

GIGLIO GROUP S.p.A.

Financial Statements as of 31 December 2023
Independent Auditors' Report
pursuant to Art. 14 of Legislative Decree no. 39 of 27 January 2010 and Art. 6 of EU
Regulation no. 537/2014.

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To the Shareholders of

Giglio Group S.p.A.

Report on the Audit of the Financial Statements

Opinion

We carried out the audit of the Annual Financial Statements of Giglio Group S.p.A. (the Company) consisting of the Statement of Financial Position as of 31 December 2023, the Statement of Profit or Loss and Comprehensive Income, the Statement of Cashflow, the Statement of Changes in Equity and the Explanatory Notes to the Financial Statements, which include relevant information on the accounting principles applied.

It is our belief that the Financial Statements provide a true and correct representation of the equity and financial situation, of the economic result and of the cash flows of the Company as of 31 December 2023 in accordance with the International Financial Reporting Standards adopted by the European Union.

Elements underlying the opinion

We carried out the audit in accordance with international auditing standards (ISA Italia). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of this report. We are independent with respect to the Company, in compliance with the rules and principles regarding ethics and independence applicable in Italian law to the audit of the financial statements. We believe we have acquired sufficient and appropriate audit evidence on which to base our opinion.

Significant uncertainties relating to business continuity

We draw attention to the information provided by the Directors in the paragraph "*Predictable outlook and assessment of business continuity*" of the management report and in paragraph "*40. Business continuity*" of the Explanatory Notes to the Financial Statements, in which they note that in 2023 Giglio Group S.p.A. recorded losses for € 3,946,000, which led to a net equity of € 1,377,000.

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

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

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

Furthermore, in April 2024, the Company started a process aimed at collecting new financial resources and defining an agreement with credit institutions for the request of standstill clauses from the financing banks making use of a primary consultancy firm and a legal advisor.

Finally, it is noted that, on the basis of the above, on 4 June 2024, the Directors approved the new 2024-2028 Industrial Plan, basing the assessments on the successful outcome of the aforementioned transactions, as well as on the linear increase in revenues, with forecast of sustainable profitability (EBITDA/Revenue ratio) in the long term.

With regard to the revenue trend, the Company has noted some slowdowns that occurred during 2023 due to the difficulties generated by geopolitical tensions in Eastern countries and the near Middle East, but also due to a new important agreement subscribed in May 2023, whose exclusive sales operations of products for train travellers has been postponed to the second half of June 2024.

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

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

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

2. The conclusion, on 20 December 2023, of the private placement of no. 11,298,741 ordinary newly-issued shares without nominal value, at a price of € 0.442527173 per share, for an overall countervalue of € 5 million.

The value of the capital increase, fully subscribed, is therefore equal to € 5 million,

with no. 4,393,604 shares issued with the same ISIN as the outstanding ones, destined for immediate admission to listing and no. 6,905,137 with different ISIN, not intended for immediate admission to listing.

Following the capital increase, Ibox SA, the only member who is not a related party, subscribed at the price indicated above no. 2,937,672 shares for a value of € 1.3 million, equal to 26% of the capital increase through the compensation of its liquid and collectable receivables towards the Company. Meridiana Holding

S.p.A. subscribed no. 6,779,245 shares for a value of € 3 million, equal to 60% of the capital increase, of which € 2,528,000 in cash, which have already been transferred into the Company's coffers and € 472,000 through compensation of its liquid and collectable receivables towards the Company; Luxury Cloud S.r.l. subscribed no. 1,581,823 shares for a value of € 700,000, equal to 14% of the capital increase, paid in cash, which have already been transferred into the Company's coffers.

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

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

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

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

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

Despite the presence of significant uncertainties linked to the current financial situation, the amount of overdue debts and the actual feasibility of the forecasts of the Industrial Plan, the Directors of the Company considered it reasonable to adopt the assumption of business continuity in preparation of the Financial Statements as of 31 December 2023.

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

It should be considered that if the aforementioned critical issues were to emerge, the Board of Directors would be forced to review the continuity assumption and to carry out subsequent checks, assessments and in-depth analyses in order to guarantee the recovery of the value of the tangible and intangible assets recorded in the Financial Statements as of 31 December 2023, which could be subject to significant further write-downs as a result of the possible loss of the business continuity assumption, as well as any greater provisions for contingent liabilities. For the purpose of our opinion, no irregularities were found with reference to the above.

Our audit procedures included, among other things:

- Discussion with Management regarding the assessment made by the Directors for the business continuity of the Company, as well as on events and circumstances which, considered individually or as a whole, may give rise to significant doubts about the ability of the Company to continue to operate as a going concern;
- Meetings and discussions with members of the Board of Statutory Auditors;
- Understanding and analysis of the economic and financial projections relating to the foreseeable future included in the 2024-2028 Industrial Plan;
- Analysis of the seniority of tax, commercial and social security debts;
- Reading of the minutes of the meetings of the corporate bodies;
- Analysis of events that occurred after the Financial Statements' reference date;
- Analysis of the documentation underlying the process started by the Company in April 2024, aimed at collecting new financial resources connected to the definition of an agreement with the Credit Institutions for the standstill request to the financing banks with the help of a primary consultancy firm and a legal advisor;
- Examination of the adequacy of the financial statement information relating to the assumption of business continuity.

Key aspects of auditing

The key aspects of the audit are those aspects which, in our professional opinion, were most significant in the context of the audit of the financial statements in question. These aspects were addressed by us as part of the audit and in forming our conclusions on the financial statements as a whole; therefore, we do not express a separate opinion on these aspects.

In addition to what is described in the *Significant uncertainties on business continuity* section, we have identified the following key audit matters to communicate in this report:

Extraordinary operations

Directors' Report, note 11: Significant Events During the Fiscal Year

| Key aspect | Audit procedures in response to the key issue |
|--|---|
| <p>In par. 11 "Significant events during the fiscal year" of the Directors' Report the following, among others, is highlighted:</p> <ul style="list-style-type: none"> - On 31 October 2023, the entire share capital of the fully-owned subsidiary, Ibox SA, a company incorporated under Swiss law, was transferred. The operation involved the transfer of shares for a total value of € 5,887,000. Following the transfer of the shares, Giglio Group proceeded | <p>The audit procedures performed included:</p> <ul style="list-style-type: none"> - Understanding of the company processes to monitor the evaluation of extraordinary operations and the correct accounting treatment of the related Financial Statements accounts; |

with the acquisition of a set of activities related to e-commerce currently recorded in the balance sheet of IBox SA, for a total value equivalent to the amount of the transfer itself and equal to € 5,887,000. The transaction did not result in any overall cash flow or financial and economic benefits.

- On 1 December 2023, the Extraordinary Shareholder's Meeting of Salotto di Brera Duty Free S.r.l. resolved to increase the share capital of the company

by a total of € 2,000,000.00 through an offer under subscription to the company Meridiana Holding S.p.A. - majority shareholder of Giglio - given acknowledgement of the waiver by Giglio to exercise the option right and therefore to subscribe to the Capital Increase. The Capital Increase took place through the contribution in kind to Salotto di Brera of the well-known accessory and footwear brand "Nira Rubens" - of which Meridiana itself was the exclusive owner and on the value of which a specific sworn appraisal was issued in accordance with the law - its e-commerce website, its social channels and anything else connected to the brand; following the Capital Increase, Meridiana shall hold approximately 51% of the share capital of Salotto Brera and Giglio approximately 49%, with the consequent exit of Salotto Brera from the control and consolidation scope of Giglio. At the same time as the Capital Increase, Salotto Brera signed a Framework Agreement with the Company which, on the one hand, facilitates and improves the synergistic management of the travel retail branch with the existing distribution branch present in the Company and, on the other hand, entrusts the latter with the management of the exclusive worldwide distribution of the "Nira Rubens" brand products, strengthening the business lines of all the companies involved in the project.

- On 19 December 2023, Giglio Group S.p.A. completed the merger by incorporation of "E-Commerce Outsourcing S.r.l.", already 100% owned, into Giglio Group S.p.A..

- On 20 December, Giglio Group S.p.A. completed the private placement of no.

11,298,741 ordinary newly-issued shares without nominal value, at a price of € 0.442527173 per share, for an overall countervalue of € 5 million.

- Obtaining and reading the contract for the sale of Ibox SA shares from Giglio to Futurescape;

- Obtaining and reading the purchase contract for the assets of Ibox SA;

- Reading of the minutes of the meetings of the corporate bodies underlying the extraordinary operations;

- Evaluation of the accounting treatment adopted by the Company for the accounting of these operations, also by obtaining and analysing the contractual documentation and appraisals supporting the value of the intangible assets;

- Examination of the documentation underlying the subscription of the capital increase;

- Obtaining and analysing the technical accounting opinion in relation to the correct accounting qualification of the investment held in Salotto di Brera Duty Free S.r.l..

- Examination of the appropriateness of the information provided in the Annual Financial Statements as of 31 December 2023.

Following the operations indicated above, the Company has completed a reorganization process with consequent transformation of the corporate structure.

This aspect was considered relevant for the purposes of our audit work both for the significance of the amounts and for the complexity of the extraordinary operations carried out.

Goodwill recoverability

Explanatory Notes to the Financial Statements: general information, paragraph D. Discretionary valuations and accounting estimates; Explanatory Note no. 4 Goodwill

| Key aspect | Audit procedures in response to the key issue |
|--|---|
| <p>Following the business combinations that took place in previous years and the extraordinary operations that took place during the year, the Company recorded in its Financial Statements a goodwill that was allocated to the "B2B" and "B2C" Cash Generating Units for a total amount which, at 31 December 2023, amounts to € 10,256,000.</p> <p>The Directors, with the help of an external expert, carried out an impairment test with reference to the book values recorded at the Financial Statements date to identify any losses due to reductions in the value of these CGUs compared to their recoverable values.</p> <p>The 2024-2028 Industrial Plan was approved by the Directors on 4 June 2024.</p> <p>These recoverable values are based on the value in use, determined using the Discounted Cash flow method.</p> <p>The Directors also carried out the sensitivity analysis (the results of which are illustrated in the Financial Statements) aimed at verifying the effects on the value in use of the CGUs of possible changes in the discount rate of the flows and the growth rate following the period of explicit forecast compared to those of the forecasts made.</p> <p>Carrying out the impairment test requires a high degree of judgement, with particular reference to the estimate:</p> <ul style="list-style-type: none"> - The expected cash flows, which for their determination must take into account the general economic trend and the sector to which they belong, as well as the cash flows produced by the CGUs in past years; -The financial parameters to be used for the purposes of discounting the flows indicated above. <p>For these reasons, we considered the recoverability of goodwill a key aspect of the audit activity.</p> | <p>The audit procedures performed included:</p> <ul style="list-style-type: none"> -Understanding of the process adopted in preparing the Impairment test; -Understanding of the process adopted in defining the selected scenarios as part of the sensitivity analysis; -Analysis of the reasonableness of the hypotheses adopted by the Directors in preparing the 2024 - 2028 Industrial Plan; -Comparison between the cash flows used for the purposes of the impairment test and the related assumptions, also through comparison with external data and information; -The analysis of the reasonableness of the main assumptions used for the purpose of determining the value in use, as well as the assessment methodologies used and the underlying data; -Examination of the appropriateness of the information provided in the Explanatory Notes to the Financial Statements in relation to goodwill and impairment testing. |

Responsibility of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for preparing Financial Statements that provide a true and correct representation in compliance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of Art 9 of Legislative Decree no. 38/05 and, within the terms established by law, for that part of the internal control deemed necessary by them to allow the preparation of financial statements that do not contain significant errors due to fraud or unintentional behaviour or events.

The Directors are responsible for evaluating the Company's ability to continue to operate as a going concern and, in preparing the Financial Statements, for the appropriateness of using the business continuity assumption, as well as for adequate disclosure in matter. The Directors use the assumption of business continuity in the preparation of the Financial Statements unless they have assessed that the conditions exist for the liquidation of the Company or for the interruption of the activity or they have no realistic alternatives to these choices.

The Board of Statutory Auditors is responsible for supervising, within the terms established by law, the process of preparing the Company's Financial Statements.

Responsibility of the Auditing Company for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the Financial Statements as a whole do not contain material misstatements, whether due to fraud or unintentional behaviour or events, and to issue an auditor's report that includes our opinion. Reasonable assurance means a high level of assurance which, however, does not provide the guarantee that an audit carried out in accordance with international auditing standards (ISA Italia) will always identify a significant error, if one exists. Errors may arise from fraud or from unintentional behaviour or events and are considered significant if they, individually or as a whole, can reasonably be expected to be able to influence the economic decisions taken by users on the basis of the financial statements.

In the audit conducted in accordance with International Auditing Standards (ISA Italia), we exercised our professional opinion and maintained professional scepticism throughout the audit. Furthermore:

- We have identified and assessed the risks of significant errors in the Financial Statements, due to fraud or unintentional behaviour or events; we have established and performed audit procedures in response to these risks; we have acquired sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from unintentional conduct or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or overriding of internal control;
- We have obtained an understanding of the Company's internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for expressing an opinion on the effectiveness of the Company's internal control;
- We have assessed the appropriateness of the accounting principles used as well as the reasonableness of the accounting estimates made by the Directors, including the related disclosures;
- We have assessed whether the use of the going concern assumption by the Directors is appropriate and, based on the audit evidence acquired, whether there is any significant uncertainty regarding events or circumstances that may give rise to significant doubts about the Company's ability to continue to operate as a functioning entity;
- We have assessed the presentation, structure and content of the Financial Statements as a whole, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that provides a fair representation.

We have communicated to those responsible for governance activities, identified at an appropriate level as required by the relevant IAS, among other aspects, the planned scope and timing of the audit and the significant findings that emerged, including any significant deficiencies in internal control identified in the course of the audit.

We have also provided those responsible for governance activities with a declaration on the fact that we have respected the rules and principles regarding ethics and independence applicable in the Italian legal system and we have communicated to them any situation that could reasonably have an effect on our independence and, where applicable, the actions taken to eliminate the relevant risks or the safeguards applied.

Among the aspects communicated to those responsible for governance activities, we identified those that were most relevant in the context of the audit of the Financial Statements for the year under review, which therefore constituted the key aspects of the audit. We have described these aspects in the auditor's report.

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

The Shareholders' Meeting of Giglio Group S.p.A. appointed us on 21 July 2023 to carry out the statutory audit of the Company's Financial Statements for the financial years from 31 December 2023 to 31 December 2031.

We declare that no services other than auditing prohibited pursuant to Art. 5, par. 1 of Regulation (EU) 537/2014 have been provided and that we remained independent of the Company in carrying out the statutory audit.

We confirm that the opinion on the Financial Statements expressed in this report is in line with what is indicated in the additional report intended for the Board of Statutory Auditors, in its function as committee for internal control and statutory audit, prepared pursuant to Art. 11 of the aforementioned Regulation.

Report on other legal and regulatory provisions

Opinion on compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Giglio Group S.p.A. are responsible for the application of the provisions of the Delegated Regulation (EU) 2019/815 of the European Commission regarding regulatory technical standards relating to the specification of the single electronic communication format (ESEF – *European Single Electronic Format*) (hereinafter "Delegated Regulation") to the financial statements, and its compliance with legal regulations.

We have carried out the procedures indicated in the auditing principle (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to Art. 14, par. 2, letter e), of the Legislative Decree no. 39/2010 and Art. 123-bis of Legislative Decree no. 58/98

The Directors of Giglio Group S.p.A. are responsible for the preparation of the Directors' Report and the Corporate Governance Report of Giglio Group S.p.A. as of 31 December 2023, including its consistency with the related financial statements and its compliance with legal regulations.

We have carried out the procedures indicated in the auditing principle (SA Italia) no. 720B in order to express an opinion on the consistency of the Directors' Report and some specific information contained in the Corporate Governance Report indicated in Art.123-bis, par.4, of the Legislative Decree no. 58/98, with the Financial Statements of Giglio Group S.p.A. as of 31 December 2023 and on their compliance with the law, as well as issuing a statement on any significant errors.

In our opinion, the Directors' Report and some specific information contained in the Corporate Governance Report are consistent with the financial statements of Giglio Group S.p.A. as of 31 December 2023 and are drawn up in compliance with the law.

With reference to the declaration set forth in Art. 14, par 2, letter e) of the Legislative Decree no. 39/10, released on the basis of the knowledge and the understanding of the company and of the relative context acquired during our auditing activity, we have nothing to report.

Milan, 07 June 2024.

Audirevi S.p.A.


Antonio Cocco

Partner – Statutory Auditor