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Oggetto : Giglio Group S.p.A. Explanatory report of
the BoD

Testo del comunicato

Vedi allegato.



Explanatory report of the Board of Directors of Giglio Group S.p.A. on the proposed resolution (i) of the share capital increase for payment and in divisible form, with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of Article 2441 of the Italian Civil Code, by the deadline of 31 December 2023 for an amount up to a total of Euro 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the ordinary shares of Giglio Group S.p.A. in circulation and regular dividend rights, to be paid in cash, reserved for the majority shareholder and other qualified or institutional investors and (ii) the conferral to the Board of Directors of a proxy pursuant to Article 2443 of the Italian Civil Code to increase the share capital, for payment, for the part of the capital increase that can be divided for payment with the exclusion of the pre-emption right resolved, equal to Euro 5,000,000.00 including any share premium, not subscribed by the deadline of 31 December 2023, to be executed in divisible form, in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as those in circulation and regular dividend rights, with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors

(drawn up pursuant to Article 72, paragraphs 1 and 6 and Annex 3A, scheme no. 2 of the regulation adopted by CONSOB with resolution no. 11971/1999, as subsequently amended and supplemented)

Release Date – October 27, 2023

This Report is available to the public at the registered office of Giglio Group S.p.A., in Milan (MI), Piazza Diaz no. 6, 20123, on the website (www.giglio.org), as well as on the authorized storage mechanism eMarket STORAGE (www.emarketstorage.com).

Dear Shareholders,

The Board of Directors of Giglio Group S.p.A. (the "**Company**" or "Giglio" or "**Giglio Group**") makes available to you an explanatory report (**hereinafter**, the "**Report**") on the first and second items on the agenda for the extraordinary session _of the Shareholders' Meeting convened by notice published on 18 October 2023, for 17 November 2023, at 12.00 noon in single call, to discuss and resolve on the following:

Agenda

EXTRAORDINARY SESSION

1. Susceptible share capital increase for payment with the exclusion of pre-emption rights pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, by the deadline of 31 December 2023 for an amount up to a total of Euro 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the Giglio ordinary shares in circulation and regular dividend rights, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors; consequent amendment of art. 6 of the Company's Articles of Association. Related and consequent resolutions.
2. Conferment of a proxy to the Board of Directors pursuant to art. 2443 of the Italian Civil Code to increase the share capital, for payment, for the part of the divisible capital increase for payment with the exclusion of the resolved pre-emption right, equal to Euro 5,000,000.00 including any share premium, not subscribed by the deadline of 31 December 2023, to be executed in divisible form, in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as those in circulation and regular dividend rights, with the exclusion of pre-emption rights pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors; consequent amendment of art. 6 of the Company's Articles of Association. Related and consequent resolutions.

1. Premise

- A. On 17 November 2023, the extraordinary shareholders' meeting of the Company (the "**Shareholders' Meeting**") is called to resolve (i) to increase the share capital for payment and in divisible form, with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, by the deadline of 31 December 2023 for an amount up to a total of Euro 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the Giglio ordinary shares in circulation and regular dividend rights, to be paid in cash, reserved for the Majority Shareholder (as defined below) and other qualified or institutional investors (the "**Capital Increase**" or the "Capital Increase**Transaction**"), as well as (ii) to confer on the Board of Directors a delegation pursuant to art. 2443 of the Italian Civil Code to increase the share capital, for payment and in divisible form

with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, for the part of the Capital Increase not subscribed by the deadline of 31 December 2023, to be executed in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as those in circulation and regular dividend rights, to be paid in cash, reserved for the Majority Shareholder and other qualified or institutional investors (the "**Proxy**").

- B. As of 12 September 2023, prior to the approval of the Half-Year Financial Report, a number of expressions of interest for a total of Euro 4.9 million, of which two binding interest for Euro 1.4 million received from the related parties Meridiana Holding S.p.A. ("**Meridiana**" or the "**Majority Shareholder**") and Luxury Cloud S.r.l. ("**Luxury**"), the latter company headed by the executive director and vice-chairman Anna Maria Lezzi; moreover, Meridiana has undertaken to guarantee, if no other investors participate, the Capital Increase up to a maximum amount of Euro 3 million.
- C. For this reason, a capital increase of up to €5 million is proposed to the Shareholders' Meeting, which may be carried out, in part, following the resolution of the Shareholders' Meeting and, in a second part, in the event of failure to subscribe in full, through the exercise of the Proxy at a later stage.
- D. The Transaction referred to in item 1 of the agenda will be carried out through a *private placement* procedure in accordance with market practice, including, where appropriate, that of *accelerated bookbuilding* (hereinafter "**ABB**") and evaluated with the support of MIT SIM S.p.A., which has been appointed as "**Advisor**" and "**Arranger**" of the Transaction. It is understood that the subscription by Meridiana and Luxury (jointly the "**OPC Shareholders**") will take place at the price established through the ABB procedure, without any possibility for them to participate in any way in the negotiation of such price.
- E. The Transaction referred to in point 2 subject to the Proxy will be carried out in the manner deemed most appropriate in relation to the market context by the Board of Directors, in exercise of the delegation pursuant to Article 2443 of the Italian Civil Code, while ensuring consistency with the procedures established by the Shareholders' Meeting in relation to the Capital Increase referred to in item no. 1 of the agenda.

This Report, prepared pursuant to Article 2441, sixth paragraph, of the Italian Civil Code and Article 72 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented ("**Consob Regulation**") and, in particular, in accordance with Annex 3A, schedule no. 2, thereof, is aimed at providing information on the proposal on the agenda.

This Report is made available to the public within the terms and in the manner provided for by law.

2. Motivation and destination of the Capital Increase

The Board of Directors believes that the Capital Increase is useful as a whole for the Company, as it would allow it to raise financial resources to allow it to strengthen its capital position, connected to the existence of the condition of business continuity.

The strengthening of the group's capital structure generally leads to a significant improvement in one of the main parameters that credit institutions take into account when assessing a company's creditworthiness.

In addition, if the Capital Increase is actually carried out to the extent of at least €3 million, the Company should exit the situation of losses of more than one third of the share capital determined, in the financial statements of the parent company, for the losses in the years 2020 and 2021, carried forward pursuant to the liquidity decree, according to the numerical indications in the parent company's annual financial report as at 31 December 2022, which indicates shareholders' equity of euro +408 thousand on a current share capital of euro 4,394 thousand (see the paragraph on going concern of the Annual Financial Report as at December 31, 2022).

At present, as shown in the Half-Year Financial Report as at 30 June 2023 (see in particular paragraph 16 on "going concern") and the Independent Auditors' Report containing the unqualified opinion on the condensed consolidated half-year financial statements as at 30 June 2023 (see in particular paragraph 4 of the "disclosure notice"), the Company needs to implement the capital strengthening initiatives already envisaged and made possible by the commitments received and the non-binding expressions of interest collected.

This intervention will strengthen the Company, which as of June 30, 2023, while maintaining negative group equity, had a net result close to breakeven, negative for 30 thousand euros, an improvement compared to the same period of the previous year when it amounted to -252 thousand euros.

With the support of the same entity that will act as Arranger, the Board of Directors has also decided – in consideration of the *status* of a company listed on the Italian Stock Exchange's Mercato Telematico Italiano, the liquidity of the shares, and the current institutional investor base – to carry out the Capital Increase through the ABB procedure, considering that this procedure, as well as other similar ones, makes it possible to identify, according to market criteria, the subscription price for all the recipients of the Capital Increase.

In this regard, the Arranger will manage ABB's procedure in such a way as to ensure that Meridiana's offer and Luxury's offer do not contribute to forming the issue price of the shares resulting from the Capital Increase. It should be noted that the Company, in assessing the opportunity to carry out a capital increase, has availed itself, as already mentioned, of the activity of MIT SIM S.p.A., an Italian company that provides investment services and constantly supports the Company.

The Board of Directors, in identifying the parties to whom the Capital Increase should be reserved, has therefore considered:

- (i) the need to quickly implement the Capital Increase, taking into account the Company's interest in strengthening the Group's shareholders' equity by the end of the 2023 financial year;
- (ii) the interest in addressing the Capital Increase also to persons willing to support the Company in the medium to long term, taking into account the need to have both shareholders with the characteristics of institutional or professional investors and reference shareholders who guarantee a stable and lasting shareholding structure;

- (iii) the opportunity to consider the above-mentioned binding expressions of interest and the guarantee of the Majority Shareholder to subscribe to a capital increase, also through the use of receivables already transformed into shareholder financing on a capital account, as well as the expression of interest of the Luxury company headed by the executive director and vice-president Anna Maria Lezzi.

In light of these considerations, the Board of Directors has decided to address the Capital Increase to institutional investors, and in particular to the following categories of subjects: (i) "qualified investors" - as defined in art. 34-ter, paragraph 1, letter b), of the Consob Regulation – (ii) foreign "institutional investors" (with the exception of the United States and any other country in which the offer or sale of the shares subject to the offer are prohibited by law or in the absence of exemptions), and, in any case, to all parties who have submitted expressions of interest, binding or non-binding, including the Luxury company headed by the executive director and vice-president Anna Maria Lezzi.

The Board of Directors also deemed it appropriate to maintain, albeit in the form of a residual guarantee, the support of the shareholder in possession of the right control, which contributes to creating a shareholding structure that is as stable as possible and willing to support the growth of the Company in the medium to long term. In this sense, the Capital Increase may also be subscribed by the Majority Shareholder, in execution of the expression of interest transmitted and the commitment to guarantee, if no other investors participate, up to a maximum amount of Euro 3 million.

3. Reasons for the exclusion of the pre-emptive right

The Board of Directors considers that the exclusion of pre-emption rights responds to a specific corporate interest for the reasons already mentioned in the previous paragraph and further argued below.

The purpose of the proposed Capital Increase is to allow the Company to quickly and efficiently raise risk capital to be used in order to strengthen shareholders' equity for the reasons indicated above, and more generally for the development of the Company and the group.

With this in mind, the Board of Directors has, as already pointed out, decided to address the Capital Increase: (i) to national and international institutional investors, not only because this is a quick and efficient way to raise risk capital to be used to strengthen consolidated shareholders' equity, but also because they are more willing to support the investment for a medium-long period; and (ii) to the Majority and Luxury Shareholder on a residual basis, in accordance with the provisions of the expressions of interest issued by the OPC Shareholders themselves.

The Capital Increase pursues both the Company's interest in acquiring immediate liquidity and that of encouraging the permanence and entry into the capital of shareholders who, due to their nature as institutional investors, have an interest in preserving their investment in Giglio in the medium to long term, open to dialogue with the Company, without speculative purposes and thus also favoring greater stability of the shares.

With regard to the second requirement, also taking into account the expressions of interest of the aforementioned related parties, their participation in the Transaction guarantees the

positive outcome of the Transaction itself, up to 3 million Euros, which is the amount indicated in the Half-Year Financial Report as at 30 June 2023 and in the Independent Auditors' Report containing the unqualified opinion on the condensed consolidated half-year financial statements as at 30 June 2023 tag.

For all these reasons, the Board of Directors believes that the Capital Increase can be carried out by excluding the pre-emption right, in accordance with the provision contained in Giglio's Articles of Association (the "**Articles of Association**") in accordance with paragraphs 5 and 6 of art. 2441 of the Italian Civil Code.

4. Effects on the Group's debt and financial structure

The effects on the group's debt and financial structure in the event of a capital increase in cash of Euro 3,000,000.00 subscribed with the issue of 5,976,095 shares, without par value, at a unit issue price of Euro 0.502 are shown below. This value was determined in application of the price criterion by taking as a reference the weighted average of the official market price of Giglio Group's shares prior to 13 October 2023 (and assuming the maximum applicable correction of 20%).

The simulations (in this as well as in the following paragraph) are carried out on the assumption of an increase of 3 million Euros corresponding to the amount guaranteed by the Majority Shareholder, it being understood that, if the increase were to be higher than 5 million, the effects would be more beneficial.

It should be noted that the data of the company's Annual Financial Report as at 30 June 2023 approved by the Board of Directors on 12 September 2023 and audited by the Independent Auditors have been taken as a reference (the same is available from the authorised storage mechanism www.emarketstorage.it, as well as on the Company's website, Investor Relations section – Financial Statements and Reports).

Pro-forma debt benefited from higher liquidity of Euro 2,850 thousand. The capital increase for a total of 3,000 thousand euros entails a potential increase in liquidity of 2,850 thousand euros, taking into account the estimated costs to be incurred for the same in an amount of 150 thousand euros;

Financial indebtedness

(in thousands of Euro)	Giglio Group 30.06.22	Capital increase	Giglio Group 30.06.2022 Pro-forma
Cash equivalents	2.361	2.850	5.211
Cash equivalents and cash equivalents			-
Other current financial assets	2		2
Liquidity (A + B + C)	2.363	2.850	5.213
Current financial debt	(3.425)		(3.425)
<i>of which with Related Parties</i>	<i>(85)</i>		<i>(85)</i>

Current portion of non-current financial debt	(3.256)		(3.256)
Current financial debt (E + F)	(6.681)	-	(6.681)
Net current financial debt (G - D)	(4.318)	2.850	(1.468)
Non-current financial debt	(8.280)		(8.280)
<i>of which with Related Parties</i>	<i>(626)</i>		<i>(626)</i>
Debt instruments	(3.147)		(3.147)
Trade payables and other non-current payables	(76)		(76)
Non-current financial debt (I + J + K)	(11.503)	-	(11.503)
Total financial indebtedness (H + L)	(15.822)	2.850	(12.972)

5. Pro-forma economic and financial effects

The financial and economic effects of the Group are shown below in the event of a capital increase in cash of Euro 2,850 thousand, net of charges for the same; the improvement in shareholders' equity is offset by an increase in cash and cash equivalents, as shown in the table below:

Balance Sheet

(values in thousands of euro)	Giglio Group 30.06.22	Capital increase	Giglio Group 30.06.2022 Pro-forma
Intangible assets	15.401		15.401
Property, plant and equipment	663		663
Financial fixed assets	261		261
Total fixed assets	16.325	0	16.325
Inventories	953		953
Trade receivables	12.053		12.053
Trade payables	-13.300		-13.300
Operating/trading working capital	-294	0	-294
Other current assets and liabilities	-5.362		-5.362
Net working capital	-5.656	0	-5.656
Provisions for risks and charges	-507		-507
Deferred tax assets/liabilities	800		800
Net invested capital	10.962	0	10.962
Total Net invested capital	10.962	0	10.962
Equity	2.493	-2.850	-357
Minority interests	-63		-63

Cash equivalents	2.361	2.850	5.211
Current financial receivables	2		2
Current IFRS16 financial payables	-230		-230
Current financial payables	-6.451		-6.451
IFRS16 non-current financial payables	-137		-137
Non-current financial payables	-11.290		-11.290
Trade payables and other non-current payables	-76		-76
Net financial debt	-15.821	2.850	-12.971
Total Sources	-13.391	0	-13.391

The pro-forma reclassified Balance Sheet refers to the data of the Half-Year Financial Report as at 30 June 2023. Values are expressed in thousands of Euros.

Below is a description of the items that make up the pro-forma balance sheet:

- A. shareholders' equity of Euro 2,850. The capital increase of 3,000 thousand euros resulting from the issue of 5,976,096 shares at a unit value of 0.502 euros must take into account estimated costs to be incurred for the same in the amount of 150 thousand euros. These charges, being incremental costs directly related to the Capital Increase, will, in compliance with IAS/IFRS, be charged directly to shareholders' equity as a reduction in the share premium reserve;
- B. cash and cash equivalents of Euro 2,850. The capital increase for a total of 3,000 euros entails a potential increase in liquidity of 2,850 euros, taking into account the estimated costs to be incurred for the same in an amount of 150 thousand euros.

6. Effects on share value and dilution

The dilution effect for Giglio's shareholders deriving from the capital increase of €3 million is to be quantified at a maximum of 21.38% of the Company's share capital.

In fact, considering a hypothetical shareholder who owns, on a date prior to the capital increase, a percentage of 1% participation in the Company's capital, corresponding to no. 219,680 shares, if the entire capital increase were carried out, such shareholder would hold a shareholding equal to 0.78614% (with a dilution of 21.38%) as he would hold the same number of shares against no. 27,944,117 total shares outstanding.

If the capital increase target of euro 5 million is reached for the entire proxy, the dilution effect for Giglio's shareholders deriving from the capital increase is to be quantified at a maximum of 31.2% of the company's share capital. In fact, considering a hypothetical shareholder who owns, prior to the capital increase, a percentage of participation in the Company's capital of 1%, corresponding to no. 219,680 shares, if the entire capital increase were carried out, such shareholder would hold a shareholding equal to 0.6880% (with a dilution of 31.2%) as he would hold the same number of shares against a total of 31,928,181 shares outstanding.

7. Guarantee and placement consortia

There are no guarantee and placement consortia.

However, in assessing the advisability of executing a capital increase, the Company has availed itself of the activity of MIT SIM S.p.A., an Italian company that provides investment services and constantly supports the Company, including in dialogue with qualified or institutional investors.

8. Criteria on the basis of which the issue price of the new shares was determined

The Capital Increase consists of a capital increase with the exclusion of pre-emption rights, pursuant to and for the purposes of Article 2441, fifth paragraph, of the Italian Civil Code.

The sixth paragraph of that article provides that, in such circumstances, the issue price of the shares must be determined on the basis of the value of the shareholders' equity, taking into account, in the case of shares listed on regulated markets, also the price trend of the last six months.

It should be noted that Giglio's shares, as provided for by art. 6 of the Company's Articles of Association, are without indication of the par value, the same based on the ratio between the share capital and the number of shares issued is equal to € 0.20 for each share.

Considering that the Group's shareholders' equity has a negative value in the consolidated half-year financial report (equal to Euro 3.707 million) and therefore can hardly be considered as a reference parameter for setting the price, the Board of Directors has decided, with the support of the Advisor, to refer to the market values of the stock and in particular to the market values that take into account the most recent information on the economic, financial and equity situation of the Company, considering that the average of the previous six months was for this reason not significant.

Therefore, the market performance of the stock in the three months prior to the date of 13 October 2023, on which the calculation was made for the first time, was analysed.

The table below shows the average prices and the volume-weighted average prices of Giglio Group shares compared to the indicated reference periods.

Values in Euro	Simple Average	Volume-weighted average traded	Maximum price of the period	Minimum price for the period
Last Month ⁽¹⁾	0,583	0,591	0,638	0,536
Last three months ⁽²⁾	0,614	0,628	0,678	0,536

(1) Averages and maximum and minimum values refer to a range between 13/05/2023 and 13/10/2023

(2) Averages and maximum and minimum values refer to a range between 13/05/2023 and 13/10/2023

The Advisor has evaluated various methods used in practice to determine the market value of the issue price, coming to believe that the most representative method, in the current market context and in relation to the investment attitudes of institutional investors for similar transactions, is the so-called "Stock Exchange Price" method" (hereinafter referred to as the "Stock Exchange Price Method"). This method is in fact considered suitable to represent the economic value of the Company as the price value of the shares expresses the value attributed by the market to the shares traded, reflecting the market's expectations

regarding the economic and financial performance of the Company at a given time.

The Board, in order to correctly assess the issue price, has carried out an analysis of a number of transactions carried out over the last 12 months, taking as a reference both capital increase transactions (with and without exclusion of pre-emption rights) and transactions involving the transfer of share packages by significant shareholders.

The sample examined showed that the average price at which the transactions took place was calculated on the basis of the market price net of a discount of between 5% and 20%.

In light of the above, the Board of Directors, also considering that the Company, as highlighted above, is in the situation provided for by art. 2446, paragraph 1, of the Italian Civil Code and presents the capitalization needs well highlighted most recently in the Half-Year Financial Report as at 30 June 2023 and in the Auditor's Report, in order to deal with the aforementioned situation, deems it appropriate to apply a discount rate of up to 20% as a correction to the formula used to calculate the issue price, in line with the indications of the previous paragraph; The percentage indicated is within the sample analyzed and takes into account that the current market context is characterized by a condition of reduced liquidity of securities and a contraction in investments by institutional investors.

In addition, in line with a more prudent approach and in order to dampen any periods of greater volatility that may occur on the Company's shares, the Board of Directors decided to consider the volume-weighted average in the period three months prior to the subscription date, adjusted for a discount factor, considered in line with comparable transactions carried out on the Italian Telematic Market in the period analyzed.

The Board of Directors has identified as the reference period the last pieces recorded in the last three months, weighted by the volumes recorded at the close of each trading day. In fact, considering that in the last month the average volumes of the Company's shares traded on the market and the average prices are slightly lower than the corresponding data relating to the last 3 months of trading, the Board of Directors considers the survey carried out taking as a reference the weighted average of the prices of the last three months as the most appropriate one, since this value is perfectly within the range of minimum and maximum price recorded for both time horizons considered.

The criterion for determining the issue price that the Board of Directors intends to adopt is therefore as follows:

*"Weighted average of the official price of Giglio Group's shares in the last three months of the market prior to the day of issue for the daily volume traded on the same dates, minus a corrective discount of between 5% and 20%" (the "**Price Criterion**")*

The Board of Directors believes that the formula adopted is appropriate and in line with market practice for similar transactions.

9. Commitments of shareholders and others

As already indicated in the preamble, as of September 12, 2023, prior to the approval of the Half-Year Financial Report, a number of expressions of interest were received for a total

of Euro 4.9 million, of which two were received from related parties and of a binding nature for Euro 1.4 million.

In particular, on 11 May 2023, Meridiana submitted the *"Binding Expression of Interest for Participation in a Capital Increase up to a maximum of Euro 700,000.00"* with which – following the previous *"Binding Expression of Interest for participation in a capital increase up to a maximum of Euro 500,000.00"* – it made itself available to subscribe to a capital increase up to a maximum of Euro 700,000.00, taking into account Euro 472,000.00 are already present in the Company's coffers as a shareholder loan and can therefore be converted into capital account. Meridiana has also undertaken to guarantee the Capital Increase up to a maximum amount of Euro 3 million, taking into account that the events received from third parties may not materialize or may materialize to an extent lower than the amount of Euro 3 million.

On April 12, 2023, Luxury submitted the *"Binding Expression of Interest for participation in a Capital Increase up to a maximum of Euro 700,000.00"* with which – subjecting the purchase to the accounting and management Due Diligence activity with a positive outcome necessary for the completion of the Transaction [**Note to Giglio: to be confirmed whether it has been made or if the condition is in any case exceeded**] – has made itself available to subscribe to a capital increase up to a maximum of Euro 700,000.00.

For these reasons, the Capital Increase, taking into account the expressions of interest referred to in the previous paragraphs and the commitment to subscribe by Meridiana for a maximum amount of Euro 3 million, could therefore also be subscribed by (i) Meridiana and/or Mr. Alessandro Giglio, controlling shareholder of the company and Meridiana and (ii) by the company Luxury, headed by the director Anna Maria Lezzi, related parties of the Company with the consequence that the related subscription could constitute transactions between related parties relevant pursuant to the Procedure for transactions with related parties adopted by the Board of Directors and in force at the date of this Report in the version last approved by the Board of Directors on 30 June 2021 ("**RPT** Procedure".) and the Consob Regulation. In particular, the amount of any subscription of the Capital Increase by Meridiana could result in the qualification of the subscription as a Transaction of Greater Significance pursuant to Article 8.1 of the RPT Procedure, while any subscription by Luxury could constitute a Transaction of Minor Significance pursuant to Article 8.2 of the RPT Procedure. However, the two transactions will be treated together.

Since it may be a transaction with related parties, the provisions aimed at ensuring the substantive and procedural correctness of the Transaction, such as those provided for by the RPT Procedure, apply.

10. Expected period for the execution of the capital increase

On 19 October 2023, the Control, Risk and Related Parties Committee unanimously expressed a favourable opinion, which is binding, on the corporate interest, economic convenience and fairness, including substantive, of the Transaction and, therefore, on the completion of the same.

For the first part, referred to in Item 1 of the agenda, the Capital Increase is expected to be executed by the end of the 2023 financial year, for the second part, referred to in item 2 of the agenda, within five years as per the resolution proxy.

11. Number, category and date of entitlement of newly issued shares

For an amount of the Capital Increase equal to a maximum of 20% of the shares currently existing on the market (equal to 21,968,022 ordinary shares, 20% of which is therefore equal to 4,393,604 ordinary shares), the admission to listing of the relevant shares on the Euronext Milan segment will be requested immediately after execution.

If the value of 20% of the shares currently existing on the market is exceeded by the sum of the sum between it and that subscribed by investors, admission to listing will not be requested immediately, and shares with a different ISIN will be issued, although it is not excluded that such admission may be requested subsequently.

The new shares will have regular dividend rights and, therefore, will guarantee the same rights as the Company's ordinary shares outstanding on the date of issue.

12. Amendments to Art. 6 of the Articles of Association and right of withdrawal

As a result of the Capital Increase, it will be appropriate to amend art. 6 of the Articles of Association, introducing a new paragraph that gives an account of the adoption of the relevant resolution by the Shareholders' Meeting.

The following table makes it possible to compare the text of the current Article 6 of the Articles of Association with the text that the Board of Directors proposes to adopt, highlighting the changes relating to the exercise of the power to increase the share capital described above.

Current text	Edited text
6 CAPITAL AND SHARES	Unchanged
6.1 The share capital is Euro 4,393,604.40 (four million three hundred and ninety-three thousand six hundred and four point forty) and is divided into 21,968,022 (twenty-one million nine hundred and sixty-eight thousand twenty-two) shares with no nominal value.	Unchanged
6.2 Each share entitles one vote and is indivisible, without prejudice to the provisions of paragraphs 6.2.1 to 6.2.4 below; The case of co-ownership is governed by art. 2347 of civil code.	Unchanged
6.2.1 Notwithstanding the provisions of the preceding paragraph, each share shall entitle the holder to two votes if the share belonged to the same person by virtue of a right in rem legitimizing the exercise of the right to vote for a continuous period of at least twenty-four months. The occurrence of this requirement must also be attested: (i) by continuous registration for a period of at least twenty-four months, in the special list (the "List"); (ii) as well as by a specific notice certifying continuous possession for a period of twenty-four months, issued by the	Unchanged

<p>financial intermediary, with which the shares are deposited in accordance with the law in force.</p> <p>The increase in the number of votes shall be obtained, subject to registration on the special list, with effect from the third trading day of the calendar month following the expiry of the continuous period of twenty-four months.</p> <p>The definition of ownership of the share is understood with reference to shares whose voting rights belonged to the same person by virtue of a legitimating right in rem, such as: (i) full ownership of the share with voting rights; (ii) bare ownership of the voting share; or (iii) usufruct of the voting share.</p> <p>To this end, the Company shall establish and maintain at the Company's registered office, in the forms and contents provided for by the applicable regulations, the List, to which shareholders who intend to benefit from the increase in voting rights must register. In order to obtain registration in the Special List, the person entitled pursuant to this article must submit a specific application, attaching a notice certifying the share ownership – which may also concern only part of the shares held by the holder – issued by the intermediary with whom the shares are deposited pursuant to current legislation. The increase can also be requested for only part of the shares held by the holder. In the case of subjects other than natural persons, the application must specify whether the subject is subject to direct or indirect control of third parties and the identification data of any parent company.</p> <p>The Company proceeds with the removal from the Special List in the following cases: (i) withdrawal of the interested party; (ii) communication from the interested party or intermediary proving that the conditions for the increase in voting rights or the loss of ownership of the legitimating right in rem and/or the related voting right have ceased to exist; (iii) ex officio, if the Company is informed of the occurrence of the failure of the conditions for the increase in voting rights or the loss of ownership of the legitimating right in rem and/or the related voting right.</p>	
<p>6.2.2 Pursuant to art. 127-quinquies, paragraph 3, of Legislative Decree no. 58 of 24 February 1998, as subsequently amended (the "TUF"), the benefit of the increased voting rights is lost: (i) in the event of the sale of the share for consideration or</p>	<p>Unchanged</p>

<p>free of charge, it being understood that "transfer" also means the establishment of a pledge, usufruct or other constraint on the share when this entails the loss of voting rights by the shareholder. In the event of a sale for consideration or free of charge concerning only a part of the shares with increased voting rights, the transferor retains the increased voting rights on the shares other than those transferred; as well as (ii) in the event of direct or indirect sale of controlling shareholdings in companies or entities that hold shares with increased voting rights in excess of the threshold provided for by art. 120, paragraph 2 of the TUF.</p>	
<p>6.2.3 The majority of the vote: a) it is retained in the event of succession due to death and in the event of a merger and demerger of the holder of the shares; b) extends to newly issued shares in the event of a capital increase pursuant to Article 2442 of the civil code; c) it may also be due to the shares assigned in exchange for those to which increased voting rights are attributed, in the event of a merger or demerger, if this is provided for in the relevant project; d) it extends proportionally to the shares issued in execution of a capital increase through new contributions (otherwise it is considered less incentive for the shareholder who has obtained, or is about to achieve, the increase in voting rights to participate in an operation to raise new risk capital).</p>	Unchanged
<p>6.2.4 The increase in voting rights is also taken into account for the determination of constituent and deliberative quorums that refer to shares of the share capital, but has no effect on the rights, other than voting, due by virtue of the possession of certain shares of capital.</p>	Unchanged
<p>6.3 The shares are freely transferable in accordance with the law and may be subject to pledge, usufruct or seizure.</p>	Unchanged
<p>6.4 The shares are registered, indivisible and are subject to the dematerialization regime pursuant to current legislation and entered into the centralized management system of financial instruments pursuant to art. 83-bis et seq. of the TUF.</p>	Unchanged
<p>6.5 Membership alone constitutes adherence to these Articles of Association.</p>	Unchanged
<p>6.6 The share capital may also be increased by resolution of the Shareholders'</p>	Unchanged

<p>Meeting with the issue of shares with rights other than ordinary shares and contributions other than cash, within the scope of what is permitted by law. In the event of a capital increase, approved by the Shareholders' Meeting, the rules and conditions relating to the issue of new capital, the dates and methods of payments are determined by the Board of Directors. In the event of a paid increase in the share capital, the pre-emption right may be excluded by resolution of the Shareholders' Meeting or, if it has been delegated to do so, by the Board of Directors, within the limits and in the manner provided for by art. 2441, paragraph 4, first and second sentences, paragraphs 5 and 8 of the civil code.</p>	
<p>6.7 The shareholders' meeting may give the directors the power to increase the share capital in one or more tranches pursuant to art. 2443 of civil code.</p>	Unchanged
<p>6.8 The Shareholders' Meeting may resolve on the reduction of the share capital in the manner established by law.</p>	Unchanged
<p>6. 9 On 12 November 2020, the Extraordinary Shareholders' Meeting resolved:</p> <p>1) to assign to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code and art. 6.7 of the Articles of Association, for a period of five years from the date of today's shareholders' resolution (and, therefore, until 12 November 2025), the right to increase the share capital for payment, in divisible form, with the exclusion of the pre-emption right pursuant to art. 2441, paragraph 4, first sentence of the Italian Civil Code, for the amount of Euro 366,133.70 (three hundred and sixty-six thousand one hundred and thirty-three point seventy) in principal, to be paid through contributions in kind (and precisely business units, companies or plants functionally organized for the performance of activities included in the Company's corporate purpose, as well as receivables, shareholdings, listed and unlisted financial instruments, and/or other assets instrumental to the pursuit of the corporate purpose, deemed as such by the Board itself), through the issuance, also in several tranches, of a maximum number of 1,830,668.50 (one million eight hundred and thirty thousand six hundred and sixty-eight point fifty) ordinary shares, without indication of par value, having the same characteristics as the ordinary shares</p>	Unchanged

<p>outstanding on the date of issue, with regular dividend rights, in compliance with the criteria for determining the issue price provided for by art. 2441, paragraph 6 of the Italian Civil Code;</p> <p>2) to establish that the issue price of the shares comprising the capital increase (and the related distribution between capital and share premium reserve) is determined by the Board of Directors on condition that it is based on the value of shareholders' equity, taking into account, for shares listed on regulated markets, also the trend in prices in the last six months;</p> <p>3) to confer on the Board of Directors – and on its behalf on the pro tempore legal representatives, even separately from each other – all the power to comply with any formality necessary for the resolutions adopted to be registered in the Register of Companies, accepting and introducing in the same any non-substantial amendments, additions or deletions that may be required by the competent authorities, as well as any power to carry out the legal and regulatory obligations consequent to the resolutions adopted.</p>	
<p>6.10 On 23 June 2021, the Extraordinary Shareholders' Meeting resolved:</p> <p>1) to assign to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, for a period of five years from the date of today's shareholders' resolution, the right to increase the share capital, for payment and in divisible form pursuant to art. 2439, paragraph 2, of the Italian Civil Code, with the exclusion of the option right pursuant to art. 2441, paragraph 8 and - as far as necessary - paragraph 5, of the Italian Civil Code, for a maximum nominal amount of Euro 180,000.00 (one hundred and eighty thousand point zero zero) through the issue, also in several tranches, of a maximum of 900,000.00 (nine hundred thousand point zero zero) ordinary shares, without indication of par value, having the same characteristics as the ordinary shares outstanding on the date of issue, with regular dividend rights, to the exclusive service of the stock option plan called "Stock Option Plan 2021 – 2028", to be offered for subscription to executive directors and/or executives with strategic responsibilities of the Company and its subsidiaries who will be identified by the Board of Directors in accordance with the provisions of the stock option plan regulations, setting a specific deadline for</p>	<p>Unchanged</p>

<p>their subscription and providing that, if the approved increase is not fully subscribed within that period, the capital will be increased by an amount equal to the subscriptions collected up to that date;</p> <p>2) to establish that the issue price of the shares comprising the capital increase (and the related distribution between capital and share premium reserve) is determined by the Board of Directors on the basis of the price setting parameter provided for by art. 2441, paragraph 6, of the Italian Civil Code and therefore of the value of shareholders' equity and the arithmetic average of the official prices recorded by the Company's shares on the Mercato Telematico Azionario in the six months prior to the date of assignment of the options referred to in the aforementioned plan, subject to any adjustments as per its regulations;</p> <p>3) to confer on the Board of Directors – and on its behalf on the pro tempore legal representatives, even separately from each other – all the power to comply with any formality necessary for the resolutions adopted to be registered in the Register of Companies, accepting and introducing in the same any non-substantial amendments, additions or deletions that may be required by the competent authorities, as well as any power to carry out the legal and regulatory obligations consequent to the resolutions adopted.</p>	
	<p>6.11 The Extraordinary Shareholders' Meeting of the Company held on 17 November 2023 resolved to (i) increase the share capital of the Company for payment in divisible form with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, by the deadline of 31 December 2023 for an amount up to a total of Euro 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the Giglio ordinary shares in circulation and regular dividend rights, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors, as well as (ii) confer on the Board of Directors a delegation pursuant to art. 2443 of the Italian Civil Code to increase the share capital, for payment and in divisible form with the exclusion of the pre-emption right pursuant</p>

	<p>to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, for the part of the capital increase not subscribed by the deadline of 31 December 2023, to be executed in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as those in circulation and regular dividend rights, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors.</p>
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In the opinion of the Board of Directors, the amendment to the Articles of Association in question is not attributable to any of the cases in relation to which shareholders are granted the right of withdrawal pursuant to current legislation.

13. Resolution proposal

Dear Shareholders,

In light of the above, we invite you to adopt the following resolution:

"The Extraordinary Shareholders' Meeting of Giglio Group S.p.A.:

- *examined the contents of the Board of Directors' Explanatory Report prepared pursuant to Article 2441, sixth paragraph, of the Italian Civil Code, Article 72 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, and Article 125-ter of Legislative Decree 58/1998;*
- *examined the content of the information document prepared pursuant to Article 12.2 of the Company's RPT Procedure, Article 5 of the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented;*
- *having taken note of the opinion on the fairness of the issue price of the shares issued by the auditing firm Audirevi S.p.A.;*
- *having taken note of the certification of the Board of Statutory Auditors, pursuant to Article 2438 of the Italian Civil Code, that the share capital is fully subscribed and paid in;*

DELIBERATION

With regard to item 1 on the agenda of the extraordinary session

- *to increase the share capital for payment and in divisible form, with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, by the deadline of 31 December 2023 for an amount up to a total of Euro 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the Giglio ordinary shares in circulation and regular dividend rights, to be paid in cash, reserved for the Majority Shareholder and other qualified or institutional investors;*

- to set the price of the aforementioned capital increase according to the following formula: "Weighted average of the official price of Giglio Group's shares in the last three months of the market prior to the day of issue for the daily volume traded on the same dates, from which a discount of between 5% and 20% must be subtracted as a corrective measure";
- to reserve the capital increase for institutional and qualified investors, including all persons who, as of the date of the Half-Year Financial Report as at 30 June 2023, have made binding or non-binding expressions of interest and the controlling shareholder, taking into account the commitments made by the latter;
- to carry out the capital increase through a private placement procedure in accordance with market practice, including, where appropriate, that of accelerated bookbuilding, entrusted to an authorised intermediary, which will proceed to identify the non-related party investors and the price within the discount range defined above, without the price being influenced by the participating related parties;

With regard to item 2 on the agenda of the extraordinary session

- to confer powers to the Board of Directors pursuant to art. 2443 of the Italian Civil Code to increase the share capital, for payment, for the part of the divisible capital increase for payment with the exclusion of the resolved pre-emption right, equal to Euro 5,000,000.00 including any share premium, not subscribed by the deadline of 31 December 2023, to be executed in divisible form, in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as those in circulation and regular dividend rights, with the exclusion of pre-emption rights pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors;
- to entrust, with reference to this capital increase, the fixing of the price to be carried out by the Board of Directors at the time of exercising the power pursuant to Article 2443 of the Italian Civil Code, according to a criterion consistent with that of the weighted average of the share market performance, with a maximum discount, adopted for the capital increase referred to in item no. 1 of the agenda, to be adopted with the assistance of a qualified advisor, in light of the market conditions prevailing at the time of the decision;

As regards items 1 and 2 on the agenda of the extraordinary session

- to amend art. 6 of the Company's Articles of Association by introducing paragraph 6.11 of the following wording: "The extraordinary shareholders' meeting of the Company held on 17 November 2023 resolved to (i) increase the share capital of the Company for payment in divisible form with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, by the deadline of 31 December 2023 for an amount up to a total of Euro 5,000,000.00, including any share premium, through the issue of ordinary shares having the same characteristics as the Giglio ordinary shares in circulation and regular dividend rights, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors, as well as (ii) confer on the Board of Directors a delegation pursuant to art. 2443 of the

Italian Civil Code to increase the share capital, for payment and in divisible form with the exclusion of the pre-emption right pursuant to paragraphs 5 and 6 of art. 2441 of the Italian Civil Code, for the part of the capital increase not subscribed by the deadline of 31 December 2023, to be executed in one or more tranches, within five years from the date of the resolution, through the issue of ordinary shares having the same characteristics as those in circulation and regular dividend rights, to be paid in cash, reserved for the controlling shareholder and other qualified or institutional investors;

- *to give a mandate to the Chief Executive Officer to carry out the resolution and thus in particular to provide for the filing of the updated bylaws together with the filing of the certificate of subscription of the capital increase pursuant to art. 2444 of the Italian Civil Code, also conferring on him all the necessary powers, with the right to be replaced by special attorneys, so that he can make any non-substantial changes to the above resolution that may be necessary or appropriate to proceed with the execution of the capital increase, make the necessary deposits with the Register of Companies and/or comply with any requirements of the competent Authorities."*

This Report is approved by Giglio's Board of Directors with resolution of 22 October 2023.

Milan, 22 October 2023

For the Board of Directors Chief Executive Officer

Statement of the Manager in charge of preparing the company's financial reports

The undersigned Carlo Maria Micchi, manager in charge of preparing the corporate financial reports of Giglio Group S.p.A., declares, pursuant to Article 154-bis, paragraph 2 of Legislative Decree no. 58 of 1998 (TUF), that the accounting information contained in this Report corresponds to the document results, books and accounting records.

The Manager in charge of preparing financial reports

Carlo Maria Micchi

Fine Comunicato n.20076-82

Numero di Pagine: 23