



GIGLIO

Interim Financial Report as of 31 March 2022



CONTENTS

- 1. Interim Directors' Report as of 31 March 2022**
- 2. Interim Condensed Consolidated Financial Statement as of 31 March 2022**
- 3. Interim Consolidated Financial Statements as of 31 March 2022**
 - a. Condensed Consolidated Statement of Financial Position
 - b. Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
 - c. Condensed Consolidated Statement of Changes in Equity
 - d. Condensed Consolidated Statement of Cash Flows
- 4. Certification of the consolidated financial statement in accordance with Art. 81-ter of Consob Regulation no.11971 of 14 May 1999 and following amendments and integrations, as well as with Art. 154-bis of Legislative Decree no. 58 of 24 February**

Interim Financial Report

of the Condensed Consolidated Financial Statement as of 31 March 2022

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
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 appointed by the Shareholders' Meeting on 21 June 2021 and CEO starting from 11 November 2021
Anna Lezzi	Executive Director appointed by the Shareholders' Meeting on 21 June 2021
Sara Armella	Independent Member appointed by the Shareholders' Meeting on 21 June 2021
Francesco Gesualdi	Independent Member appointed by the Shareholders' Meeting on 21 June 2021
Carlo Micchi	Board Member co-opted on 26 January 2022

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

BDO Italia 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 9 December 2021, appointed BDO Italia S.p.A. as its official Auditor for the 2021-2029 period.

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 division provides both a strategic and operational support, by accompanying its customer base in the creation and implementation of loyalty and engagement programmes (by using digital technologies such as marketing automation), thus providing for a complete service, from the identification of the digital behaviour of the user -which, in the event of promotional prize contests, leads to the accrual and management of loyalty points- to the consultancy on the correct tax and legal framework of the promotional prize contests.

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 STRENGTHS

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 sales and the penetration in the food sector, 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 Plan of major brands, which qualifies the economic sustainability of the brand itself. Moreover, this channel helps accelerating the penetration in new areas, as well as keeping up the sales performance in the most mature markets, where physical sales are dropping significantly.
- *E-Tailers (or Multi-Brand Stores) and Marketplace*. E-tailers represent the main share of online sales worldwide, with main physical department stores generating more than half of their revenues on their own online channels. The Marketplace channel amplifies the international online distribution of brands by increasing the customers' brand awareness and, in turn, the digital sales. Giglio Group's technological and business partnership can face the challenge to keep the brands' desired positioning and to correctly manage the in-season distribution, the specials sales and off-season goods within the high variety of digital supply now available on the market. More specifically, Giglio has accrued a significant experience in managing off-season goods 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 2021, 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.

The acquisition of E-Commerce Outsourcing S.r.l. Moreover, it strengthened the Group's technical organisation thanks to the introduction of highly-specialised e-commerce experts in its workforce. From 1 March 2021, to complement the proprietary technology of Terashop and its know-how in creating top-standing e-commerce portals and projects, a company branch specialised in marketing automation was leased from 7Hype S.r.l., along with the use of 7Hype's and Marketing Automation Academy's trademarks. The vertical know-how on marketing automation and the international technological partnerships that 7Hype has built over time were inserted in the digital division of the Group, in the "Engagement and Marketing Automation" products category, in order to provided digital services aimed at increasing the performances of e-commerce portals and the digitalisation of B2C and B2B sales strategies of companies.

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.

Lastly, with regard to the Healthcare division that influenced significantly 2020 results and, more specifically, 2020 H1, following the evolution of the pandemic, it experienced a sharp slowdown. The Company's management is currently assessing new prospects for the division in 2022, leveraging on its digital know-how and on its international presence.

THE REFERENCE MARKET

According to a survey made by the Boston Consulting Group (BCG) in 2021 called "True Luxury Global Consumer Insight", in collaboration with Fondazione Altagamma, the personal luxury

market would have closed 2021 between -5% and the same market values of 2019, while the experiential market, still suffering from the uncertainty of most travellers, was assessed to close up between -15% and -20% if compared to 2019 figures. On the other hand, the estimates for the personal luxury market's recovery are more optimistic, as they foresee 2022's close-up between a 5-10% above 2019 figures. Conversely, the experiential market is subject to more conservative projections, that place it between -3% and +3% if compared to pre-pandemic figures.

The effects of the global crisis triggered by the COVID-19 pandemic

Starting from 2020 and continuing well into 2021, the COVID-19 pandemic is changing the economic forecasts of whole economy sectors worldwide, which in turn is causing a revision of the turnover for the fashion sector, served by Giglio Group. The company is mainly engaged in the Fashion sector, with some brands in the Luxury sector, that better endured the prolonged uncertainties of the Pandemic, and with other in the Premium sector, that is still subject to uncertainties due to the failure to recover consumptions.

Due to the lockdowns that were enforced by the authorities in various part of the world and to the shutdown of tourism in all of the main markets worldwide, whole fashion distribution chains suffered significant drops in sales due to the decrease in clients. The Luxury sector's online sales stood the test of time, while traditional models of physical stores and malls recorded steep drops in all luxury categories; by way of example, the drop in footwear (12%) was mitigated by sneakers shoes request, the jewellery sector was supported by the Asian demand, which benefited from online sales, while clothing products and watches dropped both by 30%.

With regard to 2022, according to the McKinsey & Company survey "The State of Fashion 2022", this market will experience a growth if compared to 2019 (pre-pandemic year) that shall influence total sales in a non-uniform way from a geographical point of view. This growth will be mainly driven by the United States of America and China. In Europe, the fashion market is currently facing a change of tastes from consumers, partly caused by the ongoing pandemic, who are now looking for a more discreet and comfortable type of luxury goods. The luxury sector faced a strong slowdown in the European continent, reaching -35% in 2020 and between -30% and -20% in 2021, if compared to 2019 figures. With regard to 2022, according to McKinsey & Company's survey, the expected sales shall account for between -15% and -5% if compared to 2019. In light of these changes, the constant monitoring of consumers' tastes and the diversification capacity per geographical area and social tier shall be the main challenges for all e-commerce companies.

Measures taken by the Group during the COVID-19 pandemic

The containment measures adopted worldwide for limiting the spread of COVID-19 -which halted production in different sectors-, and the restriction on travels all had a significant effect on the Group's results as of 2021.

Giglio Group has promptly adopted containment measures aimed at limiting the negative effects of the pandemic, adapting to the abrupt change in the surrounding economic scenario.

The main objective of the Group was that of safeguarding the safety and the health of its employees by adopting all safety measures introduced by the Italian government and by ensuring the business continuity of the enterprise through the adoption of smart-work logics.

As far as profit is concerned, the Group's measures aimed at developing, following the lockdown of all non-essential physical stores, an online sales strategy aimed at supporting the brands in recovering from the massive losses of turnover caused by the health emergency.

Overall, the B2B e-commerce sector has suffered from the slowdowns generated by the effects of the pandemic and of the postponement of orders from many clients in Europe and in the United States of America.

The B2C e-commerce sector, on the other hand, showed signs of recovery for the online sales of fashion goods, especially starting from 2021 H2.

Future prospects of 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 2022 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 as leader 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 2022, 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 2021, 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, boosted by the easing of pandemic restrictions, which should allow for a recovery of pre-pandemic travel figures.

Furthermore, Giglio Group extended the supply of its services also to adjacent business areas, with specific focus on the design, retail chain stores, food and DIY 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, also as a response to the health emergency and its consequences, 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.

Group activities

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, and on the STAR segment since March 2018, 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 Group is engaged both in the B2C and B2B segments. 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, now integrating also 7Hype's activities), 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,

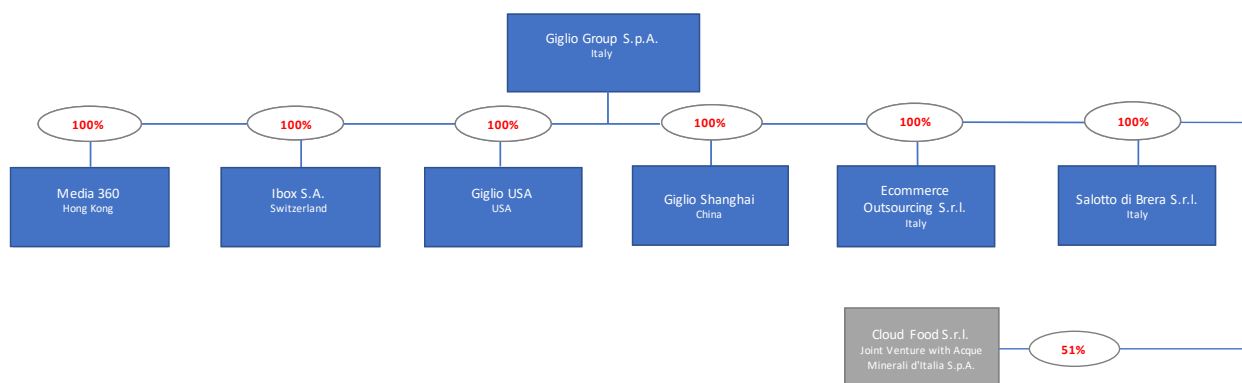
the integration with payment systems and logistics. Traded goods belong to the on-season collection of brands, which pay a fee on the sales and with which Giglio Group cooperates in their digital marketing strategy. No specific investment in working capital is needed, and there is no warehouse risk.

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 brands' payment time, usually at the beginning of the season for stock-booking, and marketplaces collection time, usually 90 days after the end of the season, generates a financial requirement optimised by a careful use of the instruments supporting the working capital.

The Group corporate structure is reported below:



It is noted that on 7 March 2022, the company "Meta Revolution S.r.l." was established, with headquarters in Milan, Piazza Generale Armando Diaz, 6.

The company's object is the development, production and marketing of high-tech, innovative products or services. The share capital of Meta Revolution S.r.l. amounts to € 120,000, of which 51% subscribed and paid-up on 04 March 2022 by E-Commerce Outsourcing S.r.l. (for a total of € 0.15 thousand) and 49% subscribed by Blockchain Accelerator S.r.l..

2. Significant Events During the First Three Months of the Fiscal Year

On 12 January 2022, Giglio Group S.p.A. (Ticker GG), company listed on the MTA-STAR segment of Borsa Italiana S.p.A., after an year of intense work and important investments, has opened up its new business unit "Giglio Meta" dedicated to Metaverse and NFT projects. According to Chainalysis, in 2021, the global NFT market generated transactions for a value of \$ 26.9 billion in cryptocurrencies; with this specialised business unit Giglio has become the first Italian company completely developed for this futuristic digital segment of the market, also thanks to the experience accrued over these months of study, which is being applied to upcoming projects that will be announced shortly.

On 26 January 2022, the Board of Directors acknowledged the resignation received on 14 January 2022 by Marco Riccardo Belloni and co-opted Carlo Micchi as new director of the Company.

On 6 March 2022, the Company reached an agreement for the transfer of its Incentive & Loyalty business unit to Promotica S.p.A.. The operation was concluded upon the disbursement of a down-payment of € 853,000 by Promotica S.p.A. on 4 March 2022, against the full value of the transfer (€ 1,200,000), adjusted to the Net Working Capital as of the closing date.

On 31 December 2021, the Net Working Capital of the business unit amounted to € -197,000, which led to the preliminary determination of the transfer price at € 1,003,000; within this value, as specified in the agreements' articles, the post-employment benefit funds' debts of the transferred business unit are included. The residual price, as determined by the Net Working Capital of 31 December 2021, shall be disbursed as follows: a) € 75,000 within 60 days from the closing date; b) € 75,000 within 90 days from the closing date.

Within 20 May 2022, E-Commerce Outsourcing S.r.l. shall send to the Buyer a definite accounting statement as of the closing date, on the basis of which the final adjustments on the set price shall be determined.

The Incentive and Loyalty business branch, object of the transfer, had recorded a turnover of about € 2.4 million in 2020 (last available figure), along with an EBITDA of € 282,000 (EBITDA Margin of about 12%). The transfer is in line with the declared objective of the Company to focus on its core business linked to full-outsourcing e-commerce, digital transformation and new NFT and Metaverse services. The transfer of the Incentive and Loyalty business unit shall facilitate the migration towards the new Group's accounting system, also for the parent company.

Moreover, with regard to the new NFT and Metaverse services, it is noted that **on 7 March 2022**, the company "Meta Revolution S.r.l." was established, with headquarters in Milan, Piazza Generale Armando Diaz, 6.

On 7 March 2022, the Company subscribed a minutes of conciliation with Vertice Trescientos Sesenta Grados S.A. and Squirrel Capital S.L.U. in front of Milan's Court with regard to the residual debt arising from the Closing Letter of 30 October 2019, unpaid and disputed by the parties. The agreement provides for the payment of € 3,000,000, including interests, to be disbursed by the Company in 15 monthly instalments, starting from March 2022.

On 28 March 2022, the company approved the new Industrial Plan 2022-2026, which replaces the Industrial Plan 2021-2025 and its underlying assumptions.

3. Significant Events Following the First Three Months of the Fiscal Year

On 30 April 2022, the Ordinary Shareholders' Meeting of Giglio Group S.p.A. met under the chairmanship of Alessandro Giglio and in the presence of notary Marcello Giuliano.

The Meeting (i) having examined the Directors' Report, prepared pursuant to Art. 125-ter of Legislative Decree no. 58 of 24 February 1958; (ii) having examined the Annual and Consolidated

Financial Report as of 31 December 2021 and, in particular, the Directors' Report on Operations, the Board of Statutory Auditors' Report and the Auditing Company's Report; (iii) having acknowledged that the Financial Statements of the Company as of 31 December 2021 highlighted a loss for the year of € 3,123,461 which produced -taking into account the existing reserves- a relevant loss of share capital (as of the reporting date, the share capital equals € 4,393,604.40) of more than a third, as per Art. 2446 of the Italian Civil Code.

resolved:

- to approve the Financial Statements as of 31 December 2021, closing with a loss of € - 3,123,461, thus confirming the decision to carry forward said loss, together with the losses already carried forward in the previous fiscal years, until the fifth following fiscal year (i.e., 2026), pursuant to Art. 6 of the Decree-Law no. 23 of 8 April 2020 as amended and integrated".

Outlook

The permanence of risks and uncertainties related to COVID-19 pandemics and to the current conflict in Ukraine requires further prudence in facing the near future. In this context, the e-commerce may seem to be aided by the forced slowdown of physical retail, and the ongoing cultural shift may reasonably lead towards the growth of digital stores (as seen also in the first months of 2021), the fact that the economic system is currently facing an incessant consumption crisis -paired with a drop in both enterprises and consumers' confidence index- cannot be underestimated. It is evident, then, that the benefit of digital sales increases is not enough to support the decline of the other channels and, as such, productive companies will have to accelerate on the implementation of change, operational streamlining and digitalization processes. In this scenario, our B2C - E-Commerce Service Provider division will inevitably become subject to pressure for the numerous technological updates requested by our clients in order to increase sales and services more than proportionally if compared to an organic channel evolution that should have happened were we in a normal context. This situation, which is obviously going to saturate the productive capacity of the Group, calling for a constant investment to support growth, also implies a constant analysis on the strategic nature of its role with partnering brands (clients), thus becoming more and more a technical and process partner, but also an outsourcing service provider. The challenge the Group has to face in the following months is to remain in line

with the requests of its clients, giving them greater attention, and to focus on new projects only in order to build long-term relationship with an elevate added value for the client and the Group both. In this context, the Group shall differentiate between sectors so as to reduce its dependence on the fashion world, thus focusing also in those sectors where business is already operative, such as e-commerce for retail, design, home decor, healthcare and food products. The B2B division, enabler for the marketing of products towards the marketplaces and the international distribution, on the one hand, benefits from the growth of its clients' marketplaces that, in turn, increases its volumes and market share in a quick and constant way, and on the other hand, is subject to a constant pressure on prices brought about by consumers' impoverishment, that leads marketplaces to implement significant promotions in order to keep purchases on a constant basis. Along with said context, the duties applied by the USA in China for import goods further squeeze the division's chances of growth, which shall operate more and more strategically and selectively with its partnering brands, increasing the number of marketplaces and countries and integrating the processes so as to boost efficiency. The expectations for this division are of being driven by the growth of its clients, albeit more and more demanding, by investing in business development in order to constantly consider new operators and new channels, but also by increasing the product categories in which to operate (fashion sector aside).

From the analyses of 2022 Q1, a substantial stability of the B2B division against the final data of the same period of 2021 is recorded, in line with 2022 budget figures- With regard to the B2C division, 2022 Q1 recorded an increase in revenues on the final data of the previous year as well as a slight drop if compared to provisional budget data.

The Company's outlook for 2022 does not include any significant negative impact arising from the military conflict in Ukraine, nor does it provides for relevant changes in the evolution of the healthcare emergency, thus excluding any further discontinuity and slowdowns in its global economic activities.

4. Accounting Standards

This Interim Financial Report was prepared according to the same accounting standards used for the preparation of the Giglio Group 2021 Consolidated Annual Financial Statements.

5. Financial Highlights as of 31 March 2022

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 31 March 2022

The main balance sheet figures of the Group as of 31 March 2022 are specified below:

(Euro thousands)	31.03.2022	31.12.2021	Change
Intangible Assets	16,029	16,230	(201)
Property, Plant and Equipment	1,006	1,070	(64)
Financial Fixed Assets	240	238	2
Total Fixed Assets	17,275	17,538	(263)
Inventories	2,021	2,238	(217)
Trade receivables	8,454	9,928	(1,474)
Trade payables	(9,144)	(10,931)	1,787
Operating/Commercial Working Capital	1,330	1,235	95
Other current assets and liabilities	(3,828)	(3,939)	111
Net Working Capital	(2,498)	(2,705)	207
Provisions for risks and charges	(668)	(746)	78
Deferred tax assets and liabilities	716	757	(41)
Other non-current liabilities	(268)	-	(268)
Net Invested Capital	14,557	14,845	(288)
Net Invested Capital of Sales Activities	-	-	-
Total Net Invested Capital	14,557	14,845	(288)
Equity	1,917	2,296	(379)
Minority interest in equity	(57)	-	-
Net financial debt*	(16,417)	(17,143)	726
Total Sources	(14,558)	(14,845)	287

The Net Invested Capital of the Group as of 31 March 2022, equal to € 14.5 million, is mainly comprised of Net Fixed Assets of € 17.3 million, of Net Working Capital totalling € -2.6 million, of the Provisions for risks and charges, which mainly includes the Provisions for employee benefits, for a total of € -0.7 million, of the Deferred tax assets and liabilities for a total of € 0.8 million and for Other non-current liabilities for € -0.3 million.

Property, plant and equipment, equal to € 1 million (€ 1 million as of 31 December 2021), are stable if compared to the previous year.

Intangible Assets, equal to € 16 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. The movement (net of the period's amortisations) refers to increases for capitalised development costs borne entirely for the implementation and integration of IT platforms.

Financial Fixed Assets, equal to € 0.2 million, are ascribable to the guarantee deposits paid relating to rental contracts for the buildings at Milan and Rome.

The Net Financial Debt amounts to € 16,417,000 as of 31 March 2022, with a € 726,000 decrease if compared to 31 December 2021, when it amounted to € 17,143,000.

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

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

(Euro thousands)	31.03.2022	31.12.2021	Change
A Cash and cash equivalents	1,504	2,474	(971)
B Cash and cash equivalents			-
C Other current financial assets		2	(2)
D Cash & cash equivalents (A)+(B)+(C)	1,504	2,476	(973)
E Current financial liabilities	(1,431)	(2,132)	701
<i>of which with Related Parties</i>	<i>(0)</i>	<i>(16)</i>	<i>16</i>
F Current part of the non-current financial liabilities	(3,715)	(3,784)	69
G Current financial liabilities (E)+(F)	(5,146)	(5,916)	770
H Net current financial liabilities (G) - (D)	(3,642)	(3,440)	(203)
I Non-current financial liabilities	(8,257)	(8,933)	675
<i>of which with Related Parties</i>	<i>(626)</i>	<i>(626)</i>	<i>-</i>
J Debt instruments	(3,715)	(3,695)	(20)
K Non-current trade and other payables	(803)	(1,076)	273
L Non-current financial liabilities (I)+(J)+(K)	(12,775)	(13,704)	928
M Total financial liabilities (H)+(L)	(16,417)	(17,143)	726

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

E. Current financial liabilities The decrease can be ascribed to the improvement of the negative exposure to the banking system, mainly because of the advance payments on invoices.

F. Current portion of non-current liabilities: The current portion of amortised loans is in line with the previous year.

I. Non-current financial liabilities: The Group's Net Financial Debt improved on the previous year due to the repayment of principal on loans, as per amortisation plan.

J. Debt instruments: As of 31 March 2022, the non-current Financial Debt includes the long-term EBB S.r.l. bond.

K. Non-current trade and other payables: The account includes the long-term part of the debt arising from the settlement agreement reached on 7 March 2022 between Vertice Trescientos Sesenta Grados S.A., Squirrel Capital S.L.U. and the company that, following the new amendment introduced by ESMA was restated as net financial liability.

As of 31 March 2022, the net financial debt records, amongst its long-term liabilities, also the financial debt related to the EBB S.r.l. bond. The regulation governing the terms and conditions of said Bond includes also some commitments and limitations borne by the Company, including the financial covenants, which, should they occur, they would entail the loss of the benefit of the term, along with the obligation for the Company to fully reimburse in advance the Bond (the so-called events of major importance).

On 26 July 2021, 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 2021 and 31 December 2021.

The Company requested a new suspension of the application of the thresholds for the financial covenants for 2022 by sending a new extension request to EBB Export S.r.l. on 17 March 2022.

Consolidated Financial Activity Overview as of 31 March 2022

The key consolidated economic highlights are shown below.

<i>(Euro thousands)</i>	31.03.2022	31.03.2021	Change
Revenues from contracts with customers	10,201	10,088	113
Revenues from transfer of business unit	1,394	0	1,394
Operating Costs	(9,372)	(8,709)	(663)
Gross Margin	2,223	1,379	844
Gross Margin %	21.8%	13.7%	8.1%
Payroll expenses	(1,008)	(1,281)	273

EBITDA	1,215	98	1,117
EBITDA%	11.9%	1.0%	10.9%
Amortisation, depreciation & write-downs	(459)	(454)	(5)
EBIT	757	(356)	1,113
Net financial charges	(242)	(238)	(4)
PROFIT BEFORE TAXES	513	(594)	1,107
Income taxes	(52)	87	(139)
PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)	463	(507)	970
PROFIT FOR THE PERIOD DISCONTINUED OPERATIONS (adjusted)	0	0	0
PROFIT FOR THE PERIOD	463	(505)	968
RESULT ATTRIBUTABLE TO MINORITY INTERESTS	(1)		
GROUP PROFIT/(LOSS)	464	(505)	969
EBIT%	7.4%	(3.5)%	10.9%
PROFIT FOR THE PERIOD%	4.5%	(5.0)%	9.5%

The consolidated revenues, equal to € 10.2 million, are in line with the previous year (€ 10.1 million as of 31 March 2021).

The total operating costs amounted to € 9.4 million (€ 8.7 million consolidated figures as of 31 March 2021), slightly increasing in line with the turnover, which is mainly ascribable to the company's reorganisation activities, which are aimed at leading the Group to focus on its core business, i.e. to the full-outsourcing e-commerce, the digital transformation and the new NFT and Metaverse Services.

Payroll costs dropped by € 272,000 in witness of the current streamlining of structural costs.

The EBITDA shows a positive trend, equalling to € 1.2 million (€ 101,000 consolidated figures as of 31 March 2021), to be ascribed to the capital gains (€ 1.3 million) achieved through the transfer of the Incentive & Loyalty business unit of E-Commerce Outsourcing S.r.l. to Promotica S.p.A. on 4 March 2022. It is noted that, as of today, these capital gains are not yet definitive, as the last agreed date in the framework agreement for the price adjustment is 20 May 2022.

The EBIT is positive by € 0.7 million (€ -0.4 million consolidated figures as of 31 March 2021).

The Net Profit amounts to € 0.4 million (€ -0.5 million consolidated figures of the same period in the previous fiscal year).

6. 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 Spa, Giglio USA, Salotto di Brera S.r.l. and Giglio Shanghai;
2. B2C e-commerce: IBOX, E-Commerce Outsourcing S.r.l. and Giglio Shanghai;
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:

31.03.2022				
(Euro thousands)	E-commerce B2B	E-commerce B2C	Corporate	Total
Revenues from contracts with customers	7,271	2,930	-	10,201
Other incomes	-	1,344	-	1,344
Capitalised costs	0	50	-	50
Total revenues	7,271	4,324	0	11,595
EBITDA	836	1,112	-733	1,215
EBIT	828	740	-811	757
EBT	883	679	-1,049	514
Profit for the period	886	679	-1,101	465

Over the course of the quarter, an increase in the B2B sector was recorded if compared to the same period of the previous year, in line with budget data

The B2C e-commerce sector recorded slightly inferior revenues against 2021 Q1, recording also the result of the transfer of the loyalty business unit, which took place in the same period.

The results of sectors at 31 March 2021 are as follows:

(Euro thousands)	2021			
	B2B e-commerce	B2C e-commerce	Corporate	Total
Revenues from contracts with customers	6,629	3,328	0	9,957
Other incomes	8	6	40	54
Capitalised costs		77		77
Total revenues	6,637	3,412	40	10,089
EBITDA	635	376	(909)	101
EBIT	587	49	(990)	(354)
EBT	522	20	(1,134)	(592)
Profit for the period	520	(34)	(990)	(505)

7. 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 and during the Christmas period, also during the year affected by the COVID-19 emergency.

8. 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.

9. 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.

10. Significant shareholders and shares of the Issuer

At the date of the present interim financial report (31 March 2022) the official data indicates the following significant shareholders:

- 55,66% of shares held by Meridiana Holding S.r.l. (company held 99% by Mr Alessandro Giglio and 1% by his wife Ms Yue Zhao);

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
- Consolidation scope

Condensed Consolidated Statement of Financial Position

Condensed Consolidated Statement of Financial Position (Euro thousands)	31.03.2022	31.12.2021
Non-current assets		
Property, plant & equipment	277	318
Right-of-use assets	729	752
Intangible assets	2,668	2,877
Goodwill	13,353	13,353
Investments in joint ventures	8	8
Receivables	239	231
Deferred tax assets	896	949
Total non-current assets	18,170	18,488
Current assets		
Inventories	2,021	2,238
Trade receivables	8,456	9,928
Financial receivables	36	2
Tax receivables and deferred tax assets	148	397
Other assets	1,790	1,848
Cash and cash equivalents	1,504	2,474
Total current assets	13,955	16,887
Total Assets	32,124	35,375
Equity		
Issued capital	4,394	4,393
Reserves	22,151	22,105
FTA Reserve	5	5
Retained earnings	(28,933)	(24,168)
Foreign Currency Translation reserves	3	(8)
Net profit/(loss)	464	(4,623)
Total Group Equity	(1,916)	(2,296)
Minority interest in equity	57	-
Total Net Equity	(1,859)	(2,296)
Non-current liabilities		
Provisions for risks and charges	118	73
Post-employment benefit funds	549	673
Deferred tax liabilities	180	192
Financial payables (non-current portion)	11,971	8,933
Other non-current liabilities	1,072	1,076
Total non-current liabilities	13,890	10,947
Current liabilities		
Trade payables	9,144	10,931
Financial payables (current portion)	5,147	9,610
Tax payables	3,212	3,192
Other liabilities	2,590	2,992
Total current liabilities	20,093	26,725
Total liabilities and Equity	32,124	35,375

Condensed Consolidated Statement of Profit or Loss

(Euro thousands)	31.03.2022	31.03.2021	Change
Revenues from contracts with customers	10,201	10,088	113
Revenues from transfer of business unit	1,394	0	1,394
Operating Costs	(9,372)	(8,709)	(663)
Gross Margin	2,223	1,379	844
Gross Margin %	21.8%	13.7%	8.1%
Payroll expenses	(1,008)	(1,281)	273
EBITDA	1,215	98	1,117
EBITDA%	11.9%	1.0%	10.9%
Amortisation, depreciation & write-downs	(459)	(454)	(5)
EBIT	756	(356)	1,112
Net financial charges	(242)	(238)	(4)
PROFIT BEFORE TAXES	514	(594)	1,108
Income taxes	(52)	87	(139)
PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)	463	(507)	970
PROFIT FOR THE PERIOD DISCONTINUED OPERATIONS (adjusted)	0	0	0
PROFIT FOR THE PERIOD	463	(505)	968
RESULT ATTRIBUTABLE TO MINORITY INTERESTS	(1)		
GROUP PROFIT/(LOSS)	464	(505)	968
EBIT%	7.4%	(3.5)%	10.9%
PROFIT FOR THE PERIOD%	4.5%	(5.0)%	9.5%

Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Comprehensive Income (Euro thousands)	31.03.2022	31.03.2021
Profit for the period	464	(505)
Other comprehensive income		
<i>Other comprehensive income that will be reclassified to profit/(loss) in subsequent periods (net of tax)</i>		
Exchange differences on translation of foreign operations	(5)	4
Total other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)	(5)	4
<i>Other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)</i>		
Actuarial loss on employee benefits obligations	0	0
Total other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)	0	0
Total Comprehensive Income for the period	459	(501)
Earnings per share	0.0208	-0.0312

Condensed Consolidated Statement of Changes in Equity

Description (Euro thousands)	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	Retained earnings	Net profit	Total
31 December 2021 Balance	4,394	22,105	5	(10)	(24,167)	(4,623)	(2,296)
Retained earnings					(4,623)	4,623	-
IAS 19 Reserve		-					-
Exchange rate effect				13			13
Consolidation adjustments		46			(143)		(97)
Group profit/(loss)						464	464
31 March 2022 Balance	4,394	22,151	5	3	(28,933)	464	(1,916)
Minority interest in equity							57
Group shareholders' equity as of 31 March 2022	4,394	22,151	5	3	(28,933)	464	(1,859)

Statement of Cash Flows

<i>Euro thousands</i>	31.03.2022	31.03.2021
<i>Cash flows from operating activities</i>		
Net profit from continuing operations	(932)	(505)
Net profit from discontinued operations	1,394	-
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and impairment of property, plant and equipment	(66)	51
Amortisation of right-of-use assets	167	117
Amortisation and impairment of intangible assets	357	260
Non-cash changes of provisions	(166)	(36)
Write-downs/(Revaluations)	-	27
Net foreign exchange differences	242	238
Income taxes	52	(87)
Changes in:		
Inventories	79	(788)
Trade receivables	4,107	(3,612)
Tax receivables	645	209
Current financial receivables	(34)	-
Other assets	655	(135)
Deferred tax liabilities	(84)	(123)
Trade payables	(3,932)	1,100
Tax payables	440	(392)
Right-of-use assets	34	(95)
IFRS16 financial payables	(71)	(28)
Other liabilities	(273)	200
Change in net working capital	1,566	(3,664)
Changes in provisions	-	-
Changes in assets/liabilities held for sale/Discontinued operations	-	-
Cash flow generated from operating activities	2,614	(3,599)
Interest paid	-	-
Income taxes paid	-	-
Net cash flow generated from operating activities	2,614	(3,599)
<i>Cash flows from investing activities</i>		
Investments in property, plant & equipment	198	(84)
Investments in intangible assets	(144)	(87)
Acquisition of Salotto di Brera net of liquidity acquired	(722)	(722)
Changes in other intangible assets	(91)	406
Increase in investments in joint ventures	-	-
Change in consolidation scope	-	-
Net cash flow used in investing activities	(759)	(487)
<i>Cash flow from financing activities</i>		
Share capital increase	-	-
Change in Shareholders' Equity	(2,149)	6
New financing	-	-
Repayment of loans	-	-
Change in financial liabilities	364	432
Net cash flow used in financing activities	(1,785)	438
Net increase/(decrease) in cash and cash equivalents	70	(3,648)
Cash and cash equivalents at 1 January	1,437	5,085
Cash and cash equivalents at 31 March	1,504	1,437

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 subscribed and paid-in € 4,149,295.

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

Since 20 March 2018, the Company has been listed on the STAR segment of the Italian Stock Exchange (MTA market), with a free float of about 43%; the shareholder structure is available on the company's website: www.giglio.org.

E-Commerce Outsourcing S.r.l.

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

Share capital: € 37,500

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: € 25,000 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 of € 18,000, held 100% by Giglio Group S.p.A.

The company develops the business model of the Fashion division on the US market.

IBOX SA

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

Share capital: CHF 1,882,000

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 Shenzhen'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: HKD 100

The company, fully owned by Giglio TV HK Limited, was established in execution of the transfer agreement for the Media assets to Vertice 360. ~~For further information on the law suit against Vertice 360, see Note 33.~~

Meta Revolution S.r.l.

Registered Office: Piazza Diaz 6

Milan, Italy

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

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

Cloudfood S.r.l. is recorded under the equity method.

Statement of the Executive Officer for Financial Reporting in accordance with article 154-bis, par. 2 of Legislative Decree No. 58/1998 (Consolidated Finance Act)

I, the undersigned, Carlo Micchi, in my quality as Financial Reporting Officer of Giglio Group S.p.A., hereby certify that, pursuant to the provisions set forth in Art. 154-bis, par. 2 of Legislative Decree no. 58 of 24 February 1998, the Interim Financial Report as of 31 March 2022 corresponds to the accounting figures, books and documents.

Milan, 16 May 2022

The Financial Reporting Officer

Carlo Micchi