E-MARKET SDIR CERTIFIED

giglio GROUP S.p.A.

Interim Condensed Consolidated Financial Statements as of 30 June 2022

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Interim Directors' Report

of the Condensed Consolidated Interim Financial

Statement as of 30 June 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	Independent Member appointed by the Shareholders' Meeting on 30 April 2022

Board of Statutory Auditors

Giorgio Mosci	Chairman
Lucia Tacchino	Statutory 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 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 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 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 2022, 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.

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 has changed 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 are still subject to uncertainties due to the failure to recover consumptions.

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 and in the first part of 2022.

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 DYI 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.

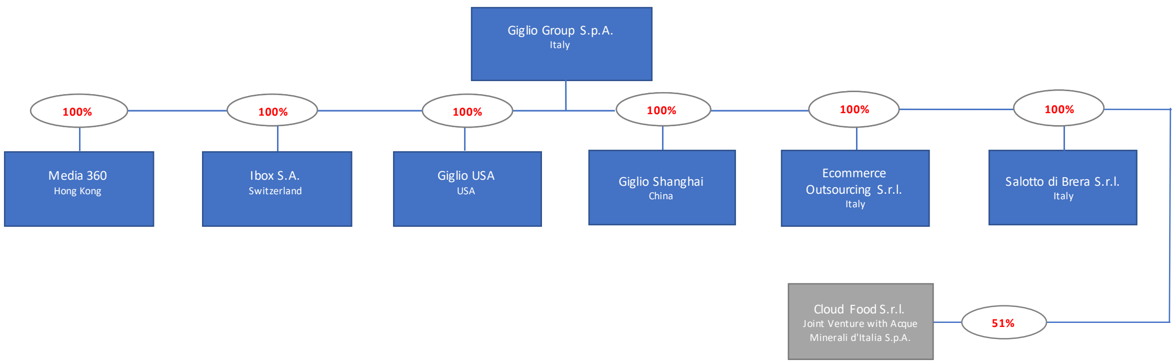
The B2C business model, managed by the subsidiaries Ibox SA and E-Commerce Outsourcing S.r.l. (the digital core of the group), consists in providing digital services for the management of monobrand websites for Fashion, Design and Food customers, as well as in offering integrated digital services aimed 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 stockbooking, 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..

Significant Events During the First Six 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 € -219,000, which led to the preliminary determination of the transfer price at € 981,000; 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. The capital gains thus obtained on the transaction amount to € 1,344,000.

  The Incentive and Loyalty business branch, object of the transfer, had recorded a turnover of about € 2.4 million in 2021, 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 and ending on 2 May 2023.

- On 28 March 2022, the Company approved the new Industrial Plan 2022-2026, which replaces the Industrial Plan 2021-2025 and its underlying assumptions.
- On 2 April 2022, Carlo Micchi was appointed as CFO and Financial Reporting Officer, replacing outgoing Francesco Barreca.
- On 13 April 2022, the leasing contract for 7Hype business unit was terminated due to its unproductiveness. The transaction entailed the disbursement of € 68,500 due to the early termination of the contract.
- 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.

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

- On 8 July 2022, the Parent Company subscribed the capital share increase of its subsidiary E-Commerce Outsourcing S.r.l. for a total amount of € 436,644, thus bringing its Share Capital to € 700,000. The capital share increase was aimed at strengthening the subsidiary's assets.

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, out 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 were 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. However, the positive expectations for the Food sector should be noted, considering the subscription of a new agreement for the supply of food products.

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. These drops, however, are currently being reabsorbed thanks to a strong recovery of the purchases during the months of July and August, mainly due to the consumers and to the delayed launch of some agreements that had already been subscribed.

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.

3. Accounting Standards

These Interim Condensed Consolidated Financial Statements were prepared according to the same accounting standards used for the preparation of the Giglio Group 2021 Consolidated Annual Financial Statements.

4. Financial Highlights as of 30 June 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 30 June 2022

The main balance sheet figures of the Group as of 30 June 2022 are specified below:

(Euro thousands)	30.06.2022	31.12.2021	Change
Intangible Assets	15,758	16,230	(472)
Property, Plant and Equipment	605	1,070	(465)
Financial Fixed Assets	309	238	71
Total Fixed Assets	**16,672**	**17,538**	**(866)**
Inventories	1,343	2,238	(895)
Trade receivables	8,259	9,928	(1,669)
Trade payables	(7,814)	(10,931)	3,117
Operating/Commercial Working Capital	**1,788**	**1,235**	**553**
Other current assets and liabilities	(5,362)	(3,939)	(1,423)
Net Working Capital	**(3,574)**	**(2,704)**	**(870)**
Provisions for risks and charges	(507)	(746)	239
Deferred tax assets and liabilities	800	757	43
Other non-current liabilities	-	-	-
Net Invested Capital	**13,391**	**14,845**	**(1,454)**
Total Net Invested Capital	**13,391**	**14,846**	**(1,455)**
Equity	**2,493**	**2,296**	**197**
Minority interest in equity	**(63)**	**-**	**-**
Net financial debt*	**(15,821)**	**(17,142)**	**1,321**
Total Sources	**(13,391)**	**(14,846)**	**1,455**

The Net Invested Capital of the Group at 30 June 2022, equal to € 13.4 million, is principally comprised of Net Fixed Assets (€ 16.7 million), and of Net Working Capital (€ -3.6 million).

Property, Plant and Equipment (which include also the right-of-use on existing leasing contracts), equal to € 0.6 million, decreased (net of the period's amortisations) mainly due to the termination of the leasing contract for the building used by E-Commerce Outsourcing S.r.l., whose right was valued on the basis of IFRS 16.

Intangible Assets, equal to € 15.8 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 describes (net of the period's amortisations) increases for capitalised development costs borne entirely for the implementation and integration of IT platforms on subsidiary E-Commerce Outsourcing S.r.l..

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)	30.06.2022	31.12.2021	Change
A	Cash and cash equivalents	2,361	2,474	(113)
B	Cash and cash equivalents			-
C	Other current financial assets	2	2	(0)
D	**Cash & cash equivalents (A)+(B)+(C)**	**2,363**	**2,476**	**(113)**
E	Current financial liabilities	(3,425)	(2,132)	(1,293)
	of which with Related Parties	*(85)*	*(16)*	*(68)*
F	Current part of the non-current financial liabilities	(3,256)	(3,784)	528
G	**Current financial liabilities (E)+(F)**	**(6,681)**	**(5,916)**	**(765)**
H	**Net current financial liabilities (G) - (D)**	**(4,318)**	**(3,440)**	**(878)**
I	Non-current financial liabilities	(8,280)	(8,933)	652
	of which with Related Parties	*(626)*	*(626)*	-
J	Debt instruments	(3,147)	(3,695)	548
K	Non-current trade and other payables	(76)	(1,076)	1,000
L	**Non-current financial liabilities (I)+(J)+(K)**	**(11,503)**	**(13,704)**	**2,200**
M	**Total financial liabilities (H)+(L)**	**(15,821)**	**(17,143)**	**1,323**

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

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

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

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

<u>J. Debt instruments:</u> As of 30 June 2022, the non-current Financial Debt includes the long-term EBB S.r.l. bond.

<u>K. Non-current trade and other payables:</u> 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 introduces by ESMA was restated as net financial liability.

As of 30 June 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 30 June 2022, 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 2022.

The Company shall request EBB Export S.r.l. a new suspension of the application of the thresholds for the financial covenants by 31 December 2022.

Consolidated Financial Activity Overview as of 30 June 2022

The key consolidated economic highlights are shown below.

(Euro thousands)	30.06.2022	30.06.2021	Change
Revenues from contracts with customers	19,635	19,522	113
Operating Costs	(16,739)	(17,525)	786
Gross Margin	**2,897**	**1,997**	**900**
Gross Margin %	**14.8%**	**10.2%**	**4.5%**
Payroll expenses	(2,070)	(2,702)	632
EBITDA	**827**	**(705)**	**1,532**
EBITDA%	**4.2%**	**(3.6)%**	**7.8%**
Amortisation, depreciation & write-downs	(595)	(844)	249
EBIT	**232**	**(1,549)**	**1,781**
Net financial charges	(500)	(590)	90
PROFIT BEFORE TAXES	**(268)**	**(2,139)**	**1,871**
Income taxes	15	164	(149)
PROFIT FOR THE PERIOD	**(252)**	**(1,976)**	**1,724**
EBIT%	**1.2%**	**(7.9)%**	**9.1%**
PROFIT FOR THE PERIOD%	**(1.3)%**	**(10.1)%**	**8.8%**

The consolidated revenues, equal to € 19.6 million, include the incomes of the transfer of the Loyalty business unit, as mentioned in the "Significant Events During the First Six Months of the Fiscal Year" paragraph, and are in line with the consolidated figures of the same period for the previous fiscal year (€ 19.5 million as of 30 June 2021).
Payroll costs dropped by € 632,000, if compared to the previous year, in witness of the current streamlining of structural costs.

EBITDA showed a positive trend, accounting for € 827,000 (€ -705,000 on consolidated figures as of 30 June 2021), ascribable to the complete revisions undertaken with the supply and consulting contracts, as well as to the sales carried out with higher margins.

The Net Profit amounts to € -252,000 (€ -198,000 consolidated figures of the same period in the previous fiscal year).

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

Over the course of the semester, the B2B revenues are in line with the figures of the same period of the previous year, albeit some deliveries have been delayed to 2022 H2.

The B2C e-commerce sector recorded revenues in lines with 2021 H2, recording also the result of the transfer of the loyalty business unit, which took place in the same period

. Moreover, it is worth noting that the sales of some brands increased significantly starting from July and August (Harmont & Blain, Maneskin and Donnafugata [starting from 1 October 2022]), thus allowing for a recovery if compared to Q1.

30 June 2021				
(Euro thousands)	**B2B**	**B2C**	**Corporate**	**Total**
Revenues from contracts with customers	13,116	5,991	0	19,107
Other incomes	60	216	0	276
Capitalised costs		139		139
Total revenues	**13,176**	**6,346**	**0**	**19,522**
EBITDA	**1,037**	**(72)**	**(1,670)**	**(705)**
EBIT	**1,018**	**(650)**	**(1,917)**	**(1,549)**
EBT	**946**	**(720)**	**(2,364)**	**(2,139)**
Profit for the period	**889**	**(743)**	**(2,123)**	**(1,976)**

6. 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.

7. 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.

8. 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.

9. Significant shareholders and shares of the Issuer

At the date of the present interim financial report (30 June 2022) the official data indicates the following significant shareholders:

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

10. 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.

11. 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 shall not be listed on any regulated market nor on any MTF;
- Terms of issue: the Bonds shall be issued in a single tranche;
- Form: the Bonds are bearer bonds issued in book-entry form and centralised at Monte Titoli S.p.A.;
- Issuance Price: the issuance price equals to 100% of the nominal value of the Obligations; - Bonds' minimum value: the minimum value of each Bond amounts to € 100,000;
- Custody and settlement: in case of subsequent negotiation, transfer shall 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 shall bear 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 shall be carried out by Securitisation Services S.p.A. whereas the functions of Bonds paying agent and bank agent shall be carried out by Banca Finanziaria Internazionale S.p.A.;
- Tax regime: the Bonds shall be 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 shall be governed solely by the law of the Italian Republic and any dispute arising shall be 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 subsequent 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. The financial covenants to be respected throughout the life of the Bond are as follows: a) a gearing ratio, and b) a leverage ratio, as defined by the Regulation of the Bond. In particular: (a) the leverage ratio shall 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 shall not be greater than 2 for the whole duration of the Bond.

On 30 June 2022, 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 2022, in line with the authorisations received in the previous fiscal years.

12. 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.

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: 2021 H1 was characterised by the persistence of COVID-19 pandemic, which started during 2020 H1 and is still affecting the market considerably. As of now, despite the countermeasures taken, it is extremely difficult to make reliable estimates on future developments.

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 2013-2021 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.

As of 30 June 2021, the Company owes USD 724,000 to Meridiana Holding S.r.l., its majority shareholder, disbursed to the Parent Company Giglio Group S.p.A. in order to address the Group's financial commitments. 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 15 March 2023 and the others on 31 July 2023 and 15 September 2023.

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.

13. Significant shareholders and shares of the Issuer

At the date of these financial statements, the official data indicates the following significant shareholders:

- 55.66% of shares held by Meridiana Holding S.r.l. (company held 99% by Alessandro Giglio and 1% by his wife Ms. Yue Zhao);

Milan, 14 September 2022

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 2022

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)		30.06.2022	31.12.2021	Change
Non-current assets				
Property, plant & equipment	(1)	249	318	(69)
Right-of-use assets	(2)	356	752	(396)
Intangible assets	(3)	2,405	2,877	(472)
Goodwill	(4)	13,353	13,353	-
Investments in joint ventures	(5)	8	8	(0)
Receivables	(6)	302	231	71
Deferred tax assets	(7)	959	949	10
Total non-current assets		**17,631**	**18,488**	**(857)**
				-
Current assets				-
Inventories	(8)	1,343	2,238	(895)
Trade receivables	(9)	8,259	9,928	(1,669)
Financial receivables	(10)	2	2	-
Tax receivables and deferred tax assets	(11)	260	397	(137)
Other assets	(12)	2,166	1,848	318
Cash and cash equivalents	(13)	2,361	2,474	(113)
Total current assets		**14,391**	**16,887**	**(2,496)**
Total Assets		**32,022**	**35,375**	**(3,353)**
				-
Equity	(14)			-
Issued capital		4,394	4,394	-
Reserves		22,148	22,105	43
FTA Reserve		4	5	(1)
Retained earnings		(28,791)	(24,167)	(4,624)
Foreign Currency Translation reserves		9	(10)	19
Net profit/(loss)		(256)	(4,623)	4,367
Total Group Equity		**(2,492)**	**(2,296)**	**(196)**
Minority interest in equity		63	-	63
Total Net Equity		**(2,429)**	**(2,296)**	**(133)**
				-
Non-current liabilities				-
Provisions for risks and charges	(15)	22	73	(51)
Post-employment benefit funds	(16)	485	673	(188)
Deferred tax liabilities	(17)	158	192	(34)
Financial payables (non-current portion)	(18)	11,427	8,933	2,494
Other non-current liabilities	(19)	76	1,076	(1,000)
Total non-current liabilities		**12,168**	**10,946**	**1,222**
				-
Current liabilities				-
Trade payables	(20)	7,814	10,931	(3,117)
Financial payables (current portion)	(18)	6,681	9,610	(2,929)
Tax payables	(21)	3,849	3,192	657
Other liabilities	(19)	3,939	2,992	947
Total current liabilities		**22,283**	**26,725**	**(4,442)**
Total liabilities and Equity		**32,022**	**35,375**	**(3,353)**

Condensed Consolidated Statement of Profit or Loss

Condensed Consolidated Statement of Profit or Loss (Euro thousands)		30.06.2022	30.06.2021
Total revenues from contracts with customers	(22)	**19,530**	**19,107**
Other revenues	(22)	5	276
Capitalised costs	(23)	100	139
Change in inventories		(761)	(276)
Purchase of raw materials, ancillary, consumables and goods	(24)	*(10,285)*	*(11,020)*
Service costs	(25)	*(5,437)*	*(6,045)*
Rent, lease and similar costs	(26)	*(128)*	*(98)*
Operating costs		**(15,850)**	**(17,163)**
Salaries and wages	(27)	*(1,535)*	*(2,090)*
Social security charges	(27)	*(422)*	*(519)*
Post-employment benefits	(27)	*(112)*	*(93)*
Payroll expenses		**(2,069)**	**(2,702)**
Amortisation	(28)	*(422)*	*(556)*
Depreciation	(28)	*(181)*	*(247)*
Write-downs	(28)	*9*	*(41)*
Amortisation, depreciation & write-downs		**(594)**	**(844)**
Other operating costs	(29)	*(127)*	*(86)*
Operating profit		**233**	**(1,549)**
Financial income	(30)	*70*	*51*
Net financial charges	(30)	*(570)*	*(641)*
Profit before taxes		**(267)**	**(2,139)**
Income taxes	(31)	*15*	*164*
Profit for the period		**(252)**	**(1,975)**
Of which minority interest		*4*	-
Basic and diluted profit from continuing operations		**(0.0115)**	**(0.0952)**
Profit per share – basic and diluted		**(0.0087)**	**(0.0944)**

Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Comprehensive Income (Euro thousands)		30.06.2022	30.06.2021
Profit for the period		(252)	(1,975)
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		19	(19)
Total other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)		**19**	**(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)	43	36
Total other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)		**43**	**36**
Total Comprehensive Income for the period		**(190)**	**(1,958)**

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 2020 Balance	**4,149**	**20,376**	**4**	**(15)**	**(21,542)**	**(2,647)**	**325**		**325**
Issue of share capital	245						245		245
Share premium reserve		1,717					1,717		1,717
Shareholders contributions to the corporate funds (or assets)		-					-		-
Retained earnings			-		(2,647)	2,647	-		-
IAS 19 Reserve		20					20		20
Exchange rate effect				(5)			(5)		(5)
Giglio TV HK deconsolidation		(8)	1	10	22		25		25
Group profit/(loss)						(4,623)	(4,623)		(4,623)
31 December 2021 Balance	**4,394**	**22,105**	**5**	**(10)**	**(24,167)**	**(4,623)**	**(2,296)**		**(2,296)**

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		43	(1)				42		42
Exchange rate effect				19			19		19
Other changes					(2)		(2)	59	57
Profit for the period						(256)	(256)	4	(252)
30 June 2022 Balance	**4,394**	**22,148**	**4**	**9**	**(28,792)**	**(256)**	**(2,492)**	**63**	**(2,429)**

Condensed Consolidated Statement of Cash Flows

Euro thousands		30.06.2022	30.06.2021
Cash flows from operating activities			
Net profit from continuing operations		(252)	(1,976)
Net profit from discontinued operations		-	-
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and impairment of property, plant and equipment	(1)	56	70
Amortisation of right-of-use assets	(2)	125	177
Amortisation and impairment of intangible assets	(3)	422	556
Non-cash changes of provisions	(15)/(16)	(239)	(69)
Write-downs/(Revaluations)	(28)	(9)	41
Net foreign exchange differences	(30)	500	590
Income taxes	(31)	(15)	(163)
Changes in:			
Inventories	(8)	895	(788)
Trade receivables	(9)	1,669	(1,795)
Tax receivables	(11)	136	570
Current financial receivables	(10)	-	-
Other assets	(12)	(318)	306
Deferred tax liabilities	(17)	(32)	(146)
Trade payables	(20)	(3,117)	(1,612)
Tax payables	(21)	672	(43)
Right-of-use assets	(2)	271	(133)
IFRS16 financial payables	(18)	(583)	153
Other current and non-current liabilities	(19)	(52)	1,383
Change in net working capital		**(459)**	**(2,105)**
Changes in provisions	(15)	-	-
Changes in assets/liabilities held for sale/Discontinued operations		-	-
Cash flow generated from operating activities		**129**	**(2,879)**
Interest paid	(30)	(372)	(256)
Income taxes paid	(31)	-	-
Net cash flow generated from operating activities		**(243)**	**(3,135)**
Cash flows from investing activities			
Investments in property, plant & equipment	(1)	13	(26)
Investments in intangible assets	(2)	50	(555)
Acquisition of Salotto di Brera net of liquidity acquired		-	(1,582)
Changes in other intangible assets	(6); (7)	(73)	305
Increase in investments in joint ventures	(5)	-	-
Change in consolidation scope			
Net cash flow used in investing activities		**(10)**	**(1,858)**
Cash flow from financing activities			
Share capital increase		-	2,001
Change in Shareholders’ Equity		119	45
New financing	(18)	-	-
Repayment of loans	(18)	-	(357)
Change in financial liabilities	(18)	19	562
Net cash flow used in financing activities		**138**	**2,251**
Net increase/(decrease) in cash and cash equivalents		**(115)**	**(2,742)**
Cash and cash equivalents at 1 January		2,474	5,085
Cash and cash equivalents at 31 December		2,360	2,345

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 2022 was approved by the Board of Directors on 14 September 2022.

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 2022 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 2021 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 2020, 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 significant 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.

- <u>Provision for inventory write-down of raw materials and accessories and inventories of finished products</u>; 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.

- <u>Provision for doubtful accounts</u>:

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 2021 were not met, and that no provision was made necessary with regard to the previous fiscal year.

- 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 2021, an impairment test was carried out in order to assess the goodwills' recoverability, as mentioned in the Financial Statements as of 31 December 2021. As of 30 June 2022, no trigger events calling for a new impairment tests occurred, taking into account that the Company believes that 2022'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 will 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. As of 30/06/2022, the Company has an outstanding payable of USD 870,000 in favour of Meridiana Holding S.r.l.. See Note 35. "Transactions with subsidiaries and related parties" for more information on the transaction.

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 2022 and 31 December 2021 is shown below:

(Euro thousands)	**Year ended at 30 June 2022**	**%**	**Year ended at 31 December 2021**	**%**
> 90 days	*2,388*	*32.2%*	*2,189*	*25.1%*
60<> 90 days	*211*	*2.8%*	*294*	*3.4%*
30<> 60 days	*241*	*3.3%*	*869*	*10.0%*
0<> 30 days	*808*	*10.9%*	*470*	*5.4%*

Total overdue	***3,648***	***49.3%***	***3,822***	***43.8%***
Not overdue	*3,758*	*50.7%*	*4,905*	*56.2%*
Total gross receivables	***7,406***	***100.0%***	***8,728***	***100.0%***
Provision for doubtful accounts	*-1,556*		*-1,563*	
Inc. provision on overdue >90 days	*-65.15%*		*-71.40%*	
Total	**5,850**		**7,165**	

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

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 2022, 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	700	-	328	20	-	328
Banca Popolare di Sondrio	190	126	40	-	-	166
IFITALIA Factoring - BNL	5,950	-	2,981	-	-	2,981
Unicredit	-	-	-	60	49	49
Total	**6,840**	**126**	**3,349**	**70**	**49**	**3,524**

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 2022. 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 subscribed and paid-in € 4,149,295.

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

Since March 20, 2018, the Company has been listed on the STAR segment of the Italian Stock Exchange, with a free float of approx. 35%: 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) Tecnology 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: 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.

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.

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 36.

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 2021 Consolidated Annual Financial Statements.

New accounting standards, amendments and interpretations applied from 1 January 2022

The amendments in force ever since 1 January 2022, published by IASB on 14 May 2020, are as follows:

- Amendments to IFRS 3 Business Combinations: these amendments are aimed at updating the reference made by IFRS 3 to the Conceptual Framework in the reviewed version, without amending the provisions of IFRS 3's accounting standard.
- Amendments to IAS 16 Property, Plant and Equipment: the amendments are aimed at preventing the deduction from the cost of property, plant and equipment the amount received by the sale of goods produced in the test phase of the asset itself. These sales revenues and the relevant costs shall thus be recorded in the Statement of Profit or Loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendments specify that, in the assessment of the eventual onerousness of an agreement, all costs directly ascribable to said agreement must be taken into account. As a consequence, the assessment of the eventual onerousness of an agreement includes not only the incremental costs, but also all other costs that the company cannot avoid due to the subscription of the agreement.
- Annual Improvements 2018-2020: the amendments concerned IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The Group shall use said practical measure in the future, when they shall be applicable.

Employment data

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

Workforce	30.06.2022	31.12.2021	Change
Executives	1	3	(2)
Managers	12	15	(3)
White-collar	50	79	(29)
Blue-collar	-	-	-
Others	-	-	-
Total	**63**	**97**	**(34)**

ASSETS

B) Non-current assets

1. Property, plant & equipment

Balance at 30.06.2022 249

Balance at 31.12.2021 318

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 2021	**1,039**	**122**	**341**	**719**	**12**	**574**	**2,807**
Additions	-	-	-	1	-	-	1
Business Combinations	-	-	-	-	-	-	-
Transfers	(0)	(36)	(70)	(25)	-	(69)	(201)
Exchange differences and Reclassifications	-	0	-	-	-	-	0
Decreases	-	-	-	-	-	-	-
Decreases for Giglio TV deconsolidation	-						-
Disposals	-	-	-	-	-	-	-
30 June 2022	**1,039**	**87**	**270**	**694**	**12**	**505**	**2,607**
Change in Amortisations							-
31 December 2021	**(1,028)**	**(114)**	**(282)**	**(507)**	**(7)**	**(551)**	**(2,489)**
Depreciations	(3)	(1)	(13)	(30)	(2)	(9)	(56)
Business Combinations	-	-	-	-	-	-	-
Decreases for Giglio TV deconsolidation	-						-
Decreases	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
30 June 2022	**(1,030)**	**(84)**	**(231)**	**(511)**	**(9)**	**(492)**	**(2,357)**
Net Value as of 30 June 2022	**9**	**3**	**39**	**183**	**3**	**13**	**249**

As of 30 June 2022, the amortisations of Property, Plant and Equipment amount to € 56,000; moreover, disposals for € 201,000 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 2021). For more information, see Note 4, "Goodwill".

2. Right-of-use assets

Balance at 30.06.2022 356

Balance at 31.12.2021 752

The breakdown of assets of the Group is illustrated below:

Right-of-use assets	Properties	Vehicles	Total
Change in Acquisition Cost			
31 December 2021	**1,144**	**174**	**1,318**
Business Combinations	-	-	-
Additions	-	54	54
Transfers	-	-	-
Exchange differences	-	-	-
Decreases	-	(5)	(5)
Disposals	(452)	-	(452)
30 June 2022	**692**	**224**	**915**
Change in Amortisations			-
31 December 2021	**(515)**	**(51)**	**(566)**
Depreciations	(97)	(28)	(125)
Business Combinations	-	-	-
Transfers	-	-	-
Exchange differences	-	-	-
Decreases	-	-	-
Disposals	132	-	132
30 June 2022	**(480)**	**(79)**	**(560)**
Net Value as of 30 June 2022	**211**	**145**	**356**

As of 30 June 2022, the amortisation of right-to-use assets amount to € 125,000, highlighting the subscription of various agreements which led to the account's increase of € 53,000, as well as to the termination of the leasing contract for the building used by E-Commerce Outsourcing S.r.l., considering that the whole workforce of the Company was moved to the Company's headquarters in Piazza Diaz 6, Milan. Thanks to this termination, 2022 H2 shall record lower leasing and utilities costs.

As of 30 June 2022, 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 30.06.2022 2,405

Balance at 31.12.2021 2,877

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 2021	**1,419**	**2,414**	**4,619**	**8,453**
Reclassification capitalised costs			-	-
Additions	-	100	17	117
Business Combinations	-	-	-	-
Transfers	-	-	-	-
Exchange differences and Reclassifications	-	3	1	4
Decreases	(255)	(152)	-	(407)
Decreases for Giglio TV deconsolidation	-	-	-	-
Disposals	-	-	-	-
30 June 2022	**1,164**	**2,365**	**4,637**	**8,166**
Change in Amortisations				
31 December 2021	**(573)**	**(805)**	**(4,197)**	**(5,575)**
Depreciations	(113)	(203)	(106)	(422)
Business Combinations	-	-	-	-
Transfers		-	-	-
Exchange differences and Reclassifications		1	(0)	0
Decreases	85	151	-	236
Decreases for Giglio TV deconsolidation	-	-	-	-
Disposals		-	-	-
30 June 2022	**(601)**	**(857)**	**(4,303)**	**(5,760)**
Net Value as of 30 June 2022	**563**	**1,509**	**334**	**2,405**

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

As of 30 June 2022, an increase of € 0.1 million is recorded, mainly related to the improvement in the multi-users platforms managed by subsidiary E-Commerce Outsourcing S.r.l..

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 30.06.2022 13,353

Balance at 31.12.2021 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 2020;
- € 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) when circumstances indicate the possibility of a reduction in the recoverable value of the goodwill.

As of 31 December 2021, an impairment test was carried out in order to assess the goodwills' recoverability, as mentioned in the Financial Statements as of 31 December 2021. The test had a positive outcome. As of 30 June 2022, no trigger events calling for a new impairment tests occurred, taking into account that the Company believes that 2022'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 30.06.2022 8

Balance at 31.12.2021 8

The account as of 30 June 2022 equal to € 8,000, mainly includes the investment consequent to the Joint Venture, together with Acque Minerali Italiane, of the company Cloud Food S.r.l under liquidation. This investment (held at 51%) is measured at equity, in accordance with IFRS 11 - Joint Arrangements. At the reporting date, the company exclusively reports a share capital of € 10,000. It is noted that the company, as of 30 June 2022, is not operative and no transaction has been carried out with Giglio Group S.p.A..

6. Receivables and other non-current assets

Balance at 30.06.2022 302

Balance at 31.12.2021 231

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

Receivables and non-current assets	30.06.2022	31.12.2021	Change
Guarantee deposits	198	219	(21)
Others	104	12	92
Total	**302**	**231**	**71**

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;
- Rfezia Immobiliare Servizi S.p.A. for the Rome offices.

In the previous fiscal year, "Others" referred mainly to the long-term portion of the credit resulting from the transfer to GM Comunicazione S.r.l., finalised on 20 December 2018, of the authorisation to supply audiovisual media services associated to channel 65 of the digital terrestrial. Said credit, in the current fiscal year, is totally classified as short-term.

7. Deferred tax assets

Balance at 30.06.2022 959

Balance at 31.12.2021 949

The item, equal to € 992,000 in 30 June 2022, refers mainly to the deferred taxes calculated on the tax losses of the Parent Company on 2017 (€ 514,000), following which, on a prudent basis, have not been provisioned, to the tax effect of the write-down of receivables (€ 105,000). For more information, see Note 31.

The deferred tax assets are expected to be reabsorbed by future assessable income deriving from the business plan.

8. Inventories

Balance at 30.06.2022 1,343

Balance at 31.12.2021 2,238

The inventories comprise finished products for sale.

As of 30 June 2022, 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.

The company Salotto di Brera, purchased over the course of the fiscal year, holds goods in containment stock with duty-free stores and on board of cruise ships. The increase in inventories recorded in the first semester is mainly ascribable to the entrance of Salotto di Brera in the Group's consolidation scope. The Group assesses that said account will decrease in H2 thanks to the restart of cruise ships' fares and to the sale of goods delivered in the first days of July.

As of 30 June 2022, no further provision was made. Instead, part of the obsolescence provision (€ 20,000) was released as the risk of unsold items was considered insignificant.

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 30.06.2022 8,259

Balance at 31.12.2021 9,928

The breakdown of the account is as follows:

Trade receivables	30.06.2022	31.12.2021	Change
Trade receivables	8,492	10,159	(1,677)
Advances to suppliers	1,217	1,242	(25)
Guarantee deposits	68	73	(5)
Other receivables	38	18	20
Provision for doubtful accounts	(1,556)	(1,564)	8
Total	**8,259**	**9,928**	**(1,669)**

The Advances to suppliers of B2B e-commerce division relate to advances on orders of the PE and AI 2023 collection.

The geographic breakdown of gross trade receivables at 30 June 2022 and 31 December 2021 are as follows:

(Euro thousands)	**Year ended at 30 June 2022**	**%**	**Year ended at 31 December 2021**	**%**
Europe	*6,388*	*86.2%*	*7,755*	*88.9%*
Asia	*103*	*1.4%*	*26*	*0.3%*

USA	*787*	*10.6%*	*941*	*10.8%*
Rest of the world	*130*	*1.7%*	*6*	*0.1%*
Total gross receivables	***7,406***	***100.0%***	***8,728***	***100.0%***
Provision for doubtful accounts	*-1,556*		*-1,563*	
Total gross receivables	***5,850***		***7,165***	

The ageing of the gross trade receivables as of 30 June 2022 and 31 December 2021 is shown below:

(Euro thousands)	**Year ended at 30 June 2022**	**%**	**Year ended at 31 December 2021**	**%**
> 90 days	*2,388*	*32.2%*	*2,189*	*25.1%*
60<> 90 days	*211*	*2.8%*	*294*	*3.4%*
30<> 60 days	*241*	*3.3%*	*869*	*10.0%*
0<> 30 days	*808*	*10.9%*	*470*	*5.4%*
Total overdue	***3,648***	***49.3%***	***3,822***	***43.8%***
Not overdue	*3,758*	*50.7%*	*4,905*	*56.2%*
Total gross receivables	***7,406***	***100.0%***	***8,728***	***100.0%***
Provision for doubtful accounts	*-1,556*		*-1,563*	
Inc. provision on overdue >90 days	*-65.15%*		*-71.40%*	
Total	**5,850**		**7,165**	

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

Provision for doubtful accounts (Euro thousand)	
31 December 2021 Balance	**1,564**
Provisions	2
Exchange differences	-
Utilisations	(9)
30 June 2022 Balance	**1,556**

The provision for the period amounts to € 2,000.

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 30.06.2022 2

Balance at 31.12.2021 2

The account consists in 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 30.06.2022 260

Balance at 31.12.2021 397

The breakdown of tax receivables is shown below:

Tax receivables	30.06.2022	31.12.2021	Change
IRES	109	109	-
IRAP	24	1	23
Withholding taxes	5	5	-
INPS	-	-	-
INAIL	1	1	-
VAT	17	154	(137)
Others	105	126	(21)
Total current tax receivables	**260**	**397**	**(137)**

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

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

12. Other assets and other current receivables

Balance at 30.06.2022 2,166

Balance at 31.12.2021 1,848

Other assets	30.06.2022	31.12.2021	Change
Other assets	46	77	(31)
Prepayments and accrued income	2,120	1,771	349
Total	**2,166**	**1,848**	**318**

Prepayments and accrued income mainly relate:

- for € 1,175,000 to the Ibox Group: they concern the relative installations for the use of management software for the years 2020 and thereafter invoiced in advanced;
- The remainder refers to the costs for discounted services for the share not attributable to the Group.

13. Cash and cash equivalents

Balance at 30.06.2022 2,361

Balance at 31.12.2021 2,474

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

Cash and cash equivalents	30.06.2022	31.12.2021	Change
Bank and short-term deposits	2,357	2,470	(113)
Cash on hand	4	5	(1)
Total	**2,361**	**2,474**	**(113)**

The changes relate to normal operating events and refer to the changes illustrated in the statement of cash flow. There are no limitations to the free use of the funds or costs related to their use.

LIABILITIES

14. Equity

The share capital as of 30 June 2022 consists of 21,968,022 ordinary shares, without express nominal value.

The movements in the first half of 2022 related to:

- Allocation of the consolidated result at 31 December 2021, equal to € -4.623.000;
- Recognition of IAS 19 actuarial profit equal to € 44,000;
- Recognition of exchange differences equal to € 19,000;
- Consolidated result for the period equals to € -256,000.

15. Provisions for risks and charges

Balance at 30.06.2022 22

Balance at 31.12.2021 73

As of 30 June 2022, the account includes the provision for returns ascribable to Ibox SA.

16. Post-employment benefit provisions

Balance at 30.06.2022 485

Balance at 31.12.2021 673

As of 30 June 2022, the Post-employment benefit provision amounts to € 485,000, and its movements are as follows:

(Euro thousands)	
Post-employment benefit provision at 31.12.2021	**673**
Business Combinations	-
2022 Q1 provision	54
Advances/Util.	(200)

Actuarial gains (losses)	(45)
Net Interest	2
30 June 2022 Balance	**485**

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 2019 (source ISTAT - 2020 Italian Statistical Yearbook), divided by age and gender;
- probability of elimination for invalidity: zero;
- probability of 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 was 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: 2.9% for 2022 H2 (5.8% per year), 2% for 2023, 1.7% for 2024 and 1.8% for 2025 (source: *"2022 Economic and Finance Document" and its updated version on 6 April 2022*); from 2026 onwards, the annual rate of 1.5% 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 30.06.2022 of AA securities issued by corporate issuers in the Eurozone and based on the average residual duration of the Post-employment benefit at 30.06.2022; therefore, considering that the average residual duration of the liabilities was equal to 15 years, the annual nominal discount rate assumed in the valuation was 3.4% (1.4% at 31.12.2021).

The sensitivity analysis on the discount rate was applied by using a rate that was respectively lower and higher than 3.4% by half a percentage point. Valuation results based on the rate of 2.9% and 3.4% (Euro thousands) are shown in the table below:

(amount in €/000)	**Rate 2.9%**	**Rate 3.4%**
DBO	413.7	556.3

Moreover, it is noted that the same demographical hypotheses of 31 December 2021 have been adopted, while the update of the discount rate (3.4% instead of 1.4% adopted on 31 December 2021) produced a DBO increase of € 45,000.

17. Deferred tax liabilities

Balance at 30.06.2022 158

Balance at 31.12.2021 192

As of 30 June 2022, the total payable amounted to € 158,000. This balance mainly includes the tax effect following the application of the PPA on the acquisition of E-Commerce Outsourcing, which took place in October 2019.

18. Current and non-current financial liabilities

Balance at 30.06.2022 18,108

Balance at 31.12.2021 18,543

The financial liabilities are illustrated in the table below:

Financial payables	30.06.2022	31.12.2021	Change
Current	6,681	9,610	(2,929)
Non-current	11,427	8,933	2,494
Total	**18,108**	**18,543**	**(435)**

In absolute values, the net financial debt is in line with 31 December 2021; indeed, due to the persistence of the pandemics, the Company has started the negotiation with some major credit institutions in order to make use of the possibility to suspend the payments of the instalments of the outstanding mortgages (so-called moratorium) pursuant to Art. 56 of Legislative Decree 18/2020 ("Heal Italy" decree), renewed by Art. 65 of Legislative Decree 104/2020 (the so-called "August Decree") and extended once by Art. 1, par. 248 of the Budget Law 2021 (Law no. 178 of 30 December 2020) and then by Art. 16 of the Legislative Decree no. 73/2021. Following the latest extension, the suspension terms agreed with the credit institutions in April 2020 and subsequently extended were moved to 31 December 2021 and the instalments payments started again from January 2022, with pending relevant reclassification for those expiring on 30 June 2023. In compliance with the IFRS 9 accounting standard, the so-called “10% test” was carried out on said loans (already recorded according to the amortised cost criteria) in order to assess the materiality or lack thereof of the renegotiation and to identify the resulting accounting effects. Each single test had a positive outcome, hence the liability’s derecognition was not necessary.

With regard to 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 30 June 2022, the Company formalised with the bondholder the suspension of the application of the aforementioned financial covenants’ thresholds with regard to 30 June 2022 Test Date, as announced before the end of the fiscal year by the creditor itself.

In light of this, the bondholder shall require the payment at the deadlines established originally in the contractual regulation.

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

Current financial liabilities	30.06.2022	31.12.2021	Change
Loans (current portion)	3,256	3,014	242
Total current loans	**3,256**	**3,014**	**242**
Advances on invoices/Credit Lines	1,624	1,244	380
Bank overdrafts	532	480	52
Earn-out	-	-	-
Rental liabilities	230	392	(162)
EBB bond	955	4,465	(3,510)
Payables towards related parties	85	16	69
Total	**6,681**	**9,610**	**(2,930)**

The current financial liabilities relate to:

- The short-term portion of unsecured loans;
- The self-liquidating credit lines as advances on invoices;
- The current portion of payables owed to related parties, in USD. For more information, see Note 35. "Transactions with subsidiaries and related parties".
- 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 30 June 2022, the Company received from the bondholder the suspension of the application of the financial covenants' thresholds with regard to 30 June 2022 test date, and it shall present formal request of suspension also for 31 December 2022 test date.

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

Non-current financial liabilities	30.06.2022	31.12.2021	Change
Loans	7,517	7,749	(232)
EBB bond	3,147	3,695	(548)
Rental liabilities	137	558	(421)
Payables towards related parties	626	626	0
Total	**11,427**	**12,627**	**(1,200)**

The non-current financial liabilities relate to:

- The long-term unsecured loans;
- The non-current portion of payables owed to related parties, in USD. For more information, see Note 35. Transactions with subsidiaries and related parties;

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 2022, and highlights the amounts due within and beyond one year:

Bank	Loan amount	Date of subscription	Expiration	Outstanding debt at 30/06/2022	0<>12 months	1 year<>2 years	2 year<>3 years	More than 3 years
INTESA								
Chiro loan no. 0IC1047064869 - 60 months	1,000	28/06/2017	30/05/2023	376	204	172	0	0
CARIGE								
Loan no. F1227505707, MCC guarantee	550	30/11/2020	31/10/2026	550	89	136	138	187
Banca Popolare di Milano								
Loan no. 04838898 - MCC guarantee	2,000	23/11/2020	23/11/2026	1,624	355	362	370	537
UNICREDIT								
Loan no. 8406426/000	5,000	29/01/2020	31/07/2023	3,986	2,045	1,941	0	0
SACE BOND								
Loan no. I120C590730	5,000	10/04/2019	10/10/2027	4,230	770	770	770	1,920
TOTAL Giglio Group	**13,550**			**10,766**	**3,463**	**3,381**	**1,278**	**2,645**
Deutsche Bank								
Deutsche Bank passive loan	197	07/08/2020	07/08/2025	129	40	41	41	7
Deutsche Bank								
Deutsche Bank SME Trade Flow loan	150	02/03/2022	02/03/2023	150	150			
Banca Popolare di Milano								
Banca Progetto loan	1,200	06/04/2022	31/03/2026	1,200	320	320	320	240

Banca Popolare di Milano								
SIMEST loan	150	29/06/2022	29/06/2027	113		23	23	68
TOTAL Salotto	**1,697**			**1,591**	**510**	**383**	**384**	**314**
BANCA INTESA								
Chiro loan no. 06/100/23767 Banca Progetto	2,000	13/08/2021	31/08/2027	1,892	333	348	364	847
TOTAL E-Commerce	**2,000**			**1,892**	**333**	**348**	**364**	**847**
Overall Total				**14,250**	**4,306**	**4,112**	**2,026**	**3,807**

19. Other current liabilities

Balance at 30.06.2022 3,939

Balance at 31.12.2021 2,992

Other current liabilities	30.06.2022	31.12.2021	Change
Employee payables	303	410	(107)
Prepayments and accrued expenses	799	212	587
Other payables	2,837	2,369	468
Total	**3,939**	**2,991**	**948**

The account "Other payables" mainly includes the residual part of the amounts arising from the agreement finalised upon the transfer of Vertice 360, equalling € 2.6 million, for which the legal dispute between the parties ended with the acknowledgement of Giglio Group S.p.A.'s debt towards Vertice 360 of € 3,000,000, which is currently being paid via monthly instalments of € 196,666 until 2 May 2023.

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

20. Trade payables

Balance at 30.06.2022 7,814

Balance at 31.12.2021 10,931

Trade payables	30.06.2022	31.12.2021	Change
Customer advances	213	1,667	(1,454)
Supply of goods and services	7,622	9,103	(1,481)
Credit notes to be issued	(21)	161	(182)
Total	**7,814**	**10,931**	**(3,117)**

The account change, if compared to 31 December 2021, must be ascribed to both to the seasonality and to the exploitation of the increased cash and cash equivalents generated during 2021 H1 in order to reduce the indebtedness of current suppliers.

For more information, see Note 6 - Business seasonality, in the Directors' Report.

The breakdown of trade payables is shown below:

(Euro thousands)	**Year ended at 30 June 2022**	**Year ended at 31 December 2021**
Trade payables	*7,814*	10,931
- of which overdue beyond 60 days	*2,856*	*4,369*
- % overdue payables on total	*36.55%*	*40.00%*

21. Tax payables

Balance at 30.06.2022 3,849

Balance at 31.12.2021 3,192

Tax payables	30.06.2022	31.12.2021	Change
Withholding taxes	487	418	69
VAT	254		
Foreign VAT	2,874	2,167	707

Income taxes	87	400	(313)
Social security institutions	147	207	(60)
Total	**3,849**	**3,192**	**657**

Tax payables relate to:

- withholding taxes and taxes related to the normal operating activities of the company for Euro 487 thousand;
- VAT accrued by the Ibox SA Group payable to foreign countries in which it performs its business through specific tax representation;
- social security institutions for € 147,000.

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:

	30.06.2022	30.06.2021	Change
Revenues from contracts with customers (including business unit's transfer)	19,530	19,107	423
Other revenues	5	276	(271)
Total	**19,535**	**19,383**	**152**

Revenues from sales and services amounted to Euro 19.5 million compared to Euro 19.1 million as of 30 June 2021. This amount includes the amount earned from the transfer of the Loyalty business unit.

The transfer of the Loyalty business unit, carried out by subsidiary E-Commerce Outsourcing S.r.l. in 2022 Q1 amounted to € 1.3 million.

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 € -219,000, which led to the preliminary determination of the transfer price at € 981,000; 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. The capital gains thus obtained on the transaction amount to € 1,344,000.

The Incentive and Loyalty business branch, object of the transfer, had recorded a turnover of about € 2.4 million in 2021 (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, considering the accounting peculiarities arising from managing such business unit.

23. Increases in assets due to own work

The increases in assets due to own work as of 30 June 2022 amounted to € 100,000, as 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:

	30.06.2022	30.06.2021	Change
Costs of goods	10,263	10,996	(733)
Consumables	23	24	(1)

Total	**10,285**	**11,020**	**(735)**

The account mainly includes the costs borne by the B2B segment of Giglio Group; the decrease over 2020 H1 is mainly ascribable to the Giglio Salute division, whose sales reduction has already been described in Note 22. Revenues from contracts with customers.

25. Service costs

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

	30.06.2022	30.06.2021	Change
Agents	1,547	1,276	271
Other service costs	60	44	16
Insurance	88	92	(4)
Bank, postal & collection commissions	346	476	(130)
Directors, statutory auditors and supervisory board fees	230	193	37
Consulting	1,303	1,469	(166)
Administrative costs	542	740	(198)
Customer service	116	170	(54)
Warehousing	256	255	1
Maintenance	12	7	5
Advertising, promotions, shows and fairs	9	77	(68)
Cleaning and surveillance	14	14	-
Transport & shipping	777	993	(216)
Utilities	130	131	(1)
Web marketing	(26)	63	(89)
Sales representatives	33	45	(12)
Total	**5,437**	**6,045**	**(608)**

The account principally refers to:

- The B2B division: transport and shipping service costs for € 0.1 million and warehouse for € 0.2 million;

- The B2C division: agents costs for € 1.3 million, transport and shipping for € 0.6 million, bank commissions for € 0.3 million and customer services for € 0.1 million.

Consulting and administrative/IT costs mainly refer to the corporate division and to Ibox SA. It is worth noting how the saving operations implemented in 2021 H2 started to bear their fruits during 2022.

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:

	30.06.2022	30.06.2021	Change
Rental	121	56	65
Hire	3	29	(26)
Operating leases	4	13	(9)
Total	**128**	**98**	**30**

The Rent, lease and similar costs refer to the lease of capital goods whose value is less than € 5,000, as well as to rentals 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:

	30.06.2022	30.06.2021	Change
Salaries and wages	1,535	2,090	(555)
Social security charges	422	519	(97)
Post-employment benefits	112	93	19
Total	**2,069**	**2,702**	**(633)**

The payroll expenses decreased by € 633,000 if compared to 30 June 2021 following the ongoing streamlining of structural costs.

28. Amortisation, depreciation & write-downs

The breakdown of the account is shown below:

Amortisation, depreciation & write-downs	30.06.2022	30.06.2021	Change
Amortisation intangible fixed assets	422	556	(134)

Amortisation tangible fixed assets	181	247	(66)
Write-downs (Revaluations)	(9)	41	(50)
Total	**594**	**844**	**(250)**

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

The write-downs include the adjustment to the doubtful debt provision commented upon in the previous Note 9 "Trade receivables".

29. Other operating costs

The breakdown of the account is shown below:

	30.06.2022	30.06.2021	Change
Other taxes	9	9	0
Other charges	48	17	31
Penalties and fines	28	63	(35)
Prior year charges	42	(3)	45
Losses on receivables	-	-	-
Total	**127**	**86**	**41**

30. Financial income and charges

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

Financial income and charges	30.06.2022	30.06.2021	Change
Interest income on bank accounts	-	7	(7)
Incomes on transfer of securities	-	-	-
Other interest	-	-	-
Exchange gains	70	44	26
Financial income	**70**	**51**	**19**
Interests on current bank accounts	1	23	(22)
Other interests	45	173	(128)
Interests on invoice advances and factoring	35	33	2
Interests on mortgage loans	234	65	169
Interests on bond loans	102	167	(65)
Bank charges	46	34	12
SIMEST financial charges	-	-	-
IFRS 16 financial charges	8	15	-

Exchange losses	99	132	(33)
Financial charges	**570**	**641**	**(71)**
Total	**(500)**	**(590)**	**90**

31. Income taxes

The breakdown of income taxes is as follows:

Income taxes	30.06.2022	30.06.2021	Change
Current taxes	(28)	(109)	81
Deferred taxes	43	273	(230)
Total	**15**	**164**	**(149)**

Income taxes amount to € 15,000 (€ 164,000 as of 30 June 2021).

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	13
M. Belloni (until 14 January 2022)	5
C. Micchi (from 26 January 2022)	11
Total	**155**

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

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 2022.

The details are shown below:

Entity	Guarantee Value	Residual amount guaranteed

B.POP Sondrio	900	166
B. POP Milano	650	650
UNICREDIT	536	536
Banca Progetto	1,200	960
Total bank guarantees	**2,086**	**1,353**
EBB bond loan	1,000	1,000
Total guarantees	**3,086**	**2,353**

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 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.

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 2022 is presented below.

		30.06.2022		31.12.2021	
Condensed Consolidated Statement of Financial Position (Euro thousands)		Carrying amount	Fair Value	Carrying amount	Fair Value
Non-current assets					
Investments in joint ventures	(5)	8	8	8	8
Receivables	(6)	302	302	231	231
Total non-current assets		**17,631**		**18,488**	
Current assets					
Financial receivables	(10)	2	2	2	2
Cash and cash equivalents	(13)	2,361	2,361	2,474	2,474
Total current assets		**14,137**		**16,887**	
Total Assets		**31,768**		**35,375**	
Non-current liabilities					
Financial payables (non-current portion)	(18)	11,427	11,427	8,933	8,933

Total non-current liabilities		**8,978**		**10,947**	
Current liabilities					
Financial payables	(18)	6,681	6,681	9,610	9,610
Total current liabilities		**22,029**		**26,725**	
Total liabilities and Equity		**31,768**		**35,375**	

Medium-term loan

The company reports at 30 June 2022 a net financial debt position of approx. € 15.8 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 "EBB Export Programme" bond issued in 2019 and 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 apply only to the EBB Export Programme bond).

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..

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.

On 30 June 2022, 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 2022.

35. Transactions with subsidiaries and related parties

The Related Parties and their transactions for 2022 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.r.l. 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 2022. 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 2022									
		Trade receivables	Financial receivables	Trade payables	Financial payables	Sales revenues	Operating costs	Financial income	Financial charges
A	Subsidiaries	1,267	2,507	1,052	1,518	1,610	1,818		
B	Holding companies or subject to joint control								
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:**	**-**	**-**	**-**	**711**	**-**	**-**	**-**	**-**
	Board of Statutory Auditors								
	Joint ventures								
	Close Relatives								
	Others				711			-	-
	Total (A;B;C;D;E;F;G)	**1,267**	**2,507**	**1,052**	**2,229**	**1,610**	**1,818**	**-**	**-**

The account "Other related parties" refers to Meridiana Holding S.r.l..

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	E-Commerce Outsourcing	IBOX SA
Giglio Group	-	221	-	182	684	180
E-Commerce Outsourcing	17	-	-	-	-	248
Giglio USA	-	-	-	-	-	-
Giglio Shanghai	-	-	-	-	-	-
Salotto di Brera	963	-	-	-	-	-
IBOX SA	72	-	-	-	659	-

Financial receivables and payables

Receivables/Payables	Giglio Group	Giglio USA	Giglio Shanghai	Salotto di Brera	E-Commerce Outsourcing	IBOX SA
Giglio Group	-	102	-	-	-	2,404
E-Commerce Outsourcing	1,518	-	-	-	-	-
Giglio USA	-	-	-	-	-	-
Giglio Shanghai	-	-	-	-	-	-

Salotto di Brera	-	-	-	-	-	-
IBOX SA	-	-	-	-	-	-

Commercial revenues and costs

Revenues/Costs	Giglio Group	Giglio USA	Giglio Shanghai	Salotto di Brera	E-Commerce Outsourcing	IBOX SA
Giglio Group		570		289	713	39
E-Commerce Outsourcing	13					296
Giglio USA	-					26
Giglio Shanghai	15					
Salotto di Brera	1,790					
IBOX SA	-				26	

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 recharge 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 € 50,000, whose contract expired but whose use was granted, free of charge, until 31 December 2022.

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.

36. Dividends

In line with the approval of the guidelines of the 2021-2025 plan, 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)		30.06.2022	of which related parties	31.12.2021	of which related parties
Non-current assets					
Property, plant & equipment	(1)	249		318	
Right-of-use assets	(2)	356		752	
Intangible assets	(3)	2,405		2,877	
Goodwill	(4)	13,353		13,353	
Investments in joint ventures	(5)	8		8	
Receivables	(6)	302		231	
Deferred tax assets	(7)	959		949	
Total non-current assets		**17,631**	**-**	**18,488**	**-**
Current assets					

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Inventories	(8)	1,343		2,238	
Trade receivables	(9)	8,259		9,928	51
Financial receivables	(10)	2		2	
Tax receivables and deferred tax assets	(11)	260		397	
Other assets	(12)	2,166		1,848	
Cash and cash equivalents	(13)	2,361		2,474	
Total current assets		**14,391**	**-**	**16,887**	**51**
Total Assets		**32,022**	**-**	**35,375**	**51**
Equity	(14)				
Issued capital		4,394		4,394	
Reserves		22,148		22,105	
FTA Reserve		4		5	
Retained earnings		(28,791)		(24,167)	
Foreign Currency Translation reserves		9		(10)	
Net profit/(loss)		(256)		(4,623)	
Total Group Equity		**(2,492)**	**-**	**(2,296)**	**-**
Minority interest in equity		63		-	
Total Net Equity		**(2,429)**	**-**	**(2,296)**	**-**
Non-current liabilities					
Provisions for risks and charges	(15)	22		73	
Post-employment benefit funds	(16)	485		673	
Deferred tax liabilities	(17)	158		192	
Financial payables (non-current portion)	(18)	11,427	711	8,933	624
Other non-current liabilities	(19)	76		1,076	
Total non-current liabilities		**12,168**	**711**	**10,946**	**624**
Current liabilities					
Trade payables	(20)	7,814		10,931	
Financial payables (current portion)	(18)	6,681		9,610	
Tax payables	(21)	3,849		3,192	
Other liabilities	(19)	3,939		2,992	
Total current liabilities		**22,283**	**-**	**26,725**	**-**
Total liabilities and Equity		**32,022**	**711**	**35,375**	**624**

Condensed Consolidated Statement of Profit or Loss (Euro thousands)		30.06.2022	of which related parties	30.06.2021	of which related parties
Total revenues from contracts with customers	(22)	**19,530**		**19,107**	
Other revenues	(22)	5		276	
Capitalised costs	(23)	100		139	
Change in inventories		(761)		(276)	
Purchase of raw materials, ancillary, consumables and goods	(24)	(10,285)		(11,020)	

Service costs	(25)	(5,437)		(6,045)	
Rent, lease and similar costs	(26)	(128)		(98)	
Other operating costs	(29)	(128)		(98)	
Operating costs		**(15,850)**	**0**	**(17,163)**	**0**
Salaries and wages	(27)	(1,535)		(2,090)	
Social security charges	(27)	(422)		(519)	
Post-employment benefits	(27)	(112)		(93)	
Payroll expenses		**(2,069)**	**0**	**(2,702)**	**0**
Amortisation	(28)	(422)		(556)	
Depreciation	(28)	(181)		(247)	
Write-downs	(28)	9		(41)	
Amortisation, depreciation & write-downs		**(594)**	**0**	**(844)**	**0**
Other operating costs	(29)	(127)		(86)	
Operating profit		**233**	**0**	**(1,549)**	**0**
Financial income	(30)	70	0	51	
Net financial charges	(30)	(570)	*0*	(641)	*(71)*
Profit before taxes		**(267)**	**0**	**(2,139)**	**(71)**
Income taxes	(31)	15		164	
Profit for the period		**(252)**	**0**	**(1,975)**	**(71)**
Of which minority interest		**4**		**0**	
Basic and diluted profit from continuing operations		**(0.0115)**		**(0.1231)**	
Profit per share – basic and diluted		**(0.0118)**		**(0.0944)**	

40. Valuation of Going Concern

The Financial Statements of the Group as of 30 June 2022 were drafted in view of the business continuity, on the basis of the assessment made by the Directors (pursuant to IAS 1) regarding the Company's capacity to continue trading as a going concern, taking into account all of the information in their possession regarding the near future (related, but not limited, to at least 12 months).

The Group constantly monitors the performance of the reference markets with regard to the Plan assumptions and the prompt implementation of the envisaged actions, keeping a proactive and constant focus on the containment of costs and on the identification of initiatives aimed at reaching a greater operational efficiency that might mitigate the risk related to the contractualisation of new clients/brands and ensure the achievement of the expected economic results.

The Group's Financial Statements as of 30 June 2022 were closed with a loss of € 256,000, which led to a net equity of € -2,430,000.

Significant deviations between the Plan's expected figures and the figures obtained as of 30 June 2022 are highlighted below:

Plan		**Final figures as of 30 June 2022**	
EBITDA		928	828
Revenues	(*)	22,076	19,635

(*) Including the accounts “Other revenues” and “Capitalised costs

On 28 March 2022, the Board of Directors of the Company approved the Industrial Plan 2022-2026. From November 2021, the Company acquired a new commercial management that completely restated its commercial assets, as well as the actual development possibilities of the Group's business. The new Industrial Plan considers a GMV (Gross Merchandise Value - reference value for e-commerce transactions) acceleration at a cumulative growth rate of about 10% (CAGR) both for organic growth - in line with the expectation of the reference market (online sales for luxury fashion) - and for new brand acquisitions.

During the time span of the Plan, the objective is a linear revenues increase , with a sustainable profitability (Ebitda/Revenues) on the long term, whose incidence should be of more than 10% in the last year of the plan. The objective is to strike a balance between B2B activities - including the distribution to digital marketplaces (developing strongly as channel for stock disposal and the business of Salotto di Brera (specialised in travel retail within cruise ships and duty-free shops in ports and airports) - and B2C activities, which boast the cutting-edge technological solutions proposed by Terashop's platform (E-Commerce Outsourcing's) integrated and customised also for IBOX SA's clients, capable of dealing with products from all sectors (fashion, design, electronics, DIY and food retail).

The Industrial Plan provides for an improvement from a financial and asset point of view, counting on the generation of positive cash flows, a working capital control to support B2B sales and remeasured financial needs for investments against the previous fiscal years, following the acquisition of the technological expertise of ECO and the internal investments carried out throughout 2020 and 2021 on the platforms. The Directors carried out adequate sensitivity analyses on the main hypotheses of the Plan.

It is noted that 2022 budget used by the Directors for assessing the existence of the going concern provides for the generation of a positive cash flow, with economic indicators again positive. This provision, however, also includes some assumptions, whose eventual incomplete implementation (singularly and/or cumulatively), may lead to a reduction of the Plan's results. The main assumptions made by the Directors for the assessment of 2022 cash flow are as follows:

- Commercial and organic growth of the B2C division (3% on Revenues and 10% on GMV), characterised by the immediate payment from users and the deferred payment of goods and services to suppliers; This growth, which shall have a minor impact on the EBITDA margin, is mainly ascribable to the combined effect of the transfer of the Incentive & Loyalty business unit (whose turnover in 2021 amounted to about € 2.4 million, with an EBITDA of about € 0.3 million) and to the acquisition of two new clients during the fiscal year;

- The B2B model, on the other hand, recorded a 20% commercial growth of its Revenues, while still aiming at facilitating brands' indirect online sales on behalf of major e-commerce platforms around the world, offering an additional distribution to physical networks. This growth, which shall have a 4% impact on the EBITDA margin, is mainly ascribable to the combined effect of the post-pandemic sales recovery and to the expected growth of Salotto di Brera S.r.l., for 2022 (+30%);

- Processes improvement and consequent costs reduction following the streamlining of the Group's business activities, such as the redetermination of Rome's and Rho's office leases, as well as other saving activities carried out thanks to infra-group synergies (legal costs reduction, payroll reductions, administrative advise cost reductions...), which have been mostly already carried out, as it can be seen in the Notes to the Consolidated Statement of Profit and Loss.

- Better management of the average collection times, mainly due to the potential implementation of the no-recourse factoring mechanism for the receivables arising from the sales of some major clients active in the B2B segment and to the better management of the commercial reliance on behalf of suppliers;

With regard to the aforementioned assumptions, the Directors highlight that:

2022 budget and 2023-2026 Plan have been drafted with reference to concrete and specific actions to be undertaken over the course of the whole period of the Plan that, however, due to their inherent nature, include general and hypothetical assumptions, as well as discretionary, related to the usual characteristics of a multiannual plan, and that these actions could be implemented in different times and with different effects than the ones expected, albeit they do not expect, as of now, the failure to implement said plan;

1. Negotiation with banking institutes in order to support the working capital required to foster the e-commerce business and, more specifically, its distribution of fashion goods, as demonstrated by the activation of several financing agreements both in the half-year and in the following period; for this purpose, it is noted that, at the beginning of 2022, the subsidiary Salotto di Brera S.r.l. subscribed a financing agreement of € 150,000 with Deutsche Bank and has subscribed another agreement for € 1,200,000 with Banca Progetto, resolved upon following the issue of the guarantee from SACE. Moreover, it is noted that Banca Progetto subscribed a € 3 million financing agreement with subsidiary E-Commerce Outsourcing S.r.l. and that subsidiary Salotto di Brera S.r.l., on 14 February 2022, subscribed a Financing agreement with SIMEST for a total of € 300,000 (of which € 75,000 as non-repayable contributions) within the context of the "Development of e-commerce for SME in foreign countries" project based on the Resilience and Recovery Fund resources allocated to the Fund 394/81. 50% of said loan has already been collected, while the rest will be cashed upon completion of the financed project, but no later than 12 months from its subscription.

2. The shareholder Meridiana Holding S.r.l. reached an agreement with the Company, through which the residual debt related to the loan disbursed to the latter and payable with constant instalments by 30 September 2022 was postponed to 31 January 2023, in a single tranche. This 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. Moreover, 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 15 March 2023 and the others on 31 July 2023 and 15 September 2023.

3. EBB Export S.r.l., subscriber of the bond, has granted (on 30 June 2022) the waiver of the measurement of the financial covenants on the occasion of the deadline of 30 June 2022.

The company shall request an extension of the waiver to EBB Export for the test date of 31 December 2022, and the Directors believe that there is a reasonable expectation that said extension will be approved, given its approval for the two previous fiscal years. On 28 March 2022, the majority shareholder Meridiana Holding S.r.l. subscribed a guarantee letter for an amount of € 500,000, to be activated only in the event of EBB's anticipated bond resolution, valid until 31 December 2022 and including a sunset clause in the event that EBB should agree to waive the coming deadlines of 30 June (already obtained) and 31 December 2022;

4. The Board of Directors of 15 December 2021, as per draft proposal on the agenda *"As of now, a proxy for increase in kind is still active, to be exercised within five years from its resolution (i.e. until 12 November 2025), which allows the administrative bodies to increase the share capital by a maximum amount of € 366,133.70 (10% of the existing capital at the time), plus share 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.”*, resolves to vest the Chairman of the Board of Directors with all powers necessary for carrying out a capital increase.

It is noted that, with regard to the share capital increase of Parent Company Giglio Group S.p.A., the Board of Directors’ Meeting held on 14 September 2022 gave mandate to the Chairman of the Board of Directors to carry out the preparatory activities for the execution of the share capital increase.

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2022 began with the hope to finally overcome the crisis provoked by COVID-19 and to recover a regular economic/financial activity based on the expectations of a good economic growth.
Unfortunately, however, as it is known, the general context became once again very complex due to the geopolitical circumstances that characterised the first months of the year, namely the Russian-Ukrainian conflict.
The European Union, as well as the United Kingdom and the United States of America, immediately imposed hefty economic sanctions to the attacking country.
The effects of these sanctions, in turn, generated a significant economic and social impact both for Russia and for NATO's countries.
In Italy, we immediately recorded the increase of raw material's prices, as well as significant difficulties in the supply of some products from the Russian/Ukrainian market that, in the short term, shall lead to a drop in supply and, thus, to a natural increase in value.
Therefore, in light of the above, the direct and indirect impacts that the Russian/Ukrainian conflict may cause to Italian enterprises (according to their sector of engagement) are quite evident, both in terms of materiality of the impact and in terms of positive/negative trends of each supply chain and target market in which they operate, also geographically. The Board of Directors highlights that the Company's activities should not face an economic and financial upheaval capable of threatening the Company's going concern. Nonetheless, some slowdowns were recorded during the month of March and only with regard to some clients located in Eastern countries, whose order have been delayed to 2022 H2. However, the Board shall constantly monitor the evolution of the conflict and shall promptly undertake all appropriate actions in order to preserve the Company's going concern.

Despite the aforementioned uncertainties, the Directors believe that the results envisaged in the Plan shall be achieved, thus confirming the existence of the assumption of the Company's going concern for at least, but not limited to, twelve months from the reporting date.
Said assessment is obviously arising from a subjective assessment that took into account the likelihood of the occurrence of the events and uncertainties mentioned above.
Lastly, the Directors, aware of the inherent limits of their assessment, ensure that a constant monitoring of the evolution of the factors taken into consideration will be kept, so as to adopt, should

the need arise, the necessary adjustments and to provide for, with analogous promptness, the fulfilling of the disclosure obligations to the market.

Certification of the Interim Condensed Consolidated Financial Statements as of 30 June 2022 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 half-year financial report in the period between 1 January and 30 June 2022.

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 continuing with 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.

   - Thanks to the transformation of the organizational structure and the process of extending reporting on the Group's subsidiaries, the Company has adopted a remediation plan for the updating / adaptation of certain company procedures and has provided for an action plan for the implementation of same on strategic subsidiaries.

   - Pending the complete implementation of the aforementioned plan, compensatory control procedures have been put in place on the companies belonging to the Giglio Group as a result of which no significant economic and financial impacts have emerged on the matters set out in the 2022 half-year Financial Report. Moreover, it is noted that, on the basis of the activities carried out, a better formalization is required.

3. It is also attested that:

3.1 The half-yearly financial report as at June 30 2022:

- Has been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to regulation (CE) no. 1606/2002 of the European Parliament and of the Council of 19 July 2022.

- Corresponds to the results of the accounting books and records.

- Provides a true and fair view of 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

14 September 2022

The Chief Executive Officer
Alessandro Giglio

The Financial Reporting Officer
Carlo Micchi

Giglio Group S.p.A.

Review report on the condensed interim consolidated financial statements as at 30 June 2022

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Review report on the condensed interim consolidated financial statements

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

[translation from the Italian original which remains the official version]

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Giglio Group S.p.A. and its subsidiaries (the Giglio Group) as at 30 June 2022, comprising the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement and statement of changes in equity and related notes, as at and for the six months ended 30 June 2022. The Directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express our conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Entities and the Stock Exchange) guidelines set out in Consob resolution no.10867 dated July 31,1997. A review of the condensed interim consolidated financial statements consists of making inquiries, mainly of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of Giglio Group as at and for the six months ended 30 June 2022, have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The interim condensed consolidated financial statements as at 30 June 2022 have been reviewed by another auditor, that on September 16 2021 expressed an unmodified conclusion.

Emphasis of matter

We point out the attention on paragraph 40 “"Valuation of Going Concern” of the accompanying notes to the interim condensed consolidated financial statements where the Directors disclose the results of the period that point out a consolidated loss of Euro 256 thousand and a net negative Group equity equal to Euro 2.492 thousand.

On 28 March 2022, the Board of Directors of the Company approved the Industrial Plan 2022-2026 that foresees a linear revenues increase as well as provides for an improvement from a financial and asset point of view, counting on the generation of positive cash flows, a working capital control to support B2B sales and remeasured financial needs for investments against the previous fiscal years. In relation to this, as disclosed in the “outlook” note, the Directors declare that the actual figures are globally aligned to 2022 budget figures deriving from the above mentioned Industrial Plan.

The Directors, furthermore, on paragraph 40 “"Valuation of Going Concern” declare that have put in place the following actions, that are deemed to be sufficient in their opinion for the financial support required by the Industrial Plan, as follows:

- with regard to the share capital increase of Parent Company Giglio Group S.p.A., included, among the assumptions of the Industrial Plan ,the Board of Directors’ Meeting held on 14 September 2022 gave mandate to the Chairman of the Board of Directors to carry out the preparatory activities for the execution of the share capital increase.
- Negotiation with banking institutes in order to support the working capital required to foster the e-commerce business; the Directors underline that during the first six months of the period the subsidiaries have subscribed some financing agreements for a total amount of Euro 1.650 thousand. Furthermore, during July 2022 another financing agreement has been subscribed for Euro 3 millions;
- The shareholder Meridiana Holding S.r.l. reached an agreement with the Company, through which the residual debt related to the loan disbursed to the latter was postponed to 31 January 2023; the Directors are currently negotiating with its majority shareholder for a conversion of the debt from USD to EUR and for a reimbursement agreement postponement.
- request to EBB Export S.r.l., subscriber of the bond, an extension of the waiver until December 31 2022, having obtained the postponement of the deadline for the previous two years as well as for 30 June 2022;

The directors, despite the existing uncertainties, “believe that the results envisaged in the Plan shall be achieved, thus confirming the existence of the assumption of the Company's going concern for at least, but not limited to, twelve months from the reporting date.”

The above mentioned assumptions included in the Industrial Plan and the actions taken by the Directors present uncertainties deriving from the ability of the Group to realise the economic financial results included in the Plan, also with reference to the present market situation, and by the ability to realise all the actions above mentioned.

Our conclusion is not modified in respect of this matter.

Milan, 27 September 2022

BDO Italia S.p.A.

Signed by
Name surname
Partner