Interim Report at September 30, 2018

CONTENTS

Directors’ Report

at September 30, 2018

Company Information

Registered office

Giglio Group S.p.A.
Piazza Diaz 6
Milan 20122

Legal Information

Share Capital subscribed and paid-in Euro 3,208,050,
Economic & Admin. Register No. 1028989 Tax No. 07396371002
Milan Company's Registration Office 07396371002
Website www.giglio.org

Corporate Boards

Board of Directors

Alessandro Giglio	Chairman and Chief Executive Officer
Anna Lezzi	Director
Giorgio Mosci	Independent Director
Massimo Mancini	Vice Chairman and General Manager
Yue Zhao	Director
Carlo Frigato	Director
Graziella Capellini	Independent Director

Board of Statutory Auditors

Cristian Tundo	Chairman
Monica Mannino	Statutory Auditor
Marco Centore	Statutory Auditor
Cristina Quarleri	Alternate Auditor
Stefano Mattioli	Alternate Auditor

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 – Viale Brianza – San Giuliano Milanese
Operational office – Via Cornelia - Rome

1. Introduction

Giglio Group is now mainly engaged in high-end fashion product e-commerce, breaking ground in developing new ways of acquiring and engaging customers. Founded in 2003, it is the first Digital Company to have introduced at a global level the integration between traditional Media and an E-commerce Platform, revolutionising the on-line shopping experience.

The Group provides tailor-made B2B and B2C services to the Luxury Fashion sector, mainly for "Made in Italy" brands and covering the entire chain, from the creation of e-commerce platforms to global stock management. The company is therefore not only a B2C technology platform for the fashion world, but proposes a broad range of services connecting brands on various digital and television platforms with consumers across the globe.

Through the innovative ibox project, Giglio Group operates globally on the digital luxury market, seamlessly connecting brands, e-commerce platforms, physical stores and consumers, who can shop in-store or on various devices, such as smartphones, computers or television. We are disrupting how fashion is presented and bought and sold through the use of new technologies and new forms of marketing and innovation.

The complete integration of the companies acquired during the preceding years and operating in e-commerce was completed in the first six months of 2018. The company then purposefully launched into the second stage involving the transformation from a media company to a global e-commerce Group, identifying the Media segment assets no longer considered strategic and laying the procedural foundations to leverage their value, also through disposal, in order to focus financial and professional resources on the e-commerce sector which the company considers extremely promising and with interesting margins.

The global luxury goods market, to which the fashion industry belongs, was estimated to be worth USD 307 billion in 2017 and is expected to hit USD 446 billion by 2025, according to Bain & Company—"Luxury Goods Worldwide (Fall-Winter 2017): The Millennial State of Mind"- with annual growth rates now established at approx. 10%. Many opportunities are available as we note that a significant portion of luxury brands continue to be wary of adopting digital technologies. We are broadening the territorial reach of our services, in particular targeting China and the United States, the most interesting markets experiencing luxury and Made in Italy growth and in which major opportunities are available in terms of satisfying product demand and supporting the digital platform distribution strategies of brands, also through leveraging on our local logistics infrastructure. We launched t-commerce in the first nine months of the year, an entirely innovative way to sell products using our expertise and television network through a unique format which brings together brands, marketing and immediate sales to create an engaging shopping experience. Operations have begun in Italy and global expansion is planned in support of the brands working with us.

Giglio Group sees major market opportunities and seeks to deliver results by tapping immediately into increasing online digital channel usage, the growing importance of the millennials and luxury consumer growth in China and the other emerging markets. We consider the potential of the WeChat channel in China, with whom we struck an agreement in the period. Our objective for 2018 and 2019 is to globally connect consumers directly to high-end fashion suppliers, principally "Made in Italy" brands and those experiencing a degree of difficulty in accessing new market segments, establishing ourselves as a partner for innovation in the luxury segment.

Our target market is not exclusively e-commerce, but rather the crossover between luxury fashion, online commerce, technology and television. The global luxury sector is enormous and features market dynamics and consumer trends that are creating the framework for the sector's future, including:

- **The Market.** A stable market, largely insulated from economic crises and rapidly expanding in certain regions, with the possibility therefore to work with brands in terms of their medium-term vision. According to Bain, the global luxury goods market hit a record USD 307 billion in 2017 and with a CAGR of 6% between 2010 and 2017 the personal luxury goods market grew across all regions. Bain in addition states that the online segment has become a larger share of the overall market, with 27% CAGR since 2010. Giglio Group seeks to become a brand partner tapping into this major and consistent growth.
- **Stock management.** The market is highly fragmented, while inefficiency is a feature of distribution. The luxury ecosystem is dominated by family ownership and well-established relationships, with the luxury brands traditionally maintaining close control over their product, distribution, marketing and prices. The largest luxury brands access the market through building directly managed store networks and through the major physical multi stores. The result however is often a mismatch between supply and demand, with excess or obsolete stock or supply levels falling short of local demand. Emerging brands generally do not have access to the global market and their distribution is limited by their capacity to fund and produce a sufficient amount of products for each local market.

They largely rely on wholesale distribution through a network of independent fashion boutiques, while it is through these boutiques that discovered talent and new designers capable of growing and breaking new brands emerge. Consequently, both major and small brand luxury fashion stock is distributed through a highly fragmented network of vendors. Giglio Group, with a commercial and logistics structure serving the main global e-commerce platforms, can optimise brand stock levels and cover also new regions in a structured way.

- **Emergence of e-commerce.** Luxury fashion has moved online. According to Bain, global online personal luxury good market share in 2017 was approx. 9%, significantly lower than the other online goods categories, such as for example tourist and banking services or electronic products. This is as a result of the prudent approach of the brands in adopting technologies and social network platforms. However, according to Bain, online sales are expected to gain an increasing foothold and reach 25% by 2025. Luxury resellers and brands are becoming increasingly dependent on the online channels, as the drop in physical store traffic is impacting their ability to reach customers through physical stores. As consumers move online, data analysis will become increasingly key to understanding consumer tastes and preferences and to offering a shopping experience which responds much better to the customer. Giglio Group, with its ibox platform, integrates with the main global marketplaces, with television, with the logistics system and can adapt to any online market trend and utilise collated data, sharing it with the brands to put in place a better sales strategy.
- **Transition to digital and the social channels.** The shift to digital is influencing the way in which the luxury industry and consumers interact. Inspirations and trends have moved from printed monthly fashion magazine content to the social media real-time channels of the main global fashion bloggers, influencers and celebrities. We believe that digital is already changing consumer buying habits. For luxury vendors, digital is radically changing their approach to the market and communication and engagement with the end-consumer. Giglio Group is particularly involved in this trend, involving its own marketing influencer and extensively utilising the social channels to support the digital visibility of the brands with which it works.

- **Generational demographic change.** As the new generations of global luxury consumers represent a greater share of total volumes, a radical change is taking hold in how luxury purchases are made. According to Bain, online consumers, the Millennial generation and the Z generation represented approx. 85% of luxury fashion growth in 2017 and are expected to make up 45% of luxury fashion purchases by 2025. Furthermore, all these new consumers have entirely differing and new shopping experiences in comparison to the past, expecting continuous product accessibility and quite quick delivery. Their purchasing decisions are influenced by social media, reading the experiences online of like-minded people - from the marketing of influencers rather than traditional fashion publishing.
- **Emerging markets are driving growth.** Luxury fashion demand is becoming truly global. Consumers of luxury fashion have traditionally been located in Europe, the Americas and Japan. According to Bain, Europe and the Americas overall represented nearly two-thirds of global personal luxury market sales in 2016. Over the coming decade, global luxury market growth is expected to be driven significantly by emerging market demand, including from China, the Middle East and Eastern Europe. Giglio Group has a global presence, with excellent commercial coverage in Europe, including Eastern Europe (Romania, Russia, ….) and a growing presence in China and in the Americas. In China, the Giglio Group can rely on its own fashion distribution company, with logistics under its control and a network of relationships with the main marketplaces in the country. In addition, it can develop synergies with its media company, Giglio TV Hong Kong, to promote its T-commerce model alongside the Made in Italy brands.

2. Group activities

Founded in 2003 by Alessandro Giglio, Giglio Group is 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 90 countries when considering all the countries in which its channels are broadcast and the countries it serves through B2C e-commerce services.

Giglio Group's objective is to create a fully integrated model, both in terms of distribution channels and business models. The integration between E-commerce, social media and innovative t-commerce facilitates excellent fertilisation among the various sales channels.

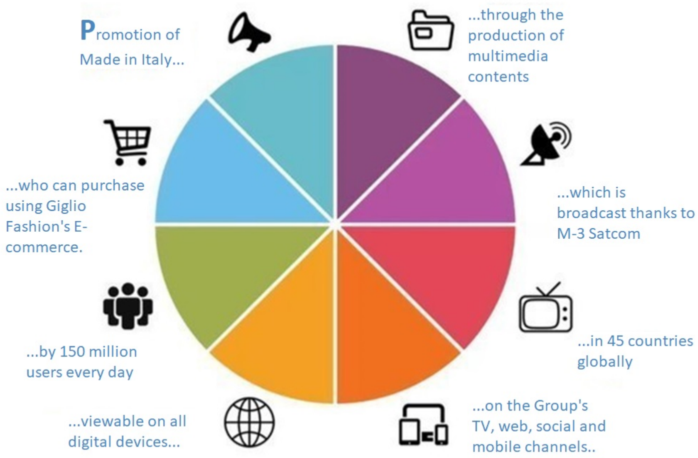
The Group is engaged both in B2C and B2B operations. The integration between the two business models, Principal (B2B) and Agent (B2C), allows for the optimal management of brand stock, both on-season and off-season, and targeting a 100% sell-through.

The B2C business model, managed by the organisation I-box digital, the Group's digital unit, concerns the provision of digital services for the management of "Made in Italy" mono-brand fashion sites. It is a unique technological platform to manage the mono-brand site, connections with the marketplaces, payment system integration and logistics. The goods transacted belong to the On Season collections of the brands, which recognse a commission on sales and with Giglio Group working on their digital marketing strategies. No particular working capital investment is required and there is no inventory risk.

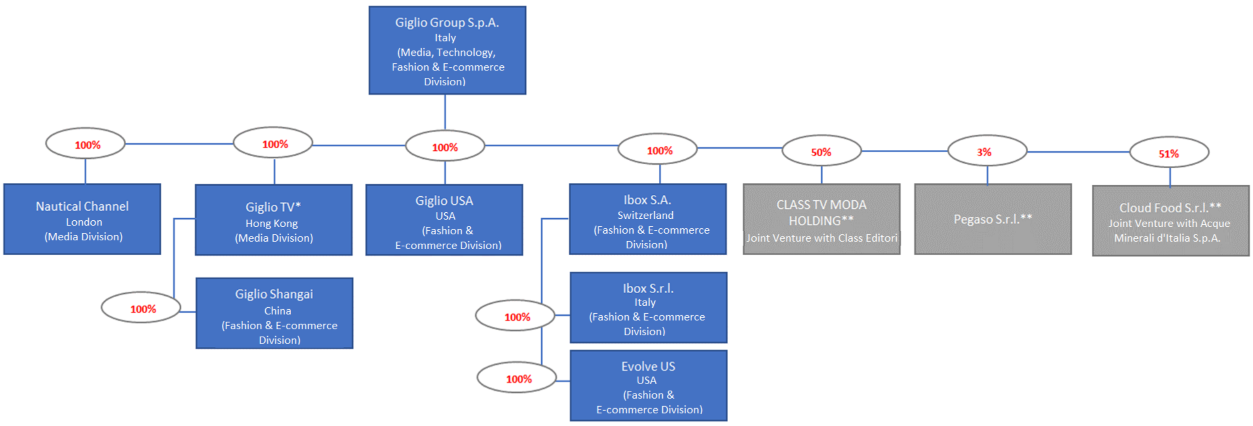
The B2B business model however focuses on facilitating indirect brand on line sales on the main global e-commerce platforms, providing them with additional distribution options to physical networks. The B2B channel uses the same Ibox platform as B2C.

For B2B, Giglio Group manages logistics directly through contracts with outside depots, sets the resale price, manages the inventory with a proven capacity to reduce stock quickly and with a high ratio of goods rotation. Gigio Group works with the client's e-commerce platforms on the basis of a sales plan which further reduces the risk of unsold stock. The difference between the payment times to brands, usually at the beginning of the season to book the stock, and the marketplace receipt times, normally 90 days after season-end, generates a financial requirement which is optimised by the careful use of instruments supporting working capital.

The business model proposed by Giglio, currently being implemented through historically-owned activities in the media sector and those more recently acquired in the fashion, distribution and e-commerce sectors, envisages total integration between televised and e-commerce communication. As shown in the following pie chart, the best of Made in Italy in the fashion, design and lifestyle industries is being promoted and marketed through B2B and B2C platforms through the production of multimedia content transmitted on the Group's television channels.



The Group corporate structure is reported below:



Group structure at 30\09\2018

3. Significant events in the first nine months of the year

On March 20, 2018, the company Giglio Group was admitted to the STAR segment of the Italian Stock Exchange, concluding the translisting process commenced in 2017. The translisting process did not involve the sourcing of funding on the market.

On March 21, 2018, Giglio Group S.p.A. signed an agreement with Acque Minerali d'Italia S.p.A., one of the top four companies in the water mineral sector in Italy, led by Massimo Pessina.

The company Cloud Food was thereby incorporated - held 51% by Giglio Group and 49% by Acque Minerali d'Italia S.p.A..

On March 21, 2018, Giglio Group presented the new Ibox 65 channel, a T -commerce channel dedicated to the home and family market (home, food, furniture, design and family) that can be viewed on the digital terrestrial channel 65 and which will be the first T-commerce channel in Italy that will make it possible to also purchase products distributed by the Giglio Group and Cloud Food on TV.

At the end of May 2018, an agreement was signed with WeChat for T-commerce in China - a strategic operation with the number one internet media company in China, created for Italian fashion Brands and allowing them to quickly enter the digital Chinese market and consolidate.

On June 27, 2018, Giglio Group agreed with a leading credit institution the without recourse factoring of a VAT receivable requested for repayment from the Tax Agency through the 2018 VAT Declaration, referring to financial year 2017. The amount requested for repayment and subject to factoring was Euro 1.5 million, while the without recourse factoring payment agreed was Euro 1.4 million, settled as follows:

- Euro 1.2 million paid on June 26, 2018;
- Euro 0.3 million to be paid following the settlement of the disputes and charges forwarded by the Tax Agency concerning the tax assessments/settlement notices received in previous years and which the company has been permitted to settle in instalments.

On September 3, 2018, the Board of Directors appointed Mr. Carlo Frigato, current company director, as the Group's new Chief Financial Officer and Investor Relator, assigning all the operating powers necessary to carry out the roles. Carlo Frigato, in his new role, will report directly to the Chief Executive Officer.

Simultaneously, the Board of Directors, following the issue of the Board of Statutory Auditors' favourable opinion, appointed Mr. Massimo Mancini, the Group's current General Manager, as the new Executive Officer for financial reporting.

In addition, at the same date, the Board of Directors, on the proposal of the Appointments and Remuneration Committee and in fulfillment of the commitments undertaken to Borsa Italiana following its listing on the STAR segment of the MTA market, approved its Remuneration Policy.

In making its decision, the Board took into account that approved with motion of October 26, 2017 concerning the parameters by which the company would establish its remuneration policy. In order to put in place a system consistent with the new organisational structure, the Board updated these parameters to the altered Group structure.

The new Remuneration Policy was established following an assessment of the regulatory framework and the principles of the Self-Governance Code and targets the following objectives:

- to attract, maintain and motivate a highly professional management team;
- to ensure an adequate definition of performances;
- to align managerial interests with the creation of value for shareholders over medium/long-term.

4. Subsequent events

The key events subsequent to the reporting date are outlined below.

On October 29, 2018, the Ordinary and Extraordinary Shareholders' Meeting was held. The Shareholders' Meeting, in ordinary session, approved the 2018-2021 Stock Option Plan reserved for executive directors and/or senior executives in order to maintain and encourage good performance and support the growth and success of the Company and the Group; the Shareholders' Meeting, in extraordinary session, submitted to the Board of Directors the Stock Option Plan enacting regulation and, in extraordinary session, the relative five-year granting to the Board of Directors of the faculty to carry out a divisible share capital increase, with exclusion of the pre-emption right, in service of the stock option plan for a maximum nominal amount of Euro 138,000, through the issue, even in a number of tranches, of a maximum 690,000 ordinary shares without nominal value, in exclusive service of the "2018-2021 Stock Option Plan".

The Extraordinary Shareholders' Meeting in addition approved the proposal to grant the Board of Directors a five-year faculty to carry out a divisible paid-in share capital increase, with exclusion of the pre-emption right and within a 10% limit of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without nominal value, to be offered to parties identified by the Board of Directors - including qualifying industrial and/or financial investors - on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm.

5. Outlook

As previously outlined, after integrating into a single business unit the e-commerce sector acquisitions made in 2016 and 2017, from an organisational, commercial and technological viewpoint, the company during the first nine months of the year stepped up the conversion of the business model, from a model mainly based on media activities to a model focused on e-commerce, initially in the fashion-design sector and with a particular focus on the luxury segment.

This transformation involves:

- Organic e-commerce growth through commercial development relying on an internal structure of business developers and highly-qualified agents working in the fashion and accessories sector with vast knowledge of the brands, potential customers for our services, together with an increase of the market places connected at a global level;
- The disposal of a number of assets no longer considered strategic or instrumental to achieving the Group's objectives, now fully dedicated to e-commerce; in particular, in these months, also following interest from an unrelated third party, preliminary activities were undertaken for the disposal of the M-Three division, a unit specialised in satellite transmissions. Negotiations are in an advanced stage and the operation is concretely expected to be concluded in the coming months. The sale of this unit will provide the capital base and financial position of the company with a significant boost, simplify the operating structure and free up resources for the development of other activities at forecast higher yields. Given the state of negotiations, the results and equity of this unit, in accordance with the accounting standards, were reclassified as discontinued operations.
- for the remaining media activities, a shift towards a T-commerce and a direct marketing model. For a number of months now, one of the two Italian digital terrestrial television channels has focused on the sale of fashion and design products, in synergy with the new Ibox.it site. This transformation required set-up investments, completely expensed in the period, of approx. Euro 0.8 million, including marketing campaigns, site construction and sales platform improvements. The Group has planned further developments for the other Italian and international media assets, both in terms of investments to be made (involving a gradual reduction) and with regards to the management of content portfolios and properties. An extensive analysis upon the benefits from a strong presence on terrestrial digital with two channels is underway, with the objective to optimise the commercial activities, the relative expected revenues and the fixed maintenance costs.

6. 9M 2018 financial highlights

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 Half-Year 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 Half-Year Financial Report are as follows:

Operating 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.

Net financial debt: the sum of available liquidity net of financial payables.

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.

VALUE ADDED: 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 charges.

We report below the key consolidated highlights; for a better comparison and consequently an improved understanding of Group business dynamics and for the sole purpose of providing more uniform disclosure and a better comparative analysis, the following table reports the pro-forma 9M 2017 consolidated figures, concerning the consolidation of the Ibox Group (ex E-volve) from January 1, 2017 and including therefore the Group result preceding consolidation, restated by also retrospectively applying the effects from application of IFRS 15.

The effects from application of IFRS 15 exclusively concern the e-commerce sector and specifically B2C business and concerned a net basis representation of costs/revenues due to a differing assessment of the principal/agent role.

The Group in fact analysed contractual obligations, concluding that the situation to which service is tied is attributable to those who perform the role of Agent, not controlling the performance obligation and, therefore, records costs and revenues on a net basis for revenues deriving from the full outsourced management of the client's e-commerce site.

This is due mainly to the fact that compared to the previous guide, some parameters have been eliminated or modified and the new standard is based on the Performance Obligation's control concept. In particular, the new IFRS 15 subordinates the recognition of revenue according to a "Gross" exposure to the existence of "control'' on the goods or services provided by the entity prior to their transfer to the end customer, regardless of the transfer of risks and benefits referred to in the previously applicable IAS 18.

BALANCE SHEET (Euro thousands)	30.09.2018	31.12.2017
FIXED ASSETS	29,015	26,593
OPERATING WORKING CAPITAL	(1,219)	(3,612)
NET WORKING CAPITAL	5,972	3,239
NET CAPITAL EMPLOYED CONTINUING OPERATIONS	34,987	29,833
NET CAPITAL EMPLOYED DISCONTINUED OPERATIONS	1,382	1,616
NET CAPITAL EMPLOYED	36,369	31,448
SHAREHOLDERS' EQUITY	(16,039)	(16,692)

INCOME STATEMENT (Euro thousands)	9M 2018	9M 2017*	9M 2017 **
Revenues	35,501	27,753	32,394
Operating Costs	26,023	20,465	23,871
ADDED VALUE	**9,478**	**7,287**	**8,523**
ADDED VALUE%	**27%**	**26%**	**26%**
Personnel expense	2,667	1,442	2,038
EBITDA adjusted	**6,811**	**5,845**	**6,485**
EBITDA%	**19%**	**21%**	**20%**
Non-recurring charges	892	1,539	1,539
EBITDA reported	**5,920**	**4,306**	**4,946**
Amortisation, depreciation and write-downs	4,660	3,444	3,498
EBIT	**1,260**	**862**	**1,448**
Net financial expenses	747	464	469
PROFIT BEFORE TAXES	**513**	**398**	**979**
Income taxes	326	(27)	(19)
NET PROFIT FROM CONTINUING OPERATIONS	**187**	**425**	**998**
NET LOSS FROM DISCONTINUED OPERATIONS	**(801)**	**(376)**	**(376)**

NET PROFIT	(614)	49	623

* 9M 2017 consolidated figures restated, applying effects from application of IFRS 15 retrospectively. The figures include the acquisition of Evolve Group from April 27, 2017

** H1 2017 Pro-forma consolidated figures restated, applying effects from application of IFRS 15 retrospectively, in addition to the effect from the acquisition of the Evolve Group from January 1, 2017.

Equity and Financial Position at September 30, 2018

The Net Capital Employed at September 30, 2018 of continuing operations amounts to Euro 35 million, principally comprised of Net Fixed Assets of Euro 29 million (increasing on December 31, 2017 by Euro 2.4 million) and Net Working Capital totalling Euro 6 million (increasing on December 31, 2017 by Euro 2.7 million).

Property, plant and equipment of Euro 3.1 million (Euro 3.7 million at December 31, 2017) principally concern specific Media division plant.

Intangible Assets of Euro 25.3 million, of which Euro 11.7 million relating to goodwill for the acquisitions of Giglio Fashion and Evolve (Euro 22.6 million at December 31, 2017, of which goodwill of Euro 11.7 million concerning Giglio Fashion and Evolve).

Financial assets of Euro 663 thousand principally include Euro 155 thousand from the acquisition of the investments in Pegaso Srl, Class Tv Moda and Cloud Food and Euro 342 thousand relating to the consideration for the without recourse factoring of the VAT receivable commented upon in the "Significant events in the first nine months of the year" section.

The net financial debt (determined in accordance with Consob communication No. DEM/6064293 and illustrated below) at September 30, 2018 and December 31, 2017 is as follows:

	(Euro thousands)	30.09.2018	31.12.2017	Change
A.	Cash	2,892	6,209	(3,317)
B.	Bank and postal deposits and cheques	-	-	-
C.	Securities held for trading	-	-	-
D.	**Cash & cash equivalents (A)+(B)+(C)**	**2,892**	**6,209**	**(3,317)**
E.	Current financial receivables	-	-	-
F.	Current bank payables	(8,325)	(7,564)	(761)
G.	Current portion of non-current debt	(5,649)	(2,239)	(3,410)
H.	Other current financial payables	(899)	(1,960)	1,061
	of which Related Parties	*(875)*	*(438)*	*(438)*
I.	**Current financial debt (F)+(G)+(H)**	**(14,873)**	**(11,763)**	**(3,110)**
J.	**Net current financial debt (I) + (E) + (D)**	**(11,981)**	**(5,554)**	**(6,427)**
K.	Non-current bank payables	(3,655)	(3,560)	(95)
L.	Bonds issued	(2,171)	(3,098)	927
	of which Related Parties	*(2,171)*	*(3,098)*	*927*
M.	Other non-current payables	(2,524)	(2,543)	19
N.	**Non-current financial debt (K)+(L)+(M)**	**(8,349)**	**(9,201)**	**852**
O.	**Net financial debt (J)+(N)**	**(20,330)**	**(14,756)**	**(5,574)**

The Group net financial debt amounts to Euro 20.3 million, an increase on December 31, 2017 (Euro 14.7 million) of Euro 5.6 million. The increase relates principally to the following factors:

decreases due to:

• Reduced liquidity for Euro 3.3 million;

• Higher bank loan payables for Euro 3.4 million due to the short-term loans granted in support of the increased seasonal order volumes of the "distribution" business unit;

increases due to:

• Reduction in the long-term portion of the minibond issued in 2016 for Euro 0.9 million, due in part to the repayment of the first instalment in September 2018 for Euro 0.4 million and partly to the reduction in the long-term portion of the minibond issued in 2016 for Euro 0.4 million.

In general, the increase in the financial debt relates to the working capital changes in support of e-commerce operations, which, by their inherent nature, require advances of liquidity, in addition to the payment of certain non-recurring costs e.g. those incurred for the listing transfer.

9M 2018 Consolidated Operating Overview

9M 2018 revenues amounted to Euro 35.5 million, up approx. Euro 3.1 million (+8.8%) on the consolidated pro-forma figures for the same period of the previous year (Euro 32.4 million).

This increase is due to:

- The e-commerce sector for Euro 2 million (+8% on the 9M 2017 consolidated pro-forma figures), as a result of increased sales volumes for the main brands managed;
- The media sector for Euro 1 million (+16% on the 9M 2017 consolidated pro-forma figures), mainly due to the performances of the subsidiary Giglio TV, thanks to new advertising in Indonesia not present in 9M 2017.

Operating Costs, net of non-recurring costs, amounted to Euro 26 million (Euro 23.9 million consolidated proforma in 9M 2017), following the growth in business volumes and with the main increases concerning product acquisition costs, service costs and rent, leases and similar costs.

Personnel expense increased Euro 0.6 million on the same period of the previous year (9M 2017 consolidated pro-forma figures), principally due to expanded workforce in terms of the business development and sales functions (staff).

EBITDA adjusted for non-recurring charges of Euro 0.9 million, amounted to Euro 6.8 million (9M 2017 consolidated pro-forma result of Euro 6.5 million), in line with the consolidated pro-forma figures for the previous year, with a margin decreasing to 19% from 20% in 2017, due to the transfer from April 2018 from a more strictly television-based model focused on sales revenues and advertising spaces to the mixed model of e-commerce 4.0 (T-commerce), for which the e-commerce revenue contribution increasingly takes precedent.

Non-recurring charges concern:

- Euro 0.5 million for the translisting process;
- Euro 0.4 million of penalties for the failure to provide due notice following the settlement signed in May 2018 with the previous provider of television bandwidth.

The Group Net Result for continuing operations adjusted by non-recurring costs was a profit of Euro 1 million (Euro 2.5 million adjusted figure for 9M 2017 pro-forma). This result was impacted by:

- increased financial charges of Euro 0.7 million (Euro 0.5 million in 9M 2017 pro-forma), principally due to increased factoring service costs (beginning in May 2017) and interest on loans obtained subsequent to the first nine months of 2017.
- higher amortisation and depreciation due to Media sector investments subsequent to 9M 2017.

7. Segment disclosure

IFRS 8 accounting standard – "Operating Segments" requires the provision of detailed information for each operating segment, understood as being a component of an entity whose operating results are periodically reviewed by top management for the purposes of adopting decisions concerning resource allocation and performance assessment.

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. Media
2. E-commerce
3. Corporate.

The operating units within the above business units are as follows:

1. Media: Giglio Group Spa with the divisions M3 and Media; Nautical Channel; Giglio TV;
2. E-commerce: Giglio Group Spa with the Giglio Fashion division; Ibox Group; Giglio USA; Giglio Shanghai.
3. Corporate: includes centralised Group functions which can not be assigned to the business units and mainly carried out by Giglio Group S.p.A.

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

9M 2018				
(Euro thousands)	**Media**	**E-commerce**	**Corporate**	**Total**
Total revenues	**7,694**	**27,807**	**0**	**35,501**
EBITDA Adjusted	**5,428**	**3,257**	**(1,873)**	**6,811**
Listing and non-recurring costs	(433)	0	(459)	(892)
EBITDA reported	**4,994**	**3,257**	**(2,331)**	**5,920**
EBIT	**485**	**3,106**	**(2,331)**	**1,259**
EBT	**(37)**	**2,943**	**(2,395)**	**512**
Net profit from continuing operations	**(303)**	**2,885**	**(2,395)**	**187**
Net profit from discontinued operations	**(801)**			**(801)**
Net Profit	**(1,105)**	**2,885**	**(2,395)**	**(614)**

For comparability, the 9M 2017 pro-forma segment results are restated, applying retrospectively the effects from application of IFRS 15 and to include the Ibox Group (ex E-volve) in the consolidation from January 1, 2017.

9M 2017 pro-forma				
(Euro thousands)	**Media**	**E-commerce**	**Corporate**	**Total**
Total revenues	**6,634**	**25,760**	**0**	**32,394**
EBITDA Adjusted	**4,514**	**3,224**	**(1,253)**	**6,485**
Listing and non-recurring costs	0	0	(1,539)	(1,539)
EBITDA reported	**4,514**	**3,224**	**(2,793)**	**4,946**
EBIT	**1,130**	**3,111**	**(2,793)**	**1,448**
EBT	**788**	**3,080**	**(2,890)**	**979**
Net profit from continuing operations	**980**	**2,908**	**(2,890)**	**998**
Net profit from discontinued operations	**(376)**			**(376)**
Net Profit/(Loss)	**604**	**2,908**	**(2,890)**	**623**

The e-commerce sector, compared to the same period of the previous year and at like-for-like consolidation scope, reported increased revenues of approx. 2 million (+8%), against a marginal increase in the absolute value and a slight reduction in the EBITDA margin due to a differing mix between the B2B and B2C components of the business and the Ibox.it marketplace launch costs.

The revenue growth is related to the expanded activities of the historic brands and the entry of new partners; the result is in line with the market and with its seasonality, although impacted by a slight reduction in B2C margins which are recognised on a net basis (Agent model) and completely reflecting the revenue numbers.

The media segment reported slight revenue growth, driven by investments in content in 2017 and in the first half of 2018, which resulted in significant increases in amortisation and depreciation and consequently a reduction in the segment's net profit.

The Group does not use as an internal control driver the balance sheet data broken down by segment of activity and, consequently, segment assets and liabilities are not presented in this half-year report.

8. Business seasonality

The Group's operations are affected by business seasonality, as reflected in the consolidated results. Specifically, the segment most influenced by seasonal changes is e-commerce, where sales volumes are highly concentrated respectively in the first, third and fourth quarters at the winter and summer sales and during the Christmas period.

9. Investments

Group investments in H1 2018 or investments in progress refer mainly to intangible assets and principally editing and localisation in Great Britain (Nautical Channel) and in Hong Kong (Giglio TV HK). These investments are financed through self-financing and in particular relate to:

- Giglio TV for intangible assets relating to costs for the creation of television content for the TV Giglio Channel amounting to Euro 4.7 million in China; and
- Nautical Channel amounting to Euro 1.8 million for intangible assets relating to costs for the creation of television content for the Nautical Channel which is broadcast in 46 countries and 5 continents.

10. 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.

11. Number and nominal value of treasury shares and shares or quotas of holding companies purchased or sold by the company in the year

The Company did not purchase or sell during the year treasury shares or shares of the parent company.

12. Significant shareholders and shares of the Issuer

At the date of the present financial statements (March 2018) the official data indicates the following significant shareholders:

- 55.67% shares held by Meridiana Holding S.r.l. (company held 99% by Alessandro Giglio and 1% by his wife Ms. Yue Zhao);
- DOCOMO Digital Italy S.P.A. which holds 9.91% of the share capital.

FINANCIAL STATEMENTS

- Consolidated statement of financial position
- Consolidated income statement and consolidated statement of comprehensive income
- Consolidated statement of cash flow
- Consolidated statement of changes in net equity
- Change of accounting standards
- Consolidation scope

Consolidated Statement of financial position

Consolidated statement of financial position (Euro thousands)	30.09.2018	31.12.2017*
Non-current assets		
Property, plant & equipment	3,055	3,722
Intangible assets	13,579	10,861
of which Distribution rights	-	-
of which Publishing rights	13,315	10,573
Other intangible assets	264	288
Goodwill	11,718	11,718
Equity investments	155	150
Receivables	508	142
Deferred tax assets	922	886
Total non-current assets	**29,937**	**27,479**
Current assets		
Inventories	4,841	6,596
Trade and other receivables	18,901	16,279
Financial receivables	-	-
Tax receivables	8,940	9,747
Other assets	2,013	1,728
Cash and cash equivalents	2,892	6,209
Total current assets	**37,587**	**40,559**
Assets of discontinued operations	**10,254**	**9,364**
Total Assets	**77,778**	**77,402**
Shareholders' Equity		
Share capital	3,208	3,208
Reserves	12,014	11,374
Extraordinary reserve	-	-
Listing charges	(541)	(541)
FTA Reserve	4	4
Retained earnings	1,963	2,609
Translation reserve	5	(5)
Net profit	(615)	43
Total Group Shareholder' Equity	**16,038**	**16,692**
Minority interest share. equity	-	-
Total Shareholders' Equity	**16,038**	**16,692**
Non-current liabilities		
Provisions for risks and charges	593	728
Deferred tax liabilities	19	282
Financial payables (non-current portion)	8,349	9,201
Total non-current liabilities	**8,961**	**10,211**
Current liabilities		
Trade and other payables	24,960	26,488
Financial payables (current portion)	14,873	11,763
Tax payables	3,156	3,580
Other liabilities	918	919
Total current liabilities	**43,907**	**42,750**
Liabilities directly associated with discontinued operations	**8,872**	**7,749**
Total Liabilities and Shareholders' Equity	**77,778**	**77,402**

* Consolidated as at December 31, 2017, restated for discontinued operations, without application of IFRS 15

Consolidated Income Statement

Consolidated Income Statement (Euro thousands)	30.09.2018	30.09.2017**
Total revenues	**34,699**	**44,030**
Other revenues	802	341
Change in inventories	1,052	3,589
Purchase of raw materials, ancillary, consumables and goods	*(14,581)*	*(33,562)*
Service costs	*(12,004)*	*(7,664)*
Rent, lease and similar costs	*(771)*	*(551)*
Operating costs	**(27,356)**	**(41,777)**
Salaries and wages	*(2,200)*	*(1,188)*
Social security charges	*(388)*	*(222)*
Post-employment benefits	*(78)*	*(32)*
Personnel expense	**(2,666)**	**(1,442)**
Amortisation	*(3,946)*	*(2,585)*
Depreciation	*(704)*	*(858)*
Doubtful debt provision	*(10)*	*0*
Amortisation, depreciation & write-downs	**(4,660)**	**(3,443)**
Other operating costs	*(611)*	*(436)*
Operating profit	**1,260**	**862**
Financial income	*31*	*57*
Net financial expenses	*(778)*	*(521)*
Profit before taxes	**513**	**398**
Income taxes	*(326)*	*27*
Net profit from continuing operations	**187**	**425**
Net profit from discontinued operations	**(801)**	**(376)**
Net Profit	**(614)**	**49**
Of which minority interest	**-**	**-**
Earnings per share – basic and diluted	**(0.038)**	**0.001**

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Euro thousands)	30.09.2018	30.09.2017**
Net Profit	(614)	49
Other comprehensive income items		
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes.		
Translation Reserve	11	(8)
Total other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes	**11**	**(8)**
Other comprehensive income items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes:		
Actuarial loss on employee benefits	1	(25)
Total other comprehensive items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes	**1**	**(25)**
Consolidated comprehensive income	**(602)**	**17**

** Consolidated as at September 30, 2017, restated for discontinued operations, without application of IFRS 15

Consolidated statement of changes in net equity

Description *(Euro thousands)*	Share capital	Reserves	FTA Reserve	Translation reserve	IAS 19 Reserve	Retained earnings	Net result	Total
DECEMBER 31, 2017	**3,208**	**10,914**	**4**	**(5)**	**(81)**	**2,609**	**43**	**16,692**
Restatement for first application IFRS 9						(51)		(51)
JANUARY 1, 2018	**3,208**	**10,914**	**4**	**(5)**	**(81)**	**2,558**	**43**	**16,641**
Share capital increase	-							-
Share premium reserve		-						-
Retained earnings						43	(43)	-
IAS 19 Reserve					1			1
Exchange rate effect				10				10
Other changes	-	639				(639)		-
Group profit/(loss)							(615)	(615)
SEPTEMBER 30, 2018	**3,208**	**11,553**	**4**	**5**	**(80)**	**1,963**	**(615)**	**16,038**

CASH FLOW STATEMENT

Euro thousands	**30.09.2018**	**30.09.2017**
Cash flows from operating activities		
Net profit - continuing operations	187	425
Net profit - discontinued operations	(801)	(376)
Adjustments for:		
Depreciation	704	865
Amortisation	3,946	2,633
Non-cash changes of provisions	(112)	337
Write-downs/(Revaluations)	-	-
Net financial charges/(income)	747	464
Income taxes	326	(27)
Changes in:		
Inventories	1,756	(4,330)
Trade receivables	(2,623)	3,082
Tax receivables	806	(3,241)
Other assets	(285)	(1,665)
Deferred tax liabilities	(263)	(98)
Trade payables	(1,527)	2,596
Tax payables	(424)	(43)
Other liabilities	(1)	851
Change in net working capital	**(2,561)**	**(2,848)**
Changes in provisions	(25)	-
Changes in assets/liabilities of discontinued operations	234	155
Cash flow generated from operating activities	**2,645**	**1,628**
Interest paid	(747)	(464)
Income taxes paid	(326)	27
Net cash flow generated from operating activities	**1,572**	**1,191**
Cash flows from investing activities		
Investments in property, plant & equipment	(36)	(42)
Investments in intangible assets	(6,664)	(3,724)
Acquisition Evolve Group net of liquidity acquired	-	558
Acquisition Giglio Fashion net of liquidity acquired	-	-
Other intangible assets	(402)	(573)
Increase equity investments	(5)	(150)
Change in consolidation scope		
Net cash flow absorbed by investing activities	**(7,107)**	**(3,931)**
Cash flow from financing activities		
Share capital increase	-	-
Change in Shareholders' Equity	(39)	(31)
New financing	5,500	3,200
Repayment of loans	(2,432)	(1,218)
Change in financial debt	(811)	3,832
Net cash flow absorbed by financing activities	**2,218**	**5,783**
Net increase/(decrease) in cash and cash equivalents	**(3,317)**	**3,043**
Cash and cash equivalents at January 1	6,209	1,817
Cash and cash equivalents at September 30	2,892	4,860

Change of accounting standards

IFRS 15 Revenue from Contracts with Customers

The standard, issued by the IASB in May 2014, amended in April 2016 and approved by the European Commission in September 2016, introduces a framework which establishes whether, when and to what extent revenue will be recognised. IFRS 15 is applicable from January 1, 2018; advanced application is permitted. The standard introduces a single general model to establish whether, when and to what extent to recognise revenue. IFRS 15 replaces the criteria for the recognition of revenue under IAS 18 Revenue, IAS 11 Construction contracts and IFRS 13 Customer loyalty programmes.

On first application, IFRS 15 must be applied retroactively. A number of simplifications are however permitted ("practical expedients"), in addition to an alternative approach ("cumulative effect approach") which avoids the restatement of periods presented for comparative disclosure; in this latter case, the effects from the application of the new standard must be recognised to the initial equity of the period of first application of IFRS 15. With the amendment of April 2016, the IASB clarified a number of provisions and at the same time additional simplifications, in order to reduce costs and the complexity for those applying the new standard for the first time.

The Giglio Group adopted IFRS 15 from January 1, 2018 with the cumulative effect approach. Therefore, the 2017 figures were not restated i.e. they were presented as per IAS 18.

The analysis carried out on the effects of IFRS 15's first application on the consolidated financial statements led to results that are substantially limited to a different representation of costs/revenues, due to the evaluation of the principal/agent role.

This different representation is related to the e-commerce sector and specifically to the B2C sector. The Group analysed contractual obligations, concluding that the situation to which service is tied is attributable to those who perform the role of Agent, not controlling the performance obligation and, therefore, records costs and revenues on a net basis for revenues deriving from the full outsourced management of the client's e-commerce site.

This is due mainly to the fact that compared to the previous guide, some parameters have been eliminated or modified and the new standard is based on the Performance Obligation's control concept. In particular, the new IFRS 15 subordinates the recognition of revenue according to a "Gross" exposure to the existence of "control'' on the goods or services provided by the entity prior to their transfer to the end customer, regardless of the transfer of risks and benefits referred to in the previously applicable IAS 18.

The effects from application of IFRS 15 are presented below.

Consolidated Balance Sheet (Euro thousands)	30.09.2018 reported	IFRS adjustments	30.09.2018 without IFRS adjustments
Inventories	4,841	3,904	8,745
Trade and other payables	24,960	3,904	28,864

Consolidated Income Statement (Euro thousands)	30.09.2018 reported	IFRS adjustments	30.09.2018 without IFRS adjustments
Total revenues	**34,699**	35,924	**70,623**
Change in inventories	1,052	1,035	2,087
Purchase of raw materials, ancillary, consumables and goods	(14,581)	(36,957)	*(51,538)*

IFRS 9 – Financial instruments

The document incorporates the results of the IASB project to replace IAS 39:

- introduces new criteria for the classification and measurement of financial assets and liabilities (together with the measurement of the non-significant adjustments of the financial liabilities);

- The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model, utilising supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures;

- introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, changes in the accounting method of forward contracts and options when included in a hedge accounting relationship, change in the effectiveness test).

The Giglio Group adopted IFRS 9 from January 1, 2018. The analyses performed by the Group did not result in any impacts on the new criteria for the classification and valuation of financial assets and liabilities, nor as regards the new hedge accounting model.

On the other hand, as regards the application of the expected losses method to calculate losses on receivables, the directors, based on the analyses performed, determined an estimated negative impact on the initial shareholders' equity at January 1, 2018, amounting to approximately Euro 70 thousand (gross of the relative tax effect).This resulted from the new standard's application and necessitated the calculation of a write-down of trade receivables, even if not overdue, based on expected or possible future losses.

The effects from application of IFRS 9 are presented below.

Consolidated Balance Sheet (Euro thousands)	31.12.2017 reported	IFRS adjustments	01.01.2018
Deferred tax assets	941	19	960
Trade and other receivables	20,926	(70)	20,856
Shareholders' Equity			
Share capital	3,208		3,208
Reserves	11,374		11,374
Extraordinary reserve	-		-
Listing charges	(541)		(541)
FTA Reserve	4		4
Retained earnings	2,609	(51)	2,558
Translation reserve	(5)		(5)
Net profit	43		43
Total Group Shareholder' Equity	**16,692**		**16,641**

Consolidation scope

Information on subsidiaries:

The consolidated financial statements of the Group include:

Consolidation scope

Giglio Group S.p.A.	Italy	**Parent company**	
Nautical Channel Ltd	UK	**Subsidiary**	100%
Giglio TV	HK	**Subsidiary**	100%
Giglio USA	USA	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
Giglio (Shanghai) Technology Company Limited	China	**Subsidiary**	100%
IBOX SRL	Italy	**Subsidiary**	100%
Evolve USA	USA	**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 Euro 3,208,050.

In particular, the company operates in the electronic commerce and publishing segment and is a distributor of television and multimedia content, including through directly-owned television channels.

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.

GIGLIO TV HK Limited

Registered Office:

Unit 305 – 7,3/F, Laford Centre, 838

Lai Chi Kok Road, Cheung Sha Wan,

Kowloon, Hong Kong

Share capital Euro 3,000,000, held 100% by Giglio Group S.p.A.. The company manages all the Group's activities on the Chinese market.

NAUTICAL CHANNEL

Registered office: 346a Farnham Road Slough Berkshire SL2 1BT (UK)

Share capital Euro 5, held 100% by Giglio Group S.p.A.

The company manages all the Group's Nautical activities worldwide.

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 (Euro 18 thousand, held 100% by Giglio Group S.p.A.

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

GIGLIO (Shanghai) TECNOLOGY LIMITED COMPANY

Registered office: Shanghai International Finance Center

Century Avenue 8

Room 874, Level 8, Tower II

Shanghai, 200120

Share Capital Euro 40 thousand

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.

E-Volve Service USA

Registered Office: New York

Share capital: USD 10,000

The company develops the e-commerce business model of IBOX SA.

IBOX S.r.l.

Registered Office: Via Pier Della Francesca 39, 59100 Prato (PO)

Share capital: Euro 20,000

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

The investment in Pegaso S.r.l. in accordance with IFRS 9 was measured at fair value, approximating the Group portion of net equity in the investment. The investment in Class TV Moda Holding is measured at equity, in accordance with IFRS 11 Joint Arrangements.

The investment in Cloud Food Srl is measured at equity, in accordance with IFRS 11 - Joint Arrangements.

Milan, November 14, 2018

Board of Directors

The Chairman

Dott. Alessandro Giglio

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

The undersigned Alessandro Giglio, as Chief Executive Officer, and Massimo Mancini, 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 February 24, 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 statements in the period between January 1 and September 30, 2018.

In addition, we declare that the consolidated financial statements at September 30, 2018:

- were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- correspond to the underlying accounting documents and records;
- provide a true and fair view of the financial position, financial performance and cash flows of the issuer and of the other companies in the consolidation scope.

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

November 14, 2018
The Chief Executive Officer
Alessandro Giglio

The Executive Officer for Financial Reporting
Massimo Mancini