

GIGLIO GROUP S.P.A.

ORDINARY MEETING

(CALLED ON 23 APRIL 2020 AT 15:00 AT FIRST CALL AND ON 21 MAY 2020 AT 15:00 AT SECOND CALL)

BOARD OF DIRECTORS' REPORT ON ITEMS OF THE AGENDA PURSUANT TO ART. 125-TER OF LEGISLATIVE DECREE 58/1998 AND ART. 73 AND 84-TER OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO. 11971/99

Dear Shareholders,

pursuant to 123-*ter* of Legislative Decree no. 58 of 24 February 1998, as amended and integrated (the "CFA" or "Consolidated Financial Act"), as well as to Art. 73 and 84-*ter* of the Regulation adopted by Consob with resolution no. 11971/99 as amended and integrated (the "Issuers Regulation"), the Board of Directors of Giglio Group S.p.A. provides you with the explanatory report regarding the items on the agenda of the Shareholders' Meeting called on 24 March 2020 at the office of Notary Aurelio Bonacci in Milan, via Cesare Battisti, 8, on 23 April 2020, at 15:00, at first call and, if necessary, at second call on 21 May 2020 at 15:00, to discuss and resolve on the following:

agenda

1. 1.1. Financial Statements at 31 December 2019, Director's Report on Operations, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions pertaining thereto and resulting therefrom. 1.2. Resolutions regarding the result of the financial period; resolutions pertaining thereto and resulting therefrom.
2. Amendment to the Stock Option Plan called "Stock Option Plan 2018-2021", approved by the Shareholders' Meeting on 29 October 2018; resolutions pertaining thereto and resulting therefrom.
3. Report on the Remuneration Policy and on the remunerations paid at 31 December 2019. 3.1. Exam and approval of the first section, pursuant to Art. 123-*ter*, of the Legislative Decree no. 58 of 24 February 1998, as amended and integrated, and of Art. 84-*quater* of the Regulation adopted by Consob with resolution no. 11971 on 14 May 1999, as amended and integrated. 3.2. Resolutions regarding the second section, pursuant to Art. 123-*ter*, of the Legislative Decree no. 58 of 24 February 1998, as amended and integrated, and of Art. 84-*quater* of the Regulation adopted by Consob with resolution no. 11971 on 14 May 1999, as amended and integrated; resolutions pertaining thereto and resulting therefrom.
4. 4.1 Proposal to reduce the number of members of the Board of Directors from seven to five. 4.2 Recalculation of the overall remuneration paid to the Board of Directors on an annual basis; resolutions pertaining thereto and resulting therefrom.
5. Authorisation to purchase and place own shares, upon withdrawal of the resolution adopted by the Shareholders' Meeting on 30 April 2019, as not used; resolutions pertaining thereto and resulting therefrom.

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Item no. 1 on the Meeting's Agenda

1.1. Financial Statements at 31 December 2019, Director's Report on Operations, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions pertaining thereto and resulting therefrom. 1.2. Resolutions regarding the result of the financial period; resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

The financial statements at 31 December 2019 that we submit for your approval show a loss of € 8,902,417.64.

Furthermore, we submit to your attention Giglio Group's consolidated financial statements at 31 December 2019, which, albeit not dependent on the Meeting's approval, are an additional information provided with Giglio Group S.p.A. (the "**Company**") financial statements.

Referring to the extensive information provided regarding 2019 Financial Statements and the related Directors' Report that you are called to approve, we submit for your approval the following

resolution proposal

"Giglio Group S.p.A. Shareholders' Meeting, taking note of the Board of Directors' Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report, and examined the financial statements at 31 December 2019

resolves

1. To approve 2019 Financial Statements, showing a loss of € 8,902,417.64, as presented by the Board of Directors as a whole and with regard to the individual entries, as well as the related Directors' Report drafted by the Board of Directors;
2. To approve the writing-off of the operating losses of Giglio Group S.p.A. equalling to € 8,902,417.64 by using available reserves, which, net of results carried forward from the previous financial year, amount to € 9,022,201.43".

Item no. 2 on the Meeting's Agenda

Amendment to the Stock Option Plan called "Stock Option Plan 2018-2021", approved by the Shareholders' Meeting on 29 October 2018; resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

It is noted that, pursuant to Art. 114-*bis* of the CFA, the Shareholders' Meeting of 29 October 2018 approved as implementation instrument of the Company's remuneration policy a stock option plan for 2018-2021 (the "**Stock Option Plan 2018-2021**") addressed to executive directors and some managers with strategic responsibilities within the Group. On the same date, the Shareholders' Meeting also approved a proxy to the Board of Directors, pursuant to Art. 2443 of the Civil Code, to increase company share capital against payment, in separate issues, with the exception of option right, as provided for by Art. 2441, par.8 and - as far as applicable - par. 5 of the Civil Code, for a maximum amount of € 138,000.00 in nominal value, through the issue, also in more tranches, of a maximum of no. 690,000.00 ordinary shares without nominal value.

By reason of the adoption of the new Industrial Plan 2020-2022, approved by the Board of Directors on 10 March 2020 and providing for the focus of the Company's activities on the business activity related to e-commerce, having divested completely its presence in the media area, as well as the subsequent development along specific guidelines, on 24 March 2020, the Board of Directors resolved to approve the following amendments to the Stock Option Plan, in order to align it to the new strategic lines and the changed structure of the Company and the Group:

- to incorporate non-recurring costs in the EBITDA definition used for determining the performance objectives on which the maturing of assigned options pursuant to the Stock Option Plan is parametrised; and
- to reformulate the performance objectives set forth in the Stock Option Plan for years 2019 and 2020, in order to align them to the targets provided for in the new Industrial Plan 2020-2022, setting as objective for 2020 the EBITDA resulting from the Company's consolidated financial statements, which should be equal or superior to € 3 million.

In the same meeting, by reason of the importance of the amendments implemented and in order to ensure the utmost transparency regarding the implementation of the Stock Option Plan, the Board of Directors resolved to submit for the approval of the Shareholders' Meeting the aforementioned amendment proposals.

For more information, see the updated version of the disclosure document regarding the Stock Option Plan drafted pursuant to Art- 84-bis, par. 5 and annex 3A of the Issuers' Regulation in order to inform the public of the Board of Directors' resolutions on the implementation of the Stock Option Plan already approved by the Shareholders' Meeting held on 29 October 2018, available on the Company's Website at www.giglio.org in the "*Corporate Governance*" section.

In the light of the above, we submit for your approval the following

resolution proposal

"Giglio Group S.p.A. Shareholders' Meeting,

- having examined the explanatory report of the Board of Directors, prepared pursuant to Art. 125-*ter* of Legislative Decree no. 58 of 24 February 1998 as amended;
- taking note of the update of the disclosure document prepared pursuant to Art. 84-*bis*, par. 5 and annex 3A of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999 as amended,

resolves

1. to approve the following amendments to the stock option plan called "Stock Option Plan 2018-2021" approved by the Shareholders' Meeting on 29 October 2018:
 - a. to incorporate non-recurring costs in the EBITDA definition used for determining the performance objectives on which the maturing of assigned options pursuant to the Stock Option Plan 2018-2021 is parametrised; and
 - b. to reformulate the performance objectives set forth in the Stock Option Plan 2018-2021 for 2020, in order to align them to the targets provided for in the new Industrial Plan 2020-2022, setting as objective for 2020 the EBITDA resulting from the Company's consolidated financial statements, which should be equal or superior to € 3 million.
 - c. to vest the Board of Directors, with proxy powers, with any authority required or appropriate to execute the implemented amendments to the "Stock Option Plan 2018-2021" as approved before".

Item no. 3 on the Meeting's Agenda

Report on the Remuneration Policy and on the remunerations paid at 31 December 2019. 3.1. Exam and approval of the first section, pursuant to Art. 123-ter, of the Legislative Decree no. 58 of 24 February 1998, as amended and integrated, and of Art. 84-quater of the Regulation adopted by Consob with resolution no. 11971 on 14 May 1999, as amended and integrated. 3.2. Resolutions regarding the second section, pursuant to Art. 123-ter, of the Legislative Decree no. 58 of 24 February 1998, as amended and integrated, and of Art. 84-quater of the Regulation adopted by Consob with resolution no. 11971 on 14 May 1999, as amended and integrated; resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

we submit to your attention the Report on the Remuneration Policy and on the remunerations paid for the fiscal year closed at 31 December 2019, drafted pursuant to Art. 123-ter of the CFA and Art. 84-quater of the Issuers Regulation. It is noted that the Remuneration Report is divided into two sections, showing respectively:

- (i) the Company's policy regarding the remuneration of the members of administrative bodies, of managers with strategic responsibilities for the coming fiscal year and, notwithstanding the provisions of Art. 2402 of the Italian Civil Code, of the members of supervisory bodies, as well as the procedures used for the adoption and implementation of this policy; and
- (ii) namely for the components of the administrative and supervisory bodies, the general managers and, in an aggregate form, for the managers with strategic responsibilities, (a) each and every item making up the remuneration, including the treatments in the event of termination of office or of employment relationship; and (b) the remuneration paid during the fiscal year at hand for any reason and in any form by the company and by its subsidiaries and related companies.

In view of the above and referring to the extensive information provided regarding the Remuneration Report, we submit for your approval, pursuant to provisions set forth in Art- 123-ter, par. 3-ter and 6. of the CFA, the following

resolution proposal

"Giglio Group S.p.A. Shareholders' Meeting,

- acknowledging the Report on the Remuneration Policy and on the remunerations paid for the fiscal year closed at 31 December 2019 prepared by the Board of Directors and drafted pursuant to Art. 123-ter of the CFA and Art. 84-quater of the Issuers Regulation.
- having examined the "first" and the "second" sections of said report, respectively,
- having taken into account the Corporate Governance Code of listed companies, to which the Company abides,

resolves

1. to approve the first section of the Report on the Remuneration Policy and on the remunerations paid for the fiscal year closed at 31 December 2019, drafted pursuant to Art. 123-ter of the CFA and Art. 84-quater of the Issuers Regulation;
2. in favour of the second section of the Report on the Remuneration Policy and on the remunerations paid for the fiscal year closed at 31 December 2019, drafted pursuant to Art.

123-*ter* of the CFA and Art. 84-*quater* of the Issuers Regulation".

Item no. 4 on the Meeting's Agenda

4.1 Proposal to reduce the number of members of the Board of Directors from seven to five. 4.2 Recalculation of the overall remuneration paid to the Board of Directors on an annual basis; resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

as announced via press release on 21 and 24 March 2020, Mr. Massimo Mancini and Mr Carlo Micchi resigned from their office of Director of Giglio Group S.p.A., effective immediately. With resolution on 24 March 2020, the Board of Directors considered it appropriate -instead of co-opting two new Board members- to submit to the decision of the Shareholders' Meeting whether to directly reduce the overall number of Board members or not.

As a matter of fact, in the operational context of Giglio Group S.p.A., by reducing the number of Board members from seven to five, the administrative body would acquire a more efficient and operational structure, especially considering the current focus of the Group and the recent streamlining of its organisational structure. In light of this, the Board of Directors saw the solution to reduce the current number of Board members from seven to five as adequate against the current business and management needs of Giglio Group S.p.A..

The reduction of the Board of Directors' members would also entail the consequent reduction of the overall remuneration paid to the Board of Directors, which would decrease from € 335,000 to € 295,000, notwithstanding the Board of Directors' power to establish a further remuneration for those directors vested with particular authorities, pursuant to Art. 2389, par. 3 of the Italian Civil Code.

In the light of the above, we submit for your approval the following

resolution proposal

"The Shareholders' Meeting of Giglio Group S.p.A., taking note of the Board of Directors' proposal,

resolves

- 1. to reduce the number of the Board of Directors' members from seven to five, and to acknowledge that the Board of Directors shall be comprised of the following directors, currently in office, in accordance with the provisions of Art. 14 of the By-laws as far as slate voting is concerned;*
- 2. to reduce the overall remuneration paid to the Board of Directors, which would decrease from € 335,000 to € 295,000, notwithstanding the Board of Directors' power to establish a further remuneration for those directors vested with particular authorities, pursuant to Art. 2389, par. 3 of the Italian Civil Code."*

Item no. 5 on the Meeting's Agenda

Authorisation to purchase and place own shares, upon withdrawal of the resolution adopted by the Shareholders' Meeting on 30 April 2019, as not used; resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

the Shareholders' Meeting of 30 April 2019 had authorised Giglio Group S.p.A. to purchase own shares for a period of 18 months from the resolution date, as well as to their placement without time limits.

During the fiscal year 2019 and until today, the Company did not purchase any own share. Therefore, the Company, as of today, does not hold any own share in its portfolio.

Since the validity of the aforementioned authorisation will expire on the following 30 October 2020, for the purpose of avoiding the call of an ad hoc close to said expiration date and taking into account that said proposal is in line with the practice followed by most listed companies, we believe it useful to propose to you to proceed with a new authorisation for the purchase and placement of own shares pursuant to Art. 2357 et seq of the Italian Civil Code, upon withdrawal of the authorisation resolved upon by the previous resolution of the Shareholders' Meeting, as not used.

Thus, below is a brief description of the reasons and procedure for purchasing and placing company own shares, by which we propose to request authorisation.

A. Reasons for requesting authorisation to purchase and place own shares

The authorisation to purchase and place own shares is requested to be used in compensation plans based on the grant of financial instruments pursuant to Art. 114-*bis* of the CFA (including the Stock Option Plan 2018-2021), in line with the purposes provided for in Art. 5, par. 2 of the Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014, for executive directors and/or employees, including managers and collaborators of the Company and its subsidiaries, or to support the issue of any debenture bond convertible into Company's shares.

The authorisation is also requested to enable stabilising trend interventions with regard to contingent market circumstances and always pursuant to Art. 5, par. 4 of Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014. Furthermore, the purchase of own shares can be used for an efficient use of the liquidity within the Company, or as payment for acquisition or public exchange offers.

It is also proposed to the Meeting to authorise the Board of Directors to dispose of the shares that will eventually be purchased, seeing this as an important tool of management and strategic flexibility.

B. Maximum number and nominal value of shares related to the authorisation

The purchase for which the authorisation is requested refers to the Company's ordinary shares whose maximum number, pursuant to the limits set forth in Art. 2357, par. 3 of the Civil Code, cannot have an overall 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.

To Giglio Group's subsidiaries, provisions shall be given for the prompt notification of any share purchase in order to ensure the respect of the aforementioned total limit of 20% of the Company's share capital.

The amount paid or received for the sale of own shares shall be booked directly to equity on the basis of the international accounting standard IAS 32 and, in any case, its accounting recognition shall take place in the forms provided by the applicable regulation each time.

C. Duration of Authorisation

The authorisation to purchase own shares is requested for a period of 18 months from the date of the shareholders' meeting that passed the resolution for authorisation, while authorisation for the placement is requested without time limits.

D. Minimum and maximum payment for purchase and placement of own shares

Own shares should be purchased at a unit price that is not less and not higher than 20% of the reference price registered for the share in the stock exchange market in the session prior to every purchase 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, even when shares are negotiated in different trading venues.

Shares should be placed for a unit price that is not less and not higher than 20% of the reference price registered for the share in the stock exchange market in the season prior to every purchase transaction. These price limits shall not be applied if the placement or free allocation of own shares are carried out for employees, managers included, executive directors and collaborators of Giglio Group and its subsidiaries in the context of compensation plans based on the grant of financial instruments pursuant to Art. 114-*bis* of the CFA aimed at providing incentives to the formers.

E. Procedures for purchase and placement

The purchase of own shares shall be carried out in compliance with the applicable law for listed companies and in accordance with provisions set forth in Art. 144-*bis* of the Issuers' Regulation and Art. 132 of the CFA, as well as pursuant to the procedures laid out by Borsa Italiana S.p.A. Regulation and to any other applicable regulation, including the ones set forth in Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014 and the related implementation laws, European and national, and, therefore, pursuant to the following procedures:

- i. by public exchange or purchase offer;
- ii. on regulated markets or on multilateral trading facilities (MTFs) according to the operational procedures laid down in the organisation and management rules of the markets in question, which do not allow direct association of purchase proposals with pre-determined sale proposals;
- iii. by buying and selling derivatives traded on regulated markets or on other MTFs that stipulate the physical handover of the underlying shares, provided that the organisation and management regulation of the stock market provides procedures compliant with the ones set forth in Art. 144-*bis*, par. 1, letter c) of the Issuers' Regulation;
- iv. by attributing to shareholders, proportionally to the shares owned, a put option to be exercised within a time limit set in the Meeting's resolution for the authorisation of the share purchase programme;
- v. while carrying out the systematic internalisation activity in non-discriminatory ways providing for the automatic and non-discretionary execution of transactions according to pre-set parameters;
- vi. with procedures laid down by market practices accepted by Consob pursuant to Art. 13 of the Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014;

- vii. according to the conditions laid out in Art. 5 of the Regulation (EU) no. 596/2014 of the European Parliament of 16 April 2014;

Own shares in portfolio shall be assigned, eventually even if the total of approved purchases has not been made, where permitted by Community and national laws, in one or more tranches, on regulated and/or non-regulated markets, or off-market, also through offers to the public and/or Shareholders, institutional placement, purchase vouchers and/or warrant placement, or as payment for public purchase or exchange offers.

With effect from the resolution date, the resolution for the purchase and placement of own shares adopted by the Shareholders' Meeting on 30 April 2019 shall be considered revoked, for its unused part.

In the light of the above, we submit for your approval the following

resolution proposal

"Giglio Group S.p.A. Shareholders Meeting, taking note of the Board of Directors' proposal and of the provisions set forth in Art. 2357 and following of the Civil Code,

resolves

1. to revoke, with effect from the date of this Meeting resolution, for its unused part, the resolution regarding the authorisation to purchase and place own shares of the Shareholders' Meeting of 30 April 2019;
2. to authorise the Board of Directors, pursuant to the terms of Art. 2357 f the Civil Code, to purchase the Company's own shares, for the amount, price and terms and conditions illustrated below:
 - the 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 statements, and shall be accounted in compliance with applicable regulations and accounting standards;
 - 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, even when shares are negotiated in different trading venues;
 - 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 purchase of own shares shall be carried out in compliance with the applicable law for listed companies and in accordance with provisions set forth in Art. 144-bis of the Issuers' Regulation and Art. 132 of the CFA, as well as pursuant to the procedures laid out by Borsa Italiana S.p.A. Regulation and to any other applicable regulation, including the ones set forth in Regulation (EU) no. 596/2014 of the European

Parliament and Council of 16 April 2014 and the related implementation laws, European and national, and, therefore, pursuant to the following procedures:

- i. by public exchange or purchase offer;
 - ii. on regulated markets or on multilateral trading facilities (MTFs) according to the operational procedures laid down in the organisation and management rules of the markets in question, which do not allow direct association of purchase proposals with pre-determined sale proposals;
 - iii. by buying and selling derivatives traded on regulated markets or on other MTFs that stipulate the physical handover of the underlying shares, provided that the organisation and management regulation of the stock market provides procedures compliant with the ones set forth in Art. 144-*bis*, par. 1, letter c) of the Issuers' Regulation;
 - iv. by attribution to shareholders, proportionally to the shares owned, a put option to be exercised within 18 months starting from today;
 - v. while carrying out the systematic internalisation activity in non-discriminatory ways providing for the automatic and non-discretionary execution of transactions according to pre-set parameters;
 - vi. with procedures laid down by market practices accepted by Consob pursuant to Art. 13 of the Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014;
 - vii. according to the conditions laid out in Art. 5 of the Regulation (EU) no. 596/2014 of the European Parliament of 16 April 2014;
3. to authorise the Board of Directors, pursuant to Art. 2357-*ter*, par. 1 of the Civil Code, to dispose of all and/or part of the own shares in portfolio, without time limitations, eventually even if the total of approved purchases has not been made, where permitted by Community and national laws, in one or more tranches, on regulated and/or non-regulated markets, or off-market, also through offers to the public and/or Shareholders, institutional placement, purchase vouchers and/or warrant placement, or as payment for public purchase or exchange offers at a price that 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. These price limits shall not be applied if the placement or free allocation of own shares are carried out for employees, managers included, executive directors and collaborators of Giglio Group S.p.A. and its subsidiaries in the context of compensation plans based on the grant of financial instruments pursuant to Art. 114-*bis* of the CFA aimed at providing incentives to the formers;
 4. to authorise the Board of Directors to carry out any necessary or appropriate accounting recording, pursuant to Art. 2357-*ter*, par. 3 of the Civil Code, with regard to transactions on own shares, in compliance with current regulations and applicable accounting standards;
 5. to vest the Board of Directors and on its behalf the Chairman and Vice-Chairman, with separate signing power, with any authority required to purchase and place and in any case to implement the above resolutions, also via proxies appointed for this purpose, complying with any requests by the relevant authorities."

Milan, 24 March 2020

For the Board of Directors

The Chairman of the Board of Directors and CEO

Mr Alessandro Giglio