

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FISCAL YEAR 2022

**TO THE SHAREHOLDERS' MEETING PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998
AND TO ART. 2429, PAR. 2 OF THE ITALIAN CIVIL CODE**

Dear Shareholders,

This report is drafted by the Board of Statutory Auditors (hereinafter, also referred to as the "**Board**") currently in charge, in its composition of 21 September 2021, date in which the Shareholders' Meeting integrated the Board appointed on 21 June 2021.

During the fiscal year that ended on 31 December 2022, the Board of Statutory Auditors of Giglio Group S.p.A. (hereinafter referred to as "**Giglio Group**" or the "**Company**"), pursuant to Art. 149 of Legislative Decree 58/1998 (hereinafter also referred to as the "CFA") and to Art. 2403 of the Italian Civil Code, carried out supervisory activities, taking into account the principles of conduct recommended by the Italian Board of Professional Accountants and Auditors and Consob communications regarding corporate controls and activities of the Board of Statutory Auditors (more specifically, communication 20 February 1997, DAC/RM 97001574 and communication DEM 1025564 of 6 April 2001, as integrated with communication DEM/3021582 of 4 April 2003 and communication DEM/6031329 of 7 April 2006), as well as the provisions included in the Corporate Governance Code (hereinafter also referred to as the "**New Code**"), in force from the first fiscal year starting after 31 December 2020 and thus, in the case of Giglio Group, from 1 January 2021.

This report is dated 3 May 2023 as the Reports issued by the Auditing Firm were received by PEC (certified e-mail address) in the late evening of 2 May 2023, therefore not in time to allow the expression of an informed opinion for the purposes of processing this report by the same date, in any case respecting the terms of the law.

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With regard to the activities within its competence, during the fiscal year at hand, the Board of Statutory Auditors declares the following:

- To have participated in all Shareholders' Meetings and to all the meetings of the Board of

Directors, obtaining by directors, at least on a quarterly basis, adequate information on the general performance of the Group and on its foreseeable evolution, as well as on major transactions, both for size and characteristics, undertaken by the Company and its subsidiaries;

- To have acquired the knowledge needed to perform the verification activity of the observance of the law, of the by-laws, of the principles of sound administration and of the adequacy and operation of the Company's organisation structure, through the acquisition of documents and information from the individuals responsible of the relevant functions.
- To have participated, through at least one member, to the meetings of the Internal Control, Risk and Related Parties Committee and of the Appointments and Remuneration Committee;
- To have monitored the operation and efficacy of the internal control system and the adequacy of the administrative and accounting system, especially focusing on the latter's reliability to represent management performance;
- To have exchanged with the individuals responsible of the Auditing Company tasked with the statutory audit, pursuant to the CFA and to the Legislative Decree no. 39/2010, relevant data and information for the performance of the respective tasks, pursuant to Art. 150 of the CFA, also through the exam of the results of the work done and the reception of the reports provided for in Art. 14 of Legislative Decree no. 39/2010 and Art. 11 of EU Regulation no. 537/2014.
- To have received on 2 May 2023, at 23:52, the additional report, pursuant to Art. 11 of EU Regulation no. 537/2014 that shows the auditing results that the Board of Statutory Auditors shall submit to the Board of Directors, along with any observation;
- To have monitored the efficiency of the internal control system of the Group's subsidiaries and the adequacy of their provisions, also pursuant to Art. 114, par. 2 of the CFA;
- To have acknowledged that the Corporate Governance Report (pursuant to Art. 123-bis of the CFA) and the Annual Report of the Internal Control, Risk and Related Parties Committee were prepared by the relevant bodies;

- To have acknowledged that the Remuneration Report, pursuant to Art. 123-ter of the CFA and Art. 84-ter of the Issuers Regulation, has been promptly made available within the terms of the law;
- To have acknowledged the request for information pursuant to Art. 115 of the CFA sent by Consob on 15 March 2023 to the Company, with deadline up to 31 March 2023, extended at the request of the Company up to 11 April 2023, as well as the related response sent by the Company on 11 April 2023;
- To have monitored the specific implementation modalities of the Corporate Governance Rules adopted by the Company in accordance with the Corporate Governance code;
- To have ascertained the compliance of the internal procedure regarding the Transactions with Related Parties with the principles set forth in the Regulation for Transactions with Related Parties approved by Consob with resolution no. 17221 of 12 March 2010 as amended (hereinafter also referred to as the "**TRP Consob Regulation**"), as well as its observance, pursuant to Art. 4, par. 6 of the same TRP Consob Regulation;
- To have monitored the execution of the formalities concerning the European regulation on Market Abuse (hereinafter also referred to as "**MAR**") and the processing of inside information and the procedures adopted by the Company in their regard;
- To have ascertained the process of corporate information, verifying the Directors' compliance with procedural rules regarding the creation, approval and publication of the financial statements and of the consolidated financial statements;
- To have ascertained the adequacy, in terms of the method, of the impairment process, approved on 20 February 2023 by the Board of Directors;
- To have verified that the Directors' Report on Operations complied with current regulations and was consistent with the resolutions adopted by the Board of Directors and with the facts represented in the financial statements and in the consolidated financial statements;
- To have acknowledged the consolidated half-yearly report as of 30 June 2022¹, without

¹ The report was published on 27 September, provided that the Auditing Firm made use of the deadline set forth in Art. 154-ter, par. 2 of the Legislative Decree no. 59/98 (until 30 September) for the Auditing Report.

revealing any observation to be reported, as well as to have ascertained its compliance with the publication modalities set forth by the legislation;

- To have acknowledged that, pursuant to Art. 2.2.3, par. 3, letter a) of the Regulation of the markets organised and managed by Borsa Italiana S.p.A., the Company has provided the additional periodic information and the main consolidated figures together with the update on the general management performance on a quarterly basis;
- To have carried out, in the role of Internal Control and Financial Audit Committee, pursuant to Art. 19, par. 1 of Legislative Decree no. 39/10, as amended by Legislative Decree no. 135/16, specific information, monitoring, control and verification functions provided for therein, thus fulfilling the duties and tasks pointed out in the aforementioned regulation;
- Regarding the Russian-Ukrainian conflict with reference to the CONSOB Attention Notice no. 3/22 of 19 May 2022, the Board of Statutory Auditors acknowledges that the Company has verified the information regarding the business plans and forecasts or estimates of results previously disclosed to the market.

These supervisory activities, carried out by the Board of Statutory Auditors according to the aforementioned modalities, uncovered no facts such as to implicate the non-compliance of the law and of the by-laws or to request the execution of notifications to Supervisory Authorities, nor their mention in this Report.

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The following provides the further instructions requested by Consob communication no. DEM/1025564 of 6 April 2001 as amended.

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I. MOST RELEVANT ECONOMIC, FINANCIAL AND ASSET TRANSACTIONS CARRIED OUT BY THE COMPANY AND ITS SUBSIDIARIES

The most relevant economic, financial and asset transactions carried out by the Company and its subsidiaries were detailed analytically in the Directors' Report and in the financial

statements, as well as in the consolidated financial statement, included in the Financial Statements as of 31 December 2022, to which reference is made. Among other things, the Board of Statutory Auditors deems it appropriate to mention the following:

- a. **January**, the aforementioned powers were granted to Marco Riccardo Belloni at the closing date of the negotiations for the transfer of the Loyalty business unit.
- b. **March**, on 6 March 2022, ECO reached an agreement for the transfer of its Incentive & Loyalty business unit to Promotica S.p.A.. The operation was concluded upon the disbursement of a down-payment of € 853,000 by Promotica S.p.A. on 4 March 2022, against the full value of the transfer (€ 1,200,000).
- c. **March**, on 7 March 2022, the Company subscribed a minutes of conciliation with Squirrel Media SA (already Vertice 360 SA), pursuant to Art. 185 of the Italian Civil Procedure Code, in front of Milan's Court, for the purpose of settling the current litigation. This transaction entails for Giglio Group S.p.A. the commitment to pay a total amount of € 3 million in 15 instalments, regularly paid to date from March 2022 to May 2023. The decision to arrive to the settlement was assessed by a special Committee, which assessed its viability on the basis of the legal documents made available to it.
- d. **March**, on 7 March 2022, the Company "Meta Revolution S.r.l." was established, with headquarters in Milan, Piazza Generale Armando Diaz, 6. The company's object is the development, production and marketing of high-tech, innovative products or services. The share capital of Meta Revolution S.r.l. amounts to € 120,000, of which 51% subscribed and paid-up on 04 March 2022 by E-Commerce Outsourcing S.r.l. (for a total of € 0.15 thousand) and 49% subscribed by Blockchain Accelerator S.r.l.. As of 31 December 2022, the company is in the start-up phase.
- e. **March**, on 28 March 2022, the Board of Directors approved an update to the Industrial Plan 2022-2026.
- f. **April**, on 2 April 2022, the Board of Directors, subject to the favourable opinion of the Appointments and Remuneration Committee, appointed Carlo Micchi as CFO of the Group, as well as Executive Officer for Financial Reporting.
- g. **July**, on 8 July 2022, the Board of Directors approved the capital increase of the subsidiary E-Commerce Outsourcing S.r.l., subject to the favourable opinion of the

Internal Control, Risk and Related Parties Committee.

- h. **July**, on 20 July 2022, the Board of Directors resolved to grant the necessary powers to the Chairman, Alessandro Giglio, to sign a binding Term-Sheet only for the proposers regarding the acquisition of a majority stake in the company Publinova S.r.l. Following the outcome of the tax Due Diligence in relation to the findings that emerged, the company did not deem it convenient to continue with the negotiation.
- i. **September**, on 14 September 2022, the Board of Directors, subject to the favourable opinion of the Internal Control, Risk and Related Parties Committee, resolved to grant the necessary powers to the Chairman, Alessandro Giglio, to sign the final sales contract according to the methods and terms established by law for the transfer of the Uniform Resource Locator (hereinafter "URL") IBOX.it with its technological platform, Front End source code, Back End source code and customer database to the subsidiary E-Commerce Outsourcing S.r.l. The sale, subject to a price verification procedure, was duly completed during the year.
- j. **September**, on 14 September 2022 the Board of Directors, subject to the favourable opinion of the Internal Control, Risk and Related Parties Committee, resolved to approve the proposal to amend the methods for repaying the sums owed by Giglio Group S.p.A. to Meridiana Holding S.r.l. by virtue of the Loan Agreement stipulated between the parties on 18 May 2021 and to give a mandate to the Vice President Anna Maria Lezzi to proceed with the signing of the final contract.
- k. **September**, on 14 September 2022 the Board of Directors resolved to approve the project for the merger by incorporation of the subsidiaries E-Commerce Outsourcing S.r.l. and Salotto di Brera Duty Free S.r.l. and the inherent and consequent resolutions. Subsequently, the Company decided to proceed, at the moment, only with the completion of the merger by incorporation of the subsidiary E-Commerce Outsourcing S.r.l., awaiting further evaluations regarding the other subsidiary;
- l. **October**, on 12 October 2022, during the periodic verification, the company communicated to the Board of Statutory Auditors that, given the geopolitical and socio-economic situation which does not allow for an immediate capital increase to be

carried out without causing a considerable devaluation of the share, other avenues have been identified, including obtaining loans that would have provided the necessary liquidity. On 28 February 2023, a loan of € 520,000 was granted to the company E-Commerce Outsourcing S.r.l. On 10 March 2023 the subsidiary Salotto di Brera S.r.l. obtained two loans from Banca Progetto for a total of € 3.5 million, with a guarantee from SACE S.p.A.

Following the end of the fiscal year, the following events also took place, which the Board of Statutory Auditors wishes to highlight:

- a. **February**, on 3 February 2023, the Board of Directors resolved to proceed with the capital increase of the fully-owned subsidiary Salotto di Brera Duty Free S.r.l. up to the amount of € 1,000,000.00 through the waiver of financial credits;
- b. **February**, on 20 February 2023, the Board of Directors unanimously resolved to approve a possible listing of the shares of the subsidiary Salotto di Brera Duty Free S.r.l. on Euronext Growth Milan , giving a mandate to the Chairman of the Board of Directors, Alessandro Giglio, to the signing of the documents necessary for the preparation of the required activities.

Based on the information provided by the Company and on data acquired regarding the aforementioned transactions, the Board of Statutory Auditors ascertained their compliance with the Law, the by-laws and the principles of sound administration, making sure that the same were not manifestly imprudent or risky, in potential conflict of interest or in contrast with the resolutions adopted by the Shareholders Meeting or such as to compromise the integrity of the Company's assets.

II. ATYPICAL AND/OR UNUSUAL TRANSACTIONS WITH RELATED PARTIES OR INTRA-GROUP COMPANIES

Throughout its assessment, the Board of Statutory Auditors did not identify any atypical and/or unusual transaction with third parties, with intra-group companies or with other related parties. It is acknowledged that the information reported in the Financial Statements as of 31 December 2022 regarding significant events and transactions and any eventual atypical and/or unusual transaction, including intra-group and with other related parties, is

adequate and compliant with the legislative provisions.

III. INFORMATION REGARDING INTRA-GROUP AND RELATED-PARTIES TRANSACTIONS CARRIED OUT BY THE COMPANY AND ITS SUSBSIDIARIES

The characteristics of intra-group and other related-parties transactions carried out by the Company and its subsidiaries during 2022, as well as the individuals involved and the relevant economic effects, are reported in note 35 to the Consolidated Financial Statement and to the Financial Statements to which reference is made. It is noted that the Company has regular trading and financial relationships with its subsidiaries and with Meridiana Holding S.p.A.. These relationships consists in transactions falling under the context of ordinary management activities and are carried out in line with market standards. The Board of Statutory Auditors deems adequate the information provided with regard to the aforementioned transactions and assesses that these, on the basis of the data acquired, are appropriate and in line with the Company's business interest.

The Transactions with Related Parts, identified on the basis of international accounting standards and of Consob provisions, are governed by an internal procedure (hereinafter referred to as the "**Procedure**"), approved by the Board of Directors of the Company and periodically updated. The Board of Statutory Auditors assessed the Procedure in order to verify its conformity with the TRP Consob Regulation.

For the aforementioned transactions, the Board of Statutory Auditors verified the correct application of the Procedure.

IV. REPORTS OF THE AUDITING COMPANY ISSUED PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREEE NO. 39/2010 AND ART. 10 OF EU REGULATION NO. 537/2014 AND ADDITIONAL REPORT ISSUED PURSUANT TO ART. 11 OF EU REGULATION NO. 537/2014

On 02 May 2023, the Auditing Company issued the aforementioned reports pursuant to Art. 14 of the Legislative Decree no. 39/2010 and Art. 10 of EU Regulation 537/2014, sent with two separate PECs (certified e-mail address) late in the evening, with which it declared its impossibility to express an opinion since it was not able to acquire sufficient and appropriate audit evidence on the valuation of relevant items in the financial statements, also for the purpose of assessing the adequacy of the use of the going concern assumption in preparing

the Financial Statements as of 31 December 2022.

The elements underlying this declaration of impossibility, described in the respective paragraph of the Auditing Firm's reports to which reference is made, are mainly linked to the lack of adequate and sufficient audit evidence to support the reasonableness of the assumptions underlying the Industrial Plan (2023 -2027) approved by the Board of Directors on 30 March 2023 nor to overcome the related uncertainties by highlighting, in relation to the separate financial statements, the extension of the limitations of the Industrial Plan to the book value of the controlling equity interests in the financial statements. With regard to the Consolidated Financial Statements, the impossibility of expressing an opinion is indicated by the Auditing Firm on the goodwill value recorded in the Financial Statements by virtue of the limitations highlighted in the Industrial Plan referred to above, together with the limitation on the procedures for requesting confirmation of physical inventory at third parties in the item inventories of the subsidiary Salotto di Brera-Duty Free S.r.l. and on the lack of adequate and sufficient audit evidence for capitalization costs recorded under the Intangible Assets account of the subsidiary E-Commerce Outsourcing S.r.l.

With reference to what has been reported, the Board of Statutory Auditors today invited the Company to assess the risks associated with the opinion issued by the Auditing Firm and to implement actions aimed at mitigating them, also asking to clarify the critical issues highlighted in the Auditing Firm's reports. The same with regard to what was stated by the Auditing Firm in relation to the "multiple uncertainties" found which, according to them, were reported "also by the consultant in charge of carrying out some analysis and verification procedures on the aforementioned Industrial Plan".

The impossibility of expressing an opinion on the Financial Statements has led the Auditing Firm to extend this impossibility to an opinion on the consistency of the Directors' Report and some specific information contained in the Report on Corporate Governance and the ownership structure with the Financial Statements of Giglio Group S.p.A. as of 31 December 2022 and on its compliance with the law and to issue the declaration pursuant to Art. 14, par. 2, letter e), of Legislative Decree no. 39/10, on the basis of the knowledge and the understanding of the company and of the relative context acquired during the auditing

activity.

The Auditing Company also issued, on the same date, to the Board of Statutory Auditors as Internal Control and Financial Audit Committee, the Additional Report, in order to show the auditing results, the inherent elements of the planning and performance of the auditing process with regard to the methodological choices made and the respect of ethical principles, pursuant to Art. 11 of EU Regulation no. 537/2014. In this Report, the Auditing Firm acknowledges that:

- (i) During the audit of the Consolidated and Separate Financial Statements, no significant deficiencies were identified in the internal control system in relation to the financial reporting process;
- (ii) No cases of actual or presumed non-compliance with laws or regulations or statutory provisions have been identified;
- (iii) With reference to the valuation methods applied to the various items of the Financial Statements, it is highlighted that the significant qualitative aspects of the accounting practices applied are considered compliant with the accounting practices and the reference regulatory framework and appropriate to the specific circumstances of the company, as well as consistent with those adopted in the previous year, if already present;
- (iv) As regards the qualitative aspects of the accounting practices adopted by the company, there were no aspects to be communicated to the management and to the internal control and auditing committee during the audit activity both with regard to the Separate Financial Statements and to the Consolidated Financial Statements;
- (v) Significant issues regarding the EBB Bond regarding the classification between the current portion and the non-current portion and regarding the valuation of the Giglio Group S.p.A. inventory were found.

The Board of Statutory Auditors shall inform the Board of Directors of Giglio Group regarding the results of the auditing, issuing as soon as possible its Report, pursuant to Art. 11, together with any observation to be made pursuant to Art. 19 of Legislative Decree no. 39/2010.

The Board of Statutory Auditors, also during its meetings with the Auditing Company, did not receive by the Auditing Company any information on relevant reprehensible facts during the auditing on the financial statements and on the consolidated financial statements.

V. ASSIGNMENTS CONFERRED TO THE AUDITING COMPANY AND TO INDIVIDUALS WITHIN ITS NETWORK

Over the course of the fiscal year, the Company conferred to BDO S.p.A. and to other individuals within its network assignments in favour of Giglio Group for other services, different than the auditing already included in their mandate and, in particular:

Detailed information on the remunerations paid during the fiscal year and on the pertinent cost of the various tasks carried out - including the ones conferred in 2022 - by the Auditing Firm in favour of Giglio Group and its subsidiaries can be found in the Company's financial statement, pursuant to Art. 149-duodecies of the Issuers Regulation, and is determined as follows (€ thousands):

(Euro thousands)

Recurring services	Service provider	Recipient	Consideration
Limited legal audit of the Interim Condensed Consolidated Financial Statements	BDO Italia S.p.A.	Parent Company	26
Audit of the Annual Financial Statements of Giglio Group S.p.A.	BDO Italia S.p.A.	Parent Company	56
Checking the accounting records and making sure that the management performance is properly recorded on the accounts	BDO Italia S.p.A.	Parent Company	2
Audit of the Consolidated Financial Statements of the Group;	BDO Italia S.p.A.	Parent Company	9
Conformity audits of Consolidated and Statutory Financial Statements with ESEF regulation	BDO Italia S.p.A.	Parent Company	5
Audit of subsidiaries' Reporting Package	BDO Italia S.p.A.	Parent Company	12
Legal audit of Salotto di Brera's Financial Statements	BDO Italia S.p.A.	Salotto di Brera	10
Legal audit of E-Commerce Outsourcing's Financial Statements	BDO Italia S.p.A.	E-Commerce Outsourcing	10

The Board of Statutory Auditors:

- a) Verified and monitored the independence of the Auditing Company, in compliance with Art. 10, 10-bis 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010 and Art. 6 of EU Regulation no. 537/2014, ascertaining compliance with the regulatory provisions in force on the subject and that no assignments other than auditing have been conferred;
- b) Examined the transparency report and the Additional Report drafted by the Accounting Company, in compliance with the criteria set forth in EU Regulation no. 537/2014, noting that, on the basis of the acquired information, no critical aspects regarding the independence of the Auditing Company arose;
- c) Received confirmation in writing, pursuant to Art. 6, par. 2, letter a) of the EU Regulation 537/2014, that the Auditing company, from its appointment until the issue of the declaration, did not individuate any situation capable of compromising its independence, pursuant to Art. 10 and 17 of the Legislative Decree no. 39/2010 and Art. 4 and 5 of EU Regulation no. 537/2014;
- d) Discussed with the Auditing Company about the risks for its independence and the measures adopted to mitigate them, pursuant to Art. 6, par. 2, letter b) of EU Regulation no. 537/2014.

VI. CLAIMS PURSUANT TO ART. 2408 OF THE ITALIAN CIVIL CODE AND COMPLAINTS BY SHAREHOLDERS OR THIRD PARTIES

During 2018, the Board of Statutory Auditors did not receive any claim nor complaint by shareholders or third parties, pursuant to Art. 2408 of the Civil Code.

VII. OPINIONS AND PRELIMINARY CONSULTATION OF THE BOARD OF STATUTORY AUDITORS

During 2022, the Board of Statutory Auditors expressed its opinion on all the occasions requested by the Board of Directors, also in fulfilment of regulations providing for the preliminary consultation of the Board of Statutory Auditors.

More specifically, it is noted that:

- a. On 26 January 2022, the Board, pursuant to Art. 20.1 of the By-laws, approved the

resolution of the Board of Directors and co-opted Carlo Micchi in substitution of the outgoing member Marco Riccardo Belloni.

- b. The Board of Directors meeting on 2 April 2022 acknowledged that Francesco Barreca, then Executive Officer for Financial Reporting and Chief Financial Officer (hereinafter "**CFO**"), tendered his voluntary resignation from the Company on 3 March 2022 effective from 4 April 2022. The Chairman of the Board of Directors, in the same meeting, informed those present that he had received the renewed willingness from Carlo Micchi, who has previously held the same position demonstrating adequate skills. The Chairman thus proposed to appoint Carlo Micchi, already non-executive member, as new Executive Officer for Financial Reporting and CFO of the Company that, having acknowledged the resignation of Francesco Barreca and upon hearing the favourable opinion of the Board of Statutory Auditors, resolved on the appointment.

Carlo Micchi accepted the office appointed to him and proved to meet the legal requirements for said office.

The financial data approved by the Board of Directors from the Company's Financial Statements as of 31 December 2022 do not show a loss, but a profit and the Company has resorted to the regulations pursuant to Legislative Decree no. 23/2020 (so-called "Liquidity Decree") and to Legislative Decree no. 228/2021 (so-called "Milleproroghe Decree") for the losses of 2020 and 2021.

VIII. FREQUENCY AND NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS, OF INTRA-BOARD COMMITTEES AND OF THE BOARD OF STATUTORY AUDITORS

As at the date of this Report, the Board of Statutory Auditors is composed as follows:

Name and Surname	Office	Term: From
Giorgio Mosci	Chairman	21 June 2021
Marco Andrea Centore	Statutory Auditor	21 June 2021
Lucia Tacchino	Statutory Auditor	21 September 2021
Gianluca Fantini	Alternate Auditor	21 June 2021

In general, for the purpose of acquiring instrumental information for the performance of its supervisory tasks, the Board of Statutory Auditors, during the fiscal year 2022, held 13 formal meetings, plus the informal update meetings.

The activities carried out in these meetings can be found in the relevant minutes, which include also all meetings with insiders, managers and auditing companies. Moreover, the Board of Statutory Auditors participated in the Shareholders' Meeting held on 30 April 2022, as well as in all 13 meetings of the Company's Board of Directors, in the 13 meetings of the Internal Control, Risk and Related Parties Committee and in the 4 meetings of the Appointments and Remuneration Committee.

In 2023, the Board of Statutory Auditors formally met 4 times, plus the various informal meetings, and participated in all the meetings of the Company's bodies and intra-board committees held until the date of this Report. More specifically, the Board of Statutory Auditors participated in: 6 meetings of the Board of Directors, 5 meetings of the Internal Control, Risk and Related Parties Committee and the only meeting of the Appointments and Remuneration Committee.

IX. SUPERVISION ON COMPLIANCE WITH LAW, BY-LAWS AND PRINCIPLES OF SOUND ADMINISTRATION

The Board of Statutory Auditors supervised on the compliance with law, by-laws and principles of sound administration, making sure, for the part under its responsibility, that resolved and implemented operations were compliant with the aforementioned rules and principles, as well as inspired by the principles of economic rationality and were not manifestly imprudent or risky, in potential conflict of interest or in contrast with the resolutions adopted by the Shareholders Meeting or such as to compromise the integrity of the Company's assets.

The Board of Statutory Auditors, for the purpose of timely reporting to the Administrative Body in compliance with the provisions of Art. 25-octies of the Code of Business Crisis and Insolvency, monitored the emergence of any signs of business crisis, also in light of the reports

received pursuant to Art. 25-novies and 25-decies of the Code of Business Crisis and Insolvency.

In relation to the value of the net financial debt at the consolidated level as of 31 December 2022 as well as the portion of trade payables past due for more than 60 days, the Board recommends the careful monitoring of the flows servicing the debt and the execution of the capital increase envisaged in the Industrial Plan.

In any event, the Company is currently following its effort to align itself with the best practices requested of companies listed in the MTA, STAR segment market, in which it was admitted on March 2018.

X. SUPERVISION ON ADEQUACY OF THE COMPANY'S AND THE GROUP'S ORGANISATION STRUCTURE

The supervision on the adequacy of the Company's and Group's organisation structure was carried out through the knowledge of the administrative and organisation structure of the Company and via the data and information exchange with various managers of the Company, with the Internal Auditor and with the Auditing Company.

1. The organizational structure of the Company and of the Group is managed from 11 November 2021 by Alessandro Giglio as Chief Executive Officer appointed in accordance with the By-laws and within the limits set out in Art. 2381 of the Italian Civil Code until the expiration of the current Board of Directors and, as such, until the approval of 2023 Financial Statements, the proxies and tasks hereby highlighted and divided into categories, including the legal representation of the Company: Chairmanship and Management, Commercial Agreements' Powers, Banking and Financial Powers, Disputes and Lawsuits Powers, HR Management Powers, GDPR Powers, Employer's Powers (Legislative Decree no. 81/2008), Other Powers.
2. With reference to the organizational structure, the Board reports that during the year the organizational chart underwent several changes also in consideration of the growing operational role assumed by the Chairman of the Board of Directors and CEO Alessandro Giglio.

While there are areas for improvement,, in light of the verification carried out, the

organisation structure of the Company is deemed adequate with regard to the object, the characteristics and the size of the company. The structure, together with the corporate functions and processes, must be fully implemented and reorganized in order to guarantee its full operation, also due to the turnover that has occurred.

XI. SUPERVISION ON ADEQUACY AND EFFICIENCY OF THE INTERNAL CONTROL SYSTEM AND ON ADEQUACY AND RELIABILITY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM

With regard to the supervision on the adequacy and efficiency of the internal control system, also pursuant to Art. 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors met periodically with the Internal Auditor (Mazars Italia S.p.A.) and other corporate functions and, through the participation of at least one of its members, with the relevant meetings of the Internal Control, Risk and Related Parties Committee and the Supervisory Body established pursuant to the organisation model set forth in Legislative Decree no. 231/2001 adopted by the Company (the "**Model 231**").

The guidelines of the Internal Control and Risk Management System were defined by the Board of Directors, with the help of the Internal Control, Risk and Related Parties Committee. The Board of Directors also assesses, at least once a year, its own adequacy and correct operation, with the support of the Internal Auditor and of the Internal Control, Risk and Related Parties Committee.

In this regard, it should be noted that, during 2022, Giglio Group, also in consideration of the evolution of the Group, continued with the activities to adapt company procedures, with particular reference to the detailed action plan prepared for updating the procedures referred to in Law no. 262 of 2005 and for the adoption of a new management system, administrative accounting reporting, as well as in testing activities on administrative accounting processes.

From the monitoring activities carried out until today, it is noted, on the one hand, that the necessary improvement highlighted above have been achieved and, on the other hand, that new needs of significant actions have arisen, as explained hereinafter, also by the Internal Auditor and the Internal Control, Risks and Related-Parties Committee.

Achievement of Improvement Areas

To this purpose, the following are mentioned:

- With regard to the Compliance area, the follow-up activities of the recommendations and remedial actions related to the Regulation 679/2016 (GDPR) and to the conformity of the administrative/accounting processes as per Legislative Decree no. 231/01 and Whistleblowing. On the other hand, follow-up activities regarding compliance with the procedures and regulations of Borsa Italiana, the Corporate Governance Code and the compliance of the administrative-accounting processes pursuant to Legislative Decree no. 262/05 and risks associated with business operating processes are still ongoing.
- More specifically, the follow-up carried out highlighted the following updates:
With reference to Regulation no. 679/2016, the Company has complied with the minimum obligations required by EU Regulation no. 2016/679 and from discussions with the Data Protection Officer of the Company, no critical issues arose regarding the management of the processing of personal data. Indeed, there was no need for reports of data breaches, complaints from third parties or sanctions imposed by the Authorities.
- With reference to the operational risk management area, the audit and follow-up activities of the recommendations and corrective actions relating to the Risks associated with relationships and dependence on suppliers and lack of control over outsourcers, to the Risks associated with the workforce and to the Risk of litigation were completed. The activities relating to the Risks associated with IT and Cybercrime processes are still ongoing. The follow-ups and the completed activities did not highlight any critical issue, as there were no reports of dependencies either towards suppliers or towards customers, let alone reports of mobbing, sexual harassment or other manifestations of abuse. There are no disputes pending with employees or former employees.
- With reference to the financial risk management area, the audit and follow-up activities of the recommendations and corrective actions relating to the risks associated with financial exposure and to the monitoring of the economic and financial balance in the short and long term, the Management Control processes and reporting, the Risks associated with the Group's tax exposure and the monitoring tools adopted and to the Risks associated with transfer pricing were completed.

On this point, the Company has started a process of monitoring the Net Financial Position on a quarterly basis, in order to allow for a more precise determination of the overall level

of financial debt of the Company, both in the short and medium/long term, and consequently, define the most suitable coverages.

The aforementioned monitoring is also aimed at the continuous verification of the Group's exposure to tax risks.

Main areas of further intervention

While the improvements outlined above have been noted, areas for intervention still remain.

To this purpose, the following are mentioned:

- With regard to the management of strategic risks, the follow-up activities of the recommendations and adjustments put in place with regard to the management of risks connected to the business growth and to the revenues estimates, also with regard to the development of the business abroad, were completed. In particular, the outcome of the follow-ups, while acknowledging the launch by the Company in 2022 of a project to refine the Industrial Plan and the related information flows, highlighted the absence of formalized procedures that regulate the preparation of management reports, including the drafting of the Industrial Plan, and the related information flows addressed to the Chief Executive Officer, the Committees and the Board of Directors. The Internal Audit Function, therefore, deems it necessary to formalize the aforementioned procedures and formalize the operating practices for the periodic monitoring of management performance with respect to the Industrial Plan.
- With reference to the operational risk management area and in particular to the non-compliance of the organizational model pursuant to Legislative Decree no. 231/01 and Whistleblowing, the Internal Audit Function expressed a "satisfactory" opinion, recognizing however the need to update the Model to the new regulations intervened in the meantime.
- Furthermore, in the first half of 2022, an audit was carried out on the management of the purchasing process by Giglio Group S.p.A, which highlighted the inadequacy of the procurement process, with an indication of the following corrective actions to be taken:
 - Formalization of an indirect purchase management procedure which provides for the formalization of a supplier selection process through the comparison of three or more offers, with consequent approval of the choice by authorized/delegated subjects and

the formalization of the reasons underlying any direct assignment to a supplier;

- Provision of prior approval of indirect purchases (e.g. consultancy, generic purchases) by the Head of the requesting Function through formal authorization of a purchase request;

- The approval of purchase orders by subjects with suitable proxies, if the signing of a purchase contract is not envisaged;

- Ensuring that the purchase order is issued prior to the receipt of the goods/service.

- With reference to the operational risk management area associated with the workforce, the absence of formalized guidelines for payroll management was recognized, recommending the preparation, formalization and updating of a resignation procedure which provides for exit interviews and/or feedback to the HR Function, Recruitment Procedures with training plans for new hires, as well as Procedures that regulate the use and availability of company devices and the attribution of company benefits;
- With reference to the financial risk management area, it recommends the adoption of a structured financial planning in order to control and optimize the use of financial flows, allowing adequate monitoring of the cash-flow. Specifically, there is a need to implement a cash-flow process at least monthly, as required by the "Cash Flow Management" procedure already formalized and awaiting approval.

As already highlighted in the previous Annual Report, it is recommended to carry out a feasibility analysis regarding the implementation of an exchange rate hedging system in relation to foreign currency transactions (US sales and payments to China).

As mentioned above, the Company has adopted the Model 231, which, together with Giglio Group's Code of Ethics, is aimed at preventing relevant offences in accordance with the Decree and, consequently, the Company's administrative liability.

The Supervisory Body supervised on the operation and compliance of the Model 231 - of which it assessed the suitability pursuant to Legislative Decree no. 231/2001 - monitoring the evolution of the relevant regulation, the implementation of personnel training initiatives, as well as the compliance with the Protocols by their recipients, also through verifications carried out with the support of the Internal Auditor. The model has been updated with the resolution

of the Board on 11 November 2021. Having acknowledged the regulatory interventions subsequent to the approval of the model with the resolution of 11 November 2021, the Supervisory Body, having assessed the type of offences subject to the regulatory amendments, deemed it necessary to carry out only a regulatory update of the model, given that the profile of associated risk was found to be remote. From the Reports of the first and second half-year, the following assessments are acknowledged:

- Information Flows' system;
- Management of IT systems and IT security;
- Management of accounting and tax fulfilments;
- COVID-19 emergency management;
- Acquisition of reports of the control functions;
- Assessment of the procurement process;
- Assessment of the process of giving gifts, entertainment expenses and bonuses;
- Assessment of safety and health in the workplace (acquisition of the safety organizational chart, resolution for the appointment of the Supervising Officer, appointment of supervisors, status of the RAD [Risk Assessment Document], training plan);
- Assessment of tax management;
- Assessments of the marketing process of goods.

The Supervisory Body has signalled the need to:

- Formalize and update the resignation procedure which provides for exit interviews and/or feedback to the HR Function, the hiring procedures with training plans for new hires (recommending the use of e-learning tools that can allow the use of general training on issues of administrative liability pursuant to Legislative Decree no. 231/2001 and on the organizational model to the greatest number of recipients), the procedures governing the use, availability and return of company devices and the attribution of company benefits;
- With reference to Regulation 679/2016 (GDPR), include the figure of the Digital Strategist within the Privacy Committee, in order to guarantee alignment on privacy matters (e.g. in the event of regulatory updates or new projects undertaken by the Group), carry out a vulnerability assessment and penetration test for the Parent Company on the systems that

contain or through which personal data transit, finalize the formalization of the Disaster Recovery and Business Continuity procedures which, to date, appear to be substantiated by consolidated practices, complete the mapping of the corporate devices of the Group and encrypt them;

- Be informed about the final outcomes of ongoing audits with reference to the procurement process.

The Supervisory Body, in relation to the other areas of verification, did not find any critical issues, but identified the following suggestions for improvement and recommendations:

- Implement a more efficient system for changing passwords for accessing computer systems;
- Improve the process of traceability, archiving, cataloguing of the documentation that feeds the accounting entries; improve the control mechanism of the objective and subjective validity of the invoices received through checks carried out jointly between the Finance area, function manager and sales manager; implement the information flows towards the Supervisory Body;
- Prepare a register of donations with indication of the amount, the recipient and the reason;
- Recommended to the Health and Safety Officer to carry out an assessment relating to the identification of managers and supervisors in the light of the regulatory update of Art. 18 of Legislative Decree no. 81/2008, also recalling the need to take all the mandatory courses on health and safety in the workplace required by law;
- Send specific Disclosure 231 to the payroll consultant.

The Supervisory Body monitored the ongoing adoption and implementation of procedures; on this point, the Board recommends to proceed in this direction so as to formalise those internal procedures that may better govern those processes still managed by practices.

On 1 June 2022, the appointment of the new Data Protection Officer (DPO) of the Group was formalised, in favour of Studio DWF LLP, in the person of lawyer Felice Cuzzilla, replacing lawyer Susanna Bianchi.

The DPO, Felice Cuzzilla, in his half-yearly report, acknowledged the continuation of the adjustment activities to the European Regulation no. 2016/679 ("GDPR") by the Company,

recommending, as next activities, the carrying out of vulnerability assessments and penetration tests on the systems on which personal data reside or transit, the formalization of the existing disaster recovery and business continuity procedures, as well as training activities in the field of GDPR and data protection.

All of the above, the Board believes there are elements to consider, overall, the internal control system as sufficiently adequate and effective, also in consideration of the size and level of complexity of the structure, noting, however, the need to complete the remedial actions that remove the deficiencies referred to herein. More specifically, it is fundamental to implement, also in light of the corporate structure still in the process of being settled, the setup and actual functioning of internal information flows, also in order to ensure the actual adequacy of the Company's organisational structure.

With regard to the supervision on the adequacy and reliability of the administrative/accounting system in correctly representing the managing facts, the Board of Statutory Auditors confirms to have carried it out by examining corporate documents and analysing the results provided by the Auditing Company. The Financial Reporting Officer was jointly vested with the functions established by law and adequate powers and means to perform the tasks of his competence. Moreover, the CEO, through the Financial Reporting Officer, shall enforce the "Accounting Control Model pursuant to Law no. 262/2005", aimed at defining the guidelines to be applied to Giglio Group with regards to the obligations arising from Art. 154-bis of the CFA concerning the creation of corporate accounting documents and consequent certification requirements. To this purpose, it is noted that, at the beginning of 2021, the company completed the formalisation of the administrative/accounting procedures set forth in Legislative Decree no. 262/2005, while the same procedures have not yet been implemented on the subsidiaries considered strategic in consideration of the envisaged business combination operations.

With regard to the administrative/accounting activities, it is reminded that, with specific reference to the figures of the Financial Statements and the Interim Reports,, the Company has put in place compensative control procedures on the subsidiaries of Giglio Group, as a result of which no relevant financial or economic impacts arose on the figures exposed in the Financial Statements as of 2022. Moreover, the need for a better formalisation of the controls carried

out was mentioned by many parties.

The Board of Statutory Auditors monitored, for the part under its responsibility, the procedures related to the impairment process of the Consolidated and Annual Financial Statements. These procedures were elaborated by relying on the support of a highly-qualified independent expert, and were formalised in conformity with the accounting principle IAS 36, with resolution adopted by the Board of Directors on 20 February 2023.

The recoverability analysis for assets and goodwill values was carried out with the support of the same independent expert who elaborated the procedure and, then, was definitely approved by the Board of Directors on 03 April 2023. For a more complete description of the methods and assumptions applied, see the note to the consolidated and annual financial statements.

The Board of Statutory Auditors monitored the financial reporting process, also through the acquisition of information from the Company's management.

XII. SUPERVISION ON ADEQUACY OF INSTRUCTIONS IMPARTED BY THE COMPANY TO ITS SUBSIDIARIES

The Board of Statutory Auditors supervised on the adequacy of the instructions imparted by the Company to its subsidiaries pursuant to Art. 114, par. 2 of the CFA, ascertaining, on the basis of the information provided by the Company, the suitability to provide necessary information to comply with communication obligations provided by the Law, taking into account also the structure of the Group and the governance models of the subsidiaries.

XIII. MONITORING OF PROCESSES ADOPTED TO ENSURE THE CONCRETE IMPLEMENTATION OF THE CORPORATE GOVERNANCE RULES SET FORTH IN THE CORPORATE GOVERNANCE CODE

With regard to the monitoring of processes adopted to ensure the concrete implementation of the corporate governance rules set forth in the applicable Corporate Governance Code, as already applicable, the Board of Statutory Auditors carried out this activity with the support of the Legal and Corporate Affairs Office of the Company.

The Board of Directors of the Company:

- Was composed of 5 members, of which 2 independent, in accordance with the gender-

equality regulations (of the 5 members, 3 were men and 2 were women); Despite the substitution of a director, which took place by co-optation upon the Shareholders' Meeting of 27 January 2022, the number and gender of the Board's members remained unchanged.

With regard to the Board of Directors, it is noted that the same carried out an assessment of its size, composition and functioning, as well as that of its Committees.

Lastly, as far as the procedure adopted by the Board of Directors to ensure the independence of its directors is concerned, the Board of Statutory Auditors carried out all assessments within its jurisdiction, ascertaining the correct application of the criteria and procedures for the certification of independence requirements, pursuant to the Law and the Corporate Governance Code and the compliance with the composition requirements of the administrative body as a whole. To this purpose, it is noted that the Board of Directors made use of the support of an external advisor.

Ultimately, the Board of Statutory Auditors informs to have verified the existence, on behalf of the members of the Board itself, of the independence requirements required by current regulations, giving notice to the Company's Board of Directors.

In compliance with the norm of conduct Q.1.1 issued by the Italian Board of Professional Accountants and Auditors for listed companies, the Board of Statutory Auditors carried out its own assessment, relying on the support of an external advisor in order to assess the existence and permanence of the suitability requirements of its members and the correctness and efficacy of its operation. The result of the assessment was positive.

Moreover, the Board of Statutory Auditors has adopted the recommendation of the new Corporate Governance Code which requires to declare own interests or those of third parties in specific transaction submitted to the Board of Directors. During 2022, no situation arose for which the members of the Board of Statutory Auditors had to declare own interests or those of third parties.

As far as the establishment of intra-board committees is concerned, it is noted that, within Giglio Group's Board of Directors, the following Committees are established:

- Internal Control, Risk and Related Parties Committee, with consulting and proposing functions, reporting to the Board of Directors at least once every six months on the

activities carried out and on the adequacy and effectiveness of the internal control and risk management system, which is also the recipient of the role and functions that the TRP Consob Regulation ascribes to the Committee composed of mostly independent directors; this committee is composed of 2 non-executive directors, both independent, and met 13 times in 2022 and 5 times in 2023;

- Appointments and Remuneration Committee, composed of non-executive and independent directors, which met 4 times in 2022 and once in 2023.

For more information on the Company's Corporate Governance, the Board of Statutory Auditors makes reference to the Corporate Governance Report, on which the Board has no observations to make.

XIV. EXAM OF REMUNERATION REPORT AND VERIFICATION OF CONFORMITY WITH LEGAL AND STATUTORY REQUIREMENTS

The Board of Directors approved the Remuneration Report on 13 April 2023. Having received the Report, the Board examined it and reserves the right to report accordingly to the Shareholders' Meeting, as regards compliance with legal and regulatory provisions, clarity and completeness of information.

XV. MONITORING OF COMPLIANCE WITH LAWS REGARDING THE CREATION OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP, THE RESPECTIVE EXPLANATORY NOTES AND THE DIRECTORS' REPORT

Ultimately, the Board of Statutory Auditors carried out its own verification on the compliance of the creation of the annual and consolidated financial statements of the Group at 31 December 2022, of the respective explanatory notes and of the accompanying Directors' Report with the Law, directly and with the support of heads of functions, as well as through the information obtained by the Accounting Company. More specifically, the Board of Statutory Auditors, based on the controls exercised and on the information provided by the Company, within the limits of its competence pursuant to Art. 149 of the CFA, acknowledges that the annual and consolidated financial statements of Giglio Group at 31 December 2022 have been drafted in compliance with the provisions of Law regulating their creation and setting, as well as with the International Financial Reporting Standards issued by the

International Accounting Standards Board according to the text published by the Official Journal of the European Communities.

The annual and consolidated financial statements are integrated by the required statements of compliance undersigned by the CEO and the Financial Reporting Officer.

XVI. INDICATION OF ANY OBSERVATION AND PROPOSAL TO BE SUBMITTED OT THE SHAREHOLDERS' MEETING PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998

Based on all of the above, as a summary of the supervisory activity carried out during the year, the Board of Statutory Auditors did not find any specific omissions, reprehensible facts or irregularities. Taking into account the impossibility of expressing an opinion on the Financial Statements and Consolidated Financial Statements as of 31 December 2022 by the appointed Auditing Firm, the Board of Statutory Auditors invites the Shareholders' Meeting to evaluate the effects of the actions that will be implemented by the Board of Directors, as requested by the Board itself, actions aimed at clarifying the critical issues and/or mitigating the effects of the elements underlying the impossibility of expressing an opinion.

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Pursuant to Art. 144-quinquiesdecies of the Issuers Regulation, approved by Consob with resolution no. 11971/99 as amended and integrated, the list of tasks of the members of the Board of Supervisory Auditors in the Company referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code is published, on the above assumptions, by Consob on its own Website (www.consob.it).

Milan, 03 May 2023

The Board of Statutory Auditors

Giorgio Mosci Chairman

Lucia Tacchino Standing Auditor

Marco Andrea Centore Statutory Auditor