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Oggetto	:	GIGLIO GROUP: APPROVED THE RESULTS FOR FIRST 9 MONTHS 2019

Testo del comunicato

Vedi allegato.

GIGLIO GROUP: APPROVED THE RESULTS FOR FIRST 9 MONTHS 2019

- **Consolidated IFRS 15 REVENUES of € 27.6 million, in line with 30 September 2018 revenues (€ 27.8 million);**
- **The adjusted EBIT of continuing operations, adjusted to non-recurring costs (equal to € 1.million) and to IFRS 5 and IFRS 16 effects, equal to € 1.8 million, increasing by 29% if compared to 30 September 2018, when it accounted for € 1.4 million;**
- **The Net Profit of the period, negative by € 2.9 million - decreasing if compared to 2018 (€ -0.6 million) - takes into account the costs related to the transfer of the Media Area's activities and the connected non-recurring costs, which will not be repeated starting from 2020, other than being affected by a higher amortisation incidence for larger investments;**
- **The Net Financial Debt amounts to € 22 million. Adjusted to IFRS 16, it amounts to € 20.2 million (€ 19.2 as of 31 December 2018). These figures do not take into account the value of the equity securities that will be received following the transfer of the Media Area;**
- **The Gross Merchandise Value (GMV*), equal to € 58 million, remained virtually stable if compared to the same period in 2018 (€ 58.9 million);**
- **Agreement for the transfer of company E-Commerce Outsourcing s.r.l. ("Terashop"), one of the major suppliers of outsourced e-commerce services in Italy. Up to 30 September 2019, Terashop managed e-commerce transfers for about € 27 million, recording revenues for € 4.4 million. Until 30 September 2019, the sum of both companies' revenues (Giglio Group and Terashop) amounted to more than € 33 million, while the total of managed transaction on e-commerce platforms equals about 85 million;**
- **Activities for the Media Area's transfer operation of the whole division to the Spanish company Vértice Trescientos Sesenta Grados SA ("Vertice 360").**
- **Extension of e-commerce activities to Food sector.**

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Milan, 29 October 2019 - The Board of Directors of Giglio Group S.p.A. (Ticker GGTV) (the "Company" or "Giglio Group") - first e-commerce 4.0 company listed on the STAR market - that

- GMV (Gross Merchandise Value). The GMV is defined as the value of all goods sold to final clients, it comprises B2B revenues net of VAT and B2C revenues including VAT. The GMV of 2018 amounted to € 86.7 million.

met yesterday, approved the Interim Report as of 30 September 2019, drafted in accordance with IFRS international financial reporting standards.

The Interim Financial Report as of 30 September 2019 is available on the authorised storage mechanism at www.emarketstorage.com, as well as on the Company' website www.giglio.org ("Investor Relations" section).

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Alessandro Giglio, CEO and Chairman of the Group, declared: *"Step by step, we are attaining the first envisaged results of our plan. More than that, we are getting closer to the major threshold of € 100 million worth of goods traded on our e-commerce platforms way ahead of schedule. Indeed, Terashop's integration into Giglio Group's scope led us already on 30 September 2019 to an aggregated volume of about € 85 million achieved without joint management, almost the same amount made by Giglio Group alone in 2018. But this is not the only objective we wanted to achieve by acquiring Terashop; indeed, we wanted to become an active player in the sector's consolidation, acquiring market shares at the same time. Terashop's cutting-edge technology, together with its multiple innovations, allow us to immediately reach cost synergies, which are currently being quantified. For this reason, from now on, we will not be focusing solely on expanding our transactions and the number of managed brands, but also on achieving in advance the profitability envisaged in the industrial plan. The important partnerships we are forging in the Food sector confirm that we are moving in the right direction in order to become the biggest digital exported of Made-in-Italy prime products."*

Significant events during the third quarter

Signature of transfer agreement of company E-Commerce Outsourcing s.r.l. (hereinafter also referred to as "Terashop"), one of the major suppliers of outsourced e-commerce services in Italy.

On 12 September 2019, Giglio Group signed with al lthe shareholders of Terashop, representing the totality of the Company's share capital, an agreement for the transfer of all of its quotas in favour of Giglio Group.

Terashop's transfer, scheduled for 31 October 2019, following the positive resolution of Giglio Group Shareholders' Meeting, shall have a total value of € 2.6 million for the contribution of 757,000 ordinary shares, at a subscription price of € 3.5 each, to be issued in favour of Terashop's shareholders.

This purchase agreement is strategic because Terashop has developed its own technological platform, that will be integrated by Giglio Group to support the many e-commerce project in the pipeline. This purchase shall also allow Giglio Group to expand its commercial offer, to strengthen its technological expertise and to significantly reduce its operating costs.

Terashop, with its own customer base also active in the Fashion and Food sectors, such as Fratelli Rossetti, Expert, Auchan, Gran Casa, Fazzini Home, Cameo, Fabbri, Mediaset RTI (MediaShopping), Bricoio, Akai, Gruppo Generali, Agos, Volvo, Renault, Iveco, Piaggio, McDonalds, Aia-Negroni and Grandi Salumifici Italiani, during the first 9 months, recorded a turnover of 4.4 million, managing online sales for € 27 million (13% more than the same period in 2018). For more information,

please see the Information Document published on the e-market storage mechanism www.emarketstorage.com and on the Company's website, "Investor Relator" section.
Activities for the Media Area's transfer operation to Vertice 360.

It is noted that, on 12 March 2019, Giglio Group and Vertice 360 – incorporated in Spain and listed on Madrid's main stock-exchange market (VTSG), operating in the digital, cinematographic and broadcasting sectors – and SquirrelCapital S.L.U. (hereinafter also referred to as "Squirrel" and, together with the Company and Vertice 360, as the "Parties"), signed an agreemend 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 1,136,363,620.00 Vertice 360's shares in favour of the Company, an operation assessed at about € 12,500,000 as overall estimated value for the aforementioned Vertice 360 shares (subscription price of € 0.011 per share) to be issued in favour of Giglio Group.
On 8 July 2019, both Parties signed the contractual documents regulating the terms and conditions of the aforementioned transfer.
On 25 September, Vertice 360' Shareholders Meeting has been called for on 30 October 2019, in order to allow for the reserved capital increase to service the transfer of Giglio Group's Media Area.
On 13 September 2019, the independent expert appointed by the Registro Mercantil, ETL Global Auditores de Cuentas, S.L., pursuant to Art. 67 et seq. of the Ley de Sociedades de Capital, issued its expert assessment regarding the assets to be transferred as fee in kind in the context of the reserved capital increase, confirming that their value amounts to at least € 12,499,999,82.
Therefore, the transfer's closing is expected by 30 October 2019, with the subscription of the deeds of contribution, following which, Giglio Group shall hold 5.95% of Vertice 360's share capital. For a complete analysis of the transfer, please see the Interim Financial Report as of 30 September 2019.

Giglio Group expands its e-commerce activity to the Food sector

On 24 September, Giglio group announced to the market its expansion to the Food sector through the signature of partnership agreements with companies such as **Riso Scotti, Fratelli Carli, Generale Conserve** and **Everton**. Thanks to the recent transfer of Terashop, **Cameo, Fabbri, Aia-Negroni** and **Grandi Salumifici Italiani** go to join the list of Giglio Group's partners.
The entrance in the Food sector represents the beginning of a new line of business in a strategic and symbolic sector for Made in Italy products, offering to web consumers all around the world an easy access to the best Italian food products, now available from the main marketplaces' showcases.

At the date of this report, no significant events took place after the end of the third quarter.

Analysis of Giglio Group's consolidated results

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, starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations set forth by the European Union, has adopted the IFRS 16 - Leases accounting standard.

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

Reclassified Consolidated Income Statement

(Euro thousands)	30.09.2019	30.09.2018	Change
Revenues	**28,708**	**27,807**	**901**
Operating Costs	(23,764)	(24,234)	470
ADDED VALUE	**4,944**	**3,574**	**1,370**
ADDED VALUE%	**17.2%**	**12.9%**	**4.4%**
Personnel expense	(3,157)	(2,189)	(968)
EBITDA Adjusted	**1,787**	**1,384**	**403**
EBITDA%	**6.2%**	**5.0%**	**1.2%**
Non-recurring charges	(1,447)	(892)	(555)
Amortisation, depreciation & write-downs	(1,191)	(151)	(1,040)
EBIT	**(376)**	**342**	**(718)**
Net financial expenses	(928)	(736)	(192)
PROFIT BEFORE TAXES	**(1,304)**	**(395)**	**(909)**
Income taxes	(653)	(55)	(598)
NET PROFIT FROM CONTINUING OPERATIONS	**(2,432)**	**(449)**	**(1,983)**
NET PROFIT FROM DISCONTINUED OPERATIONS	**(511)**	**(165)**	**(346)**
NET PROFIT	**(2,943)**	**(614)**	**(2,329)**
EBIT adjusted to non recurring charges	**596**	**1,234**	**(638)**
EBIT adjusted to non recurring charges %	**2.1%**	**4.4%**	**(2.4)%**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring charges	**(1,460)**	**443**	**(1,903)**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non recurring charges %	**(5.1)%**	**1.6%**	**(6.7)%**
NET PROFIT adjusted to non recurring charges	**(1,496)**	**278**	**(1,774)**
NET PROFIT adjusted to non recurring charges %	**(5.2)%**	**1.0%**	**(6.2)%**

The consolidated revenues of continuing operations, equal to € 28.7 million, grew by € 0.9 million (+7%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 27.8 million).
This increase is mainly ascribable to the capitalisation of development costs incurred entirely for the creation of Ibox's technological platform.

Total Operating Costs of continuing operations, net of non-recurring costs, amounts to € 23.8 million (€ 24.2 million consolidated pro-forma figures at 30 September 2018), following the substantial stability of costs for the acquisition of products and services.

Personnel costs increased by € 1 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 normalised to non-recurring costs (€ 1.4 million) of € 1.8 million (€ 1.4 million consolidated figures as of 30 September 2018) is growing due to the greater investments in human resources and expenses for the development of the new e-commerce platform to support the expected increase in transactions volume and the integration with global marketplaces; other than greater efficiencies reached in the digital productive process, some central costs were not repeated into the transfer of the Media Area.
More specifically, non-recurring charges mainly concern:

- € 0.7 million related to the expenses of the transfer transaction of the assets connected to the media area of the group in favour of Vertice 360.
- € 0.5 million related to previous years' taxes due to the permanent establishment of IBOX SA.

The EBIT of continuing operations adjusted to non-recurring costs and to IFRS 5 effects amounts to € 0.6 million (€ 1.2 million consolidated pro-forma figures as of 30 September 2018).

The Net Profit of continuing operations adjusted to non-recurring costs equals € -1.4 million (€ 0.4 million consolidated figures in the same period of the previous year), and takes into account current taxes for 2019 regarding the permanent establishment of the subsidiary IBOX SA, calculated on the basis of the different quantification of income elaborated by Prato's Agenzia delle Entrate, which is carrying out a tax examination for the purpose of direct taxation on fiscal year 2016.
For prudential reasons and for the purpose of avoiding settlements with the Agenzia delle Entrate, the Company decided to apply the new criterion for determining the taxable amount of the stable organisation of IBOX SA for all years following 2016.
This led to the recording of current taxes for a total of € 166,000 and the quantification of taxes relating to previous fiscal years, equalling € 476,000, classified under non-recurring costs due to their extraordinary nature if compared to the ongoing year.

Analysis of Balance Sheet as of 30 September 2019

Within the context of the aforementioned agreement aimed at transferring to Vertice 360 Giglio Group's assets related to the media area pursuant to IFRS 5, the assets held for sale and their liabilities, concerning the media area, have been classified as "Assets/Liabilities Held for Sale".
It is noted that, starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations set forth by the European Union, has adopted the IFRS 16-Leases accounting standard.
The transition method adopted by the Group consists in the "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 30 September 2019 are as specified below:

(Euro thousands)	30.09.2019	31.12.2018	Change
Intangible Fixed Assets	13,739	12,297	1,442
Tangible Fixed Assets	2,900	1,492	1,408
Financial Fixed Assets	978	1,595	(617)
Total Fixes Assets	**17,617**	**15,384**	**2,233**
Inventories	2,909	5,273	(2,364)
Commercial credits and other receivables	10,645	12,519	(1,874)
Commercial debts and other receivables	(17,844)	(24,070)	6,226

Operating/Commercial Working Capital	**(4,290)**	**(6,278)**	**1,988**
Other current assets and liabilities	3,720	8,177	(4,457)
Net Working Capital	**(570)**	**1,899**	**(2,469)**
Provisions for risks and charges	(549)	(804)	255
Deferred tax assets and liabilities	751	1,171	(420)
Net Invested Capital of Continuing Operations	**17,249**	**17,650**	**(401)**
Net Invested Capital of Sales Activities	**10,072**	**9,923**	**149**
Total Net Invested Capital	**27,321**	**27,573**	**(252)**
Net Equity	**(5,357)**	**(8,409)**	**3,052**
Net financial debt	**(21,964)**	**(19,164)**	**(2,800)**
Total Sources	**(27,321)**	**(27,573)**	**252**

The Net Invested Capital of the Group at 30 September 2019, equal to € 27.3 million, is principally comprised of Net Fixed Assets of continuing operations (€ 17.6 million), of Net Working Capital of continuing operations totalling € -0.6 million and of the Net Invested Capital for sales activities of € 10.1 million.

Tangible Fixed Assets, equal to € 2.9 million, include the € 1.8 million increase (net of the period's amortisations) arising from the adoption, starting form 1 January 2019, of IFRS 16 accounting standards, as described above. Net of said increase, the account mainly refers to the investment in capital goods.

Intangible Fixed Assets, equal to € 13.7 million, can mainly be attributed to the start-up related to the acquisition of MF Fashion, Ibox SA and Ibox s.r.l. for an amount of €11.7 million.

The € 1.4 million increase (net of the period's amortisations) mainly refers to the costs for the purchase of software (€ 0.6 million) and the development costs borne internally (€ 1.1. million) for the implementation of the IT platform dedicated to the management of online sales within the context of the B2C and marketplace division.

Financial Fixed Assets, equal to € 1 million, can mainly be attributed:

- for € 0.7 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 € 0.2 million, to the guarantee deposits paid relating to rental contracts for the buildings at Milan and Rome.

The net financial debt (determined in accordance with Consob communication No. DEM/6064293 and illustrated below) at 30 September 2019 and 31 December 2018 is as follows:

		A		B	C=A-B
	(Euro thousands)	30.09.2019 post IFRS 16	30.09.2019 pre IFRS 16	31.12.2018	Change
A.	Cash	946	946	2,889	(1,943)
B.	Bank and postal deposits and cheques	-	-	-	-
C.	Securities held for trading	-	-	-	-
D.	**Cash & cash equivalents (A)+(B)+(C)**	**946**	**946**	**2,889**	**(1,943)**
E.	Current financial receivables	530	530	620	(90)
F.	Current bank payables	(7,463)	(7,463)	(8,307)	844
G.	Current portion of non-current debt	(4,806)	(4,806)	(6,804)	1,997
H.	Other current financial payables	(2,519)	(1,857)	(899)	(1,620)
	of which Related Parties				-
I.	**Current financial debt (F)+(G)+(H)**	**(14,788)**	**(14,126)**	**(16,009)**	**1,221**

J.	**Net current financial debt (I) + (E) + (D)**	**(13,312)**	**(12,650)**	**(12,501)**	**(811)**
K.	Non-current bank payables	(5,644)	(5,644)	(2,119)	(3,525)
L.	Bonds issued	-	-	(2,219)	2,219
	of which Related Parties				-
M.	Other non-current payables	(3,008)	(1,905)	(2,325)	(683)
N.	**Non-current financial debt (K)+(L)+(M)**	**(8,652)**	**(7,549)**	**(6,663)**	**(1,989)**
O.	**Net financial debt (J)+(N)**	**(21,964)**	**(20,199)**	**(19,164)**	**(2,800)**

The Group net financial debt as of 30 September 2019, adjusted to IFRS 16 effects, amounts to € -20.2 million, highlighting a deterioration on 31 December 2018 (€ -19.2 million) of € 1.0 million.

With the application of IFRS 16 accounting standards, the Group's Net Financial Debt amounts to € -22.0 million, highlighting an improvement/deterioration on 31 December 2018 (€ -19.2 million) of € 2.8 million. The increase relates principally to the following factors:

increasing for:

• Lesser liquidity for € 1.9 million;

• EBB bonds issuance for € 4.7 million;

• More financial receivables connected to the IFRS 16 effect for € 1.8 million.

decreasing for:

• Repayment of February-to-September instalments, for € 1.3 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;

• Repayment of outstanding instalments in 2019's first nine months (€ 3.2 million);

Carlo Micchi, as Financial Reporting Officer, declares that the accounting data included in this press release correspond to the accounting figures, book and documents, pursuant to Art. 154-bis, par. 2 of the CFA.

Information on Giglio Group:

Founded by Alessandro Giglio in 2003 and listed on the STAR segment of Borsa Italiana ever since 2018, Giglio Group is the leading company for the design, creation and management of high value-added e-commerce platforms in Italy for Fashion, Design, Lifestyle and, more recently, Food sectors. The Company is based in Milan, but it is also present with offices in New York, Shanghai, Hong Kong, Rome, Lugano and Genoa. Thanks to its remarkable expertise, Giglio Group accompanies its customers in the online distribution of their products through a unique platform, starting from the implementation of fully tailor-made and managed monobrand e-store. Moreover, the Company integrates its business with the dedicated placement on main marketplaces worldwide, ensuring the online management of both new collections and inventories stock. The uniqueness of a "complete-supply-chain" online service thus ensures a 100% sell-through rate.

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