GIGLIO

Interim Condensed Consolidated Financial Statements as of 30 June 2023

CONTENTS

Interim Directors' Report

of the Condensed Consolidated Interim Financial

Statement as of 30 June 2023

Company Information

Registered office

Giglio Group S.p.A.
Piazza Diaz 6
20123 Milan

Legal Information

Share Capital subscribed and paid-in € 4,393,604.40
Economic & Admin. Register No. 1028989 Tax no. 07396371002
Registered at Milan Companies Registration Office with no. 07396371002
Website www.giglio.org

Registered office and Headquarters

Piazza Diaz 6, Milan

Operational headquarters

The offices of the company are as follows:
Registered office – Piazza Diaz 6, Milan
Operational office – Via dei Volsci 163, Rome
Operational office – Piazza della Meridiana 1, Genoa

Corporate Boards

Board of Directors

Alessandro Giglio	Chairman and Chief Executive Officer
Anna Lezzi	Executive Board Member
Sara Armella**	Independent Member
Francesco Gesualdi	Independent Member
Carlo Micchi	Member

Board of Statutory Auditors

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

Internal Control, Risk and Related-Parties Committee

Francesco Gesualdi	Chairman
Sara Armella**	

Appointment and Remuneration Committee

Sara Armella**	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.

**In charge until 8 July 2023.

1. Introduction

Giglio Group is engaged in the e-commerce of high-end fashion products, in the design products' sector and in the food segment. The Group'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, the Group 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 Group 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 Group 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 the Group'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 Group. 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 Plans 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, especially now that main physical department stores generate 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 Group 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 Group'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. 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 the Group's 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.

Moreover, E-Commerce Outsourcing S.r.l.'s acquisition, which took place a few years back, strengthened the Group's 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, the Group 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.

Over the first months of 2022, the new Giglio Meta Business Unit was launched, dedicated to the development of Metaverse and NFT projects and capable of ensuring the creation of the entire development process of a project, from the specific business sector analysis to the launch of NFTs on the market, besides producing multimedia, three-dimensional contents capable of engaging the user in a virtual experience unique in each Metaverse.

THE REFERENCE MARKET

According to a survey made by Fondazione Altagamma in 2022, in collaboration with various analysts, and called "Altagamma Consensus 2023", 2022 was a record-breaking year for the luxury market, which exceeded pre-pandemic levels. Solid growth was initially forecast for the entirety of 2023, but its performance is being affected by factors such as the rising trend in energy costs, growing inflation, shortages of raw materials, ongoing geopolitical tensions and the decline in purchasing power by certain consumer groups. The recovery and increase of tourist flows on a global scale, together with the consumption's rebound, seem capable of counterbalancing - however partially - the inflationary increase and the current uncertainty expected for 2023.

Overall, a 5% (Europe and North America) and 9% (Asia) increase in the annual consumption in the various markets is expected.

The distribution segment recorded higher increases in both the physical and digital retail, which will allow for the brands to strengthen their omni-channel strategy. Digital retail is expected to grow by 8% and physical retail by 7%. The digital wholesale will grow by 5.5%, while the physical one by 3.5%.

With regard to 2023, McKinsey & Company's report "The State of Fashion 2023" highlights a relatively slow growth in sales for the fashion market, ranging between 2-3% and characterised by a reduction in the European market (1-4% expected decrease) and a growth in China (2-7%) and in the United Stated of America (1-6%). These forecasts are affected by inflation.

Moreover, the new data regulation will open up a new chapter in the history of digital marketing, considering that the client targeting will become less efficient and more expensive. Brands are getting ready to embrace more creative campaigns and new channels such as retail media networks and the metaverse in order to obtain a greater return on marketing costs and to gather precious data that may be used to deepen clients' relations.

Group's Outlook on Luxury Goods Market

Giglio Group 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 2023 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 Group.

Giglio Group 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 2023, 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 duty-free market's recovery.

Furthermore, Giglio Group 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 Group 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. Group's Business and Structure

Founded in 2003 by Alessandro Giglio, Giglio Group 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, the Group operates in 5 continents and in over 70 countries when considering all the countries served by its e-commerce services.

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

The Company 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 the subsidiaries Ibox SA and E-Commerce Outsourcing S.r.l. (the digital core of the group), 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 Group cooperates in their digital marketing strategy. No specific investment in working capital is needed, and there is no warehouse risk.

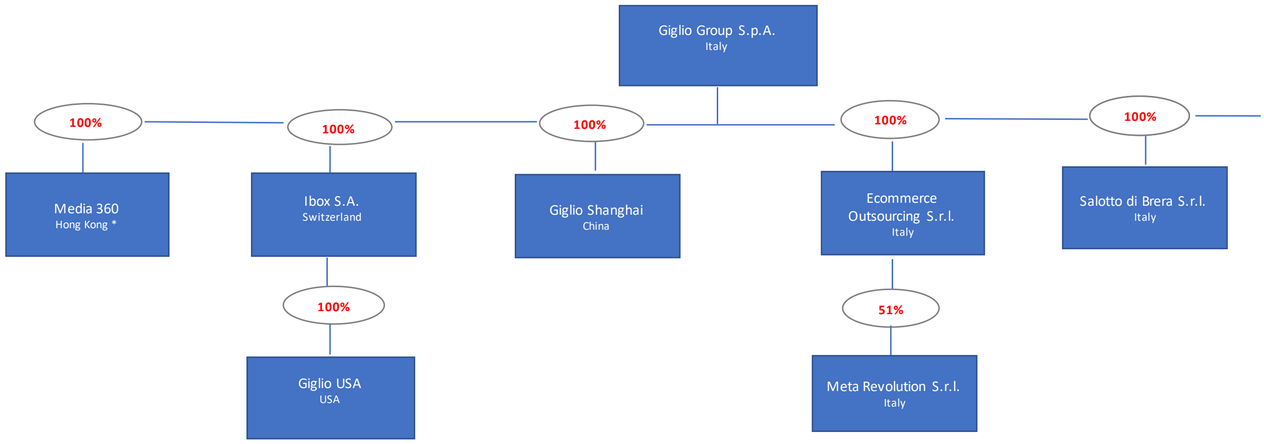
The B2B model, on the other hand, aims at facilitating brands' indirect online sales on behalf of major e-commerce platforms around the world, offering an additional distribution to physical networks.

On 15 January 2021, Giglio Group S.p.A. purchased the company Salotto di Brera S.r.l., engaged in B2B supplies for fashion, food and jewellery goods for cruise ships and duty-free stores in ports, airports and NATO bases.

Within the B2B model, Giglio Group 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 Group 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 the payment times to the brands, usually at the beginning of the season to reserve the stocks,

and the collection times from the marketplaces, normally 90 days after the end of the season, generates a financial requirement that is optimized by a careful use of instrument in support of the working capital.

The Group corporate structure is reported below:



** Company being divested*

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 neither active nor productive. On 14 February 2023, the transfer of the 51% stake in Cloud Food S.r.l. was completed.

3. Significant Events During the First Six Months of 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 23 February 2023, the Parent Company subscribed the capital share increase of its subsidiary Salotto di Brera S.r.l. for a total amount of € 975,000, thus bringing its Share Capital to € 1 million. The share capital increase was aimed at strengthening the subsidiary's assets.

- On 16 March 2023, the "Caput Mundi The Mall" shopping centre in the Vatican City was opened to the public, where the subsidiary 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 30 March 2023, the Board of Directors approved the new Industrial Plan 2023-2027, which replaces the Industrial Plan 2022-2026 and its underlying assumptions. In this regard, the Company proceeded to acquire an independent analysis by an Advisor of international standing, in which no high-level critical issues were highlighted (on a low-medium-high scale) in relation to the assumptions underlying the Industrial Plan such as to compromise the reliability or imply the unreasonableness of the aforementioned assumptions

- On 4 April 2023, 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.

- 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 11 May 2023, Meridiana Holding S.p.A. announced to the company that the shareholder loan of € 472,000 will be converted into future capital increases, recorded in the company's accounts on the same date.

- On 12 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 Mund 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 S.p.A..

4. Significant Events Following the First Six Months of the Fiscal Year

- 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.

5. Outlook

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 continues to represent one of the negative factors that may accentuate the slowdown of the world's economic activity. Moreover, the inflation represents a watershed in the various alternative scenarios hypothesised, which range from the most negative one - which foresees a 0.7% global economic growth with a 6.1% inflation - to the most positive one - 2.2% growth in the world's GDP with a 4.6 inflation (source: Oxford Economics, World Economics Prospects Monthly, January 2023).

In addition to this, China's decision to eliminate the so-called "zero-Covid" policy in December 2022 brought about a slowdown in industrial production, logistics services and consumption in that same month. During 2023 Q1, however, a significant increase of the same was recorded. There is optimism for the recovery of consumption, which should benefit from the sharp increase in the population's saving rate during the pandemic years, with positive impacts on domestic industries such as hospitality, tourism, textiles and clothing.

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.

Our B2C -E-Commerce Service Provider Division division is currently under pressure due to the numerous requests of technological updates made by our clients, aimed at increasing both sales and services to final consumers.

This situation calls 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 positioning with partnering brands (clients), considering that the Group is becoming more and more a technical and process partner, but also an outsourcing service provider.

In addition to maintaining solid relationships with the historical customers of the Giglio Group, the strengthening of the marketing activity already begun at the end of 2022 continues, also through the recruitment of qualified personnel, which made it possible in the first three months of the year to obtain new significant contracts both from an economic point of view and for the quality of the contractors.

The expansion of the Travel Retail business of Salotto di Brera continued 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 reached following the conclusion of framework agreements with the Starboard and Harding groups. During the first half of the year, the number of ships served by Salotto di Brera doubled.

The development of the Travel Retail sector also continues in the airport sector. The first half of the year saw the openings of Vienna, Shenzhen and Kazan airports, and agreements are expected to be concluded with seven further airports by the end of the year.

The subscription of an agreement which involves all the business units of the Group for the creation of a complete service to one of the main companies operating in the transport sector at European level is highlighted; in detail:

- 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 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 signing of new contracts with four leading fashion brands in the world.

The growth of the new business unit, launched in 2022 H2, relating to the production of merchandising for artists and large companies is expected; this business unit shall be engaged throughout 2023 in the production and online and on-tour distribution of the merchandising of the "Maneskin" rock band . Moreover, the company is engaged in advanced negotiations with other artists and companies of the same calibre.

6. Accounting Standards

These Interim Condensed Consolidated Financial Statements were prepared according to the same accounting standards used for the preparation of the Giglio Group Consolidated Annual Financial Statements as of 31 December 2022.

7. Financial Highlights as of 30 June 2023

Alternative performance indicators

The Group utilises some alternative performance indicators, which are not identified as accounting measures within IFRS, for management`s view on the performance of the Group. Therefore, the criteria applied by the Group may not be uniform with the criteria adopted by other groups and these values may not be comparable with that determined by such groups.

These alternative performance indicators exclusively concern historical data of the Group and determined in accordance with those established by the Alternative Performance Indicators Orientations issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of December 3, 2015. These indicators refer to the performance for the accounting period of the present Interim Financial Report and of the comparative periods and not to the expected performance of the Group and must not be considered as replacement of the indicators required by the accounting standards (IFRS).

The alternative performance indicators utilised in the Financial Report are as follows:

Operating/trade working capital: 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.

Consolidated Financial Statements Overview as of 30 June 2023

The main balance sheet figures of the Group as of 30 June 2023 are specified below:

(Euro thousands)	30.06.2023	31.12.2022	Change
Intangible Assets	15,401	15,436	(36)
Property, Plant and Equipment	663	456	207
Financial Fixed Assets	261	247	14
Total Fixed Assets	**16,325**	**16,139**	**186**
Inventories	953	1,559	(605)
Trade receivables	12,053	10,134	1,918
Trade payables	(13,300)	(11,957)	(1,343)
Operating/Commercial Working Capital	**(294)**	**(264)**	**(30)**
Other current assets and liabilities	(4,658)	(3,328)	(1,330)
Net Working Capital	**(4,952)**	**(3,592)**	**(1,360)**
Provisions for risks and charges	(382)	(365)	(16)
Deferred tax assets and liabilities	941	875	66
Other non-current liabilities	-	-	-
Net Invested Capital	**11,933**	**13,057**	**(1,124)**
Total Net Invested Capital	**11,933**	**13,057**	**(1,124)**
Equity	**3,746**	**4,317**	**(571)**
Minority interest in equity	**(39)**	**(43)**	**-**
Cash and cash equivalents	3,068	1,794	1,274
Current financial receivables	2	2	-
Current IFRS 16 financial liabilities	(162)	(62)	(100)
Current financial liabilities	(7,408)	(8,088)	680
Non-current IFRS 16 financial liabilities	(293)	(200)	(93)
Non-current financial liabilities	(10,844)	(10,701)	(143)
Non-current trade and other payables	(2)	(76)	74
Net financial liabilities*	**(15,640)**	**(17,331)**	**1,691**
Total Sources	**(11,933)**	**(13,057)**	**1,124**

The Net Invested Capital of the Group at 30 June 2023, equal to € 11.9 million, is principally comprised of Net Fixed Assets (€ 16.3 million), and of Net Working Capital (€ -5 million).

Intangible Assets, equal to € 15.4 million, are mainly ascribable to the goodwill for the acquisition of Giglio Fashion, of the IBOX Group, of E-Commerce Outsourcing S.r.l. an of Salotto di Brera (collectively worth € 13.4 million). The movement (net of the period's amortisations), highlights a € 36,000 decrease due to the amortisations for the period (€ 452,000) and to increases (€ 413,000), mainly relating to € 240,000 in the half-year and € 108,000 in previous financial years for ongoing fixed assets; these costs were incurred internally for the implementation and integration of the IT platforms on the subsidiary Salotto di Brera.

Property, Plant and Equipment (which also include the RoU on existing leasing contracts), equal to € 0.7 million (net of the period's amortisations), show a € 207,000 increase due to the period's amortisations (€ 152,000), to increases for € 402,000 and to the effect of disposals for € 43,000. The increase in the period mainly refers to the capitalization of furniture and fittings for € 58,000 and to the capitalization for the adoption of the IFRS 16 accounting standard for € 344,000.

Financial Fixed Assets, equal to € 0.3 million, are mainly ascribable to the guarantee deposits paid relating to rental contracts for the buildings at Milan and Rome.

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

	(Euro thousands)	30.06.2023	31.12.2022	Change
A	Cash and cash equivalents	3,068	1,794	1,274
B	Cash and cash equivalents		-	-
C	Other current financial assets	2	2	0
D	**Cash & cash equivalents (A)+(B)+(C)**	**3,070**	**1,796**	**1,274**
E	Current financial liabilities	(1,928)	(2,881)	953
	of which with Related Parties	-	*(732)*	*732*
F	Current part of the non-current financial liabilities	(5,641)	(5,268)	(373)
G	**Current financial liabilities (E)+(F)**	**(7,569)**	**(8,149)**	**580**
H	**Net current financial liabilities (G) - (D)**	**(4,499)**	**(6,353)**	**1,854**
I	Non-current financial liabilities	(8,501)	(7,896)	(606)
	of which with Related Parties		-	-
J	Debt instruments	(2,635)	(3,005)	370
K	Non-current trade and other payables	(2)	(76)	74
L	**Non-current financial liabilities (I)+(J)+(K)**	**(11,139)**	**(10,977)**	**(162)**
M	**Total financial liabilities (H)+(L)**	**(15,639)**	**(17,331)**	**1,692**

The schedule of the net financial debt is represented 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.

More specifically, the change in financial debt can also be ascribed to the following factors:

E. Current financial liabilities: this account includes advances on invoices for € 1.2 million, current account liabilities for € 0.5 million and current liabilities for lease contracts for € 0.1 million. The account increased due to greater use of advance lines and overdrafts.

F. Current portion of non-current financial debt: this account decreased due to the reimbursements of 2023 H1.

I. Non-current financial liabilities: shows a reduction mainly due to the restatement of the current portion of loans following the month's reimbursements.

J. Debt instruments: As of 30 June 2023, the non-current Financial Debt includes the long-term EBB S.r.l. bond.

K. Non-current trade and other payables: This account as of 31 December 2022 mainly included the instalment debt for the purchase of subsidiary Salotto di Brera S.r.l.. During the first half of 2023, the debt was extinguished following the payment of the last instalment.

As of 30 June 2023, the net financial debt records, amongst its long-term liabilities, also the financial debt related to the EBB S.r.l. bond.

Consolidated Financial Activity Overview as of 30 June 2023

The key consolidated economic highlights are shown below.

(Euro thousands)	30.06.2023	30.06.2022	Change
Revenues from contracts with customers	15,708	19,635	(3,927)
Operating Costs	(12,877)	(16,738)	3,860
Gross Margin	**2,831**	**2,898**	**(67)**
Gross Margin %	**18.0%**	**14.8%**	**3.3%**
Payroll expenses	(1,677)	(2,068)	391
EBITDA	**1,153**	**830**	**324**
EBITDA%	**7.3%**	**4.2%**	**3.1%**
Non-recurring revenues (charges)	9	0	9
Amortisation, depreciation & write-downs	(604)	(595)	(8)
EBIT	**558**	**234**	**324**
Net financial charges	(669)	(500)	(169)
PROFIT BEFORE TAXES	**(110)**	**(268)**	**158**
Income taxes	80	15	65
PROFIT FOR THE PERIOD	**(30)**	**(252)**	**222**
RESULT ATTRIBUTABLE TO MINORITY INTERESTS	(4)	(1)	(3)
GROUP PROFIT/(LOSS)	**(26)**	**(251)**	**225**
EBIT adjusted to non-recurring costs	**550**	**234**	**316**
EBIT%	**3.5%**	**1.2%**	**2.3%**
PROFIT FOR THE PERIOD%	**(0.2)%**	**(1.3)%**	**1.0%**

The consolidated revenues , equal to € 15.7 million, are dropping if compared to the consolidated figures of the same period for the previous fiscal year (€ 19.6 million consolidated figures as of 30 June 2022).

The EBITDA showed a positive trend, accounting for € 1,153,000 (€ 830,000 on consolidated figures as of 30 June 2022), ascribable to savings achieved with the supply and consulting contracts, as well as to the sales carried out with higher margins.

The Net Profit , equal to € 30,000, is improving significantly if compared to the previous year (€ -252,000).

8. 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.

The Group 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., Giglio USA, Salotto di Brera S.r.l. and Giglio Shanghai;
2. B2C e-commerce: IBOX SA, E-Commerce Outsourcing S.r.l., Giglio Shanghai and Meta Revolution;
3. Corporate: includes centralised Group functions which can not be assigned to the business units and mainly carried out by Giglio Group S.p.A.

The individual sector results (net of inter-company eliminations) are as follows:

	30 June 2023				
(Euro thousands)	B2B e-commerce	B2C e-commerce	B2B2C E-commerce	Corporate	Total
Revenues from contracts with customers	9,288	5,701	11	0	15,000
Other incomes	12	239	0	167	417
Capitalised costs	0	291	0	0	291
Total revenues	**9,300**	**6,231**	**11**	**167**	**15,708**
EBITDA	**636**	**2,221**	**(23)**	**(1,680)**	**1,153**
EBIT	**600**	**1,802**	**(32)**	**(1,812)**	**558**
EBT	**458**	**1,534**	**(31)**	**(2,071)**	**(110)**
Profit for the period	**473**	**1,595**	**(31)**	**(2,068)**	**(30)**

	30 June 2022				
(Euro thousands)	B2B e-commerce	B2C e-commerce	B2B2C E-commerce	Corporate	Total
Revenues from contracts with customers	12,881	6,649	0	0	19,530
Other incomes	(1,030)	(113)	0	1,148	5
Capitalised costs	0	100	0	0	100
Total revenues	**11,851**	**6,636**	**0**	**1,148**	**19,635**
EBITDA	**245**	**1,052**	**0**	**(469)**	**828**
EBIT	**-229**	**621**	**0**	**(617)**	**233**
EBT	**248**	**536**	**0**	**(1,050)**	**(267)**
Profit for the period	**214**	**512**	**0**	**(978)**	**(252)**

During the half-year, revenues from the B2B and B2C sectors recorded a decrease compared to the same period of the previous year. With reference to the revenue trend, some slowdowns that occurred during the first half of 2023 must be noted, for some customers located in Eastern countries and for a new important contract signed in May 2023, whose orders were postponed to the second half of 2023; the effect of these slowdowns, compared to the 2023 budget, resulted in lower revenues for a total of € 4.8 million.

9. Business seasonality

The Group'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.

10. 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.

11. 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.

12. Investments

The Group's investments made in 2023 mainly relate to investments in capitalized development costs of Euro 240 thousand. These costs were incurred internally for the implementation and integration of the IT platforms on the subsidiary Salotto di Brera.

13. 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 company.

14. Significant shareholders and shares of the Issuer

As of the date of the present interim financial report (30 June 2023), the official figures indicates the following significant shareholders:

55,66% of shares held by Meridiana Holding S.r.l. %

15. Disclosure pursuant to Article 2428 paragraph 3 No. 6-bis of the Civil Code

Over the course of 2019, the Parent Company 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 are not listed on any regulated market nor on any MTF;
- Terms of issue: the Bonds were issued in a single tranche;
- Form: the Bonds are bearer bonds issued in book-entry form and centralised at Monte Titoli S.p.A.;
- Issue price: the issue price amounts to 100% of the Bonds' nominal value;
- Bonds' minimum value: the minimum value of each Bond amounts to € 100,000.00;
- Custody and settlement: in case of subsequent negotiation, transfer can 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 bears 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 are carried out by Securitisation Services S.p.A. whereas the functions of Bonds paying agent and bank agent are carried out by Banca Finanziaria Internazionale S.p.A.;
- Tax regime: the Bonds are 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 are governed solely by the law of the Italian Republic and any dispute arising is 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 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. Before recent amendments, the financial covenants to be respected throughout the life of the Bond were two, and more specifically: a) a gearing ratio, and b) a leverage ratio, as defined by the Regulation of the Bond. In particular: (a) the leverage ratio could not be greater than: (i) 4.5 for 2019 and 2020 and (ii) 3.5 starting from 2021 and until the expiration of the Bond; and (b) the gearing ratio could not be greater than 2 for the whole duration 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 agreed that the pledge does not imply the possibility of exercising voting rights.
- The effectiveness of the consent was expressed is suspended until the date of receipt of the acceptance of the letter of consent countersigned by Giglio Group S.p.a., sent on 29 June 2023.

16. Going Concern

The Interim Condensed Consolidated Financial Statements as of 30 June 2023 were closed with a loss of € 30,400 (of which € 4,000 attributable to minority interests), which led to a net equity of € -3,746,000 (of which € 43,000 attributable to minority interests). It is noted that the EBITDA as of 30 June 2023 amounts to € 1,153,000, against the figure of the previous year (€ 830,000).

The Group's net financial debt as of 30 June 2023 amounts to € 15,639,000 (€ 17,331,000 as of 31 December 2022) and there are significant amounts of overdue tax, social security and commercial debts. Therefore, at the date of presentation of these Interim Consolidated Financial Statements, the Group is in a situation of financial tension due to the excessive degree of short-term debt and the final trends which, although highlighting a slight improvement in margins in the half-year, continue to close with negative net results.

During 2023, the Board of Directors sought 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, on 30 March 2023, the Directors approved the new Industrial Plan 2023-2027, basing the assessments on the linear increase in revenues, with the forecast of profitability (EBITDA to Revenues ratio) sustainable in the long term, the impact of which was estimated to be higher than 13% in the last year of the plan and on the capital increase of the minimum amount of € 2 million.

Significant deviations between the Plan's expected figures and the final figures obtained as of 30 June 2023 are highlighted below:

	Plan	**Final figures as of 30 June 2023**
EBITDA	257	1,153
Revenues	20,517	15,708

With reference to the revenue trend, some slowdowns that occurred during the first half of 2023 must be noted, for some customers located in Eastern countries and for a new important contract signed in May 2023, whose orders were postponed to the second half of 2023; the effect of these slowdowns, compared to the 2023 budget, resulted in lower revenues for a total of € 4.8 million and an EBITDA increase of € 0.9 million influenced by the signing of a contract for multimedia and television content digitization services worth € 1.9 million.

The Directors, having taken note of the deviations from the provisions of the new Industrial Plan 2023-2027 approved on 30 March 2023, have taken steps to update as at 30 June 2023 the assessment of business continuity and the measurement of the financial requirement expected for the following 12 months compared to what is foreseen in the Industrial Plan.

Following the final figures as of 30 June 2023, the Directors highlight the activities implemented to allow the Group to operate as a going concern, namely:

1. The negotiation occurred with banking institutes in order to support the working capital required to foster the e-commerce business and its distribution of fashion goods, as demonstrated by the activation of several financing agreements both in 2022 and in the beginning of 2023. For this purpose, it is noted that, on 2023 Q1, the subsidiary Salotto di Brera S.r.l. subscribed two financing agreement of € 2.5 million and € 1 million respectively with Banca Progetto, upon the issue of the guarantee from SACE, thus confirming the reliability towards leading credit institutions. Furthermore, on 9 June 2023, a loan contract with Simest guarantee was stipulated for the subsidiary E-Commerce Outsourcing amounting to a total of € 520 thousand, of which € 130 thousand was non-repayable. The first tranche of the loan for € 260,000 was collected on 13 July 2023. The Industrial Plan 2023/2027 takes into account the increased interest rates on payables to credit institutions compared to the contractual rates recorded in the year ended 31 December 2022;

2. The agreement reached with the shareholder Meridiana Holding S.p.A.. of 11 May 2023, through which the residual debt relating to the loans disbursed for € 472,000 were converted into account for future capital increases;

3. 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.

4. The commitment of the parent company Meridiana to guarantee the capital increase in the minimum amount of € 3 million and, therefore, in an amount exceeding € 1 million than that defined for the purposes of the Industrial Plan 2023-2027; reference is made to what was reported in the minutes of the Board of Director' Meeting of 15 December 2021, whose agenda reported that "*A delegation for increases in kind is currently still open, exercisable for five years from the date of the resolution which allows the administrative body to increase the company's share capital for a maximum amount of € 366,133.70 (10% of the then existing capital) in addition to the premium. To this, a proxy for simplified increases up to 10% of the existing capital as of today shall be available, pursuant to Art. 2441, par. 4, second sentence, that is, also a wider proxy with ordinary procedure.*" Moreover, it is noted that, with regard to the capital increase of the Parent Company Giglio Group S.p.A., the Board of Directors held on 14 September 2022 vested the Chairman with the power to carry out all preparatory activities needed to execute said capital increase. The share capital increase can be carried out in the last quarter of 2023, as foreseen in the 2023-2027 budget/plan approved by the directors. As of 12 September 2023, some expressions of interest had been received for a total of € 4.9 million, of which two, of a binding nature, were received from related parties for € 1.4 million. Such expressions of interest received from third parties are subject to the successful completion of accounting and management due diligence, as well as verification of the conditions, timing and issue price of the new shares. As already indicated, the parent company Meridiana has confirmed its commitment to guaranteeing

the capital increase to the minimum extent of € 3 million, taking into account that the expressions of interest received from third parties may not materialize or may materialize to a lesser extent than the quota of € 3 million.

5. The commitment of the shareholder Meridiana Holding S.p.A. to guarantee the necessary liquidity to support the Industrial Plan 2023/2027, with particular reference to the fulfilment of the commitments foreseen for the 2024 financial year.

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 Group and its ability to generate cash flows necessary to guarantee the continuity of the Group, 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, expressed as commercial growth of 10% of the revenues of the B2B division and organic and commercial growth of 9% on revenues and 6% on the GMV of the B2C division;
- The presence of high short-term debt and performance below expectations of the companies within the consolidation scope;
- The completion of the capital increase that the shareholder Meridiana has undertaken to guarantee for the minimum amount of € 3 million, but which, as indicated below, could be carried out in a higher amount, up to € 4.9 million, if the subjects who expressed interest should participate.
- The effective support from the shareholder Meridiana Holding S.p.A., which has undertaken to guarantee the necessary liquidity with particular reference to the fulfilment of the commitments foreseen for the 2024 financial year.

In light of the above, the Board believes that the possibility for the Company and the Group to continue its operations for the foreseeable future is necessarily linked, in addition to the maintenance of existing credit lines, to the timely procurement of the financial resources previously described necessary to cover the financial needs in the short term, as well as the achievement of the operational and financial targets envisaged in the Industrial Plan.

Despite the presence of 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 Interim Consolidated Financial Statements as of 30 June 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 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.

17. 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.
Processes: during 2023, both the 231 model with specific reference to the whistleblowing legislation and the following procedures will be updated:

- Corporate governance procedures (i.e. procedures with related parties, internal dealing, market abuse, etc.);
- Administrative and accounting procedures envisaged by Law no. 262/05 (i.e. treasury, collections, purchasing management, consolidated financial statements, taxes, etc.);
- Internal control procedures related to Legislative Decree no. 231/01 (i.e. relations with the PA, information flows to the governance bodies, management of the passive and active cycle, etc.).

The company currently has an ongoing project to transfer its accounting to a common ERP (Navision); at present, the project has been completed for Giglio Group S.p.A., Salotto di Brera Srl, Metarevolution Srl, while for the subsidiary E-commerce Outsourcing Srl, completion is expected by the end of the financial year. This will allow for the implementation of a specific management control software, which is currently being identified. The implementation of these activities will make it possible for the group to prepare specific management reports which include the drafting and possible updating of the industrial plan and periodic reports for the company's top management and committees.

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 and/or to the Group, of the data protection regulation, with possible negative effects on the activities and on the prospects of the Issuer and/or of the Group, as well as on the equity and financial situation of the Issuer and/or of the Group. During the years 2013-2022 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 Group 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 Group.

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 Group 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 Group 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 Group, 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.

Milan, 12 September 2023

Board of Directors

The Chairman

Alessandro Giglio

GIGLIO GROUP S.p.A.
Registered office in Milan, Piazza Diaz, 6

Share capital: € 4,393,604

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

Registered at Milan Companies Registration Office with no. 07396371002

Interim Condensed Consolidated Financial Statement as of 30 June 2023

FINANCIAL STATEMENTS

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

Condensed Consolidated Statement of Financial Position

Condensed Consolidated Statement of Financial Position (Euro thousands)		30.06.2023	31.12.2022	Change
Non-current assets				
Property, plant & equipment	(1)	216	205	11
Right-of-use assets	(2)	447	251	196
Intangible assets	(3)	2,048	2,083	(36)
Goodwill	(4)	13,353	13,353	-
Investments in joint ventures	(5)	-	5	(5)
Receivables	(6)	261	242	20
Deferred tax assets	(7)	1,050	1,016	34
Total non-current assets		**17,375**	**17,155**	**220**
Current assets				
Inventories	(8)	953	1,559	(605)
Trade receivables	(9)	12,053	10,134	1,918
Financial receivables	(10)	2	2	-
Tax receivables and deferred tax assets	(11)	2,319	2,107	212
Other assets	(12)	1,695	1,635	60
Cash and cash equivalents	(13)	3,068	1,794	1,274
Total current assets		**20,066**	**17,232**	**2,859**
Total Assets		**37,441**	**34,387**	**3,054**
Equity	(14)			
Issued capital		4,394	4,394	-
Reserves		22,659	22,190	469
FTA Reserve		4	4	-
Retained earnings		(30,788)	(28,833)	(1,955)
Foreign Currency Translation reserves		12	7	5
Net profit/(loss)		(26)	(2,078)	2,052
Total Group Equity		**(3,746)**	**(4,317)**	**571**
Minority interest in equity		39	43	(4)
Total Net Equity		**(3,707)**	**(4,274)**	**567**
Non-current liabilities				
Provisions for risks and charges	(15)	-	-	-
Post-employment benefit funds	(16)	382	365	16
Deferred tax liabilities	(17)	109	141	(32)
Financial payables (non-current portion)	(18)	11,137	10,901	236
Other non-current liabilities	(19)	2	76	(74)
Total non-current liabilities		**11,630**	**11,484**	**146**
Current liabilities				
Trade payables	(20)	13,300	11,957	1,343
Financial payables (current portion)	(18)	7,570	8,150	(579)
Tax payables	(21)	7,737	5,420	2,318
Other liabilities	(19)	936	1,651	(715)
Total current liabilities		**29,543**	**27,177**	**2,366**
Total liabilities and Equity		**37,466**	**34,387**	**3,080**

Condensed Consolidated Statement of Profit or Loss

Condensed Consolidated Statement of Profit or Loss (Euro thousands)		30.06.2023	30.06.2022
Total revenues from contracts with customers	(22)	**15,000**	**19,530**
Other revenues	(22)	417	5
Capitalised costs	(23)	291	100
Change in inventories		(651)	(761)
Purchase of raw materials, ancillary, consumables and goods	(24)	(6,856)	(10,285)
Service costs	(25)	(5,106)	(5,437)
Rent, lease and similar costs	(26)	(91)	(128)
Operating costs		**(12,053)**	**(15,850)**
Salaries and wages	(27)	(1,230)	(1,535)
Social security charges	(27)	(375)	(422)
Post-employment benefits	(27)	(72)	(112)
Payroll expenses		**(1,677)**	**(2,069)**
Amortisation	(28)	(452)	(422)
Depreciation	(28)	(152)	(181)
Write-downs	(28)	(1)	9
Amortisation, depreciation & write-downs		**(604)**	**(594)**
Other operating costs	(29)	(166)	(127)
Operating profit		**558**	**233**
Financial income	(30)	14	70
Net financial charges	(30)	(682)	(570)
Profit before taxes		**(110)**	**(267)**
Income taxes	(31)	80	15
Profit for the period		**(30)**	**(252)**
Of which minority interest		(4)	4
Basic and diluted profit from continuing operations		**(0.0014)**	**(0.0115)**
Profit per share – basic and diluted		**(0.0014)**	**(0.0087)**

Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Comprehensive Income (Euro thousands)		30.06.2023	30.06.2022
Profit for the period		(30)	(252)
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		5	19
Total other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)		**5**	**19**
Other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)			
Actuarial loss on employee benefits obligations	(16)	5	43
Total other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)		**(5)**	**43**
Total Comprehensive Income for the period		**(30)**	**(190)**

Condensed Consolidated Statement of Changes in Equity

Description *(Euro thousands)*	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	Retained earnings	Net profit/(loss)	Group's Total	Third Parties	Consolidated Total
31 December 2021 Balance	**4,394**	**22,105**	**5**	**(10)**	**(24,167)**	**(4,623)**	**(2,296)**		**(2,296)**
Issue of share capital									-
Share premium reserve									-
Shareholders contributions to the corporate funds (or assets)									-
Retained earnings					(4,623)	4,623			-
IAS 19 Reserve		93					93		93
Exchange rate effect				17			17		17
Other changes		(7)	(1)		(43)		(51)	59	8
Group profit/(loss)						(2,078)	(2,078)	(16)	(2,094)
31 December 2022 Balance	**4,394**	**22,190**	**4**	**7**	**(28,833)**	**(2,078)**	**(4,317)**	**43**	**(4,274)**

Description *(Euro thousands)*	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	Retained earnings	Net profit/(loss)	Group's Total	Third Parties	Consolidated Total
31 December 2022 Balance	**4,394**	**22,190**	**4**	**7**	**(28,833)**	**(2,078)**	**(4,317)**	**43**	**(4,274)**
Issue of share capital									-
Share premium reserve									-
Shareholders contributions to the corporate funds (or assets)		474					474		474
Retained earnings					(2,078)	2,078			-
IAS 19 Reserve		(5)					(5)		(5)
Exchange rate effect				5			5		5
Other changes					123		123		123
Profit for the period						(26)	(26)	(4)	(30)
30 June 2023 Balance	**4,394**	**22,659**	**4**	**12**	**(30,788)**	**(26)**	**(3,746)**	**39**	**(3,707)**

Condensed Consolidated Statement of Cash Flows

Euro thousands		30.06.2023	30.06.2022
Cash flows from operating activities			
Net profit from continuing operations		(30)	(252)
Net profit from discontinued operations		-	-
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and impairment of property, plant and equipment	(1)	47	56
Amortisation of right-of-use assets	(2)	104	125
Amortisation and impairment of intangible assets	(3)	452	422
Non-cash changes of provisions	(15)/(16)	16	(239)
Write-downs/(Revaluations)	(28)	1	(9)
Net foreign exchange differences	(30)	669	500
Income taxes	(31)	(80)	(15)
Changes in:			
Inventories	(8)	605	895
Trade receivables	(9)	(1,918)	1,669
Tax receivables	(11)	(212)	136
Current financial receivables	(10)	-	-
Other assets	(12)	(60)	(318)
Deferred tax liabilities	(17)	(32)	(32)
Trade payables	(20)	1,343	(3,117)
Tax payables	(21)	2,398	672
Right-of-use assets	(2)	(301)	271
IFRS16 financial payables	(18)	193	(583)
Other current and non-current liabilities	(19)	(789)	(52)
Change in net working capital		**1,226**	**(459)**
Changes in provisions	(15)	-	-
Changes in assets/liabilities held for sale/Discontinued operations		-	-
Cash flow generated from operating activities		**2,404**	**129**
Interest paid	(30)	(515)	(372)
Income taxes paid	(31)	-	-
Net cash flow generated from operating activities		**1,890**	**(243)**
Cash flows from investing activities			
Investments in property, plant & equipment	(1)	(58)	13
Investments in intangible assets	(2)	(416)	50
Acquisition of Salotto di Brera net of liquidity acquired		-	-
Changes in other intangible assets	(6);(7)	(54)	(73)
Increase in investments in joint ventures	(5)	5	-
Change in consolidation scope		-	
Net cash flow used in investing activities		**(523)**	**(10)**
Cash flow from financing activities			
Share capital increase		-	-
Change in Shareholders' Equity		598	119
New financing	(18)	3,275	-
Repayment of loans	(18)	(3,350)	-
Change in financial liabilities	(18)	(615)	19
Net cash flow used in financing activities		**(93)**	**138**
Net increase/(decrease) in cash and cash equivalents		**1,274**	**(115)**
Cash and cash equivalents at 1 January		1,794	2,474
Cash and cash equivalents at 31 December		3,068	2,360

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

A. Corporate information

The publication of the Condensed Consolidated Financial Statements of Giglio Group S.p.A. (the Company) as of 30 June 2023 was approved by the Board of Directors on 12 September 2023.

The registered office of the parent company Giglio Group S.p.A. is Piazza Diaz No. 6.

The activities of the company and its subsidiaries are described in these Explanatory Notes while the Group's structure is outlined in the Directors' Report. The information on transactions of the Group with the other related parties are presented in Note 35.

B. Accounting standards

The Interim Condensed Consolidated Financial Statements of Giglio Group S.p.A as of 30 June 2023 were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

EU-IFRS includes all "International Financial Reporting Standards", all "International Accounting Standards" (IAS), all interpretations of the International Reporting Interpretations Committee (IFRIC), previously called "Standing Interpretations Committee" (SIC) which, at the approval date of the Consolidated Financial Statements, were endorsed by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and European Council of 19 July 2002. The EU-IFRS were applied consistently for all the periods presented in the present document.

The Interim Condensed Consolidated Financial Statements as of 30 June 2022 are comprised of the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Profit or Loss and Comprehensive Income, the Condensed Consolidated Statement of Cash Flows, the Condensed Consolidated Statement of Changes in Equity (all stated in Euro thousands) and the Notes to the Interim Condensed Consolidated Financial Statements.

They were prepared in accordance with IAS 34 Interim Reporting, as established also by Article 154-ter of the Consolidated Finance Act (Legislative Decree No. 58/1998) and should be read together with the Giglio Group 31 December 2022 Annual Consolidated Financial Statements ("latest financial statements”). Although not presenting all the information required for complete financial statement disclosure, specific explanatory notes are included outlining the events and transactions central to understanding the changes to the statement of financial position and the Giglio Group’s performance since the last financial statements.

The Interim Condensed Consolidated Financial Statements are presented in Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

The Euro is the functional and presentation currency of the parent company and that in which the majority of Group operations are conducted, with the exclusion of the activities relating to the subsidiary Giglio USA expressed in US Dollars and of the activities of Giglio Shanghai, expressed in Chinese Yuan.

The Interim Condensed Consolidated Financial Statements provide comparative figures from the previous year.

The consolidation principles, the accounting policies and the measurement estimates and criteria adopted to prepare the condensed consolidated financial statements are in line with those used to prepare the Consolidated Annual Financial Statements as of 31 December 2022, except where specified below.

The Interim Condensed Consolidated Financial Statements were prepared in accordance with the historical cost criterion on a going-concern basis, as the Directors verified the absence of financial, operating or other indicators which may suggest difficulties with regards to the Group’s capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.(Note 40). In particular the Giglio Group adopted international accounting standards from the year 2015, with transition date to IFRS at 1 January 2014.

C. Basis of presentation

The Interim Condensed Consolidated Financial Statements are comprised of the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Profit or Loss and Comprehensive Income, the Condensed Consolidated Statement of Cash Flows and the Notes to the Interim Condensed Consolidated Financial Statements.

In particular:

- in the Statement of Financial Position, the current and non-current assets and liabilities are shown separately;
- in the Statement of Comprehensive Income, the analysis of the costs is based on their nature;
- for the Statement of Cash Flows, the indirect method is used.

In particular, the assets and liabilities in the financial statements of the Group are classified as current or non-current.

An asset is considered current where:

- it is expected to be realised, or is intended for sale or consumption, in the normal operating cycle;
- it is held principally for trading;
- It is expected to be realised within twelve months from the balance sheet date; or
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from the reporting date.

All other assets are classified as non-current.

A liability is considered current where:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it is expected to be settled within 12 months from the reporting date; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

The amounts indicated in the financial statements and the explanatory notes, unless otherwise stated, are in thousands of Euro.

D. Discretional valuations and accounting estimates

The preparation of the Interim Condensed Consolidated Financial Statements of Giglio Group S.p.A. 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 Condensed Consolidated 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 Consolidated Financial Statement, 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.
- Assessment of control requirements' existence:

Pursuant to the provisions of IFRS 10 accounting standard, control is attained when the Group is exposed or is entitled to variable yields resulting from the relation with its subsidiary and has the capacity, through its power over the subsidiary, to influence its yields. The power is the actual capacity to direct the subsidiaries' relevant activities by virtue of substantial existing rights. The existence of control does not depend exclusively on the possession of the voting rights' majority, but on the substantial rights of the investor on the subsidiary. Consequently, the assessment of the management is requested in order to assess specific situations determining substantial rights that attribute to the Group the power to direct the subsidiary's relevant activities so much so as to influence its yields. For the purposes of the assessment of the control requirement, the management shall analyse all facts and circumstances, including all agreements with investors, the rights resulting from other contractual agreements and from potential voting rights (call options, warrants, put options assigned to minority shareholders etc.). These facts and circumstances can be particularly relevant in the context of this assessment, especially when the Group holds less than the majority of the subsidiary's voting right, or similar rights. The Group shall reassess the existence of control requirements on a subsidiary when the facts and circumstances point at a variation of one or more of the elements taken into account for the assessment of its existence.

- Provision for inventory write-down of raw materials and accessories and inventories of finished products; Since the Group 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 Group 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 Group 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, as explained below.

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 t reach 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 ordinary Shareholders' Meeting approved the 2021-2028 Stock-Option Plan reserved to the executive directors and/or senior executives of the Company or of its subsidiaries, who shall be identified by the Board of Directors in accordance with the provisions set forth in the regulation of the Stock-Option Plan.

The extraordinary Meeting 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 2022 and identified on an annual basis were not met, and that no provision was made necessary with regard to the previous fiscal year nor are there any detectable impacts on the six-month period as of 30 June 2023.

- 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. As of 31 December 2022, an impairment test was carried out in order to assess the goodwills' recoverability, as mentioned in the Financial Statements as of 31 December 2022. As of 30 June 2023, no trigger events calling for a new impairment tests occurred, taking into account that the Company believes that 2023's budget will be respected. The procedure resolved upon by the Directors provides for an annual performance of the impairment test should no trigger events occur.
- Intangible Rights: the Directors did not identify impairment indicators at the balance sheet date with reference to the value of intangible fixed assets. Further details are available in the notes to the intangible fixed 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 Directors.

- Deferred tax assets 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, the Group's management estimates the probable timing and the amount of the future taxable profits.
- Business combinations and valuation of acquired assets and liabilities:

In the case of business combinations, the process of allocating the transaction's cost involves estimates and assumptions based on Management's professional judgement and makes it necessary to identify the most suitable methodologies for the valuation of assets acquired and liabilities assumed; The complexity of estimation processes is mitigated by the use, where necessary, of provisional allocation, as permitted by the relevant accounting standard.

- Contingent liabilities:

The Group recognises a liability for disputes and risks arising from ongoing legal cases when it considers it probable that a financial outlay will occur and when the liability amount can 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

Financial risk objectives and criteria

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

The Group is exposed to market risk, credit risk and liquidity risk. The Management of the Group 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 aimed at allowing the analytic planning of future activities.

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

The financial risks to which the Giglio Group is exposed are illustrated below.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument may 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.

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.

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. For more information, see Note 18.

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 Group 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 the Giglio Group 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.

In application of IFRS 9, from 2018, the doubtful debt provision has been determined with the expected credit losses' method (hereinafter referred to as the ECL).

The ageing of the gross trade receivables at 30 June 2023 and 31 December 2022 is shown below:

(Euro thousands)	**Year ended at 30 June 2023**	**%**	**Year ended at 31 December 2022**	**%**
> 120 days	*4,984*	*47.10%*	*3,398*	*36.04%*
90<> 120 days	*488*	*4.61%*	*768*	*8.14%*
60<> 90 days	*560*	*5.30%*	*-20*	*-0.21%*
30<> 60 days	*279*	*2.64%*	*186*	*1.97%*
0<> 30 days	*1,331*	*12.58%*	*194*	*2.06%*

Total overdue	***7,641***		***4,527***	
Not overdue	*2,940*	*27.78%*	*4,903*	*51.99%*
Total gross receivables	***10,581***	***100.0%***	***9,430***	***100.0%***
Provision for doubtful accounts	*-1,655*		*-1,668*	
Inc. provision on overdue >90 days	*-33.21%*		*-49.09%*	
Total	**8,926**		**7,761**	

The following table shows the Group's exposition to credit risk per geographical area:

(Euro thousands)	**Year ended at 30 June 2023**	**%**	**Year ended at 31 December 2022**	**%**
Europe	*8,897*	*84.09%*	*8,751*	*92.80%*
Asia	*5*	*0.05%*	*36*	*0.38%*
USA	*1,607*	*15.19%*	*630*	*6.68%*
Rest of the world	*72*	*0.68%*	*13*	*0.13%*
Total gross receivables	***10,581***	***100.0%***	***9,430***	***100.0%***
Provision for doubtful accounts	*-1,655*		*-1,668*	
Total gross receivables	***8,926***		***7,761***	

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

Rating	**> 90 days**	**60<> 90 days**	**30<> 60 days**	**0<> 30 days**	**Not overdue**
A (low risk)	4.4%	3.4%	2.4%	1.4%	0.2%
B (average risk)	5.4%	4.4%	3.4%	2.4%	0.4%
C (high risk)	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.

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.

As of 30 June 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	450	137	312	-	-	449
Banca Popolare di Sondrio	190	148	40	-	-	188
IFITALIA Factoring - BNL	474	0	474	-	-	474
Unicredit	-	-	-	50	50	-
Banca Progetto	**1,369**	**1,369**				**1,369**
Total	**2,483**	**2,483**	**826**	**50**	**50**	**2,480**

Reference should also be made to the table in Note 18 (Current and non-current financial payables) and to the Explanatory Notes' paragraph pursuant to Art. 2428, par. 3 no. 6-bis of the Italian Civil Code as far as covenants are concerned.

Capital management

For the purposes of the Group'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 Parent Company's shareholders. The Board of Directors' capital management policies provide for the maintenance of a high level of equity capital for the purpose of preserving a trust relationship with investors, creditors and the market, allowing also to further develop activities. The Group manages the capital structure and carries out adjustments on the basis of economic conditions and the requirements of financial covenants.

For the management of the capital and of the financial risks, please see paragraph 40, "Valuation of Going Concern".

ACCOUNTING POLICIES AND ASSESSMENT CRITERIA

Consolidation principles

The Interim Condensed Consolidated Financial Statements include the financial statements of Giglio Group S.p.A and its subsidiaries as of 30 June 2023. In particular, a company is considered "controlled" when the Group has the power, directly or indirectly, to determine the financial and operating policies so as to obtain benefits from its activities.

The consolidated financial statements are prepared based on the financial statements of the individual companies in accordance with IFRS.

Specifically, the Group controls an investee if, and only if, the Group has:

- the power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- the exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

Generally, there is presumption that the majority of the voting rights results in control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group shall consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights or potential voting rights of the Group.

The Group reconsiders if it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements at the date in which the Group obtains control until the date in which the Group no longer exercises control.

Changes in the holdings of subsidiaries which do not result in the loss of control are recognised under net equity.

If the Group loses control of a subsidiary, it must eliminate the relative assets (including goodwill), liabilities, minority interests and other net equity items, while any gain or losses are recorded in the statement of profit or loss and comprehensive income. Any holding maintained must be recorded at fair value.

The financial statements of the subsidiaries included in the consolidation scope are consolidated under the line-by-line method, which provides for the full integration of all accounts, without reference to the Group's holding, and the elimination of intercompany transactions and unrealised gains.

The amounts resulting from transactions between consolidated companies are eliminated, in particular receivables and payables at the reporting date, costs and revenues as well as financial income and charges and other items recorded in the statement of profit or loss and comprehensive income. Gains and losses realised between consolidated companies and the related tax effects are also eliminated.

Business combinations and goodwill

Business combinations are recognised using the purchase method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For every business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. In particular, the goodwill is recorded only for the part attributable to the Parent Company and the value of the minority holding is determined in proportion to the investment held by third parties in the identifiable net assets of the investee.

The acquisition costs are expensed in the year and classified under administration expenses. When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. Any contingent consideration to be recognised is recorded by the purchaser at fair value at the acquisition date. The change in the fair value of the contingent consideration classified as an asset or liability, as a financial instrument which is subject to IFRS 9 financial instruments: recognition and measurement, must be recognised in the statement of profit or loss and comprehensive income. The goodwill is initially recorded at cost represented by the excess of the total consideration paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (gain) is recorded in the statement of profit or loss and comprehensive income. After initial recognition, goodwill is measured at cost less any loss in value. For the purpose of impairment testing, goodwill acquired in a business combination must be allocated, from the acquisition date, to each of the Group’s cash-generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units.

If the goodwill is allocated to a cash generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated with assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash-generating unit.

Where the business combination was undertaken in several steps, on the acquisition of control the previous holdings are remeasured at fair value and any difference (positive or negative) recorded in the statement of profit or loss and comprehensive income.

On the acquisition of minority holdings, after obtaining control, the positive difference between acquisition cost and book value of the minority holding acquired is recorded as a reduction of the net equity of the parent company. On the sale of holdings which do not result in the loss of control of the entity, however, the difference between the price received and the book value of the holding sold is recorded directly as an increase of the Shareholders' Equity, without recording through the statement of profit or loss and comprehensive income.

Consolidation scope

Information on subsidiaries:

The consolidated financial statements of the Group include:

Consolidation scope

Giglio Group S.p.A.	Italy	**Parent company**	
E-Commerce Outsourcing	Italy	**Subsidiary**	100%
Salotto di Brera	Italy	**Subsidiary**	100%
Giglio USA	USA	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
Giglio (Shanghai) Technology Company Limited	China	**Subsidiary**	100%
Meta Revolution S.r.l.	Italy	**Subsidiary**	51%
Media 360 HK Limited	HK	**Subsidiary**	100%

Companies consolidated under the line-by-line method:

Giglio Group S.p.A. (parent company)

Registered office Piazza Diaz No. 6, Milan and operational and administration offices Via dei Volsci No. 163, Rome – Share capital: € 4,394,000

More specifically, the Company operates in the e-commerce business line.

Ever since 20 March 2018, the Company was listed on the MTA Star market of the Italian Stock Exchange; since May 2023, however, the Company moved on to the MTA-Standard segment of the

Italian Stock Exchange with a floating capital of approximately 35%; the corporate structure is present on the website: www.giglio.org.

E-Commerce Outsourcing S.r.l.

Registered Office: Via Sesia 5, 20017 Rho (MI)

Share capital: € 700,000

The Company is one of the major suppliers of outsourced e-commerce services.

Salotto di Brera S.r.l.

Registered Office: Piazza Diaz, 6 | 20123 Milan

Share capital: € 1,000.000

The company is engaged in B2B supplies for fashion, food and jewellery goods for cruise ships and duty-free stores in ports, airports and NATO bases.

GIGLIO USA LLC

Registered office: One Wall Street, 6th Floor

BURLINGTON, MA 01803

REPRESENTATIVE OFFICE

111 West 19th Street (6th Floor)

10011 New York, NY USA

Share capital: € 18,000, held 100% by Giglio Group S.p.A.

The Company is active in the Fashion division for the US market.

IBOX SA

Registered Office: Galleria 1 Via Cantonale, 6928 Manno, Switzerland

Share capital: € 1,700,000

The company is an e-commerce service provider managing websites for major made in Italy fashion brands.

Giglio (Shanghai) Technology Limited Company

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 the company of the Group 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

Registered Office: 603 Shung Kwong Comm. Bldg

8 Des Vouex Road West'

Hong Kong

Share capital: € 11,000

The company, fully owned by Giglio TV HK Limited, was established in execution of the transfer agreement for the Media assets to Vertice 360.

Meta Revolution S.r.l.

Registered Office: Piazza Diaz 6

Milan, Italy

Share capital: € 120,000 subscirbed, of which 25% is paid.

The company's object is the development, production and marketing of high-tech, innovative products or services in the NFT sector.

Translation of financial statements in currencies other than the presentation currency

Translation of accounts in foreign currencies

The consolidated financial statements are presented in Euro, which is the Parent Company's functional currency. Each Group company decides the functional currency to be used to measure the accounts in the financial statements. The Group utilises the direct consolidation method; the gain or loss reclassified to the statement of profit or loss and comprehensive income on the sale of a foreign subsidiary represents the amount deriving from the use of this method.

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).

Group companies

At the reporting date, the assets and liabilities of the Group companies are translated into Euro at the exchange rate at that date, while revenues and costs included in the comprehensive income statement or separate income statement are translated at the exchange rate at the date of the transaction. The exchange differences from the translation are recorded in the comprehensive income statement. On the sale of a net investment in a foreign operation, the items in the comprehensive income statement relating to this foreign operation are recorded in the statement of profit or loss and comprehensive income.

The goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are recorded as assets and liabilities of the foreign operation and therefore are recorded in the functional currency of the foreign operation and translated at the exchange rate at the reporting date.

Fair value measurement

Currently, the Group does not have other financial instruments or any asset and liability measured at fair value, other than then the aforementioned assets of the media sector held for sale, of which detailed information are given in Note 34.

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 Group.

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 Group 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 Group 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

Except for that stated above, these Interim Condensed Consolidated Financial Statements were prepared according to the same accounting standards used for the preparation of the Giglio Group 2022 Consolidated Annual Financial Statements.

IFRS accounting standards/Interpretations approved by IASB and endorsed by the EU

The amendments in force ever since 1 January 2023, published by IASB and endorsed for adoption in the EU are as follows:

Description	Endorsement Date	Publication in OJEU	Effective Date Envisaged by the Accounting Standard	Effective Date for Giglio Group S.p.A.
Amendment to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021)	02 Mar 22	03 Mar 22	01 Jan 23	01 Jan 23
IFRS 17 “Insurance Contracts” (issued on 18 May 2017); including the amendments to IFRS 17 (issued on 25 June 2020)	19 Nov 21	23 Nov 21	01 Jan 23	01 Jan 23
Amendment to IFRS 17 “Insurance contracts” and IFRS 9 (issued on 9 December 2021)	08 Sept 22	09 Sept 22	01 Jan 23	01 Jan 23
Amendment to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	11 Aug 22	12 Aug 22	01 Jan 23	01 Jan 23
Amendment to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates” (issued on 12 February 2021)	02 Mar 22	03 Mar 22	01 Jan 23	01 Jan 23

The amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2: Disclosure of Accounting Policies are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

IFRS 17 “Insurance Contracts” is the new accounting standard relating to insurance contracts which covers recognition, measurement, presentation and disclosure and which will replace IFRS 4, issued in 2005. This standard applies to all types of insurance contracts regardless of the type of entity issuing them, as well as to some guarantees and financial instruments with discretionary participation characteristics.

Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction” provide for exceptions to the "initial recognition exemption" provided for by IAS 12.25 (b) and IAS 12.24. The new provision specifically impacts the calculation of taxes resulting from the "initial recognition".

The amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" allow entities to distinguish between accounting principles and accounting estimates, through the introduction of a new definition of "accounting estimates".

With reference to the principles and interpretations detailed above, the adoption did not lead to material impacts in the evaluation of the Group's assets, liabilities, costs and revenues.

Accounting standards and interpretations of future effectiveness

IFRS standards/Interpretations approved by the IASB and not endorsed in Europe. Below are the international accounting standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe as of 17 July 2023.

Description	Effective Date Envisaged by the Accounting Standard
Amendments to IAS 12 “Income Taxes: International Tax Reform – Pillar Two Model Rules” (issued on 23 May 2023)	Fiscal years starting on or from 01 Jan 23
Amendments to IAS 1: “Presentation of Financial Statements: Classification of liabilities as current or non-current”, “Classification of Liabilities as Current or Non-current – Deferral of Effective Date” and ‘’Non-current Liabilities with	

Covenants'' (issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively)	Fiscal years starting on or from 01 Jan 24
Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback" (issued on 22 September 2022)	Fiscal years starting on or from 01 Jan 24
Amendments to IAS 7 ''Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements'' (issued on 25 May 2023)	Fiscal years starting on or from 01 Jan 24

The amendments to IAS 12 introduced a temporary mandatory exception to the recognition of deferred taxes in relation to the global minimum top-up tax. Although these changes came into force immediately, they have not yet been approved by the European Union. The amendments to IAS 1 concern the definitions of current and non-current liabilities, and provide a more general approach to the classification of liabilities based on contractual arrangements. The amendments to IFRS 16 concern the definitions of liabilities deriving from the leaseback and the accounting of any gain or loss deriving from the transaction. The amendments to IAS 7 concern the publication of relevant information relating to Supplier Finance Arrangements transactions.

With reference to the principles and interpretations detailed above, the adoption is not expected to have material impacts on the measurement of the Group's assets, liabilities, costs and revenues.

Employment data

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

Workforce	30.06.2023	31.12.2022	Change
Executives	-	1	(1)
Managers	9	10	(1)
White-collar	51	49	2
Blue-collar	-	-	-
Others	-	-	-
Total	**60**	**60**	**-**

ACTIVITY

B) Non-current assets

1. Property, plant & equipment

Balance at 30.06.2023 216

Balance at 31.12.2022 205

The breakdown of assets of the Group is illustrated below:

Property, plant & equipment	Plant	Equipment	Furniture & fittings	EDP	Vehicles	Others	Total
Change in Acquisition Cost							
31 December 2022	**1,041**	**87**	**273**	**694**	**12**	**505**	**2,611**
Additions	-	-	58	-	-	-	58
Business Combinations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Exchange differences and Reclassifications	-	-	-	-	-	-	-
Decreases	-	(0)	-	-	-	-	(0)
Disposals	-	-	-	-	-	-	(0)
30 June 2023	**1,041**	**87**	**331**	**694**	**12**	**505**	**2,669**
Change in Amortisations							-
31 December 2022	**(1,033)**	**(84)**	**(245)**	**(537)**	**(10)**	**(496)**	**(2,406)**
Depreciations	(3)	(0)	(16)	(24)	-	(4)	(47)
Business Combinations	-	-	-	-	-	-	-
Decreases for Giglio TV deconsolidation	-						-
Decreases	-	0	-	-	-	-	0
Disposals	-	-	-	-	-	-	-
30 June 2023	**(1,036)**	**(85)**	**(261)**	**(561)**	**(10)**	**(501)**	**(2,454)**
Net Value as of 30 June 2023	**5**	**2**	**71**	**133**	**1**	**4**	**216**

As of 30 June 2023, the amortisations of Property, Plant and Equipment amount to € 47,000; moreover, increases for € 58,000 are recorded.

At the reporting date, the Company did not find any impairment indicator regarding the aforementioned Property, plant & equipment, which were included in the Net Invested Capital of the goodwill impairment test at TIER 1 (carried out in the Financial Statements as of 31 December 2022). For more information, see Note 4, "Goodwill".

2. Right-of-use assets

Balance at 30.06.2023 447

Balance at 31.12.2022 251

The breakdown of assets of the Group is illustrated below:

Right-of-use assets	Properties	Vehicles	Total
Change in Acquisition Cost			
31 December 2022	**698**	**199**	**898**
Business Combinations	-	-	-
Additions	-	-	-
Transfers	-	-	-
Increases for adoption of IFRS 16	344	-	344
Exchange rate differences and other changes	-	-	-
Decreases	-	-	-
Disposals	(179)	-	(179)
30 June 2023	**864**	**199**	**1,063**
Change in Amortisations			-
31 December 2022	**(562)**	**(85)**	**(647)**
Depreciations	(77)	(27)	(104)
Business Combinations	-	-	-
Transfers	-	-	-
Increases for adoption of IFRS 16	-	-	-
Exchange rate differences and other changes	-	-	-
Decreases	-	-	-
Disposals	135	-	135
30 June 2023	**(504)**	**(112)**	**(616)**
Net Value as of 30 June 2023	**360**	**87**	**447**

As of 30 June 2023, amortization of right-of-use assets amounted to € 104,000; furthermore, there were increases of € 344,000 due to the adoption of IFRS 16 and decreases of € 135,000.

As of 30 June 2023, no impairment indicators existed and consequently an impairment test was not carried out relating to the above-mentioned RoU assets.

3. Intangible assets

Balance at 30.06.2023 2,048

Balance at 31.12.2022 2,083

The following table shows the breakdown of intangible assets and the changes in the year:

Intangible Assets	Know-How	Development Activities	Other intangible assets	Total
Change in Acquisition Cost				
31 December 2022	**1,164**	**2,626**	**4,656**	**8,446**
Reclassification capitalised costs			-	-
Additions	-	50	363	413
Business Combinations	-	-	-	-
Transfers	-	-	-	-
Exchange differences and Reclassifications	-	(6)	2	(4)
Decreases	-	-	-	-
Disposals	-	-	-	-
30 June 2023	**1,164**	**2,669**	**5,022**	**8,855**
Change in Amortisations				
31 December 2022	**(714)**	**(1,259)**	**(4,390)**	**(6,362)**
Depreciations	(113)	(231)	(108)	(452)
Business Combinations	-	-	-	-
Transfers	-	-	-	-
Exchange differences and Reclassifications	-	-	-	-
Decreases	-	-	7	7
Disposals	-	-	-	-
30 June 2023	**(826)**	**(1,490)**	**(4,491)**	**(6,807)**
Net Value as of 30 June 2023	**338**	**1,180**	**530**	**2,048**

Other intangible fixed assets refer to trademarks, software and know-how.

As of 30 June 2023, there were increases of € 413,000 mainly relating to increases in development costs capitalized for € 240,000 in the half-year and for € 108,000 in previous years as ongoing fixed assets; these costs were incurred internally for the implementation and integration of the IT platforms on the subsidiary Salotto di Brera.

The development costs on the platforms have been amortised starting from 1 January 2020 and for six years on the basis of the assessed useful life for the developed platform (assessed via expert evaluation), while other intangible fixed assets will be amortised by using a 20% rate, since their reasonable useful life is assessed at 5 years.

In accordance with IAS 36, an assessment was made of any impairment indicators with regards to the procedure described in Note 4.

4. Goodwill

Balance at 30.06.2023 13,353
Balance at 31.12.2022 13,353

Goodwill includes:

- € 7,595,000 related to the goodwill arising from the acquisition of the Ibox Group in April 2017, net of the impairment write-down of € 0.7 million recorded on 31 December 2022;
- € 2,477,000 related to the goodwill arising from the acquisition of Giglio Fashion in April 2016, net of the impairment write-down of € 1.6 million recorded on 31 December 2020;
- € 2,281,000 relating to the acquisition of E-Commerce Outsourcing S.r.l. in October 2019.
- € 1,000,000 relating to the acquisition of Salotto di Brera in January 2021.

The Group undertakes an impairment test at least annually (on December 31 of each fiscal year) when circumstances indicate the possibility of a reduction in the recoverable value of the goodwill.
As of 31 December 2022, an impairment test was carried out in order to assess the goodwills' recoverability, as mentioned in the Financial Statements as of 31 December 2022. The test had a positive outcome.
With reference to the revenue trend, some slowdowns on activity volumes that occurred during the first half of 2023 must be noted, for some customers located in Eastern countries and for a new important contract signed in May 2023, whose orders were postponed to the second half of 2023; the effect of these slowdowns, compared to the 2023 budget, resulted in lower revenues for a total of € 4.8 million, while EBITDA increased by € 0.9 million following the signing of a contract for multimedia and television content digitization services worth € 1.9 million.

As of 30 June 2023, no trigger events calling for a new impairment tests occurred, taking into account that the Company believes that 2023's budget (as approved by the Directors) will be respected. The procedure resolved upon by the Directors provides for an annual performance of the impairment test should no trigger events occur.

5. Investments in joint ventures

Balance at 30.06.2023 0

Balance at 31.12.2022 5

The account amounted to € 0,000 as of 06 June 2023, considering that on 14 February 2023 the company Giglio Group S.p.A. transferred to Mrs. Anna Maria Lezzi the full ownership of the share of nominal € 5,100.00 equal to 51% of the share capital of the sold company Cloud Food S.r.l..
Following the admission to the composition with creditors procedure with decree dated 4 March 2021 and subsequent approval on 28 December 2021 of the company Acque Minerali Italiane (owner of a nominal share of €4,900.00 equal to 49% of the share capital), the same has received authorization for the transfer of its shareholding in Cloud Food S.r.l from the delegated judge in favour of Alessandro Giglio, or to persons to be indicated by the latter and who are identified as Anna Maria Lezzi and Lezzi Nikolic Sara, to whom shares of nominal value of €4,400.00 equal to 44% of the share capital of the transferred Company are respectively sold; in addition to transferring a nominal amount of € 500.00 equal to 5% of the share capital of the transferred Company.

6. Receivables and other non-current assets

Balance at 30.06.2023 261

Balance at 31.12.2022 242

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

Receivables and non-current assets	30.06.2023	31.12.2022	Change
Guarantee deposits	188	187	1
Others	73	55	18
Total	**261**	**242**	**19**

Guarantee deposits include deposits paid relating to rental contracts for the buildings at Milan and Rome with:

- Satif S.p.A. for the administrative offices at the Milan headquarters;
- Max Factory S.r.l. for the offices of the Rome headquarters.

The account “Other” mainly refers for € 44,000 to receivables from the shareholder Blockchain Accelerator S.r.l. for payments still due, relating to the company Metarevolution, net of eliminations of intercompany financial credits for € 46,000.

7. Deferred tax assets

Balance at 30.06.2023 1,050

Balance at 31.12.2022 1,016

The account, equal to € 1,050,000 as of 30 June 2023, refers mainly to the deferred taxes calculated on the tax losses of the Parent Company on 2017 (€ 514,000) and to the tax effect of the write-down of receivables (€ 105,000). It should be noted that, from a prudential perspective, in subsequent years the deferred tax assets have no longer been set aside in relation to the performance of the accounts; as regards to the balance set aside in previous years, in light of the company's industrial forecasts, the deferred tax assets are considered reabsorbable on the basis of emerging future taxable income.

8. Inventories

Balance at 30.06.2023 953

Balance at 31.12.2022 1,559

The inventories comprise finished products for sale.

As of 30 June 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 30 June 2023, no further provisions were made but rather part of the obsolescence provision was released, although not significant, as the risk of unsold items was considered not significant, also following the sale of almost all of Salotto di Brera's stock.

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 30.06.2023 12,053

Balance at 31.12.2022 10,134

The breakdown of the account is as follows:

Trade receivables	30.06.2023	31.12.2022	Change
Trade receivables	12,718	10,695	2,023
Advances to suppliers	773	890	(117)
Guarantee deposits	218	218	-
Other receivables	(2)	(1)	(1)
Provision for doubtful accounts	(1,655)	(1,668)	13
Total	**12,053**	**10,134**	**1,919**

The geographic breakdown of gross trade receivables at 30 June 2023 and 31 December 2022 are as follows:

(Euro thousands)	**Year ended at 30 June 2023**	**%**	**Year ended at 31 December 2022**	**%**
Europe	*8,987*	*84.09%*	*8,751*	*92.80%*
Asia	*5*	*0.05%*	*36*	*0.38%*
USA	*1,607*	*15.19%*	*630*	*6.68%*
Rest of the world	*72*	*0.68%*	*13*	*0.13%*
Total gross receivables	***10,581***	***100.0%***	***9,430***	***100.0%***
Provision for doubtful accounts	*-1,655*		*-1,668*	
Total gross receivables	***8,926***		***7,761***	

The ageing of the gross trade receivables as of 30 June 2023 and 31 December 2022 is shown below:

(Euro thousands)	**Year ended at 30 June 2023**	**%**	**Year ended at 31 December 2022**	**%**
> 120 days	*4,984*	*47.10%*	*3,398*	*36.04%*
90<> 120 days	*488*	*4.61%*	*768*	*8.14%*
60<> 90 days	*560*	*5.30%*	*-20*	*-0.21%*
30<> 60 days	*279*	*2.64%*	*186*	*1.97%*
0<> 30 days	*1,331*	*12.58%*	*194*	*2.06%*
Total overdue	***7,641***		***4,527***	
Not overdue	*2,940*	*27.78%*	*4,903*	*51.99%*
Total gross receivables	***10,581***	***100.0%***	***9,430***	***100.0%***

Provision for doubtful accounts	*-1,655*	*-1,668*
Inc. provision on overdue >90 days	*-33.21%*	*-49.09%*
Total	**8,926**	**7,761**

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

Provision for doubtful accounts (Euro thousand)	
31 December 2022 Balance	**1,668**
Provisions	-
Exchange differences	(1)
Utilisations	(13)
30 June 2023 Balance	**1,655**

As already highlighted in Note E. "Management of capital and financial risks on credit risk", the Group determines the doubtful debt provision 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, applying to each grouping a specific write-down percentage.
Further details on the applied methodology may be viewed in this section.

10. Financial receivables

Balance at 30.06.2023 2

Balance at 31.12.2022 2

The account included 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 and deferred tax assets

Balance at 30.06.2023 2,319

Balance at 31.12.2022 2,107

The breakdown of tax receivables is shown below:

Tax receivables	30.06.2023	31.12.2022	Change
IRES	109	109	-
IRAP	24	24	-
Withholding taxes	2	2	-
INPS	-	-	-
INAIL	1	1	-
VAT	1,934	1,778	155
Others	250	193	57
Total current tax receivables	**2,319**	**2,107**	**212**

The account includes all the tax receivables for payments on account or credits matured.

The change recorded in the semester is mainly ascribable to the settlement of the VAT accrued over the period.

12. Other assets and other current receivables

Balance at 30.06.2023 1,695

Balance at 31.12.2022 1,635

Other assets	30.06.2023	31.12.2022	Change
Other assets	16	21	(5)
Prepayments and accrued income	1,679	1,614	65
Total	**1,695**	**1,635**	**60**

Prepayments and accrued income mainly relate:

- The account "Prepayments and accrued income" mainly refers to the prepaid expenses relating to the fees for the use of the management software for € 1,120,000, which refer to the costs invoiced in advance but pertaining to the periods subsequent to the half-year at hand;

- The remainder refers to the costs for discounted services for the share not attributable to the Group.

13. Cash and cash equivalents

Balance at 30.06.2023 3,068

Balance at 31.12.2022 1,794

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

Cash and cash equivalents	30.06.2023	31.12.2022	Change
Bank and short-term deposits	3,058	1,787	1,271
Cash on hand	10	7	3
Total	**3,068**	**1,794**	**1,274**

The changes relate to ordinary operating events and refer to the changes illustrated in the statement of cash flow. As of 30 June 2023, following the release carried out in March 2023 on Salotto di Brera with Deutsche Bank, there are no restrictions on free availability and there are no presumable disinvestment costs.

LIABILITIES

14. Equity

The share capital at 30 June 2023 consists of 21,968,022 ordinary shares, without express nominal value.

Condensed Consolidated Statement of Changes in Equity

Description *(Euro thousands)*	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	Retained earnings	Net profit/(loss)	Group's Total	Third Parties	Consolidated Total
31 December 2021 Balance	**4,394**	**22,105**	**5**	**(10)**	**(24,167)**	**(4,623)**	**(2,296)**		**(2,296)**
Issue of share capital									-
Share premium reserve									-
Shareholders contributions to the corporate funds (or assets)									-
Retained earnings					(4,623)	4,623			-
IAS 19 Reserve		93					93		93
Exchange rate effect				17			17		17
Other changes		(7)	(1)		(43)		(51)	59	8
Group profit/(loss)						(2,078)	(2,078)	(16)	(2,094)
31 December 2022 Balance	**4,394**	**22,190**	**4**	**7**	**(28,833)**	**(2,078)**	**(4,317)**	**43**	**(4,274)**

Description *(Euro thousands)*	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	Retained earnings	Net profit/(loss)	Group's Total	Third Parties	Consolidated Total
31 December 2022 Balance	**4,394**	**22,190**	**4**	**7**	**(28,833)**	**(2,078)**	**(4,317)**	**43**	**(4,274)**
Issue of share capital									-
Share premium reserve									-
Shareholders contributions to the corporate funds (or assets)		474					474		474
Retained earnings					(2,078)	2,078			-
IAS 19 Reserve		(5)					(5)		(5)
Exchange rate effect				5			5		5
Other changes					123		123		123
Profit for the period						(26)	(26)	(4)	(30)
30 June 2023 Balance	**4,394**	**22,659**	**4**	**12**	**(30,788)**	**(26)**	**(3,746)**	**39**	**(3,707)**

The movements in the first half of 2023 related to:

- Allocation of the consolidated result as of 31 December 2022, equal to € -15.796.000;
- On 11 May 2023, the shareholder Meridiana Holding S.p.A. communicated to the Company the conversion of the shareholder loan already disbursed for € 472,000 into future capital increases;
- Recognition of exchange rate fluctuation equal to € 5,000;
- Other changes equal to € 123,000;
- Recognition of IAS reserve equal to € 5,000;
- Consolidated result for the period equals to € -30,000.

15. Provisions for risks and charges

Balance at 30.06.2023 0

Balance at 31.12.2022 0

16. Post-employment benefit provisions

Balance at 30.06.2023 381

Balance at 31.12.2022 365

As of 30 June 2023, the Post-employment benefit provision amounts to € 381,000, and its movements are as follows:

(Euro thousands)	
Post-employment benefit provision at 31.12.2022	**365**
Business Combinations	-
2023 Q1 provision	87
Advances/Util.	(49)
Actuarial gains (losses)	(15)
Net Interest	(7)
30 June 2023 Balance	**381**

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 2021 (source: ISTAT), divided by age and gender;
- probability of elimination for invalidity: zero;
- probability of assets' 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; with particular reference to Legislative Decree no. 4/2019, it has been set that in the period between 2019 and 2026, the minimum required contribution for gaining the right of early retirement is still that of 42 years and 10 months for men and 41 years and 10 months for women, as a result of the disapplication, in the aforementioned period, of the life expectancy adjustments. From 2027, this required contribution shall be adapted to the increase in life expectancy. It is worth noting that the qualifying seniority for retirement purposes was not recorded and, as such, some workers may accrue the minimum requirements in different times than the ones hypothesised above;
- annual inflation rate: 2.95% for 2023 H2 (5.9% on annual basis), 2.3% for 2024 and 2% for 2025 (source: *"2022 Economic and Finance Document" and its updated version on 6 April 2022*); from 2026 onwards, the annual rate of 2% was hypothesised;
- nominal annual salary increase rate for career development and contract renewals: equal to inflation 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 June 2023 of AA securities issued by corporate issuers in the Eurozone and based on the average residual duration of the Post-employment benefit at 30 June 2023; therefore, considering that the average residual duration of the liabilities was equal to 16 years, the annual nominal discount rate assumed in the valuation was 4% (4.2% at 31 December 2022).

The sensitivity analysis on the discount rate was applied by using a rate that was respectively lower and higher than 4% by half a percentage point. Valuation results based on the rate of 3.5% and 4.5% (Euro thousands) are shown in the table below:

(amount in €/000)	**Rate 3.5%**	**Rate 4.5%**
DBO	142.0	122.2

Moreover, it is noted that the same demographical hypotheses as of 31 December 2022 were adopted.

17. Deferred tax liabilities

Balance at 30.06.2023 108

Balance at 31.12.2022 141

As of 30 June 2023, the total payable amounted to € 108,000. This balance mainly includes the tax effect following the application of the PPA ex IFRS 3 on the acquisition of E-Commerce Outsourcing, which took place in October 2019.

18. Current and non-current financial liabilities

Balance at 30.06.2023 18,708

Balance at 31.12.2022 19,051

The financial liabilities are illustrated in the table below:

Financial payables	30.06.2023	31.12.2022	Change
Current	7,570	8,150	(579)
Non-current	11,137	10,901	236
Total	**18,708**	**19,051**	**(343)**

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

Current financial liabilities	**30.06.2023**	**31.12.2022**	**Change**
Loans (current portion)	4,904	4,533	371
Total current loans	**4,904**	**4,533**	**371**
Advances on invoices/Credit Lines	1,240	1,640	(400)
Bank overdrafts	526	447	79
Earn-out	-	-	-
Rental liabilities	162	62	100
EBB bond;	738	736	3
Payables towards related parties	-	732	(732)
Total	**7,570**	**8,150**	**(579)**

The current financial liabilities relate to:

- The short-term portion of unsecured loans;
- The self-liquidating credit lines as advances on invoices;
- EBB bond. 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 11 March 2020, EBB S.r.l., the bondholder, following the request received by Giglio Group S.p.A. to waive the contractual provisions of the bond issuing, resolved to authorise a suspension of the application of the thresholds for the financial covenants with regard to the Test Data (31.12.2019), with retroactive effect at 31 December 2019, since the company was not respecting to that date the parameters set forth in the same covenants.
- On 30 June 2020, EBB S.r.l., the bondholder, following the request received by Giglio Group S.p.A. to waive the contractual provisions of the bond issuing, resolved to authorise a suspension of the application of the thresholds for the financial covenants with regard to the Test Data of 30 June 2020 and 31 December 2020.
- As explained above, on 26 July 2021, the Company formalised with the bondholder the suspension of the application of the financial covenants' thresholds for which Meridiana Holding S.r.l. had issued indemnity and guarantee up to € 1,000,000, guarantee that is now suspended with regard to 30 June 2021 and 31 December 2021 Test Dates.
- 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;

- 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 was 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 agreed that the pledge does not imply the possibility of exercising voting rights.

- It is also noted that the effectiveness of the consent expressed was ratified following the acceptance of the letter of consent countersigned by Giglio Group S.p.A., sent on 29 June 2023.

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

Non-current financial liabilities	30.06.2023	31.12.2022	Change
Loans	8,208	7,693	516
EBB bond;	2,635	3,005	(370)
Rental liabilities	293	203	90
Payables towards related parties	-	-	-
Total	**11,137**	**10,901**	**236**

The non-current financial liabilities relate to:

- The long-term unsecured loans;
- BB bond.

Moreover, the financial liabilities also include those payables related to liabilities for operating leasing resulting from the application of the IFRS 16 accounting standard.

The following table summarises the loans of the Group as of 30 June 2023, and highlights the amounts due within and beyond one year:

Bank	Loan amount	Date of subscription	Expiration	Outstanding debt at 30/06/2023	0<>12 months	1 year<>2 years	2 year<>3 years	More than 3 years
INTESA								
Unsecured loan no. 0IC1047064869	1,000	28/06/2017	28/04/2024	177	177	0	0	0
CARIGE								
Loan no. F1227505707, MCC guarantee	550	30/11/2020	31/10/2026	459	135	137	140	47
Banca Popolare di Milano								
Loan no. 04838898 - MCC guarantee	2,000	23/11/2020	23/11/2026	1,268	361	369	378	160
UNICREDIT								
Loan no. 8406426/000	5,000	29/01/2020	30/04/2024	2,244	2,244	0	0	0
SACE BOND								
Loan no. I120C590730	5,000	10/04/2019	10/10/2027	3,374	738	745	752	1,138
TOTAL Giglio Group	**13,550**			**7,522**	**3,655**	**1,252**	**1,270**	**1,345**
Deutsche Bank								
Deutsche Bank passive loan	200	07/08/2020	07/08/2025	85	37	41	7	0
Deutsche Bank								
Deutsche Bank SME Trade Flow loan	150	02/03/2022	02/03/2023	0	0	0	0	0
Banca Popolare di Milano								
Banca Progetto loan	1,200	06/04/2022	31/03/2026	873	316	317	240	0
Banca Popolare di Milano								
SIMEST loan	150	29/06/2022	29/06/2027	113	38	38	38	0
Banco BPM								
Banca Progetto loan	1,000	10/03/2023	31/12/2030	960	132	124	138	575
Banco BPM								
Banca Progetto loan	2,500	10/03/2023	31/12/2026	2,315	651	655	676	332
TOTAL Salotto	**5,200**			**4,345**	**1,164**	**1,175**	**1,098**	**908**
BANCA INTESA								
Unsecured loan no. 06/100/23767 Banca Progetto	2,000	13/08/2021	31/08/2027	1,579	362	368	388	461
Banca Popolare di Milano								
Unsecured loan no. 06/100/29268 Banca Progetto	3,000	21/07/2022	30/06/2030	2,686	381	382	383	1,540

TOTAL E-Commerce	**5,000**			**4,265**	**743**	**750**	**771**	**2,001**
UBS								
Covid19 89E9W Loan	500	26/03/2020	30/09/2027	359	80	80	80	120
TOTAL Ibox SA	**500**			**359**	**80**	**80**	**80**	**120**
	Overall Total			**16,490**	**5,642**	**3,256**	**3,219**	**4,373**

19. Other liabilities

Other current liabilities

Balance at 30.06.2023 936

Balance at 31.12.2022 1,651

Other current liabilities	30.06.2023	31.12.2022	Change
Employee payables	265	207	58
Prepayments and accrued expenses	318	328	(11)
Other payables	353	1,115	(762)
Total	**936**	**1,651**	**(715)**

The account "Other payables" mainly includes the residual part of the debt relating to the settlement agreement with Vertice 360 following the recognition by Giglio S.p.A. of a debt totalling € 3 million, the repayment of which was envisaged in instalments with the payment of monthly amounts of € 196,666. As of 30 June 2023, as a result of failure to comply with the instalment plan, a debt of € 289,000 was accrued, which was partially paid for a total of € 119,000 in the months of July and August 2023; as for the residual debt of € 170,000 plus legal and ancillary expenses towards M-THREE SATCOM, a gentlemen's agreement was defined with the counterparty for a deferred payment in three instalments as follows:

- Payment by 30 August 2023 for € 56,000, plus legal and additional expenses;
- Payment by 30 September 2023 for € 56,000;
- Payment by 31 October 2023 for € 56,000;

The account "Accrued expenses" mainly refers to the deferral of revenues to be recognised in future periods.

Other non-current liabilities

Balance at 30.06.2023 2

Balance at 31.12.2022 76

Other non-current liabilities	30.06.2023	31.12.2022	Change
Other payables	2	76	(74)
Total	**2**	**76**	**(74)**

This account as of 31 December 2022 mainly included the instalment debt for the purchase of subsidiary Salotto di Brera S.r.l.. During the first half of 2023, the debt was extinguished following the payment of the last instalment.

20. Trade payables

Balance at 30.06.2023 13,300

Balance at 31.12.2022 11,957

Trade payables	30.06.2023	31.12.2022	Change
Customer advances	596	976	(380)
Supply of goods and services	12,625	10,831	1,795
Credit notes to be issued	79	151	(72)
Total	**13,300**	**11,957**	**1,343**

The increase in the account compared to 31 December 2022 is mainly attributable to the increase in payables to suppliers for supplies and services relating to the subsidiary IBOX.

The breakdown of trade payables is shown below:

(Euro thousands)	**Year ended at 30 June 2023**	**Year ended at 31 December 2022**
Trade payables	*13,300*	11,957
- of which overdue beyond 60 days	*4,475*	*4,898*
- % overdue payables on total	*33.60%*	*41.00%*

21. Tax payables

Balance at 30.06.2023 7,744

Balance at 31.12.2022 5,420

Tax payables	30.06.2023	31.12.2022	Change
Withholding taxes	555	377	177
VAT	701	289	412
Foreign VAT	5,659	4,066	1,594
Income taxes	519	467	58
Social security institutions	303	220	83
Total	**7,737**	**5,420**	**2,324**

Tax payables relate to:

- Withholding taxes and taxes related to the normal operating activities of the company for € 555,000 and € 526,000 respectively;
- VAT payables of € 701,000 accrued mainly by the parent company Giglio S.p.A. and to a lesser extent by the subsidiary Salotto di Brera, for which instalment plans of approximately 28% have already been defined;
- VAT debts accrued by the Ibox SA Group towards the foreign countries in which it carries out its business through specific tax representation, with respect to which the necessary checks have been initiated to proceed with the instalment requests with the competent offices for each country;
- Debts to social security and welfare institutions for € 303,000, for which instalment plans of approximately 50% have already been defined.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

22. Revenues from contracts with customers

The breakdown of revenues arising from the Group's agreements with clients and the changes compared to the previous year are shown below:

	30.06.2023	30.06.2022	Change
Revenues from contracts with customers	15,000	19,530	(4,530)
Other revenues	417	5	412
Total	**15,417**	**19,535**	**(4,118)**

Revenues from sales and services amounted to Euro 15 million compared to Euro 19.5 million as of 30 June 2022. In the first half of the year, there was a decrease in revenues from sales and services of € 4.5 million.

With reference to the revenue trend, some slowdowns on activity volumes that occurred during the first half of 2023 must be noted, for some customers located in Eastern countries and for a new important contract signed in May 2023, whose orders were postponed to the second half of 2023; the effect of these slowdowns, compared to the 2023 budget, resulted in lower revenues for a total of € 4.8 million, while EBITDA increased by € 0.9 million following the signing of a contract for multimedia and television content digitization services worth € 1.9 million.

23. Increases in assets due to own work

The increases in assets due to own work as of 30 June 2023 are already reviewed in the context of the dedicated Note regarding intangible fixed assets.

24. 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:

	30.06.2023	30.06.2022	Change
Costs of goods	6,826	10,263	(3,437)
Consumables	30	23	7
Total	**6,856**	**10,285**	**(3,430)**

The account includes the costs incurred by the B2B segments of Giglio Group and Salotto di Brera.

25. Service costs

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

	30.06.2023	30.06.2022	Change
Agents	1,685	1,547	138
Other service costs	164	60	103
Insurance	105	88	18
Bank, postal & collection commissions	304	346	(42)
Directors, statutory auditors and supervisory board fees	220	230	(10)
Consulting	944	1,427	(509)
Administrative costs	424	392	32
Customer service	87	116	(29)
Warehousing	211	256	(45)
Maintenance	1	12	(10)
Advertising, promotions, shows and fairs	88	9	80
Cleaning and surveillance	11	14	(4)
Transport & shipping	570	778	(208)
Utilities	130	130	(1)
Web marketing	93	-	119
Sales representatives	70	33	38
Total	**5,106**	**5,437**	**(331)**

Costs mainly refer to:

- The B2B division: transport and shipment service costs for € 0.1 million; warehousing costs for € 0.2 million and agents for € 0.2 million;

- The B2C division: agents costs for € 1.3 million, transport and shipping for € 0.5 million, bank commissions for € 0.2 million and customer services for € 0.1 million.

26. Rent, lease and similar costs

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

	30.06.2023	30.06.2022	Change
Rental	85	122	(37)
Hire	4	3	2
Operating leases	2	4	(2)
Total	**91**	**128**	**(37)**

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

27. Payroll expenses

The breakdown of payroll expenses is as follows:

	30.06.2023	30.06.2022	Change
Salaries and wages	1,230	1,535	(305)
Social security charges	375	422	(47)
Post-employment benefits	72	112	(40)
Total	**1,677**	**2,069**	**(392)**

The payroll expenses decreased by € 392,000 if compared to 30 June 2022 following the change in workforce which also varied in relation to the ongoing streamlining of structural costs.

28. Amortisation, depreciation & write-downs

The breakdown of the account is shown below:

Amortisation, depreciation & write-downs	30.06.2023	30.06.2022	Change
Amortisation intangible fixed assets	452	422	30
Amortisation tangible fixed assets	152	181	(30)
Write-downs (Revaluations)	1	(9)	9
Total	**604**	**594**	**9**

With regards to item "Amortisation", see Notes 1 ("Property, plant & equipment ") and 2 ("Intangible Assets") respectively.

29. Other operating costs

The breakdown of the account is shown below:

	30.06.2023	30.06.2022	Change
Other taxes	9	9	(0)
Other charges	30	47	(17)
Penalties and fines	137	28	109
Prior year charges	(11)	42	(53)
Losses on receivables	-	-	-
Total	**166**	**127**	**39**

The balance of other operating costs increased mainly as a result of the greater penalties recorded in the period on tax debts subject to instalments with the Treasury.

30. Financial income and charges

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

Financial income and charges	30.06.2023	30.06.2022	Change
Interest income on bank accounts	0	0	0
Incomes on transfer of securities	-	-	-
Other interest	4	0	4
Exchange gains	10	70	(60)
Financial income	**14**	**70**	**(56)**
Interests on current bank accounts	29	2	27
Other interests	14	44	(30)
Interests on invoice advances and factoring	4	35	(31)
Interests on mortgage loans	477	234	244
Interests on bond loans	77	102	(25)
Bank charges	40	46	(7)
SIMEST financial charges	-	-	-
IFRS 16 financial charges	6	8	-
Exchange losses	35	99	(63)
Financial charges	**682**	**570**	**113**
Total	**(669)**	**(500)**	**(169)**

The total of "Financial income and charges" as of 30 June 2023 is negative by € -660,000, with an € 169,000 deterioration if compared to the previous year. The reason is mainly attributable to the higher interest expense on mortgages and loans disbursed during the second half of the 2022 financial year and in the half-year up to 30 June 2023.

31. Income taxes

The breakdown of income taxes is as follows:

Income taxes	30.06.2023	30.06.2022	Change
Current taxes	(16)	(28)	12
Deferred taxes	96	43	54
Total	**80**	**15**	**65**

Current and deferred income taxes amount to € 80,000 (€ 15,000 as of 30 June 2022).

It is noted that the Parent Company Giglio Group, together with the subsidiaries E-Commerce Outsourcing and Salotto di Brera, exercised the option for the National Consolidated Tax Regime, pursuant to Art. 117 and 129 of the TUIR, as set forth in Presidential Decree no. 917 of 22 December 1986.

The breakdown of income taxes in the year are shown below:

	30.06.2023							
	Giglio Group	IBOX SA	Giglio USA	Meta	Media 360 HK	Giglio Shanghai	E-Commerce Outsourcing S.r.l.	Salotto di Brera
Pre-tax result	-1,024	1,550	29	-8	0	-31	-799	-117
Theoretical tax charge	0	-295	-10	0	0	0	0	0
Effective tax charge	-14	0	0	0	0	0	0	-2
Deferred taxes	17	0	0	0	0	0	30	17
Net result	-1,021	1,550	29	-8	0	-31	-769	-101
Theoretical tax rate	27.90%	19.00%	34.00%	16.50%	16.50%	34.00%	27.90%	27.90%
Effective tax rate	-1.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.88%

In accordance with the law, the remuneration payable to Directors and Statutory Auditors of the parent company Giglio Group S.p.A for H1 is indicated below.

Board of Directors (Euro thousand)	
A. Giglio	100
A. Lezzi	13
F. Gesualdi	13
S. Armella (until 08/07/2023)	13
C. Micchi	13
Total	**150**

Board of Statutory Auditors (Euro thousand)	
G. Mosci	19
L. Tacchino	16
M. Centore	16
Total	**51**

With regards to the remuneration allocated to directors or managers defined as related parties of the Company, see the Annual Report on the Remuneration Policy, drafted pursuant to Art. 123-ter of the CFA and to Art. 84-quater of the Issuers Regulation, which will be made available in accordance with the Law and the By-laws.

The fees of directors and statutory auditors do not include expenses.

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

The company undertook related-parties transactions (as per Article 2427, paragraph 2, of the Civil Code) in line with market conditions. Financial and operating transactions
with the subsidiaries and the related parties are illustrated in detail in the Note 35 below.

33. Commitments, guarantees and contingent liabilities

Guarantees

Mr. Alessandro Giglio, reference partner of the holding company Meridiana Holding S.r.l., has provided personal guarantees on some Loans held by the company as of 30 June 2023.

The details are shown below:

Entity	Guarantee Value	Residual amount guaranteed
B.POP Sondrio	900	189
B. POP Milano	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, 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 Group S.p.A. 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.

The attorney defending Giglio Group S.p.A. believes the positive outcome of the dispute to be possible and as such, the Company kept its debt provision at € 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.

34. Financial risk management - IFRS 7

The financial risks existing refer entirely to the parent company Giglio Group S.p.A., Ibox SA and to subsidiary Salotto di Brera S.r.l..

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 Note E. 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 Group 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 30 June 2023 is presented below.

		30.06.2023		31.12.2022	
Condensed Consolidated Statement of Financial Position (Euro thousands)		**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Non-current assets					
Investments in joint ventures	(5)	-	-	5	5
Receivables	(6)	261	261	242	242
Total non-current assets		**17,375**		**17,155**	
Current assets					
Financial receivables	(10)	2	2	2	2
Cash and cash equivalents	(13)	3,068	3,068	1,794	1,794
Total current assets		**20,091**		**17,232**	
Total Assets		**37,466**		**34,387**	
Non-current liabilities					
Financial payables (non-current portion)	(18)	11,137	11,137	10,901	10,901
Total non-current liabilities		**11,630**		**11,484**	
Current liabilities					
Financial payables	(18)	7,570	7,570	8,150	8,150
Total current liabilities		**29,543**		**27,177**	
Total liabilities and Equity		**37,466**		**34,387**	

Medium-term loan

The company reports at 30 June 2023 a net financial debt position of approx. € 15.6 million (for the calculation basis and the reconciliation of the data reference should be made to the specific table in the Directors' Report). The liabilities also include the debt for the "EBB Export Programme" bond issued in 2019, as well as the debts for medium/long-term unsecured bank loans.

The Issuer 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 applied only to the EBB Export Programme bond and, as indicated previously, have been suspended and replaced by a specific commitment by the parent company Meridiana Holding S.r.l.).

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 and/or of the companies of the Group, may have a negative impact on the economic, equity and/or financial situation of the company and of the Group.

Note 18 summarises the loans held by Giglio Group S.p.A and Salotto di Brera S.r.l..

It is also noted that, 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.

35. Transactions with subsidiaries and related parties

The Related Parties and their transactions for 2023 H1 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 at the reporting date 55.66% of its share capital. Moreover, the share capital of the same company is held at 99% by Alessandro Giglio (Chairman of the Board of Directors of the Company) and at 1% by his wife, Yue Zhao.
- Max Factory S.r.l. is a company fully controlled by Meridiana Holding S.r.l..

The following tables report the transactions and balances with Related Parties at 30 June 2023. The data indicated in the following tables are taken from the consolidated financial statements of the Issuer and/or from the general accounting data.

Related Party Transactions as of 30 June 2023									
		Trade receivables	Financial receivables	Trade payables	Financial payables	Sales revenues	Operating costs	Financial income	Financial charges
A	**Subsidiaries**	**899**	**605**	**6,556**	**1,148**	**8**	**729**	**-**	**-**
B	**Holding companies or subject to joint control**			399					8
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:**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Board of Statutory Auditors								
	Joint ventures								

Close Relatives								
Others				-			-	-
Total (A;B;C;D;E;F;G)	**899**	**605**	**6,955**	**1,148**	**8**	**729**	**-**	**8**

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	-	0	-	-	-	169	719
E-Commerce Outsourcing	2,978	-	-	2	-	-	1,565
Giglio USA	16	-	-	-	-	-	102
Giglio Shanghai	-	-	-	-	-	-	-
Salotto di Brera	3,483	-	-	-	-	349	-
IBOX SA	79	-	-	171	-	2,669	-

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	-	-	-	-	-	46	-

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	-	1	-	7	-	-	-
E-Commerce Outsourcing	-	1	-	290	-	327	134
Giglio USA	73	-	-	7	-	-	359
Giglio Shanghai	-	-	-	-	-	-	-
Salotto di Brera	-	-	-	-	-	-	-
IBOX SA	656	-	-	-	-	-	-

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

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, expired on 31 December 2021, for which Max Factory gave its consent to be used without further payment from 01 January 2022 to 31 December 2023;
  - Rome offices: Via dei Volsci for a total annual cost of € 144,000 whose sublease contract is established with effect from 01 January 2023 and ending on 31 December 2023 and will be automatically renewed from year to year, in the absence of a cancellation to be sent at least three months before the deadline.
- Meridiana Holding S.r.l. financed to the Group. As of 30 June 2022, the total payable amounted to € 0.7 million. On 10 September 2021, the Company reached an agreement with Meridiana Holding S.r.l. for the reimbursement in one single instalment of the funding granted by the latter to the former by 31 January 2023, while Giglio Group S.p.A. shall have to pay,

starting from 30 September 2021 and until 31 January 2023, the interests accrued monthly. The agreement is aimed at allowing the Company to complete its corporate reorganisation plan, thus postponing to 31 January 2023 the reimbursement cash flows previously set between September 2021 and September 2022. The Company is currently negotiating with its majority shareholder for a conversion of the debt from USD to EUR and for a reimbursement agreement based on three instalments of equal value, the first expiring on 31 January 2023 and the others on 31 July 2023 and 31 January 2024.

On 11 May 2023, the shareholder Meridiana Holding S.p.A. communicated to the Company the decision to convert the shareholder loan of remaining € 472,000 into an account for future capital increases; the conversion is recorded in the Company's accounts on the same date.

36. Dividends

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.

39. Information pursuant to Consob Motion No. 15519 of July 27, 2006

Condensed Consolidated Statement of Financial Position (Euro thousands)		30.06.2023	of which related parties	31.12.2022	of which related parties
Non-current assets					
Property, plant & equipment	(1)	216		205	
Right-of-use assets	(2)	447		251	
Intangible assets	(3)	2,048		2,083	
Goodwill	(4)	13,353		13,353	
Investments in joint ventures	(5)	-		5	
Receivables	(6)	261		242	
Deferred tax assets	(7)	1,050		1,016	
Total non-current assets		**17,375**	**-**	**17,155**	**-**

Current assets					
Inventories	(8)	953		1,559	
Trade receivables	(9)	12,053		10,134	-
Financial receivables	(10)	2		2	
Tax receivables and deferred tax assets	(11)	2,319		2,107	
Other assets	(12)	1,695		1,635	
Cash and cash equivalents	(13)	3,068		1,794	
Total current assets		**20,091**	**-**	**17,232**	**-**
Total Assets		**37,466**	**-**	**34,387**	**-**
Equity	(14)				
Issued capital		4,394		4,394	
Reserves		22,659		22,190	
FTA Reserve		4		4	
Retained earnings		(30,788)		(28,833)	
Foreign Currency Translation reserves		12		7	
Net profit/(loss)		(26)		(2,078)	
Total Group Equity		**(3,746)**	**-**	**(4,317)**	**-**
Minority interest in equity		39		43	
Total Net Equity		**(3,707)**	**-**	**(4,274)**	**-**
Non-current liabilities					
Provisions for risks and charges	(15)	-		-	
Post-employment benefit funds	(16)	382		365	
Deferred tax liabilities	(17)	109		141	
Financial payables (non-current portion)	(18)	11,137		10,901	624
Other non-current liabilities	(19)	2		76	
Total non-current liabilities		**11,630**	**-**	**11,484**	**624**
Current liabilities					
Trade payables	(20)	13,300	399	11,957	
Financial payables (current portion)	(18)	7,570		8,150	
Tax payables	(21)	7,737		5,420	
Other liabilities	(19)	936		1,651	
Total current liabilities		**29,543**	**399**	**27,187**	**-**
Total liabilities and Equity		**37,466**	**399**	**34,387**	**624**

Condensed Consolidated Statement of Profit or Loss (Euro thousands)		30.06.2023	of which related parties	30.06.2022	of which related parties
Total revenues from contracts with customers	(22)	**15,000**		**19,530**	
Other revenues	(22)	417		5	
Capitalised costs	(23)	291		100	
Change in inventories		(651)		(761)	
Purchase of raw materials, ancillary, consumables and goods	(24)	(6,856)		(10,285)	
Service costs	(25)	(5,106)		(5,437)	
Operating costs	(26)	(91)		(128)	
Operating costs		**(12,053)**	**0**	**(15,850)**	**0**
Salaries and wages	(27)	(1,230)		(1,535)	
Social security charges	(27)	(375)		(422)	
Post-employment benefits	(27)	(72)		(112)	
Payroll expenses		**(1,677)**	**0**	**(2,069)**	**0**
Amortisation	(28)	(452)		(422)	
Depreciation	(28)	(152)		(181)	
Write-downs	(28)	(1)		9	
Amortisation, depreciation & write-downs		**(604)**	**0**	**(594)**	**0**
Other operating costs	(29)	(166)		(127)	
Operating profit		558	**0**	**233**	**0**
Financial income	(30)	14	0	70	14
Net financial charges	(30)	(682)	*(8)*	(570)	*(54)*
Profit before taxes		**(110)**	**(8)**	**(267)**	**(40)**
Income taxes	(31)	80		15	
Profit for the period		**(30)**	**(8)**	**(252)**	**(40)**
Of which minority interest		**(4)**		**4**	
Basic and diluted profit from continuing operations		**(0.0014)**		**(0.0115)**	
Profit per share – basic and diluted		**(0.0014)**		**(0.0118)**	

40. Valuation of Going Concern

The Interim Condensed Consolidated Financial Statements as of 30 June 2023 were closed with a loss of € 30,400 (of which € 4,000 attributable to minority interests), which led to a net equity of € -3,746,000 (of which € 43,000 attributable to minority interests). It is noted that the EBITDA as of 30 June 2023 amounts to € 1,153,000, against the figure of the previous year (€ 830,000).

The Group's net financial debt as of 30 June 2023 amounts to € 15,644,000 (€ 17,331,000 as of 31 December 2022) and there are significant amounts of overdue tax, social security and commercial debts. Therefore, at the date of presentation of these Interim Consolidated Financial Statements, the Group is in a situation of financial tension due to the excessive degree of short-term debt and the final trends which, although highlighting a slight improvement in margins in the half-year, continue to close with negative net results.

During 2023, the Board of Directors sought 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, on 30 March 2023, the Directors approved the new Industrial Plan 2023-2027, basing the assessments on the linear increase in revenues, with the forecast of profitability (EBITDA to Revenues ratio) sustainable in the long term, the impact of which was estimated to be higher than 13% in the last year of the plan and on the capital increase of the minimum amount of € 2 million.

Significant deviations between the Plan's expected figures and the final figures obtained as of 30 June 2023 are highlighted below:

	Plan	**Final figures as of 30 June 2023**
EBITDA	257	1,153
Revenues	20,517	15,708

With reference to the revenue trend, some slowdowns that occurred during the first half of 2023 must be noted, for some customers located in Eastern countries and for a new important contract signed in May 2023, whose orders were postponed to the second half of 2023; the effect of these slowdowns, compared to the 2023 budget, resulted in lower revenues for a total of € 4.8 million and an EBITDA increase of € 0.9 million influenced by the signing of a contract for multimedia and television content digitization services worth € 1.9 million.

The Directors, having taken note of the deviations from the provisions of the new Industrial Plan 2023-2027 approved on 30 March 2023, have taken steps to update as at 30 June 2023 the assessment of business continuity and the measurement of the financial requirement expected for the following 12 months compared to what is foreseen in the Industrial Plan.

Following the final figures as of 30 June 2023, the Directors highlight the activities implemented to allow the Group to operate as a going concern, namely:

1. The negotiation occurred with banking institutes in order to support the working capital required to foster the e-commerce business and its distribution of fashion goods, as demonstrated by the activation of several financing agreements both in 2022 and in the beginning of 2023. For this purpose, it is noted that, on 2023 Q1, the subsidiary Salotto di Brera S.r.l. subscribed two financing agreement of € 2.5 million and € 1 million respectively with Banca Progetto, upon the issue of the guarantee from SACE, thus confirming the reliability towards leading credit institutions. Furthermore, on 9 June 2023, a loan contract with Simest guarantee was stipulated for the subsidiary E-Commerce Outsourcing amounting to a total of € 520 thousand, of which € 130 thousand was non-repayable. The first tranche of the loan for € 260,000 was collected on 13 July 2023. The Industrial Plan 2023/2027 takes into account the increased interest rates on payables to credit institutions compared to the contractual rates recorded in the year ended 31 December 2022;

2. The agreement reached with the shareholder Meridiana Holding S.p.A.. of 11 May 2023, through which the residual debt relating to the loans disbursed for € 472,000 were converted into account for future capital increases;

3. 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.

4. The commitment of the parent company Meridiana to guarantee the capital increase in the minimum amount of € 3 million and, therefore, in an amount exceeding € 1 million than that defined for the purposes of the Industrial Plan 2023-2027; reference is made to what was reported in the minutes of the Board of Director' Meeting of 15 December 2021, whose agenda reported that "*A delegation for increases in kind is currently still open, exercisable for five years from the date of the resolution which allows the administrative body to increase the company's share capital for a maximum amount of € 366,133.70 (10% of the then existing capital) in addition to the premium. To this, a proxy for simplified increases up to 10% of the existing capital as of today shall be available, pursuant to Art. 2441, par. 4, second sentence, that is, also a wider proxy with ordinary procedure*." Moreover, it is noted that, with regard to the capital increase of the Parent Company Giglio Group S.p.A., the Board of Directors held on 14 September 2022 vested the Chairman with the power to carry out all preparatory activities needed to execute said capital increase. The share capital increase can be carried out in the last quarter of 2023, as foreseen in the 2023-2027 budget/plan approved by the directors. As of 12 September 2023, some expressions of interest had been received for a total of € 4.9 million, of which two, of a binding nature, were received from related parties for € 1.4 million. Such expressions of interest received from third parties are subject to the successful completion of accounting and management due diligence, as well as verification of the conditions, timing and issue price of the new shares. As already indicated, the parent company Meridiana has confirmed its commitment to guaranteeing the capital increase to the minimum extent of € 3 million, taking into account that the expressions of interest received from third parties may not materialize or may materialize to a lesser extent than the quota of € 3 million.

5. The commitment of the shareholder Meridiana Holding S.p.A. to guarantee the necessary liquidity to support the Industrial Plan 2023/2027, with particular reference to the fulfilment of the commitments foreseen for the 2024 financial year.

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 Group and its ability to generate cash flows necessary to guarantee the continuity of the Group, 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, expressed as commercial growth of 10% of the revenues of the B2B division and organic and commercial growth of 9% on revenues and 6% on the GMV of the B2C division;
- The presence of high short-term debt and performance below expectations of the companies within the consolidation scope;
- The completion of the capital increase that the shareholder Meridiana has undertaken to guarantee for the minimum amount of € 3 million, but which, as indicated below, could be carried out in a higher amount, up to € 4.9 million, if the subjects who expressed interest should participate.
- The effective support from the shareholder Meridiana Holding S.p.A., which has undertaken to guarantee the necessary liquidity with particular reference to the fulfilment of the commitments foreseen for the 2024 financial year.

In light of the above, the Board believes that the possibility for the Company and the Group to continue its operations for the foreseeable future is necessarily linked, in addition to the maintenance of existing credit lines, to the timely procurement of the financial resources previously described necessary to cover the financial needs in the short term, as well as the achievement of the operational and financial targets envisaged in the Industrial Plan.

Despite the presence of 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 Interim Consolidated Financial Statements as of 30 June 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 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.

Certification of the Interim Condensed Consolidated Financial Statements as of 30 June 2023 pursuant to Art. 154-bis of Legislative Decree no. 58 of 24 February 1998.

1. The undersigned Alessandro Giglio, as Chief Executive Officer, and Carlo Micchi, as Executive Officer for Financial Reporting of Giglio Group S.p.A., affirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998:

   - the consistency in relation to the characteristics of the company;
   - the effective application of the administrative and accounting procedures for the drawing up of the Interim Condensed Consolidated Financial Statements as of 30 June 2023.

2. In this context the following key factors are reported:

   - The assessment of the adequacy and effective application of the administrative and accounting procedures has been carried out in a context of structural change, following the completion of the procedure of expansions of the management reporting mechanism to all of the Group's subsidiaries. Moreover, the Company is completing both the standardisation of the management reporting processes and the adjustment the administrative, accounting and management reporting systems, along with the relevant procedures in line with the new application platform. Hence, the review had to take into account the ongoing changes in the structure and organisational chart of the Company;

   - the adequacy of the administrative and accounting procedures for the drafting of the Interim Condensed Consolidated Financial Statements was assessed on the basis of the methodological regulations defined in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission.

   - By virtue of the transformation of the organizational structure and the reports' extension process to the Group's subsidiaries, the Company has adopted a remediation plan for the updating/amendment of some corporate procedures and has provided for an action plan for their implementation on strategic subsidiaries.

   - Pending the complete implementation of the aforementioned plan, compensating control procedures on companies within the Group have been established, by virtue of which no relevant economic-equity impacts were identified on the declarations made in the Interim Condensed Consolidated Financial Statements as of 30 June 2023. Moreover, it is noted that, on the basis of the activities carried out, a better formalisation of the controls carried out is required.

3. Furthermore, it is noted that:

3.1 The Interim Condensed Consolidated Financial Statements as of 30 June 2023:

- was prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- was prepared in accordance with the Commission Delegated Regulation (EU) 2019/815 as amended;
- Correspond to the underlying accounting documents and records;
- Provide a true and fair view of the financial position, financial performance and cash flows of the issuer and of the other companies in the consolidation scope.

3.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

12 September 2023

The Chief Executive Officer
Alessandro Giglio

The Financial Reporting Officer
Carlo Micchi

Nexia Audirevi Audit & Assurance

GIGLIO GROUP S.p.A.

Limited Audit Report on the Interim Condensed Consolidated Financial Statements as of 30 June 2023

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Limited Audit Report on the Interim Condensed Consolidated Financial Statements as of 30 June 2023

To the Shareholders of

Giglio Group S.p.A.

Limited Audit Report on the Interim Condensed Consolidated Financial Statements

Introduction

We carried out the limited audit of the attached Interim Condensed Consolidated Financial Statements, consisting of the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Profit or Loss and Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flow and the related Explanatory Notes of Giglio Group S.p.A. and its subsidiaries (the "Group") as of 30 June 2023.

The Directors are responsible for the preparation of the Interim Condensed Consolidated Financial Statements in compliance with the international accounting standard applicable for interim financial reporting (IAS 34) adopted by the European Union.

È Our responsibility is to express a conclusion on the Interim Condensed Consolidated Financial Statements based on the limited audit carried out.

Scope of limited audit

Our work was carried out according to the criteria for limited auditing recommended by Consob with Resolution no. 10867 of 31 July 1997. The limited audit of the Interim Condensed Consolidated Financial Statements consists of carrying out interviews, mainly with the company personnel responsible for the financial and accounting aspects,the financial statement's analysis and other limited audit procedures. The scope of a limited audit is substantially lower than that of a full audit carried out in accordance with the International Standards on Auditing (ISA Italia) and, consequently, does not allow us to be sure that we have become aware of all the significant facts that could be identified by carrying out a full audit. Therefore, we do not express an opinion on the Interim Condensed Consolidated Financial Statements as of 30 June 2023

Conclusions

Based on the limited audit carried out, no elements have come to our attention that would lead us to believe that the Interim Condensed Consolidated Financial Statements of Giglio Group S.p.A. as of 30 June 2023 have not been prepared, in all material respects, in compliance with the applicable international accounting standard for interim financial reporting (IAS 34) adopted by the European Union.

Other aspects

The Consolidated Financial Statements for the financial year ended on 31 December 2022 and the Interim Condensed Consolidated Financial Statements for the period ended on 30 June 2022 were respectively subjected to audit and limited audit by another auditor who, on 2 May 2023, expressed a declaration of impossibility to express an opinion on the Consolidated Financial Statements and, on 27 September 2022, expressed conclusions without modification on the Interim Condensed Consolidated Financial Statements.

Information request

We draw attention to the paragraph "Assessment of business continuity" of the explanatory notes to the Interim Condensed Consolidated Financial Statements as of 30 June 2023, in which the Directors inform about the results for the period which highlight a loss for the period of € 30,400, a negative net equity of € 3,746,000 and the Group's net financial debt of € 15,640,000, with overdue tax, social security and commercial debts of significant amounts.

In this context, the Directors inform about the significant deviations between the data envisaged by the 2023-2027 Plan, specifying that, with reference to the revenue trend, these were due to slowdowns that occurred during the first half of 2023, for some customers located in Eastern countries and for a new important contract signed in May 2023, whose orders were postponed to the second half of 2023; the effect of these slowdowns, compared to the 2023 budget, resulted in lower revenues for a total of € 4.8 million and an EBITDA increase of € 0.9 million influenced by the signing of a contract for multimedia and television content digitization services worth € 1.9 million.

The Directors, having taken note of the deviations from the estimates of the 2023-2027 Industrial Plan (approved on 30 March 2023), have updated to 30 June 2023 the 2023 budget and their assessment of business continuity, as well as the measurement of the financial needs expected for the following 12 months compared to what is foreseen in the Industrial Plan, adopting possible financial and industrial solutions, some already implemented, to place the Company in a situation of economic solidity capable of maintaining continuity over time corporate, that is:

1. The negotiation occurred with banking institutes in order to support the working capital required to foster the e-commerce business and its distribution of fashion goods, as demonstrated by the activation of several financing agreements both in 2022 and in the beginning of 2023. For this purpose, it is noted that, on 2023 Q1, the subsidiary Salotto di Brera S.r.l. subscribed two financing agreement of € 2.5 million and € 1 million respectively with Banca Progetto, upon the issue of the guarantee from SACE, thus confirming the reliability towards leading credit institutions. Furthermore, on 9 June 2023, a loan contract with Simest guarantee was stipulated for the subsidiary E-Commerce Outsourcing amounting to a total of € 520 thousand, of which € 130 thousand was non-repayable. The first tranche of the loan for € 260,000 was collected on 13 July 2023. The Industrial Plan 2023/2027 takes into account the increased interest rates on payables to credit institutions compared to the contractual rates recorded in the year ended 31 December 2022;

2. The agreement reached with the shareholder Meridiana Holding S.p.A.. of 11 May 2023, through which the residual debt relating to the loan disbursed for € 472,000 was converted into account for future capital increases;

3. The attainment, on 28 June 2023, by SACE, as guarantor of the bond loan, of the consent from the bond holder EBB S.r.l. to issue the waiver; the effectiveness of the expressed consent was ratified following the receipt of acceptance of the consent letter countersigned by Giglio Group S.p.A., sent by the Company on 29 June 2023;

4. The commitment of the parent company Meridiana Holding S.p.A. to guarantee the capital increase in the minimum amount of € 3 million and, therefore, in an amount higher by € 1 million than that defined for the purposes of the 2023-2027 Industrial Plan (€ 2 million). Moreover, to this regard, the Directors note that, with regard to the capital increase of the Parent Company Giglio Group S.p.A., the Board of Directors held on 14 September 2022 vested the Chairman with the power to carry out all preparatory activities needed to execute said capital increase. The share capital increase can be carried out in the last quarter of 2023, as foreseen in the 2023-2027 Industrial Plan approved by the Directors on 30 March 2023. As of 12 September 2023, some expressions of interest had been received for a total of € 4.9 million, of which two, of a binding nature, were received from related parties for € 1.4 million. Such expressions of interest received from third parties are subject to the successful completion of accounting and management due diligence, as well as verification of the conditions, timing and issue price of the new shares. Moreover, the parent company Meridiana Holding S.p.A. has confirmed its commitment to guaranteeing the capital increase to the minimum extent of € 3 million, taking into account that the expressions of interest received from third parties may not materialize or may materialize to a lesser extent than the quota of € 3 million.

5. The commitment of the shareholder Meridiana Holding S.p.A. to guarantee the necessary liquidity to support the Industrial Plan 2023/2027, with particular reference to the fulfilment of the commitments foreseen for the 2024 financial year.

The Directors also highlight the elements of uncertainty and risk that remain, specifying that they are linked to:

- The full realization of the objectives of the Industrial Plan, which provides for the medium-term economic/financial rebalancing of the Group and its ability to generate cash flows necessary to guarantee the continuity of the Group, 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, expressed as commercial growth of 10% of the revenues of the B2B division and organic and commercial growth of 9% on revenues and 6% on the GMV of the B2C division;
- The presence of high short-term debt and performance below expectations of the companies within the consolidation scope;
- The completion of the capital increase that the shareholder Meridiana Holding S.p.A. has undertaken to guarantee for the minimum amount of € 3 million, but which, as indicated below, could be carried out in a higher amount, up to € 4.9 million, if the subjects who expressed interest should participate;
- The effective support from the shareholder Meridiana Holding S.p.A., which has undertaken to guarantee the necessary liquidity with particular reference to the fulfilment of the commitments foreseen for financial year 2024.

In light of the above, the Directors believe that the possibility for the Company and the Group to continue its operations for the foreseeable future is necessarily linked, in addition to the maintenance of existing credit lines, to the timely procurement of the financial resources previously described necessary to cover the financial needs in the short term, as well as the achievement of the operational and financial targets envisaged in the Industrial Plan.

As a further note of caution, the Directors, aware of the inherent limits of their assessment, declare that they 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.

In the aforementioned paragraph, the Directors therefore provide exhaustive information on the capital and financial deficit situation, the main assumptions used to estimate the expected cash flow as well as the Directors' considerations on the adoption of the going concern assumption in the preparation of the Interim Condensed Consolidated Financial Statements, despite the presence of uncertainties, represented by the Directors themselves, regarding the achievement of the economic and financial objectives envisaged by the 2023-2027 Industrial Plan ("the Plan"), the possible incomplete realization of which, even of individual targets or actions, would lead to a consequent reduction in the overall plan result. In particular, the Directors, despite the presence of the uncertainties described, consider themselves confident in the implementation of the actions and assumptions included in the Plan and believe that the actions undertaken and to be undertaken are sufficient to satisfy the expected financial needs as well as to achieve the economic results envisaged in the Plan, having, among others, the reasonable expectation that the Group can rely on adequate resources for the continuation of the activity for a period of at least 12 months from the date of approval of the Interim Condensed Consolidated Financial Statements.

Our conclusions do not highlight any irregularity in relation to this aspect.

Milan, 27 September 2023

Audirevi S.p.A.

Antonio Cocco
Partner – Statutory Auditor