



Giglio Group S.p.A.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

*Consolidated financial statements at
December 31, 2022*

As disclosed by the Directors on page 43 the accompanying consolidated financial statements of Giglio Group S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative

Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

To the Shareholders of
Giglio Group S.p.A.

Report on the consolidated financial statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Giglio Group S.p.A. (the Group), which comprise the statement of financial position as at December 31, 2022, Statement of Profit or Loss and Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence on the assessment of relevant items of the consolidated financial statements, also in order to evaluate the adequacy of the going concern assumption adopted in the preparation of the consolidated financial statements as at December 31, 2022.

Basis for Disclaimer of opinion

Consolidated Equity of the Group, net of minority interest, is negative for Euro 4,274 thousand, including a consolidated loss of Euro 2,078 thousand. The consolidated net financial debt amounts to Euro 17,331 thousand. Moreover, debts with suppliers for Euro 4,898 thousand have expired for more than 60 days. It should be noted that the 2022-2026 Business Plan, approved by the directors on 28 March 2022, provided for a capital increase of Euro 5 million with the consequent provision of liquidity, which has not yet been realized.

In the section of the Notes to the Financial Statements, called "Going Concern", to which please refer for more details, the Directors point out that they have prepared the consolidated financial statements closed at 31 December 2022, based on the going concern assumption, despite the significant uncertainties they describe, being confident in achieving the results foreseen in the new Business Plan (2023-2027) approved by the Board of Directors on 30 March 2023. Moreover, the Directors underline the presence of proxies for increases in kind in the capital of the Parent Company for a maximum amount of Euro 366 thousand plus premium and the hypothesis of new delegations both for simplified capital increases of the Parent Company in the limit of 10% of the existing capital pursuant to art. 2441, fourth paragraph, second period and for capital increases of the Parent Company with ordinary procedure, the execution of which is foreseen in the new Industrial Plan 2023-2027.

As part of our checks on the reasonableness of the assumptions underlying the new Business Plan 2023-2027, we noted several uncertainties concerning, among other things: i) the expected growth rates for revenues, which are about a third higher than those expected for the reference market also through the increase and rotation of the brand portfolio, which are assumed to be significantly increased compared to the historical experience; ii) the financial availability to support the increase in working capital and the investments planned in relation to the new physical sales channels; iii) the determination of operating costs; which is based on the assumption of an increase in revenues and not on the independent variables that determine them. We have not obtained adequate and sufficient evidence to support the reasonableness of the assumptions underlying the plan, nor to overcome the related uncertainties.

The aforementioned issues were also noted by the consultant of the Parent Company in charge of carrying out some procedures of analysis and verification on the aforementioned Industrial Plan.

The consolidated financial statements include goodwill of Euro 13,353 thousand. The Impairment Test developed by a consultant and approved by the Directors on the value of goodwill recorded in the consolidated financial statements, which showed no impairment, was based on data from the new Business Plan 2023-2027 whose limitations have been highlighted above and which extend to the Impairment Test itself.

In the item Inventories, equal to Euro 1,559 thousand, are recorded inventories at third parties equal to Euro 506 thousand, attributable to the subsidiary Salotto di Brera - Duty Free S.r.l., for which we have not been able to implement the procedures for requesting confirmation of the physical stock from third parties. Consequently, we are not able to express our opinion on the existence of the said inventories.

In the item Intangible assets, equal to Euro 2,083 thousand, there are capitalised costs of about Euro 220 thousand, related to improvements of multi-user platforms of the subsidiary E - Commerce Outsourcing S.r.l., for which we have not obtained adequate and sufficient evidence that would allow us to express ourselves on the correct capitalisation.

Based on the above, we are not able to conclude either on the existence of the going concern assumption or on the recoverability of goodwill values, nor on the existence of inventories and intangible fixed assets and to determine whether any adjustments might have been found necessary to the elements making up the financial statements as at December 31 2022.

Responsibilities of the Directors and those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05 and, within the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company Giglio Group S.p.A. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Italy, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were engaged by the Shareholders meeting of Giglio Group S.p.A. on December 9 2021 to perform the audits of the financial statements and of the consolidated financial statements of the Company of each fiscal year starting from December 31, 2021 to December 31, 2029.

We declare that we did not provide prohibited non-audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements of Giglio Group S.p.A. included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n.537/2014, submitted to those charged with governance.

Reports on other legal and regulatory requirements

Disclaimer of Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Giglio Group S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the “Delegated Regulation”) to the consolidated financial statements as at December 31, 2022, to be included in the Annual financial report.

We have been engaged to perform the procedures required under audit standard (SA Italia) no. 700B in order to express an opinion on the compliance of the consolidated financial statements to the requirements of the Delegated Regulation.

We do not express an opinion on the compliance of the consolidated financial statements as at December 31, 2022 to the requirements of the Delegated Regulation because of the effects of the matters described in the *Basis for Disclaimer of Opinion* section of our report on the consolidated financial statements.

Disclaimer of Opinion pursuant to article 14, paragraph 2, e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Giglio Group S.p.A. are responsible for the preparation of the directors’ report and of the corporate governance report of Giglio Group S.p.A. as at December 31, 2022, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have been engaged to perform the procedures required under audit standard (SA Italia) no. 720B in order to express an opinion on the compliance of the directors’ report and of some specific information included in the corporate governance report pursuant to article 123 bis, para 4, of Legislative Decree 58/98 with the financial statements of Giglio Group S.p.A. as at December 31, 2022 and their compliance with the applicable laws and regulations, and in order to assess whether it contain material misstatements.

Due to the significance of the matters described in the *Basis for Disclaimer of Opinion* section of this report, we have not been able to express an opinion on the compliance of the directors’ report and of the specific information included in the corporate governance report above mentioned, nor to provide an assessment pursuant to article 14, paragraph. 2, (e), of Legislative Decree n. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit.

Milan, May 2, 2023

BDO Italia S.p.A.
Signed by Claudio Tedoldi
Partner