

Giglio Group S.p.A.

Registered Office: Milan (MI) Piazza Diaz, 6 Postal Code 20123

Tax Number and Milan's Companies Registration Office number 07396371002

Milan's Economic and Administrative Index: 1028989

(hereinafter also referred to as "Giglio Group" or the "Incorporating Company")

**DIRECTORS' REPORT ON THE PROJECT OF MERGER BY INCORPORATION OF SUBSIDIARY IBOX S.R.L.
INTO THE PARENT COMPANY GIGLIO GROUP S.P.A., PREPARED PURSUANT TO ART. 2501-
QUINQUIES OF THE ITALIAN CIVIL CODE AND TO ART. 70, PAR. 2 OF THE REGULATION APPROVED BY
CONSOB RESOLUTION 11971 ON 14 MAY 1999 AS AMENDED**

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19 DECEMBER 2019

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1. Recitals

This Report has been prepared pursuant to Art. 2501-*quinquies* of the Italian Civil Code, as well as in accordance with the requirements of Art. 70, par. 2 of the Regulation adopted with resolution no. 11971 by Consob on 14 May 1999 (hereinafter also referred to as the "**Issuers Regulation**"), and concerns the merger by incorporation's operation pursuant to Art. 2501 et seq. of the Italian Civil Code (hereinafter also referred to as the "**Merger**" or the "**Operation**") of the fully-owned subsidiary Ibox S.r.l. (hereinafter also referred to as the "**Acquiree**" or the "**Merged Company**" or "**Ibox**") into the parent company Giglio Group S.p.A. (hereinafter also referred to as the "**Incorporating Company**" or the "**Company**" or "**Giglio Group**", or the "**Issuer**").

For the purpose of developing a better understanding of the Operation, it is noted that on 19 December 2019, Giglio Group S.p.A. - with deed drawn up by the notary Aurelio Bonacci - purchased the shares representing 100% of Ibox S.r.l.'s Share Capital.

At the time of filing and publishing this document, Giglio Group S.p.A. is therefore the owner of the shares representing the whole share capital of the Merged Company.

2. Companies involved in the operation

2.1 Giglio Group S.p.A. – Incorporating Company

“**Giglio Group S.p.A.**”, joint-stock company with registered office in Piazza Diaz no. 6 - 20123, Milan, Tax Code and Monza, Brianza and Lodi's Companies Registration Office number 0796371002.

Giglio Group S.p.A. is a company listed on the Telematic Stock Exchange market managed by Borsa Italiana S.p.A. on the STAR segment.

The Share Capital amounts to € 3,661,337 (threemillionsixhundredsixtyonethousandthreehundredandthirtyseven/00) and is divided into no. 18,306,685 (sixteenmillionsevenhundredninetyseventhousandtwohundredandfifty) without express nominal value.

The Issuer operates mainly in the e-commerce sector and its Company object, pursuant to Art. 3 of the By-laws, the commerce and supply of commercial services regarding various product types, as well as the design, creation, commercialisation, distribution, purchase and sale of products, systems and hardware/software services functional or related to the e-commerce activity, including the design, creation, configuration and commercialisation of websites and network services. Moreover, the Issuer also operates in the supply of the

services related with the e-commerce of products such as, by way of example, logistics, customer care and marketing activities.

2.2. Ibox S.r.l. – Merged Company

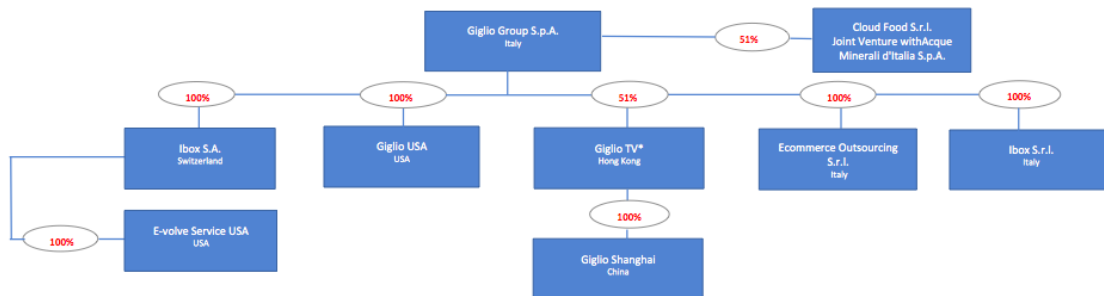
“**Ibox S.r.l.**”, a single-member limited liability company with registered office in Piazza Diaz 6 - 20123, Milan (MI), Tax Number and Monza and Brianza Companies Registration Office number 02285370975, with declared share capital of € 20,000.00, fully paid-up and subscribed by its single member Giglio Group S.p.A..

Ibox S.r.l. is a company of the group controlled by Giglio Group S.p.A. and its Company object is the e-commerce in general, to be enforced through an online platform, of any type of goods and products, both its own or of third parties, as well as the design, development and creation, installation, maintenance and management of online platforms or e-commerce purposes.

As far as Ibox S.r.l. activities are concerned, the Company is specialised in the supply of B2C e-commerce services to some of the most important Italian brands.

2.3 The Group's Structure

The structure of the group controlled by Giglio Group S.p.A. at the time of the preparation of this report is as follows:



3. Explanation of the merger operation and of its reasons, with special emphasis on the Parties' management objectives and on the programmes developed for their achievement

3.1. The Operation

The Operation intended to be submitted to the assessment and approval of the Extraordinary Shareholders' Meeting of Giglio Group S.p.A. is the merger by

incorporation of Ibox S.r.l., a wholly owned subsidiary, pursuant to Art. 2501 et seq. of the Italian Civil Code.

It is noted that, on 19 December 2019, Giglio Group purchased the shares representing 100% of Ibox S.r.l.'s Share Capital.

Therefore, Ibox S.r.l. is entirely owned by the Incorporating Company and the Operation does not entail any share exchange ratio; moreover, the Company may refrain from publishing the report referred to in Art. 2501-sexies of the Italian Civil Code.

Furthermore, the Operation shall not determine a substantial change to the structure of Giglio Group.

In implementation of Art. 2501-quater of the Italian Civil Code, the Merger shall be carried out on the basis of the financial statements of Ibox S.r.l. as of 30 September 2019.

Following the Merger by incorporation, the Company shall assume all of the rights and obligations of Ibox S.r.l., continuing all relations that arose before the date of the Merger, including those relating to legal proceedings.

The Merger shall have legal effects starting from the last registration referred to in Art. 2504 of the Italian Civil Code before the competent Companies Registration Office or, alternatively, starting from the following moment, which shall be established eventually in the Merger deed, pursuant to Art. 2504-bis, par. 2 of the Italian Civil Code.

Pursuant to Art. 2504-bis, par. 3 of the Italian Civil Code, the operations of the Merged Company (Ibox S.r.l.) shall be attributed to the financial statements of the Incorporating Company (Giglio Group) starting from the first of January of the year in which the last registration referred to in Art. 2504 of the Italian Civil Code has been carried out, i.e. from 1 January 2020.

3.2. *Reasons of the Operation*

The Merger by incorporation of Ibox S.r.l. into Giglio Group must be framed in the wider context of Giglio Group's reorganisation, which is aiming at streamlining the Company structure by reducing management costs regarding its subsidiaries, as well as at centralising part of the business in the parent company.

As far as the management objectives of the Parties, it is noted that the Operation shall have the following outcomes:

- A streamlining of the Company structure, with consequent reduction of the

corporate bodies and their running costs;

- A streamlining of the organisational structure and a rationalisation of the corporate structure;
- A consolidation of the financial resources;
- A reduction of running costs;
- A reduction of administrative and tax requirements.

It is also noted that throughout 2019, Ibox S.r.l.'s activity, specialised in the supply of B2C e-commerce services to some of the most important brands of Italy's fashion, underwent a remodulation that suggested to the management, with a view to greater efficiency, to proceed to its incorporation.

With this Merger, Giglio Group shall strengthen its range of services in the e-commerce field aimed at B2C sales by integrating Ibox S.r.l.'s activity into the distribution of Fashion products (B2B).

4. Date of recording in the Incorporating Company's financial statements the operations of the Merged Company, including for tax purposes

The Merger shall have legal effects starting from the last registration referred to in Art. 2504 of the Italian Civil Code before the competent Companies Registration Office or, alternatively, starting from the following moment, which shall be established eventually in the Merger deed, pursuant to Art. 2504-bis, par. 2 of the Italian Civil Code.

Pursuant to Art. 2504-bis, par. 3 of the Italian Civil Code, the operations of the Merged Company (Ibox S.r.l.) shall be attributed to the financial statements of the Incorporating Company (Giglio Group) starting from the first of January of the year in which the last registration referred to in Art. 2504 of the Italian Civil Code has been carried out. Therefore, for accounting and tax purposes, the operations of the Merged Company shall be attributed to the financial statements of Giglio Group starting from 1 January 2020.

5. Tax effects of the operation

5.1 Tax Neutrality of the Operation

For the purpose of income taxes, the Merger, in accordance with Art. 172 of the CFA of Income Taxes, in conjunction with Art. 178 and 179, approved with Presidential Decree no. 917 of 22 December 1986 ("TUIR"), shall be neutral from a tax point of view and, therefore, it shall not constitute a realisation or distribution of capital gains and losses on the assets of the Companies taking part in the

Merger.

5.2. Merger Differences

In accordance with the aforementioned principles, applicable also for IRAP purposes, the merger differences arising from the cancellation of the shareholding of the Merger Company in the Incorporating one shall be recorded in the financial statements of the Company resulting from the Merger in accordance with the legislation and accounting standards that govern the statutory financial statements.

The aforementioned merger differences shall be considered irrelevant for IRES and IRAP purposes, with the exception of the power of the company resulting from the merger to opt for the recognition also for fiscal purposes of said greater values allocated in the financial statement to the assets of the Parties, to be exercised through the payment of a substitute tax, as provided for in the provision of Art. 172, par 10-*bis* and Art. 176, par. 2-*ter* of TUIR.

Any tax loss of the Parties can be claimed as loss of income from the Incorporating Company following the effective date of the Merger, within the limits and conditions set forth in Art. 172, par. 7 of TUIR.

5.3. Registration Tax

As far as indirect taxes are concerned, the Merger falls outside the scope of VAT application, pursuant to Art. 2, par. 3, lett. f) of Presidential Decree no. 633 of 26 October 1972.

The merger deed is subject to registration tax on a fixed basis pursuant to Art. 4, lett. b) of Part I of the Rate annexed to Presidential Decree no. 131 of 26 April 1986.

6. Expected major shareholders and controlling shareholders, if any, after the completion of the Merger.

The Merger shall not cause any outcome on Giglio Group S.p.A. shareholders who, in turn, shall remain unchanged.

7. Effects of the Merger on any shareholders' agreements pursuant to Art. 122 of the CFA

It is noted that, as of now, no relevant shareholders' agreements pursuant to Art. 122 of the CFA appear to be in place. Therefore, any change to this effect is excluded.

8. Assessment of the Administrative Body regarding any eventual recurrence of the Right of Withdrawal pursuant to Art. 2437-quinquies of the Italian Civil Code

The Merger does not entail the exclusion from the listing of the shares on the regulated market pursuant to Art. 2437-quinquies of the Italian Civil Code and therefore does not entail hypotheses of withdrawal.

19 December 2019

For the Board of Directors

Mr Alessandro Giglio