established by the Board of Directors. Moreover, the price includes a discount of 6.836 % on the latest closing price of Giglio Group. Following the capital increase, Ibox SA, the only member who is not a related party, subscribed at the price indicated above no. 2,937,672 shares for a value of € 1.3 million, equal to 26% of the capital increase through the compensation of its liquid and collectable receivables towards the Company. Meridiana Holding S.p.A. subscribed no. 6,779,245 shares for a value of € 3 million, equal to 60% of the capital increase, of which € 2,528,000 in cash, which have already been transferred into the Company's coffers and € 472,000 through compensation of its liquid and collectable receivables towards the Company; Luxury Cloud S.r.l. subscribed no. 1,581,823 shares for a value of € 700,000, equal to 14% of the capital increase, paid in cash, which have already been transferred into the Company's coffers.

3. The search for new partnerships, as well as organic and continuous collaborations with other synergistic companies with which to develop both medium- and long-term projects that strengthen the shareholder structure or the functional organizational structure by offering new and profitable opportunities for new businesses or the expansion of the current ones.

In light of the considerations reported above, the elements of uncertainty and risk that remain are linked to:

- The full realization of the objectives of the Industrial Plan, which provides for the medium-term economic/financial rebalancing of the Company and its ability to generate cash flows necessary to guarantee the continuity of the Company, but which are dependent on hypothetical future actions and in any case potentially influenced from exogenous variables, among which the trend of expected revenue volumes must be kept in mind, as well as the positive conclusion of the process of collecting new financial resources and defining an agreement with the credit institutions for the request of standstill clauses from the lending banks;
- The financial tension determined by the presence of high short-term debt and negative economic performance.

In light of the above, the Board believes that the possibility for the Company to continue its operations for the foreseeable future is necessarily linked, in addition to the maintenance of existing credit lines and the effective definition of an agreement with the credit institutions for the request of standstill clauses from the financing banks, in order to obtain the resources necessary to cover financial needs in the short term, as well as the achievement of the operational and financial targets envisaged in the Industrial Plan.

Consequently, if the actions to recover profitability only partially materialize, the Company does not exclude the need to resort to financial restructuring operations within the next 12 months with the aim of reducing debt and increasing the ability to sustain financial flows.

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.

Lastly, and as a further note of caution, the Directors, aware of the inherent limits of their assessment, will keep a constant monitoring of the evolution of the factors taken into consideration, so as to adopt, should the need arise, the necessary provisions and to provide for, with analogous promptness, the fulfilling of the disclosure obligations to the market. In particular, the Board of Directors monitors and will continue to monitor the economic, equity and financial situation in order to also evaluate alternative capital strengthening solutions such as to guarantee the existence of the assumption of business continuity.

It should be considered that if the aforementioned critical issues were to emerge, the Board of Directors would be forced to review the continuity assumption and to carry out subsequent checks, assessments and in-depth analyses in order to guarantee the recovery of the value of the tangible and intangible assets recorded in the Financial Statements as of 31 December 2023, which could be subject to significant further write-downs as a result of the possible loss of the business continuity assumption, as well as any greater provisions for contingent liabilities.

***

Allocation Proposal

Dear Shareholders,

On 05 June 2024, the Board of Directors of the Company proposed the following:

The Company's Financial Statements as of 31 December 2023 were closed with a loss of € 3,946,000, which led to a net equity of € 1,377,000.

This result determines a loss of more than 1/3 of the share capital (equal to € 6,653,363), relevant pursuant to Art. 2446, par. 1, of the Italian Civil Code.

This loss accrued in the financial year ended as of 31 December 2023. 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 off-set the losses provided for by Art. 2446, par. 2 of the Italian Civil Code was moved to the fifth following financial year).

To this regard, we invite shareholders:

- To approve the Financial Statements as of 31 December 2023 in all their parts and findings;
- For the losses as of 12 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.

Moreover, for the losses accrued as of 31 December 2020 and 31 December 2021 already carried forward, the Board of Directors proposes to use part of the available reserves, increased thanks to the capital increase completed on 20 December 2023, to off-set them with the consequent reduction of reserves to € 15,956,000.
This remedy, however, could still be postponed, pursuant to the provisions of Law no. 178 of 30 December 2020 and Legislative Decree no. 228 of 30 December 2021 respectively (converted with amendments by Law no. 15 of 25 February 2022), until the fifth financial year following their maturation. In this case the reserves would be reduced.
<u>For this reason, this last aspect is not present in the proposed resolution formulated below but is left by the directors to an evaluation to be carried out directly by the shareholders at the meeting.</u>

Consequently, the following resolution proposal is formulated to the Meeting:
"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

5. *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;*
6. *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;*
7. *To carry forward said loss;*
8. *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".*

Milan, 5 June 2024 Board of Directors

The Chairman