Interim Financial Report at 31 March 2019

CONTENTS

Directors' Interim Report

at 31 March 2019

Company Information

Registered office

Giglio Group S.p.A.
Piazza Diaz 6
Milan 20123

Legal Information

Share Capital subscribed and paid-in €3,208,050,
Economic & Admin. Register No. 1028989 Tax no. 07396371002
Registered at Milan Companies Registration Office with no. 07396371002
Website www.giglio.org

Registered office and Headquarters

Piazza Diaz 6, Milan

Operational headquarters

The offices of the company are as follows:
Registered office – Piazza Diaz 6, Milan
Operational office – Via dei Volsci 163, Rome
Operational office – Viale Brianza, San Giuliano Milanese
Operational office – Via Cornelia, Rome
Operational office – Piazza della Meridiana 1, Genoa

Corporate Boards

Board of Directors

Alessandro Giglio	Chairman and Chief Executive Officer
Anna Lezzi	Director
Giorgio Mosci	Independent Director
Massimo Mancini	Director and General Manager
Yue Zhao	Director
Carlo Micchi	Executive Director
Silvia Olivotto	Independent Director

Board of Statutory Auditors

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

Internal Control, Risk and Related-Parties Committee

Silvia Olivotto	Chairwoman
Giorgio Mosci	

Appointment and Remuneration Committee

Giorgio Mosci	Chairman
Silvia Olivotto	

Independent Audit Firm

EY S.p.A.

1. Introduction

Giglio Group is engaged in high-end fashion product e-commerce, breaking ground in developing new ways of engaging customers. Founded in 2003, it is today the first Digital Company who introduced on a global level the integration between Media and e-commerce Platform, revolutionising the online-shopping experience.

The Group offers tailor-made B2B and B2C services to the Luxury Fashion industry, mainly with "Made in Italy" brands, covering the whole supply chain, from the creation of e-commerce platforms to storage management on a global scale. Indeed, Giglio Group is not only a B2C technology platform for the fashion world, but proposes a broad range of services connecting brands on various digital and television platforms with consumers across the globe and, starting from 2019, with a presence in the food sector too.

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. Giglio Group's goal is to redefine how fashion is presented, bought and sold through the use of new technologies, original marketing and innovation.

The innovative and commercial offer of Giglio Group follows and tries to anticipate the changes in the relationship between brands and consumers. New technologies enable the evolution of sales channels, while the products' life-cycle changes and evolves too, forcing brands to shape their offers around the client and its needs. New business opportunities thus open up in the market, and brands must monitor them, if not autonomously, with the support of competent operators. This is the effect of the inevitable evolution of the relationship between brands and consumers, which has abandoned its unchanging and collection-dependent seasonal nature and has taken up a more fluid shape in constant movement, with points of contacts and channels that change rather quickly.

THE BUSINESS MODEL AND ITS STRENGHTS

Giglio is conceived as a Digital Enabler for brands capable of offering them a transversal presence in its sales channel, thus becoming a true E-COMMERCE GATEWAY for fashion brands. Giglio Group is the partner for the management of the entire digital life-cycle of the product, as well as sole point of entry for any e-commerce solution of the brans, ensuring a 100% sales rate over the year.

Giglio Group offers an exclusive combination of specialist B2B and B2C services for the Fashion industry, aligning its goals with those of the brand, but also managing the performance and sharing results, both in the design and management stages. The Group also offers e-commerce services compatible with the most common e-commerce solutions, without interfering with the client's technological choices and without demanding any investment for their integrations.
Giglio Group embraces the brands' different needs with regard to their presence in the digital space, offering services that can increase the value of traditional distribution:

- *Physical Retail.* According to the Group's philosophy, the physical retail must strengthen the efficacy of all other sales channels, as well as be involved in additional differentiated services and functionalities (e.g. click & collect, change & return, in-store personal shopper).
- *Physical Wholesale*. Department stores and multi-brand boutiques amplify the «physical» distribution of a brand.
- *E-commerce*. The e-commerce is the first sales pillar within the online market, an existing strength for the Group, and is capable of accounting for about 13% of a brand's total sales (E-commerce B2C Observatory 2018).
- *E-Tailers (or Multi-Brand Stores)*. By maintaining the brand's positioning, they amplify online distribution and brand awareness, increasing digital sales and ensuring an easy geographical penetration.
- *Marketplace*. Giglio Group's true know how is hidden in the innovative strength of its commercial offer for 2019. 2018 was the year of marketplaces and affiliation for the fashion market thanks to the growth of giants such as Farfetch, Lyst, Amazon and Alibaba. It is estimated that 9 users out of 10 visit at least one marketplace during the purchase consideration phase.

  Any brand that wishes to obtain significant incremental sales must urgently focus on being present in a marketplace. Marketplaces, depending on the geographical area, can account for up to half of total online sales.
- *Destocking*. Another strength of Giglio Group, a consolidated competence that has been growing steadily, introducing new development opportunities and conquering new geographical areas. Destocking is not an occasional activity, but a set of stock planning and distribution services. The goal is optimizing the brand's sales potential through warehouse cleaning or dedicated stock productions' sales. Giglio Group can count on an extensive

experience of warehouse value's optimisation, sales increase and geographic penetration of new markets.

Definitely, the Group's mission is to ensure brands with a "100% sell-through rate": thanks to the combination of multiple sales channels and economic models, the Group aims at offering partnering brands a 100% sell-through rate on digital channels.

During this quarter, the Company completed its transformation from media company to global e-commerce group, identifying assets no longer strategic within the Media segment (transferred with agreements concluded on 11 March 2019) and finding a solution capable of maximising their value. The Group, with a more limited scope, is now focusing its financial and professional resources on the e-commerce sector, deemed extremely promising and with attractive margins.

THE REFERENCE MARKET

The global luxury goods market, which includes the Fashion industry, was estimated to be worth $ 307 billion in 2017 and is expected to hit $ 446 billion by 2025, according to Bain & Company—"Luxury Goods Worldwide (Fall-Winter 2017): The Millennial State of Mind", with annual growth rates firmly established around 10%. The opportunities are plentiful, especially since most of major luxury brands are careful about the adoption of 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.

Giglio Group sees major market opportunities and seeks to deliver results by tapping immediately into increasing online channel usage, the growing importance of the Millennials and luxury consumer growth in China and the other emerging markets. Suffice it to consider the potential of WeChat channel in China, with which the Group has sealed a deal during 2018. The Company's objective for 2019 and 2020 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.

The Group's reference market is not exclusively e-commerce, but rather the crossover between luxury fashion, online commerce, technology and video. The global luxury sector is enormous and features market dynamics and consumer trends that are creating the framework for the sector's future. It is 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. **Stock management** becomes a key factor due to the many distribution channels, which generate inefficiencies. It is a market in which **e-commerce** is gaining more and more power. According to Bain, online sales are expected to reach 25% by 2025. 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. A generational **demographic change** is under way, as well as a radical change in the way luxury products are purchased. 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. Moreover, consumption geography is changing, too.

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, with its own organisation and technologies, is trying to intercept these macro trends and to provide brands with adequate tools and solution in order to sustain their expenses.

2. Group activities

Founded in 2003 by Alessandro Giglio, Giglio Group is today an e-commerce 4.0 company capable of promoting and distributing luxury "Made in Italy" commercial brands across the globe. Listed initially on the Italian Stock Exchange AIM Italia market since August 2015, and on the STAR segment since March 2018, the Group operates in 5 continents and in over 70 countries when considering all the countries served by its e-commerce services.

The Group's objective is to create a fully-integrated model both as far as distribution channels and business models are concerned.

The Company is involved both in B2C and B2B operations. The integration between the two business models, Principal (B2B) and Agent (B2C), allows the Group to manage in an optimal way brand's warehouse stock, both on-season and off-season, aiming at a 100% sell-through rate.

The B2C model, managed by I-box digital, the digital core of the Group, consists in providing digital services for managing the Websites of "Made in Italy" Fashion mono-brands, but not only. It is a unique technological platform capable of managing the mono-brand website, the connection with the marketplaces, the integration with payment systems and logistics. Traded goods belong to the on-season collection of brands, which pay a fee on the sales and with which Giglio Group cooperates in their digital marketing strategy. No specific investment in working capital is needed, and there is no inventory risk.

The B2B model, on the other hand, aims at enabling brands' direct-online sales on major e-commerce platforms around the world, offering an additional distribution to physical networks. The B2B channel benefits from the same Ibox platform used for the B2C.

Within the B2B model, Giglio Group directly manages logistics with the external warehouses, defines resale prices, manages the warehouse with a proved capacity to reduce stocks in a short time and with a high turnover of goods' index. Giglio Group collaborates with client e-commerce platforms on the basis of a defined sales plan which further diminished the risk of unsold items. The difference between brands' payment time, usually at the beginning of the season for stock-booking, and marketplaces collection time, usually 90 days after the end of the season, generates a financial requirement optimised by a careful use of the instruments supporting the working capital.

By the end of 2018, the Group transformed from simple Service Provider to Digital Enabler. If, until 2018, the Group developed more than 100 project for important brands, from the creation and management of e-commerce platforms worldwide to the development of technologies capable to support brands in their wholesale buying and refill activities, today the Group, thanks to a single platform, integrates all the brands' needs with a unique approach.

In 2019, Giglio Group is pushing its activities with determination towards China, developing a structure to enable brands' presence in the most important market of the world, where "Made in Italy" brands are not at all present, neither online nor in physical stores. China is the biggest online market worldwide, accounting for 83% of online sales in the whole Asian-Pacific area and for about twice the sales of the USA (*2018 e-commerce: a present that grows and a future that speaks Chinese*, eMarketer, "Worldwide Retail and Ecommerce Sales").

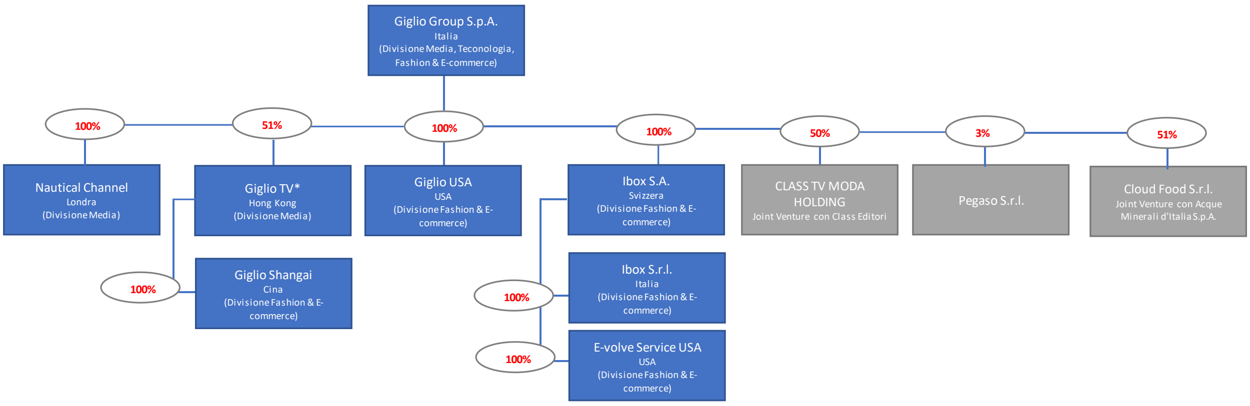
In China, the e-commerce is the standard purchasing method, as well as the most used media by young people and middle classes in secondary cities. 53% of the Chinese population is digitised, meaning that almost 800 million people are capable to instantly connect to an e-store (CeSIF 2018 Annual Report, 16 July 2018, Italy-China Foundation, CeSIF).

Giglio Group acknowledges brand's requests regarding a strategy to be present in that market, thus becoming pole of attraction for luxury companies due to its huge growth potential. Therefore, direct online presence is of the utmost importance: 78% of Chinese consumers gathers informations on luxury goods on internet and through mobile apps. Over the last year, 50% of Chinese consumers declared to have increased its online luxury expenses on Chinese websites, and only 41% on international ones (*China and Chinese Consumers in the Global Luxury Market*, 20 September 2017, E-COMMERCE Monitor, Bain & Company China and Chinese Consumers in the Luxury Global Market).

The Group's strategy for the Chinese market can be strengthened and accelerated through the convergence between TV channels, media and e-commerce. Thanks to the strong TV experience of Giglio Group, the brand can be presented on the whole Chinese network (TV, social, marketplace with more than 100 mln viewers) through publishing traditional and digital media in target with positioning (brand-awareness increase) and through the Ibox marketplace, which can immediately convert the offer in product sales (pushing online sales).

Over 2019, Giglio Group has been focusing on the food sector, preparing a project capable of allowing the most important "Made in Italy" brands to make use of its technological platforms' services, to integrate it with major grocery marketplace worldwide and to harness its strategic commercial outpost, such as China's. Giglio Group perceives great excitement in the sector, especially from those commercial operators who are looking for alternative approaches to the traditional large-scale distribution and understand the huge potential of digital platforms, thus repeating the ongoing process in the fashion industry, which Giglio Group was able to manage.

The Group corporate structure is reported below:



*Group structure at 31\3\2019**

* The minority shareholding of 49% held by Simest S.p.A. is classified as minority interest in shareholders' equity at financial receivables, under the irrevocable purchase obligation of such share by Giglio Group S.p.A. on 30 June 2022.

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

On 12 February 2019, the Board of Directors and the Bondholders' Meeting (quorate) approved the amendment of the Regulation of the debenture bond with ISIN code IT0005172157. The main amendments to the Regulation concern:

- the inclusion of transfer operations regarding assets related to TV and media area among the operations allowed without prior authorisation from the Bondholders' Meeting;
- the amendment of the amortization plan with the introduction of monthly reimbursement tranches starting from 28 February 2019 until 30 September 2020, new expiry date of the debenture loan;
- the payment of interests on a monthly basis pursuant to the payment dates provided for by the new amortization plan, not withstanding (i) that the annual interest rate for the debenture bond remains unchanged and (ii) that interests accrued between 10 September 2018 and 27 February 2019 shall be paid on 10 March 2019;
- the definition of financial covenants, specifying that during 2018, any deviation from said covenants shall not produce the effects set forth in the Regulation.

On 12 March 2019, the Company announced a transaction that is part and parcel of the new strategic line announced to the public on 5 February 2019, as well as fully consistent with the transfer activities of non-core assets started on November 2018 and with the new Industrial Plan

2019-2023, approved on 15 March 2019 and providing for the focus on the e-commerce, thus substituting the previous one of 2018.

Giglio Group, together with Vértice Trescientos Sesenta Grados, SA ("Vertice 360"), incorporated under Spanish law and listed on Madrid's main stock exchange market and operating in the digital, cinema and broadcasting sectors, and Squirrel Capital SLU, based in Madrid and operating in shareholdings management, signed a contract aimed at transferring to Vertice 360 Giglio Group's assets related to the media area against a reserved capital increase of € 1,136,363.64, with the consequent issue of 1,136,363,636.00 Vertice 360's shares in favour of the Company. The scope of the transfer comprises the television broadcasting activities in Italy (among which the TV channel on the digital terrestrial –LCN 68), the 100% of M-Three Satcom business unit -operating in the satellite broadcast sector with the management of two teleports in Italy-, the company Nautical Channel Ltd -Giglio Group's subsidiary, owner of the thematic TV channel of the same name, visible in 90 Countries and 5 Continents, dedicated to sailing and water sports-, as well as parts of the TV contents and rights destined for China.

Squirrel Capital is the majority shareholder of Vertice 360, with 54.66% of its share capital. It is the most important advertising and audiovisual group in the Spanish market, as well as the only one to provide, through its societies, all-round solutions in the advertising and audiovisual industries. Squirrel owns Radio R4G and Canal Bom Tv Channel and works actively in the advertising market, operating from Centro Media and Agenzia Creativa, managing exclusively the European advertising planning on all media of the online meta search engines giant TRIVAGO.

Vertice 360, listed on Madrid's stock exchange market ever since 2007, operates on two main business lines: production and distribution of international audiovisual contents.

The value of the transaction was set at about € 12,500,000.00, as estimated total value of the 1,136,363,636.00 shares of Vertice 360 (subscription price of € 0.011 per share) to be issued in favour of Giglio Group.

The Company made use of a primary consulting company that, after verifying the assets of Giglio Group and Vertice 360, assessed that the issue of 1,136,363,636.00 shares of Vertice 360 in exchange to the media activity for € 12,500,000.00 was reasonable for Giglio Group and its shareholders from a valuation point of view. It also defined that the unit price for the activity (€ 12,500,000.00) and Vertice 360 shares (€ 0.011 per share) are reasonable for Giglio Group and its shareholders from a valuation point of view.

The Parties agreed to conclude the final contracts by 30 April 2019 and to close the transaction by 30 November 2019. Vertice 360 is currently undergoing a share capital increase of about € 12 million, which shall be finalised by the date of the Reserved Increase, in full due to the subscription guarantee of the unassigned share capital granted by Squirrel. Indicatively, the Shareholders' Meeting of Vertice 360 for the approval of the Reserved Increase, which shall be held, indicatively by 30 September 2019, shall be called by 31 July 2019.

The transaction is subject to: (i) the assessment of an expert appointed by the Spanish Commercial Register, competent under the Spanish law, confirming the value of Giglio Group's Media Division, defined as a contribution in kind within the Reserved Increase; (ii) the conclusion of the final contracts; (iii) the completion of the Capital Increase; as well as (iv) the completion of all applicable administrative, authorisation and regulatory fulfilments. These conditions can be renounced by the interested Party/ies.

Giglio Group and Vertice 360 agreed to start cooperating in the management of Giglio Group's Media Division and, until the end of the transaction, any decision shall be agreed upon by both Parties within the framework of a committee composed of two members, respectively appointed by Vertice 360 and Giglio Group.

In the context of the transaction, Vertice 360 and Giglio Group, benefiting from their expertise in the Digital, TV and e-commerce sectors, shall work together in order to generate continuous business and enterprise synergies all over the world. Vertice 360 is focused on the media world and will be able to enhance and improve Giglio Group's media assets, counting on a specific know-how, strong synergies and a particular specialisation in the sector.

By doing so, Giglio Group shall focus entirely on the e-commerce, aiming at maximising the potential of the media area by transferring it to a highly-specialised and professional player of the sector. Despite the transfer of the media area, Giglio Group shall still monitor the digital marketing area, also in collaboration with Vertice, for the commercial video promotion of its brands on Chinese media channels managed by the Group. The local presence in the market shall be fulfilled by the subsidiaries Giglio TV Hong Kong and Giglio Shanghai, that will focus entirely on the commercialisation of goods on their own account (B2B) or on the brands' account (B2C), developing the operational, technological and logistic platform necessary to connect brands to the Country's marketplaces. Among the various services offered to the brand, Giglio Group shall also cater for the production and placement of videos in the Country's main digital channels, on the basis of the strong experience developed so far, as well as by benefiting from the privileged relation with CCTV, Chinese State TV.

For the purpose of reporting the discontinued operation at 31 December 2018 and at 31 March 2019, to be entered at the lower of cost and fair value, net of relevant sale costs, the values resulting from the fairness opinion, as reference for the fair value, were used (reference value of € 12.5 million), deemed that Vertice 360's current market capitalisation and the listed value of its shares, which would have represented a higher fair value, do not reflect already (a) the synergies expected from the transaction, that shall be reflected in the shares' market values on closing date; (b) other factors currently not foreseeable such as the market reaction to these information (the so called "market sentiment"); and (c) the result of the conditions precedent included in the agreement[1], that might have an effect on the share's performance. Therefore, until the market factors these information in the context of the share negotiation and thus of the listed price, the Directors deemed to base their fair value assessment on level-3 data, consistent with the assessment of the independent expert, with the reasonable expectation, supported by the results of the fairness opinion, that Vertice 360's market capitalisation should increase significantly in the period between 31 December 2018 and the closing date of the transaction.

Regarding the value increase expectation of the shares that Giglio shall purchase in exchange of the area's transfer in November 2019, the Directors assessed the fair value of the assets held for sale taking into account the values resulting from the fairness opinion described above, determining the total value of Vertice 360's economic capital by using an approach based on the estimate of discounted cash flows (so called income approach). In developing the approach, the Industrial Plan 2019-2023 was used, approved by Vertice 360 on 25 February 2019 and extended for 5 more years in order to include further expansion expectations of the business. It is noted that the values determined upon application of the previous approach integrate a terminal value of about 75% the value of Vertice 360's economic capital. The determination of these provisional data represents an element of uncertainty in the process of the assessment of the sale price of assets held for sale, which could therefore differ, also significantly, from the market value of the block of shares that Giglio Group shall obtain as payment on the closing date. Indeed, the shares obtained upon closing date shall be reported, pursuant to IFRS 9, to the market value at that

[1] The transaction is subject to (i) the assessment of an expert appointed by the Spanish Commercial Register, competent under the Spanish law, confirming the value of Giglio Group's Media Division, defined as a contribution in kind within the Reserved Increase; (ii) the conclusion of the final contracts; (iii) the completion of the Capital Increase; as well as (iv) the completion of all applicable administrative, authorisation and regulatory fulfilments.

date, and shall be adjusted at every following measuring date, according to the market value's trend, representing the market value with a level 1 fair-value index.

On 15 March 2019, the Board of Directors approved the Industrial Plan 2019-2023, which takes into account the effects of the divestment of the media area, excluding it from the perimeter of Giglio Group's operations starting from 2019. With the Industrial Plan 2019-2023, the Company adopts a tool whose strategic objective are focused in the context of the ongoing transformation, recognising the main performance indicators of the e-commerce sector.

Giglio Group represents itself as a real e-commerce player with unique characteristics in the sector, a global presence and specific high skills, well-integrated in its own market context for its relations with "Made in Italy"'s main brands.

The plan assumes the continuous development of the new technological platform that started during 2018, allowing more scalability in terms of manageable transactions and integration velocity of brand systems with marketplace platforms, as well as omnichannels. Moreover, investments are assumed for the development of the Chinese e-commerce platform, in order to support brands and their sales on the marketplaces integrated to the Group's technological structures developed in the Country. The Industrial Plan considers a GMV (Gross Merchandise Value) acceleration in line with the expectation of the reference market (online sales for luxury fashion) - and for new brand acquisitions, for which a strong increase s expected from 2019, on the basis of numerous and important ongoing negotiations. The Industrial Plan considers in a very conservative way the effects of the launch of the commercialisation of the Group's services in China, albeit being aware of the quality of its commercial, technological and marketing proposal and of its superiority if compared to other offers.

The strategic objectives of the Plan define a Group that leads the Italian market and is capable of catering for a relevant share of the online "Made in Italy" market with more than 50 marketplaces integrated on a global scale, as well as of becoming on of the most relevant digital and commercial partners for Made in Italy's luxury in China.

Giglio Group aspires to become partner with more than 80 brands, with at least 50 integrated brands in its Ibox platform and with sales in China three-times higher than 2018, without however incorporating turnovers that might be realised through partnerships with big brands, with which negotiations are continuous.

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

On 1 April 2019, within the context of the selling procedure for the media area and of the transfer agreement in favour of Vertice 360, as previously described, in order to better define the subject of the transfer, with signature authenticated by notary Marco Borio, a limited liability company called M-THREE SATCOM SRL with headquarters in Milan has been established, owned completely by Giglio Group S.p.A., with registered office in Piazza Generale Armando Diaz no.6. The company has been established in order to gather in an uniform manner all the activities related to the satellite broadcasting business unity, incorporated in Giglio Group S.p.A.. The company objects is as follows: providing services in the telecommunications' and data and information broadcasting technologies' fields; marketing in any form and way, in Italy and abroad, networks and services and/or telecommunication systems, also via satellite; designing, creating, installing, managing and maintaining and developing networks and/or telecommunication systems, as well as terrestrial, fixed, mobile and satellite stations and/or cable and over-the-air telecommunications services, telematics and/or electronics. The Governing Director of the company is Michele Magnifichi, previously responsible for the same business within Giglio Group S.p.A..

On 2 April 2019, the company issued a non-convertible debenture bond of € 5 million in principal, made up of 50 bearer bonds with a denomination per unit of € 100,000.00 each. The issue of the non-convertible Debenture Bond took place in the context of the operation"EBB Export Programme", aimed at the retrieval of financial resources by selected Companies (including Giglio Group) for funding and supporting the internationalisation projects of their core businesses. The Bonds shall bear interest at the fixed nominal gross annual rate of 4.572%, to be paid with a semi-annual coupon postponed until the expiration of the Debenture Bond (or, if earlier, until the date in which Bonds shall be fully redeemed). The Bonds have a legal duration of 8 years and 6 months and the expiry date will be the last interests' payment date in 2027; the Bonds shall be redeemed at par, i.e. at 100% of their nominal value, pursuant to the amortisation plan set forth in the regulation, with 13 semi-annual capital instalments, with a grace period of 2 years;

Giglio Group relied on the support of FISG S.r.l, a company of the Banca Finanziaria Internazionale Group, as "Arranger", entrusting it with the management of the Operation's structure. The Operation was realised through the issue, on behalf of each Company involved in the programme, of debenture bonds represented by bearer bonds with a denomination per unit of € 100,000.00 each, issued in book-entry form at Monte Titoli S.p.A.. The bonds were entirely subscribed by EBB

Export S.r.l, a Company for the securitisation of receivables established in Italy and governed by Law 130/1999, which financed the payment of the subscription price of the debenture bonds through the issue of asset-backed securities with limited recourse on the debenture bonds, subscribed exclusively by qualified investors such as Cassa Depositi e Prestiti and Banca del Mezzogiorno - Mediocredito Centrale, among the others.

Thanks to the proceeds of the Operation, the Company shall intensify the development of its commercial network and of its technological platform for the purpose of connecting all major marketplaces worldwide with its proprietary platform Ibox, thus helping brands t gain presence on a global scale. The Bonds shall not be listed on any regulated market nor on any MTF;

Furthermore, the following credit enhancements were envisaged:

(i) the issue by SACE S.p.A. of an autonomous, first-demand guarantee in favour of the SPV as guarantee of the compliance with the obligations of payment made against the Company's capital and interests deriving from the Debenture Bond issued by the same.

(ii) the establishment by the Company of a debt service reserve (the "DSR") on cash collateral in favour of the SPV, amounting to the sum due in the form of interests at the first interests' payment date concerning the Debenture Bond: (a) for the purpose of allowing the SPV to promptly comply with its payment obligations with Investors, in the event that the Company fails to promptly comply with its payment obligations in the form of interests concerning the Debenture Bond and pending the enforcement of the related SACE's Guarantee; as well as (b) for the purpose of covering the so-called negative carry of the SPV in the event of payment of amounts in principal on the Debenture Bond in different dates than the one provided for by the related regulation.

In compliance with market standards, the regulation governing the Debenture Bond's terms and conditions includes, other than the aforementioned elements, also (i) some commitments and limitations borne by the Company, including, by way of example but not limited thereto, financial commitments (the so-called financial covenants), as well as disclosure and industrial commitments and (ii) bondholders safeguards in the case of events detrimental to their interests, which shall activate the acceleration clause and thus oblige the Company to fully redeem the Debenture Bond in advance (the so-called events of major importance). The industrial commitments mentioned above include the obligation to finalise the internationalisation project, whose content is attached to the Regulation of the Debenture Bond. The financial covenants to be respected throughout the life of the Debenture Bond are as follows: a) a gearing ratio, and b) a leverage ratio, as defined by the Regulation of the Debenture Bond. In particular: (a) the leverage ratio shall not be greater than: (i) 4.5 for 2019 and 2020 and (ii) 3.5 starting from 2021 and until the expiration of the Debenture Bond; and (b) the gearing ratio shall not be greater than 2 for the whole duration of the Debenture Bond.

On 30 April 2019, the Ordinary and Extraordinary Shareholders' Meeting of Giglio Group S.p.A. met under the chairmanship of Alessandro Giglio and in the presence of notary Carlo Marchetti. The Ordinary Shareholders' Meeting approved the Annual Financial Report at 31 December 2018, in the terms proposed by the Board of Directors and presented to the market with the press release of 18 March 2019, whose data are shown at the end of this release. The Financial Statement shows a loss of € 4,744,900.00, and the Meeting resolved to write off the loss by using available reserves, which, net of results carried forward from the previous financial year, amount to € 8,318,303.00. The Ordinary Shareholders' Meeting resolved to redetermine the annual gross compensation of the Board of Directors, increasing it from € 315,000 to € 335,000, and appointed, thus confirming them, Mr Carlo Micchi and Ms Silvia Olivotto as Directors of the Company, who shall remain in office until the Meeting for the approval of the Financial Statement at 31 December 2020.

The Ordinary Shareholders' Meeting resolved to authorise the Board of Directors, pursuant to Art. 2357 of the Italian Civil Code, to purchase own shares. On the basis of the resolution, he purchase may be made, on one or more occasions, within 18 months from the date of the Meeting's resolution and in the limits of available reserves and distributable profits resulting from the last approved financial statement. The unit price of each share shall not be less nor higher than 20% of the reference price registered for the share in the stock exchange market in the session prior to every transaction, and, in any case, at a unit price not higher than the price of the last independent transaction and the price of the current higher independent purchase in the trading venue where the purchase is carried out. Lastly, the maximum number of purchased shares shall not have a total nominal value, including shares eventually owned at the date of this report by the Company and its subsidiaries, exceeding the fifth part of the whole share capital, taking into account also the shares owned by the subsidiaries;

The Extraordinary Shareholders' Meeting resolved to approve the amendments to the By-laws. More specifically, the proposed amendments concern the formulation of the Company object and are aimed at representing in a cleared and more linear way the activities already included in the Company object through the description of the procedure with which they can be stated. More specifically, also following the transfer transaction of the media area and the approval of the new industrial plan 2019-2021, which provides for the focus of the Company's business on e-commerce, the new formulation of the Company object is aimed at giving greater prominence to this trade activity, already included in the current Company object, through the description of the commerce via internet, also defined as e-commerce, and of the related activities in which it can be carried out correctly. At the same time, the new formulation of the Company object streamlines the description of the activities included in the media area, without prejudice to the scope of the activities of such area that the Company may still carry out.

5. Outlook

Giglio Group envisages to continue strengthening its positioning as leader in the reference market, i.e. as digital, logistic and marketing services operator for fashion brands, recording a progressive increase in its brands portfolio aimed at increasing the volumes managed in all geographical areas and the number of marketplaces integrated in its platform. The Company expects its performance to be driven by the purchase of market shares via the management of new brands, thanks to the positive and consistent market trend of e-commerce on a global scale. On the other hand, a not so favourable conditions is recorded in the Italian fashion system overall, with the first signs of a slowdown coming in after the expansion of the last years. The situation is partly due to the international slowdown, especially in Europe, with an exacerbated reduction in the internal market, where our group has a very limited exposition. Indeed, the elaborations of the fiscal years' Q1 (the survey of the economic situation carried out by the "Confindustria Fashion" Studies Centre on a panel of about 80 companies in the textile-fashion area), albeit still provisional, highlighted a 2.8% revenues fall in the industry's firms if compared to the same period of 2018. More specifically, textile (-0.7%) and fashion (-4%) sectors dropped, with a 6.6% drop for the internal market and a weak growth for the external one (+0.9%). As far as textile companies are concerned, export sales grew by 1.6% while downstream ones recorded a +0.7%. These trends are opposed by the opportunities offered to brands by digital solutions, as well as by the geographic diversification of which Giglio Group wants to be one of the leading interpreters; that is, the importance of platforms as entry points for consumers in their shopping experiences (Ten trends for the fashion industry to watch in 2019, McKinsey). The growing dominance of marketplaces due to their greater cost-effectiveness, the increased coverage of specific segments and the launch of private labels, keeps being a leit motif in 2019 for both "pure" fashion platform and multi-category ones. For example, Amazon is becoming the main apparel retailer of the United States, with an estimated 8% and more of total share, while Flipkart holds 40% of online fashion sales in India. Nevertheless, the potential of profitable growth fuelled by users' acquisition is starting to saturate due to the market's maturity and to the increase in competition. The next horizon in platforms' evolution is the diversification of business models through the use of proprietary technologies and know-how, aimed at enriching the offer to both consumers and brands. Giglio Group's goal is to intercept these trends and offer brand an access point to the most performing platforms each time, which will become the point of reference for brands and consumers alike. In the fashion platforms' sector, service providers will rush to offer value-added services to consumers in order to remove all friction in the purchase experience and to provide a more immediate product supply from brands, all of this by efficiently using a large-scale analysis of data. The platforms' market is particularly dynamic and includes the opportunity to integrate more platforms together in order to find the best complementary services on existing platforms. Giglio Group is keen on taking part in the consolidation of the market, and will try to characterise itself as one of the main service providers for fashion brands capable of shortening the distance between fashion producers and platforms.

Moreover, Giglio Group wishes to extend the supply of its services also to adjacent business areas, with specific focus on the design, jewellery and food industries, offering its platform to the main players of each segment, so that it can be integrated with major the reference marketplaces of those sectors.

6. Changes in Accounting Standards

This Interim Financial Report at 31 March 2019 transposes the adoption of the new IFRS 16 - Leases accounting standard, which entered into force on 1 January 2019.

The new standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. All contracts included in the leasing definition, with the exception of the contracts regarding low-value assets and leasing lasting less than or 12 months, shall be recorded in the balance sheet as a right of use activity with a corresponding contribution as financial debt. On the other hand, the standard does not include significant amendments for lessors. The policy introduces a criterion based on the right of use of an asset to differentiate between leasing and service contracts, identifying essential differences:

- the identification of the asset in use (i.e. without the right of replacement of the asset by the lessor);
- the right to obtain substantially all the economic benefits from the use of the asset;
- the right to decide how to use the asset and to which end.

For the adoption of the new standard, the Group followed the modified-retrospective transitional method (i.e., with cumulative effect of the adoption, recorded as adjustment of the opening balance of profits recorded on 1 January 2019 without the redefinition of comparative information).

As far as the lease contracts previously classified as operating, the following have been entered in the financial statements' accounts:

- A financial liability calculated from the date of the first application using for each contract the incremental borrowing rate (IBR) applicable on the transition date;
- A right to use valued by applying the discounting ever since the contracts' start date with the same IBR used for calculating the financial liability.

This accounting treatment at 1 January 2019 included a decrease of the Shareholders' Equity as a result of the difference arising between the right to use thus calculated and the financial liability of about € 81,000 gross of the accounting effect of the fiscal component (€ 62,000 the net effect).

Altogether, the application of the new standard, at 31 March 2019, resulted in:

- The entry of the right to use within tangible fixed assets for a total of € 2.3 million;
- The entry of a financial liability (financial receivables for operating leasing as per IFRS 16) equal to about € 2.4 million;
- As far as the income statement is concerned, an improvement in the quarter's EBITDA of € 0.2 million, arising from the reversal of leases, counterbalanced by higher amortisation for € 0.2 million and by higher financial burdens for € 17,000, with an impact on the EBITDA, the EBIT and a Group Net Profit for the period of € 0.2 million, € 0.2 million and € 0 million respectively;
- A decrease of € 62,000 in Shareholders' Equity, as described above.

It is noted that the effects assessed from the adoption of the IFRS 16 as commented above might change until the submission of the first Financial Statement of the Group for the fiscal year including the date of first application, due to the completion of the assessments and evaluations of the controls on new information systems, as well as to any amendment that might influence the assessment criteria.

7. Financial Highlights at 31 March 2019

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 fiscal year of the present Financial Report and of the comparative periods and not to the expected performance of the Group and must not be considered as replacement of the indicators required by the accounting standards (IFRS).

The alternative performance indicators utilised in the Financial Report are as follows:

Operating/trade working capital: calculated as the sum of Inventories and Trade Receivables net of Trade Payables.

Net working capital: the operating working capital net of other receivables/payables, tax receivables/payables.

Net capital employed: calculated as the sum of non-current fixed assets and net working capital.

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.

ADDED VALUE: 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.

Non-recurring charges: represented by income items that: (i) result from events or transactions that are not repeated frequently in the ordinary course of the Group's activities, or that result from non-recurrent events or facts; (ii) result from events or transactions which are not representative of the normal course of business.

Analysis of the consolidated statement of financial position and of the financial items at 31 March 2019

On 11 March 2019, Giglio Group signed an agreement with company Vértice Trescientos Sesenta Grados (Vertice 360) for the transfer of the assets of the Group's media area, against a reserved capital increase of € 1,136,363.64, with the issue of no. 1,136,363,636.00 Vertice 360 shares in favour of the Company. The transaction shall be completed on November 2019.

Consequently, in accordance with IFRS 5 accounting standard, the activities concerning discontinued operations and the associated liabilities relating to the media area were classified as "Assets/Liabilities Held for Sale".

It is noted that, in the previous paragraph called "Changes in Accounting Standards", starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations already approved by the European Union, has adopted the IFRS 16-Leases accounting standard.

The transition method adopted by the Group consists in the aforementioned "modified retrospective"; thus, it is noted that the balance sheet figures at 31 December 2018 were not outlined.

The main balance sheet figures of the Group at 31 March 2019 are as specified below:

(Euro thousands)	31.03.2019	31.12.2018	Change
Intangible Fixed Assets	12,380	12,297	83
Tangible Fixed Assets	3,716	1,492	2,224
Financial Fixed Assets	1,504	1,595	(91)
Total Fixes Assets	**17,600**	**15,384**	**2,216**
Inventories	3,430	5,273	(1,843)
Commercial credits and other receivables	10,136	12,519	(2,383)
Commercial debts and other receivables	(20,805)	(24,070)	3,265
Operating/Commercial Working Capital	**(7,239)**	**(6,278)**	**(961)**
Other current assets and liabilities	8,484	8,177	307
Net Working Capital	**1,245**	**1,899**	**(654)**
Provisions for risks and charges	(609)	(804)	195

Deferred tax assets and liabilities	1,157	1,171	(14)
Net Invested Capital of Continuing Operations	**19,393**	**17,650**	**1,743**
Net Invested Capital of Sales Activities	**9,138**	**9,923**	**(785)**
Total Net Invested Capital	**28,531**	**27,573**	**958**
Net Worth	**(7,468)**	**(8,409)**	**941**
Net financial debt	**(21,063)**	**(19,164)**	**(1,899)**
Total Sources	**(28,531)**	**(27,573)**	**(958)**

The Net Invested Capital of the Group at 31 March 2019, equal to € 28.5 million, is principally comprised of Net Fixed Assets of € 17.6 million, of Net Working Capital totalling € 1.2 million and of the Net Invested Capital for sales activities of € 9 million.

Tangible Fixed Assets, equal to € 3.7 million, include the € 2.3 million increase arising from the adoption, starting form 1 January 2019, of IFRS 16 accounting standards, as described above. Net of this increase, the entry can mainly be attributed to specific plants related to the previous media division, still instrumental for T-commerce development in China.

Intangible Fixed Assets, equal to € 12.4 million, can mainly be attributed to the start-up related to the acquisition of Giglio Fashion and the IBOX Group for an amount of €11.7 million.

Financial Fixed Assets, equal to € 1.5 million, can mainly be attributed:

- for € 1 million, to the long-term portion of the credit resulting from the transfer to GM Comunicazione S.r.l., finalised on 20 December 2018, of the authorisation to supply audiovisual media services associated to channel 65 of the digital terrestrial;
- for € 0.3 million, to the fee resulting from the recourse transfer of the VAT receivable, finalised on 27 June 2018 and to be paid upon settlement of existing disputes and charges with the Tax Authority, as set froth by contract.

The net financial debt (determined in accordance with Consob communication No. DEM/6064293 and illustrated below) at 31 March 2019 and 31 December 2018 is as follows:

		A		B	C=A-B
	(Euro thousands)	31.03.2019 post IFRS 16	31.03.2019 pre IFRS 16	31.12.2018	Change
A.	Cash	2,392	2,392	2,889	(497)
B.	Bank and postal deposits and cheques	-	-	-	-
C.	Securities held for trading	-	-	-	-
D.	**Cash & cash equivalents (A)+(B)+(C)**	**2,392**	**2,392**	**2,889**	**(497)**
E.	Current financial receivables	630	630	620	10
F.	Current bank payables	(8,037)	(7,188)	(8,307)	270
G.	Current portion of non-current debt	(6,384)	(6,384)	(6,804)	420
H.	Other current financial payables	(2,710)	(2,710)	(899)	(1,812)
	of which Related Parties				-

I.	**Current financial debt (F)+(G)+(H)**	**(17,131)**	**(16,282)**	**(16,009)**	**(1,122)**
J.	**Net current financial debt (I) + (E) + (D)**	**(14,110)**	**(13,261)**	**(12,501)**	**(1,609)**
K.	Non-current bank payables	(2,463)	(2,463)	(2,119)	(344)
L.	Bonds issued	(950)	(950)	(2,219)	1,269
	of which Related Parties				-
M.	Other non-current payables	(3,540)	(1,992)	(2,325)	(1,214)
N.	**Non-current financial debt (K)+(L)+(M)**	**(6,953)**	**(5,406)**	**(6,663)**	**(290)**
O.	**Net financial debt (J)+(N)**	**(21,063)**	**(18,667)**	**(19,164)**	**(1,899)**

The Group net financial debt amounts to € 21.1 million, highlighting a deterioration on 31 December 2018 (€ -19.2 million) of € 1.9 million. The increase relates principally to the following factors:

increasing for:

• Lesser liquidity for € 0.5 million;

• More financial receivables connected to the IFRS 16 effect for € 2.4 million;

decreasing for:

• Repayment of February and March instalments, for € 0.3 million, of the minibond issued in 2016, following the amendment to the Regulation of the bond of 12 February 2019, as resolved by the Board of Directors and by the Shareholders' Meeting;

• Lesser overall bank debts for € 0.3 million due to the return of medium-term loans taken out to deal with seasonal orders' volume increase for "distribution" business unities;

The Group's net financial debt at 31 March 2019 adjusted to IFRS 16 highlights an improvement of € 0.5 million if compared to the debt at 31 December 2018.

Analysis of the consolidated statement of profit or loss at 31 March 2019

The key consolidated economic highlights are shown below.

It is stated that, under the provisions of IFRS 5 accounting standards "Non-current assets held for sale and discontinued operations", the economic results of the media sector were represented as "Discontinued operations".

Moreover, it is noted that, in the previous paragraph called "Changes in Accounting Standards", starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations already approved by the European Union, has adopted the IFRS 16-Leases accounting standard.

The transition method adopted by the Group consists in the aforementioned "modified retrospective"; thus, it is noted that the balance sheet figures regarding 2018 Q1 were not outlined.

Reclassified Consolidated Income Statement

(Euro thousands)	31.03.2019	31.03.2018	Change
Revenues	11,506	10,754	752
Operating Costs	(9,985)	(9,079)	(906)
ADDED VALUE	**1,521**	**1,675**	**(154)**
ADDED VALUE%	**13.2%**	**15.6%**	**(2.4)%**
Personnel expense	(1,041)	(777)	(264)
EBITDA Adjusted	**480**	**898**	**(418)**
EBITDA%	**4.2%**	**8.4%**	**(4.2)%**
Non-recurring charges	(442)	(459)	17
Amortisation, depreciation & write-downs	(384)	(63)	(321)
EBIT	**(346)**	**377**	**(723)**
Net financial expenses	(396)	(220)	(176)
PROFIT BEFORE TAXES	**(742)**	**157**	**(899)**
Income taxes	(40)	(96)	56
NET PROFIT FROM CONTINUING OPERATIONS	**(782)**	**61**	**(843)**
NET PROFIT FROM DISCONTINUED OPERATIONS	**(39)**	**545**	**(584)**
NET PROFIT	**(821)**	**606**	**(1,427)**

EBIT adjusted to non recurring charges	**96**	**836**	**(740)**
EBIT adjusted to non recurring charges %	**0.8%**	**7.8%**	**(6.9)%**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring charges	**(340)**	**520**	**(860)**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non recurring charges %	**(3.0)%**	**4.8%**	**(7.8)%**
NET PROFIT adjusted to non recurring charges	**(379)**	**1,065**	**(1,444)**
NET PROFIT adjusted to non recurring charges %	**(3.3)%**	**9.9%**	**(13.2)%**

The consolidated revenues of continuing operations, equal to € 11.5 million, grew by € 0.7 million (+7%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 10.7 million).

This increase is due to:

- the B2B e-commerce sector for € 0.4 million (+6.2% on 2018 Q1 consolidated figures), as a result of increased sales volumes for the Chinese market;
- the B2C e-commerce sector for € 0.3 million (+8.2% on 2018 Q1 consolidated figures), as a result of both increased transactions for managed brands and the acquisition of new brands in the customer base.

Total Operating Costs of continuing operations, net of non-recurring costs, amounts to € 10 million (€ 9.1 million consolidated figures at 2018 Q1), following the growth in business volumes and with the main increases concerning product acquisition costs, service costs and rent, leases and similar costs.

Personnel costs increased € 0.3 million on the same period of the previous year, principally due to expanded workforce in terms of the business development, sales and digital staff.

The EBITDA of continuing operations adjusted for non-recurring charges (of € 0.4 million) equal to € 0.5 million (2018 Q1 consolidated figures of € 0.9 million), is decreasing due to: the increased employee costs cause by the investments in human resources; expenses for the development of the business (advertisement and expansion of commercial network); expenses regarding the e-commerce platform and the new accounting management (training, fees, etc.) to support the increased transaction volumes expected and the integration with marketplaces on a global scale (and in particular in China); greater central costs in order to adapt to the status of listed international company in the qualified STAR segment of Borsa Italiana.
More specifically, non-recurring charges concern:

- € 0.4 million related to the expenses of the transfer transaction of the assets connected to the media area of the group in favour of Vértice Trescientos Sesenta Grados (Vertice 360).

The EBIT of continuing operations adjusted to non-recurring costs amounts to € 0.1 million (€ 0.8 million consolidated figures at 2018 Q1).

The Net Profit of continuing operations adjusted to non-recurring costs equals € -0.3 million (€ 0.5 million consolidated figures in the same period of the previous year), decreasing due to the greater financing costs related to new loans taken out during 2018.
More specifically, this result reflects:

- increased financial charges of € 0.4 million (€ 0.2 million consolidated figures at 2018 Q1), principally due to increased factoring service costs and interest on loans obtained subsequent to the first quarter of 2018.

8. 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. B2B e-commerce
2. B2C e-commerce
3. Corporate.

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

1. B2B e-commerce: Giglio Group Spa, Giglio USA, Giglio TV HK and Giglio Shanghai;
2. B2C e-commerce IBOX Group.
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.

It is noted that, before the Group decided to focus on the e-commerce business only, the operation segments identified by the Company were:

1. Media
2. E-commerce
3. Corporate

As highlighted above, the Media sector is represented, starting from 31 March 2019, as sector held for sale within the following discontinued operations.

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

31 March 2019					
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Discontinued operations**	**Total**
Revenues	6,927	4,226	(0)		11,153
Other incomes	2	351	0		353
Total revenues	**6,929**	**4,577**	**0**	**0**	**11,506**
EBITDA Adjusted	**606**	**1,174**	**(1,299)**		**480**
Listing and non-recurring costs	0	0	(442)		(442)
EBIT	**492**	**1,066**	**(1,904)**		**(345)**
EBT	**477**	**926**	**(2,145)**		**(742)**
Net Profit from continuing operations	**457**	**906**	**(2,145)**		**(782)**
Net Profit from discontinued operations				**(39)**	**(39)**
Net Profit					**(821)**

The results of sectors at 31 March 2018 are as follows:

31 March 2018					
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Discontinued operations**	**Total**
Revenues	6,523	4,054			10,577
Other incomes	3	174			177

Total revenues	**6,525**	**4,229**	**0**	**0**	**10,754**
EBITDA Adjusted	**647**	**1,112**	**(861)**		**898**
Listing and non-recurring costs	0	0	(459)		(459)
EBIT	**639**	**1,070**	**(1,332)**		**377**
EBT	**641**	**1,021**	**(1,505)**		**157**
Net Profit from continuing operations	**626**	**920**	**(1,485)**		**61**
Net Profit from discontinued operations				**545**	**545**
Net Profit					**606**

As commented above, we highlight the increased performance in the e-commerce area if compared to the same period of the previous fiscal year. This result is due to greater foreign market penetration and increased sales volumes driven by customer brands, as well as by the conclusion of the process of reorganization of the productive process and by the recovery of efficiencies.

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 report.

9. 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.

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 period

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 (May 2019) the official data indicates the following significant shareholders:

- 55.67% of 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.

Consolidated Financial Statements

- Consolidated Statement of Financial Position
- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Changes in Net Equity
- Consolidated Statement of Cash Flow
- Consolidation scope

Consolidated Statement of financial position

Consolidated Statement of financial position (Euro thousands)	31.03.2019	31.12.2018
Non-current assets		
Property, plant & equipment	3,716	1,492
Intangible assets	712	629
of which Distribution rights	-	-
of which Publishing rights	-	-
Other intangible assets	712	629
Goodwill	11,668	11,668
Equity investments	5	5
Receivables	1,499	1,590
Deferred tax assets	1,160	1,174
Total non-current assets	**18,760**	**16,558**
Current assets		
Inventories	3,430	5,273
Trade and other receivables	10,136	12,519
Financial receivables	-	-
Tax receivables	10,319	9,949
Other assets	2,258	2,653
Cash and cash equivalents	2,392	2,889
Total current assets	**28,535**	**33,283**
Assets held for sale	**18,883**	**18,431**
Total Assets	**66,178**	**68,272**
Net Worth		
Share capital	3,208	3,208
Reserves	11,338	11,400
Extraordinary reserve	-	-
Listing charges	(541)	(541)
FTA Reserve	4	4
Retained earnings	(5,725)	2,602
Translation reserve	5	-
Net profit	(821)	(8,264)
Total Group Net Worth	**7,468**	**8,409**
Minority interest in net worth	-	-
Total Net Worth	**7,468**	**8,409**
Non-current liabilities		
Provisions for risks and charges	609	804
Deferred tax liabilities	3	3
Financial payables (non-current portion)	6,953	6,663
Total non-current liabilities	**7,565**	**7,470**
Current liabilities		
Trade and other payables	20,805	24,070
Financial payables (current portion)	17,131	16,009
Tax payables	2,566	2,824
Other liabilities	897	982
Total current liabilities	**41,399**	**43,885**
Assets held for sale and liabilities directly associated with assets held for sale	**9,746**	**8,508**
Total liabilities and Shareholders’ Equity	**66,178**	**68,272**

Consolidated Statement of profit or loss and other comprehensive income

Consolidated Statement of profit or loss (Euro thousands)	31.03.2019	31.03.2018
Total revenues	**11,218**	**10,577**
Other revenues	288	177
Change in inventories	(1,760)	656
Purchase of raw materials, ancillary, consumables and goods	*(3,884)*	*(5,765)*
Service costs	*(4,685)*	*(4,157)*
Rent, lease and similar costs	*(64)*	*(261)*
Operating costs	**(8,633)**	**(10,183)**
Salaries and wages	*(871)*	*(605)*
Social security charges	*(143)*	*(146)*
Post-employment benefits	*(27)*	*(26)*
Personnel expense	**(1,041)**	**(777)**
Amortisation	*(63)*	*(39)*
Depreciation	*(321)*	*(24)*
Write-downs	*0*	*0*
Amortisation, depreciation & write-downs	**(384)**	**(63)**
Other operating costs	*(34)*	*(11)*
Operating profit	**(346)**	**376**
Financial income	*0*	*7*
Net financial expenses	*(396)*	*(226)*
Profit before taxes	**(742)**	**157**
Income taxes	*(40)*	*(96)*
Net Profit from continuing operations	**(782)**	**61**
Net Profit from discontinued operations	**(39)**	**545**
Net Profit	**(821)**	**606**
Of which minority interest	-	-
Basic and diluted profit from continuing operations	**(0.0488)**	**0.0041**
Basic and diluted profit from discontinued operations	**(0.0024)**	**0.0368**
Net profit per share – basic and diluted	**(0.0526)**	**0.0379**

Consolidated Statement of Other Comprehensive Income

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Euro thousands)	31.03.2019	31.03.2018
Net Profit	(821)	606
Other comprehensive income items		
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes.		
Translation Reserve	5	2
Total other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes	**5**	**2**
Other comprehensive income items which may not be subsequently reclassified to profit/(loss) for the year net of income taxes:		
Actuarial Loss on employee benefits	(27)	1
Total other comprehensive items which may not be subsequently reclassified to profit/(loss) for the year net of income taxes	**(27)**	**1**
Consolidated comprehensive profit	**(843)**	**608**

Consolidated Statement of Changes in Net Equity

Description *(Euro thousands)*	Share capital	Reserves	FTA Reserve	Translation reserve	IAS 19 Reserve	Retained earnings	Net profit	Total
31 December 2018 BALANCE	**3,208**	**10,914**	**4**	**-**	**(55)**	**2,602**	**(8,264)**	**8,409**
Restatement for first application IFRS 16						**(62)**		**(62)**
31 December 2018 BALANCE	**3,208**	**10,914**	**4**	**-**	**(55)**	**2,540**	**(8,264)**	**8,347**
Share capital increase	-							-
Share premium reserve		-						-
Retained earnings						(8,265)	8,264	(1)
IAS 19 Reserve					(62)			(62)
Exchange rate effect				5				5
Other changes	-	-				-		-
Group profit/(loss)							(821)	(821)
31 March 2019 BALANCE	**3,208**	**10,914**	**4**	**5**	**(117)**	**(5,725)**	**(821)**	**7,468**

CONSOLIDATED STATEMENT OF CASH FLOW

Euro thousands	31.03.2019	31.03.2018
Cash flows from operating activities		
Profit (loss) for the period of continuing operations	(782)	61
Profit (loss) for the period of discontinued operations	(39)	545
Adjustments for:		
Amortisation of tangible assets	321	24
Amortisation of intangible assets	63	39
Non-cash changes of provisions	(195)	(255)
Write-downs/(Revaluations)	-	-
Net financial charges/(income)	396	220
Income taxes	40	96
Changes in:		
Inventories	1,842	(76)
Trade receivables	2,382	(2,105)
Tax receivables	(370)	(1,122)
Other assets	395	(64)
Deferred tax liabilities	-	(20)
Trade payables	(3,264)	1,277
Tax payables	(257)	(107)
Other liabilities	(85)	117
Change in net working capital	**643**	**(2,100)**
Changes in provisions	-	-
Changes in assets/liabilities held for sale	785	(1,911)
Cash flow generated from operating activities	**1,232**	**(3,281)**
Interest paid	(396)	(220)
Income taxes paid	(40)	(96)
Net cash flow generated from operating activities	**796**	**(3,597)**
Cash flows from investing activities		
Investments in property, plant & equipment	(2,545)	9
Investments in intangible assets	(146)	(38)
Acquisition Evolve Group net of liquidity acquired	-	-
Acquisition Giglio Fashion net of liquidity acquired	-	-
Other intangible assets	105	15
Increase equity investments	-	(5)
Change in consolidation scope		
Net cash flow absorbed by investing activities	**(2,586)**	**(19)**
Cash flow from financing activities		
Share capital increase	-	-
Change in Shareholders' Equity	(120)	(68)
New financing	1,500	1,000
Repayment of loans	(2,255)	(451)
Change in financial debt	2,167	416
Net cash flow absorbed by financing activities	**1,292**	**897**
Net increase/(decrease) in cash and cash equivalents	**(498)**	**(2,719)**
Cash and cash equivalents at 1 January	2,889	6,209
Cash and cash equivalents at 31 March	2,392	3,490

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*	HK	**Subsidiary**	51%
Giglio USA	USA	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
Giglio (Shanghai) Technology Company Limited	China	**Subsidiary**	100%
IBOX SRL	Italy	**Subsidiary**	100%
Evolve Service USA	USA	**Subsidiary**	100%

* The minority shareholding of 49% held by Simest S.p.A. is classified as minority interest in shareholders' equity at financial receivables, under the irrevocable purchase obligation of such share by Giglio Group S.p.A. on 30 June 2022.

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 € 3,208,050.

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

Since March 20, 2018, the Company has been listed on the STAR segment of the Italian Stock Exchange, with a free float of approx. 35%: the shareholder structure is available on the company's website: www.giglio.org.

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 € 1,530,000, 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 € 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 of € 18,000, held 100% by Giglio Group S.p.A.

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

GIGLIO (Shanghai) TECNOLOGY LIMITED COMPANY

Registered office: Shanghai International Finance Center

Century Avenue 8

Room 874, Level 8, Tower II

Shanghai, 200120

Share Capital € 40,000

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: € 20,000

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

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

The undersigned Carlo Micchi, Chief Financial Officer of Giglio Group, as Financial Reporting Officer declares that the Interim Financial Report at 31 March 2019 corresponds to the accounting figures, book and documents.

Milan, 14 May 2019

The Financial Reporting Officer

Carlo Micchi