Interim Financial Report as of 31 March 2020

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Interim Directors' Report

of the Condensed Consolidated Financial Statement as of

31 March 2020

Company Information

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

Legal Information
Share Capital subscribed and paid-in € 3,661,337 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 – Piazza della Meridiana 1, Genoa

Corporate Boards

Board of Directors

Alessandro Giglio	Chairman and Chief Executive Officer
Anna Lezzi	Director
Giorgio Mosci	Independent 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 Auditor
EY S.p.A.

1. Introduction

Giglio Group operates in the e-commerce industry of high-end fashion, design and food products, and is now expanding also its commercial offer to the healthcare products' sector. The Group's mission is to make available to its digital users worldwide an increasing number of brands within the aforementioned categories.

Founded in 2003, the Group is today one of the major e-commerce operators in Europe, directly connecting brands with the new digital sales outlets on the market.

The Group offers tailor-made B2B and B2C services to various industries, 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, up to brands' connection with major digital marketplaces. 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 platforms with consumers across the globe, having also expanded its activities towards the food, design, electronics, DIY and physical well-being industries.

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 choices. 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 (as far as Fashion is concerned) 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, regardless of the sales' territory.

Throughout 2019 Q3, with the beginning of sales in the design segment and with the announcement of the Group's penetration i the food segment, Giglio Group presents itself as the biggest digital exporter of Made-in-Italy products worldwide, with a unique customer base and a complete and innovative product range, as well as a needed infrastructure for the Country in order to bridge the gap of national flagship companies in their respective categories with the new frontiers of digital sales worldwide.

The Group's own platform can be directly integrated and is compatible with the most common e-commerce solutions used by brands, without interfering with the client's technological choices and without demanding any investment for their connections.

As far as Fashion is concerned, but not only, 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), thus becoming the place where clients can experience and physically try out the product.
- *Physical Wholesale.* Department stores and multi-brand boutiques amplify the «physical» distribution of a brand, reaching a much wider group of places and consumers who can browse the extensive online range, albeit presenting a lower offer depth.
- *E-commerce*. The first sales' pillar within the online world, and a consolidated strength for Giglio Group, capable of representing on average 13 % of a brand's total sales (B2C e-commerce observatory 2018). E-commerce is by now part of the Group's DNA, boasting the widest possible array of catalogues, a tailored relationship with every client and a direct control on online distribution, from the warehouse to the consumer's doorstep, gathering valuable data on every shopping experience, as well as ensuring significant sales volumes. It is the essential element in the Industrial Plan of major brands, which qualifies the economic sustainability of the brand itself. Moreover, this channel helps accelerating the penetration in new areas, as well as keeping up the sales performance in the most mature markets, where physical sales are dropping significantly.

- *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 real know-how lies with the innovative strength of its commercial offer for 2019. 2018 was the year of marketplaces and affiliation for the fashion world, thanks to the growth of giants such as Farfetch, Lyst, Amazon and Alibaba. It is assessed that 9 users out of 10 visit at least one marketplace while browsing for purchasing an item.

  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. A presence in these marketplaces is, nowadays, essential both for sales and for the control of parallel online distribution channels that could tarnish the image and the reputation of the brand, as well as pricing dynamics.
- *Destocking*. Another strength of Giglio Group, a consolidated competence that has been growing steadily, introducing new development opportunities and conquering new marketing areas. Destocking is not an occasional activity, but a set of stock planning and distribution services coordinated with the brands themselves and organised in a professional way well in advance. 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, thus helping build a complementary commercial channel to the possibilities of brands' sales managers.

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.

In 2020 Q1 Giglio Group operated for the first time only in the e-commerce business. Moreover, the Q1 was the first quarter in which the results of E-Commerce Outsourcing s.r.l. (owner of Terashop's trademark), one of the major suppliers of outsourced e-commerce services, were fully consolidated. Terashop greatly invested in the omni-channel marketing in Italy and its innovative platforms offer both to its brands and its end clients a complete purchase experience. By integrating Giglio Group's and Terashop's platforms, it was possible to expand the Group's activity toward new sectors such as, specifically, GDS, Food and mass retailing, with a chance to apply different business models: online sales with home delivery, products' collection from retail outlets, digital kiosks for in-shop sales, CRM systems, B2B and B2E websites as well as loyalty card systems. Terashop's purchase allowed for the integration of a customer base active in the reference sector with elevated supported trading volumes, thus creating important economies of scale with immediate savings. Moreover, it allowed for the strengthening of its technical organisation, also through the inclusion in its workforce of IT experts highly specialised in the e-commerce sector - key resources in this sector, and usually hard to find with such deep expertise;

THE REFERENCE MARKET

Overall, the luxury market grew by 4% in 2019, reaching € 1.3 trillion on a global scale, with positive trends in most segments, as per Bain's survey "Luxury Goods Worldwide Market Study, Fall-Winter 2019".

Personal Luxury Goods

The personal luxury goods' market - the "core" of the luxury segments - reached a record level of € 281 billion, with a 4% growth (7% at current rates). This market recorded a sustained growth all over the Asia-Pacific region (mainland China, south-east Asia, Japan), with a slower growth in Europe, in the Americas and in the rest of the world. On a global scale, the growth was driven mainly by local consumption, sustained in almost all regions (+11% at current rates worldwide).
As far as the luxury goods' categories are concerned, shoes and jewels shined amongst all the other, both outperforming the rest with a 9% growth at constant rates in 2019, followed by leather goods (7% at constant rates) and beauty goods (3% at constant rates). Apparel goods recorded a modest growth (1% at constant rates) due to the slight improvement of the ready-to-wear segment (both for men and women).

Luxury Goods' Consumption Patterns

Chinese clients represented 90% of the global market's growth in 2019, accounting for 35% of the value of luxury goods sold worldwide. Mainland China was a powerful engine of growth for the luxury industry over the last years, and 2019 was no difference: the market grew by 26% at constant rates, reaching € 30 billion, sustained as it was by government policies and a shift of consumption flows from the outside (e.g. Hong Kong) to the national market.

In the Americas, the USA consumption grew due to a strong national confidence, but were slowed down by the decrease of tourist flows. Despite the slow growth in the region, the market still amounted for € 84 billion, confirming its central role in the personal luxury goods' segment. Europe recorded a slow 1% growth at constant rates, and its market reached € 88 billion. Spain and the UK were two of the most high-performing nations, led by tourism and weak currency respectively. Germany, on the other hand, was hit by a decrease in its dynamism, while France recorded social unrest at the beginning of the year.

The retail sales channel grew by 11% in 2019 at current rates (7% at constant rates), with 85% of said growth arising from the increase in in-shop sales. Wholesale channels grew only by 4% at current rates, partly because of the continuous decline of department stores and partly because of the hesitant recovery of specialised shops.

Luxury Goods' Sales Channels

On a global scale, online sales kept increasing, now representing 12% of the whole market, with more and more clients influenced and enabled by digital channels, also for the physical purchases. On a global scale, 75% of luxury transactions was influenced by the online channel, and 20-25% of the purchases was digitally enabled. Asia confirmed its role as a driver for the online luxury market, coming before Europe and the Americas. Accessories is still the most sold category online, before apparel. Beauty and "hard luxury" (jewels and watches) goods increased, too. Among the channels for online luxury sales, brands' websites gained market shares if compared to the websites of e-tailers and retailers. The market of personal luxury goods benefited from a higher online penetration if compared to most luxury segments.

Luxury Goods' Consumers

In 2025, the luxury clients base shall reach 450 million users, increasing if compared to 390 million users in 2019, mainly due to the growing middle class, especially in Asia. This will stimulate in turn the luxury market as a whole, with specific attention to the entry price segment that, in 2019, already represented a significant share of the market (35% in the luxury goods sector an 30% in the jewellery one), and to the off-price channel, which reached € 36 billion in 2019.

Millenials clients (also known as Generation Y, born between 1980 and 1995) proved to be constant buyers of luxury goods. In 2019, they represented 35% of consumption, and they will probably reach 45% of the market by 2025. Nevertheless, it is the even younger Generation Z that

will reshape the industry, potentially reaching 40% of luxury goods consumption by 2035, against the current 4%. In 2019, both generations combined contributed to the growth of the market.
The "Gen Z" clients are the new frontier of tomorrow's luxury market, showing behaviours that distinguish them by other generations. Other than representing a growing portion of the luxury consumption in the Asian markets, they also interact with the brands.
Outlook
According to Bain's study, the personal luxury goods' market will grow by 3-5% per year until 2025, for a maximum growth of € 375 billion. By 2025, Chinese consumers shall represent 46% of the global market (against 35% of 2019).
Phy-gital: a growing wave of digitalisation will erode the role of physical distribution's networks. The online channel is still fully expanding, but physical stores worldwide could reach their peak in 2020.

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. Just think of the potential of WeChat channel in China, with which Giglio Group signed an agreement throughout 2018. The Company's objective for 2019-2020 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.
Over 2020 Q1, a phenomenon that is currently changing the economic forecasts of whole economy sectors worldwide was being recorded, which in turn is causing a revision of the turnover for the fashion sector, served by Giglio Group. On January 2020, the COVID-19 epidemic started to hatch in China, connected to the so-called Coronavirus, before spreading quickly in many areas of the world, Europe included. The direct effect of this phenomenon were seen in China, where entire distribution chains of the fashion sector underwent significant turnover reductions due to the decrease of clients. The e-commerce sector seems to be affected too, albeit in a minor way. The luxury fashion sector is responding with a postponement of numerous projects, especially in the e-commerce context, having China as its main target market. From an economic view, the Coronavirus has already caused substantial damages not only to the Chinese economy, which is limping along in this first quarter, but also to the rest of the world. The manufacturing sector is definitely the most damaged one, given that China is currently aiming at keeping the economic

growth rate high and at leading the country to the Fourth Industrial Revolution with its Made in China 2025 strategy. Italy was one of the first European countries to declare Coronavirus as a national emergency. The epidemic is evolving quickly, and as of now, it is extremely hard to make reliable predictions on its future development. Hence, the fashion and luxury sectors shall face hard times ahead. However, China has been showing reassuring signs of recovery over the last few weeks.

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, trying to attract an increased number of brands and aiming at increasing the volumes managed in all geographical areas and the number of marketplaces integrated in its platform. The Company expects an increase in managed brands, despite the not particularly favourable context of the sectors served due to a reduction in consumer confidence.

Furthermore, Giglio Group extended the supply of its services also to adjacent business areas, with specific focus on the design, jewellery, food and healthcare 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.

Giglio Group, also in response to the health emergency and its consequences, is increasing its efforts in an attempt to increase the production capacity of its e-commerce platforms in favour of specific categories (e.g. food) in order to meet the exceptional demand increase of these goods through online sales, due to the consumers' difficulty to access physical stores and to the producer's impossibility to restock said stores. In the meanwhile, Giglio Group is currently converting some of its platforms and logistics lines designed for the fashion sector for the purpose of finding PPE such as medical masks, and shall pursue this activity until the end of the emergency by using its own e-commerce platforms and its own commercial network in China, thus facilitating the PPE supply. In this sense, the agreements signed with trade associations for the supply of PPE (KN95 - FFP2 - CE masks) to all of their member companies stand out, thus allowing for their operational continuity. The agreements provide for the supply of surgical masks, sanitizing hand gels and other medical equipment useful for companies on the long-term, and only for the current health emergency. Moreover, Giglio Group signed a framework agreement with one of the biggest pharmaceutical groups in the world, Sinopharm, for the import/export of sanitary products from and to China, thus giving way to its new business line dedicated to the Healthcare industry.

Giglio Group's structure guarantees not only the supply of the products, but also their logistics management, their transportation and their customs clearance, allowing for payment upon delivery.

2. Group's Activity

Founded in 2003 by Alessandro Giglio, Giglio Group, has become a 4.0 e-commerce company, able to promote and distribute luxury “Made in Italy” commercial brands worldwide. First listed on the Italian Stock Exchange AIM Italia market since August 2015, then trans-listed on the STAR segment in March 2018, the Group operates in 5 continents and over 70 countries, among all countries reached by 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.

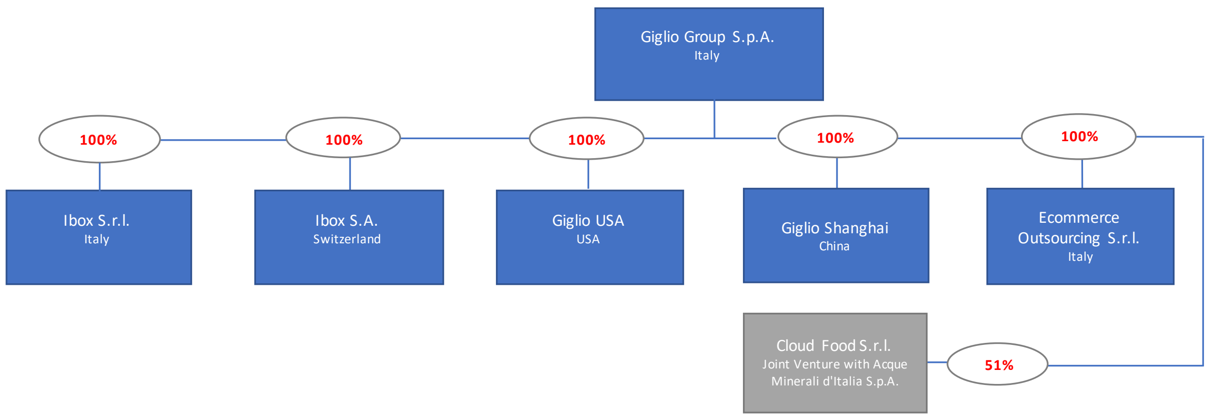
The Company is involved both in B2C and B2B operations. The integration between the two business models, Principal (B2B) and Agent (B2C), allows the Group to manage in an optimal way brand's warehouse stock, both on-season and off-season, aiming at a 100% sell-through rate.

The B2C model, managed by subsidiaries I-box SA, I-box S.r.l. and E-Commerce Outsourcing, the digital core of the Group, consists in providing digital services for managing the Websites of "Made in Italy" Fashion mono-brands. On top of that, 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 warehouse risk.

The B2B model, on the other hand, aims to enable 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 I-box 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.

The Group Organizational Structure is reported below:



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

On 20 January 2020, Giglio Group's Extraordinary Shareholders' Meeting resolved on the approval of the project of merger by incorporation of the wholly-controlled company Ibox s.r.l into Giglio Group S.p.A.. The merger project has been drafted jointly by the Incorporating company and the Merged one, pursuant to Art. 2501-ter of the Italian Civil Code, as well as approved by the respective Boards of Directors on 19 December 2019. On 20 January 2020, the project of merger has been approved also by Ibox s.r.l.'s Shareholders' Meeting. The merger is aimed 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. The merger , in implementation of Art. 2501-quater of the Italian Civil Code, was carried out using as reference the economic situations and assets as of 30 September 2019, both of the Incorporating and of the Merged Company. The merger deed shall be drafted by June 2020 and, 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.

On 9 March 2020, Giglio purchased the ownership of the minority share of Giglio Tv Hong Kong shareholding, previously owned by SIMEST. It is noted that, on 5 June 2014, Giglio Group and SIMEST had entered into two agreements referring to SIMEST's shareholding -on its own behalf, pursuant to Law 100/90 and on behalf of the "Fund" referred to in par. 932 of the single article of Law 296 of 27/12/2006- in the capital of the Chinese company Giglio TV HK Ltd, for an overall investment of € 1,470,000. The Agreements provided for the purchase obligation of the Shareholdings on behalf of Giglio Group on 30 June 2022, notwithstanding the exercise of the call option and of the put option recognised in favour of Giglio Group and SIMEST respectively, starting from 30 June 2018, pursuant to the terms and conditions set forth in the Agreements. SIMEST exercised its put option on July 2019.

On 10 March 2020, the Board of Directors approved an update to the Industrial Plan 2020-2024. With the new Industrial Plan, the Company updates its previous sales estimates for the future fiscal years, taking also into account the integration of the business carried out by its controlled company, ECO, the business prospects in China due to the effects of the COVID-19 outbreak, as well as the increased importance to the Distribution of products on e-commerce platforms worldwide and to marketplaces' new connection services.

On 11 March 2020, the bondholder of the bond issuing called EBB approved the request of the company, presented on 14 February 2020, to allow, by way of derogation form the regulation of the bond, the suspension of the application of the thresholds of the leverage ratio financial parameter and of the gearing ratio financial parameter, only with regard to the Test Date of 31 December 2019, with retroactive effect. For the purpose of said suspension, EBB Export S.r.l., the bondholder, received from Meridiana Holding, majority shareholder of Giglio Group, an indemnity and guarantee deed in its name for an amount of up to € 1 million. If, on the first test data following the subscription (i.e. 30 June 2020), the Issuer shall not respect the financial commitments set forth in the bond regulation, the guarantor shall undertake either to intervene directly in order to integrate permanently the assets of the issuer through a transaction on the capital, or to facilitate the recapitalisation on behalf of third parties, for the purpose of bringing the financial parameters back within the limits set froth in the bond regulation within 31 December 2020.

On 12 March 2020, Giglio Group S.p.A. acquired the direct control of its subsidiary Giglio (Shanghai) Technology company Limited through Giglio TV HK, in order to streamline the chain of control, a preparatory event for the following transfer of the company from Hong Kong, other than a chance to streamline the relations between the Italian and the Chinese companies in the context of the commercial transactions for the development of Chinese activities. The transaction amounted to about € 6.3 million.

On 12 March 2020, in the context of the definitive exit from the Media sector, Giglio Group S.p.A transferred its entire shareholding in Giglio TV Hong Kong to a Chinese economic group for € 3 million, equalling the book value of the subsidiary.

On 21 and 24 March, directors Massimo Mancini and Carlo Micchi resigned from their offices of executive directors.

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

On 2 April 2020, Giglio Group S.p.A. signed a half-year framework agreement with Confindustria for the supply of PPE (KN95 - FFP2 - CE masks included) to all of its member companies. Confindustria's member companies that can benefit from this agreement with Giglio Group are more than 150,000 on the national territory. The agreement is part of the activities of Confindustria's Emergency Management Programme, in collaboration with the Department of Civil Protection, which allows for a quick and safe customs clearing of the incoming medical products from abroad without the risk of products' requisition. As a matter of fact, the agreement provides for the acquisition of PPE without customs clearing problems, even for those companies that do not carry out public service activities.

On 20 April 2020, Giglio Group S.p.A. signed a framework agreement with Sinopharm, one of the most important pharmaceutical groups worldwide, allowing for the import of PPE such as FFP2 & FFP3 medical masks, sanitising gels, gloves, protectives suits and glasses, as well as for the supply of the innovative testing kits for the detection of Covid-19 antibodies, also known as Sars Cov-2 Antibody Assay kits. The Healthcare B2B and B2C platform of Giglio Group shall continue pursuing its activities regardless of the currently ongoing health emergency, offering a wide range of personal care products, which will become more and more sought-after in the near future. The agreement signed with Sinopham provides also for the export to China of pieces of medical equipment and items produced by Italian industries, thus contributing to their capillary distribution in the Asian market. Giglio Group thus launches its own B2C website at www.gigliosalute.it, where single privates, professionals, craft workers and small business will be able to purchase the main PPE.

On 23 April 2020, the Ordinary and Shareholders' Meeting of Giglio Group S.p.A. met under the chairmanship of Alessandro Giglio and in the presence of notary Aurelio Bonacci. The Ordinary Shareholders' Meeting approved the Annual Financial Report at 31 December 2019, in the terms proposed by the Board of Directors. The Civil Financial Statement showed a loss of € 8,902,417.64, and the Meeting resolved to write off the loss by using available reserves, which, net of results carried forward from the previous financial year, amounted to € 9,022,201.43.

The Ordinary Shareholders' Meeting approved to reduce the number of members of the Board of Directors from seven to five, with consequent reduction of the overall annual remuneration from € 335,000 to € 295,000.

On 30 April 2020, Mr Massimo Mancini resigned from his office of General Manager, thus terminating his employment relation with the Group.

On 14 May 2020, director Yue Zhao resigned from her office.

5. Outlook

After recording consolidated revenues increasing by 2.3% during the whole 2019, Giglio Group also recorded a weak Q4, with a more negative performance in the area of e-commerce digital services. The decrease of apparel sales due to an unfavourable meteorological season, which postponed the purchase of winter-ware throughout Europe, together with the different composition of the portfolio of served brands, as well as with the loss of some brands that chose to internalise said service, determined a projection of reduced business in the B2C context. 2020 Q1 showed a strengthening of the Group's activities, with the main financial indicators confirming not only the good momentum of the group, also in the hard times of the emergency, but also the goodness of its decision to focus its activities exclusively in the e-commerce sector.

More specifically, the Group's revenues increased thanks to the outstanding results achieved by the distribution division (including the sale of PPE), which also had to face the temporary complete closure of the Asian market (China and South Korea included), critical countries for its sales. Thanks to the flexibility of its logistics and organisational infrastructures, following the restrictions of the Fashion sector, the Group was capable of diverting its skills towards other geographies, giving a significant boost to the sales in the Food sector, other than launching the aforementioned Healthcare sector. More specifically, upon closure of the Asian market, the Group diverted parts of its goods towards specific initiatives of flash sales and online outlets, which increased the revenues but attained reduced margins.

There is already evidence that in Q2, along with the reopening of Asian markets, the flow of orders will undergo a significant recovery, bring the business' margin at higher rates. It is noted that the COVID-19 emergency helped accelerating the digital transformation of the retail world. Due to the lockdown and the subsequent cautious reopening of physical stores, in times of social distancing, shopping traffic is moving towards e-commerce for those categories such as Food. Over the course of March-April 2020, in the middle of the lockdown period for the European Countries, the e-commerce sector of Groceries increased at a 150% rate if compared to 2019, and with Giglio Group's support, some Food and Electronics brands recorded a sales increase of more than 500%.

Over the Q1, specific actions to recover profitability (after the containment of fixed and central costs, which was enhanced due to the COVID-19) were implemented, such as the rationalisation of spaces intended for office use. These actions, which are currently undergoing and that will keep taking place for the whole duration of the Fiscal Year, shall bear the first fruits during the course of 2020 HY2.

Giglio Group envisages to continue strengthening its positioning as leader in the reference market, i.e. as digital, logistics and marketing services operator for fashion, food, design and healthcare brands, aiming at increasing the volumes managed in all geographical areas and the number of marketplaces integrated in its platform. The Company expects an increase in managed brands, despite the not particularly favourable context of the sectors served due to a reduction in consumer confidence.

6. Accounting Standards

This Three-Month Interim Financial Report was prepared according to the same accounting standards used for the preparation of the Giglio Group 2019 Consolidated Annual Financial Statements.

7. Financial Highlights at 31 March 2020

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 costs 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.

Gross Margin: 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 costs.

Non-recurring costs: 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.

Consolidated Financial and Capital Position Overview as of 31 March 2020

The main balance sheet figures of the Group as of 31 March 2020 are specified below:

(Euro thousands)	31.03.2020	31.12.2019	Change
Intangible Assets	17,259	17,322	(63)
Property, Plant and Equipment	1,979	3,040	(1,061)
Financial Fixed Assets	886	842	44
Total Fixed Assets	**20,124**	**21,204**	**(1,080)**
Inventories	1,741	1,861	(120)
Trade receivables	16,208	12,179	4,029
Trade payables	(20,621)	(20,623)	2
Operating/Commercial Working Capital	**(2,672)**	**(6,583)**	**3,911**
Other current assets and liabilities	(1,792)	(3,774)	1,982
Net Working Capital	**(4,464)**	**(10,357)**	**5,893**
Provisions for risks and charges	(743)	(924)	181
Deferred tax assets and liabilities	780	780	-
Net Capital Invested	**15,697**	**10,703**	**4,994**
Total Net Invested Capital	**15,697**	**10,703**	**4,994**
Net Equity	**1,741**	**1,606**	**135**
Net financial liabilities*	**(17,438)**	**(12,309)**	**(5,129)**
Total Sources	**(15,697)**	**(10,703)**	**(4,994)**

The Net Invested Capital of the Group at 31 March 2020, equal to € 15.7 million, is principally comprised of Net Fixed Assets (€ 20.1 million), and of Net Working Capital (€ -4.5 million).

Property, Plant and Equipment, equal to € 2 million (€ 3 million at 31 December 2019), decreased mainly following the transfer of the subsidiary Giglio Tv Hong Kong, which held Property, Plant and Equipment worth € 0.8 million.

Intangible Assets equal to € 17.3 million, of which € 14.7 million are mainly ascribable to the goodwill for the acquisition of Giglio Fashion, of the IBOX Group and of E-Commerce Outsourcing S.r.l.. The movement describes (net of the period's amortisations) development costs borne entirely for the implementation and integration of IT platforms. As far as the purchase of E-Commerce Outsourcing S.r.l. is concerned, which took place in 2019 Q4, pursuant to IFRS 3, this difference has been attributed temporarily to the goodwill, and shall be confirmed in the coming 12 months.

Financial Assets, equal to € 0.9 million, can mainly be attributed:

- for € 0.5 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 31 March 2020 and 31 December 2019 is as follows:

	(Euro thousands)	31.03.2020	31.12.2019	Change
A.	Cash	1,788	2,991	(1,203)
B.	Bank and postal deposits and cheques	-	-	-
C.	Securities held for trading	3,636	3,523	114
D.	**Cash & cash equivalents (A)+(B)+(C)**	**5,424**	**6,514**	**(1,089)**
E.	Current financial receivables	89	3,980	(3,891)
F.	Current bank payables	(1,104)	(6,812)	5,708
G.	Current portion of non-current debt	(2,505)	(2,456)	(49)
H.	Other current financial payables	(8,102)	(9,749)	1,647
	of which Related Parties	*(4,965)*	*(400)*	*(4,565)*
I.	**Current financial debt (F)+(G)+(H)**	**(11,711)**	**(19,017)**	**7,307**
J.	**Net current financial debt (I) + (E) + (D)**	**(6,198)**	**(8,524)**	**2,326**
K.	Non-current bank payables	(5,247)	(607)	(4,640)
L.	Bonds issued	(4,759)	-	(4,759)
M.	Other non-current payables	(1,234)	(3,179)	1,945
	of which Related Parties	-	*(1,698)*	*1,698*
N.	**Non-current financial debt (K)+(L)+(M)**	**(11,240)**	**(3,786)**	**(7,454)**
O.	**Net financial debt (J)+(N)**	**(17,438)**	**(12,309)**	**(5,129)**

The Group net financial debt amounts to € -17.4 million, highlighting a deterioration on 31 December 2019 (€ -12.3 million) of € 5.1 million. This change is partly due to the supply of PPE, which began in March, for which Giglio Group paid in advance and, as at the reporting date, was partially paid back from the sales, and partially for the following factors:

increasing for:

• Higher financial debts with related parties for € 2.8 million;

• Lesser liquidity for € 1.2 million;

• Collection of Tributary Credit in favour of the VAT office for € 3.5 million; Said credit, which was classified among the Current Financial Receivables of the NFD was collected in January (€ 3.2 million) and February (€ 0.3 million) 2020;

decreasing for:

• Debt repayment to Simest under the exercise of the put option on behalf of Simest itself for the minority quota in Giglio TV for € 1 million;

• Repayment of Q1 instalments, for € 0.5 million, of the minibond issued in 2016;

• Repayment of outstanding instalments in 2020's first three months (€ 0.3 million);

• Minor debts related to the repayment of rental fees subject to IFRS 16, for € 0.2 million.

The Company has made use of the possibility to suspend the payment of the instalments of the outstanding mortgages (so-called moratorium) pursuant to Art. 56 of Legislative Decree 18/2020 ("Heal Italy" decree). Said suspensions were agreed upon by the credit institutions of the month of April 2020 and thus the Company shall benefit, on a cash basis, from minor postponed instalments repayment for about € 1.4 million in 2020.

The net financial debt recorded at 31 December 2019 amongst its short-term liabilities also the financial debt related to the EBB S.r.l. debenture bond. The regulation governing the terms and conditions of said Debenture Bond includes also some commitments and limitations borne by the Company, including the financial covenants, which, should they occur, they would entail the loss of the benefit of the term, along with the obligation for the Company to fully reimburse in advance the Debenture Bond (the so-called events of major importance).

On 11 March 2020, the Company formalised with the bondholder the suspension of the application of the aforementioned financial covenants' thresholds with regard to 31 December 2019, with retroactive effect, as announced before the end of the fiscal year by the creditor itself.

Therefore, in the light of the above, the payment shall be requested by the bondholder only upon the maturities originally agreed upon in the agreement. Nevertheless, in spite of the above, on 31 December 2019, the debenture bond was classified among the short-term liabilities, in formal execution of the provisions set forth in IAS 1, par. 74. Following the suspension of the application of thresholds for the aforementioned financial covenants, as notified before the end of the fiscal year by the creditor itself, the Financial Report as of 31 March 2020 includes again said financial debt among the long-term liabilities.

Consolidated Financial Activity Overview at 31 March 2020

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 related to the previous fiscal year have been represented as "Discontinued operations".

(Euro thousands)	31.03.2020	31.03.2019	Change
Revenues from contracts with customers	14,182	11,506	2,676
Operating Costs	(12,113)	(9,985)	(2,128)
ADDED VALUE	**2,069**	**1,521**	**548**
ADDED VALUE%	**14.6%**	**13.2%**	**1.4%**
Payroll expenses	(1,422)	(1,041)	(381)
EBITDA Adjusted	**647**	**480**	**167**
EBITDA%	**4.6%**	**4.2%**	**0.4%**
Non-recurring costs	0	(442)	442
Amortisation, depreciation & write-downs	(456)	(384)	(72)
EBIT	**191**	**(346)**	**537**
Net financial charges	(206)	(396)	190
PROFIT BEFORE TAXES	**(15)**	**(742)**	**727**
Income taxes	(112)	(40)	(72)
PROFIT FOR THE YEAR (CONTINUING OPERATIONS)	**(127)**	**(782)**	**655**
NET PROFIT FROM DISCONTINUED OPERATIONS (adjusted)	**0**	**(39)**	**39**
NET PROFIT	**(127)**	**(821)**	**694**

EBIT adjusted to non recurring costs	**191**	**96**	**95**
EBIT adjusted to non recurring costs %	**1.3%**	**0.8%**	**0.5%**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring costs	**(127)**	**(340)**	**213**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring costs	**(0.9)%**	**(3.0)%**	**2.1%**
NET PROFIT adjusted to non recurring costs %	**(127)**	**(379)**	**252**
NET PROFIT adjusted to non recurring costs%	**(0.9)%**	**(3.3)%**	**2.4%**

The consolidated revenues, equal to € 14.2 million, grew by € 2.7 million (+23.3 %) if compared to the consolidated figures of the same period for the previous fiscal year (€ 11.5 million). Said increase is mainly ascribable to the B2B e-commerce sector.

The total of operating costs accounts for € 12.1 million (€ 10 million consolidated pro-forma figures at 31 March 2019, net of non-recurring costs), increasing proportionally to the increase in revenues.

Payroll costs increased by € 0.4 million on the same period of the previous year, due to the combined effect of hiring new staff members for the new activities of technical and commercial development and of the costs related to the initiation of a corporate reorganisation plan aimed to focus the Media staff on the e-commerce sector.

The EBITDA, equal to € 0.6 million (€ 0.5 million consolidated figures at 31 March 2019 adjusted to non-recurring costs), did not vary if compared to the same period of the previous year due to the increased investments in human resources and development costs for the e-commerce platform, following the integration of the newly-purchased E-Commerce Outsourcing S.r.l., offset by greater revenues with a lower margin.

The EBIT amounts to € 0.2 million (€ 0.1 million consolidated figures at 31 March 2019 adjusted to non-recurring costs).

The Net Profit amounts to € -0.1 million (€ -0.3 million consolidated figures of the same period in the previous fiscal year adjusted to non-recurring costs).

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 management identified three reporting segments areas (Business Units), considering the aspect such as nature of products and services, 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 and Giglio Shanghai;
2. B2C e-commerce: IBOX Group, E-Commerce Outsourcing S.r.l. and Giglio Shanghai;
3. Corporate: includes centralised Group functions which can not be assigned to the business units and mainly carried out by Giglio Group S.p.A.

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

	31 March 2020			
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Total**
Revenues from contracts with customers	10,271	3,577	0	13,848
Other revenues	5	308	20	333
Total revenues	**10,276**	**3,885**	**20**	**14,182**
EBITDA Adjusted	**1,661**	**40**	**(1,054)**	**647**
EBIT	**1,650**	**(259)**	**(1,200)**	**191**
EBT	**1,649**	**(405)**	**(1,260)**	**(15)**
Profit for the period	**1,625**	**(484)**	**(1,268)**	**(127)**

Over the course of Q1 2020, in response to the COVID-19 emergency, the Group transformed part of its e-commerce activities in favour of the distribution of PPE, such as medical masks. This activity was included in the B2B business line, as the Company took its own position in the market, but without incurring in any storage risk because of its supply on order that have already been purchased. This activity began in March 2020 and is already recording revenues in Q1 2020. At the same time, minor sales in the B2C digital area were recorded, due to the trade standstill for goods such as apparel given the logistics hardships and the decreased consumption of such goods by the general public. The decrease affected all managed brands. On the other hand, the reduced revenues were partially compensated by the good performance of the food sector, whose volumes, albeit growing, are still marginal if compared to the ones generated by the fashion sector.

The table below shows the sectors' results as of 31 March 2019; as highlighted above, the Media sector is represented as sector held for sale within the following discontinued operations.

31 March 2019					
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Discontinued operations**	**Total**
Revenues from contracts with customers	6,927	4,226	(0)		11,153
Other revenues	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)**
Profit for the year (Continuing Operations)	**457**	**906**	**(2,145)**		**(782)**
Profit for the year (Discontinued operations)				**(39)**	**(39)**
Profit for the period					**(821)**

As commented above, we highlight the increased performance in the B2B e-commerce area if compared to the same period of the previous fiscal year.

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, also during the quarter affected by the COVID-19 emergency.

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 interim financial report (31 March 2020) the official data indicates the following significant shareholders:

- 52,68% of shares held by Meridiana Holding S.r.l. (company held 99% by Mr Alessandro Giglio and 1% by his wife Ms Yue Zhao);
- DOCOMO Digital Italy S.P.A. which holds 8.68% of the share capital. At the reporting date, DOCOMO Digital Italy S.P.A. transferred its entire block of shares on the market.

FINANCIAL STATEMENTS

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

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position (Euro thousands)	31.03.2020	31.12.2019
Non-current assets		
Property, plant & equipment	324	1,137
Right-of-use assets	1,655	1,903
Intangible assets	2,459	2,522
Other intangible assets	2,459	2,522
Goodwill	14,800	14,800
Investments in joint ventures	8	7
Receivables	878	835
Deferred tax assets	791	783
Total non-current assets	**20,915**	**21,987**
Current assets		
Inventories	1,741	1,861
Trade receivables	16,208	12,179
Financial assets	3,636	3,523
Tax receivables	2,512	6,367
Other assets	1,954	2,220
Cash and cash equivalents	1,788	2,991
Total current assets	**27,839**	**29,141**
Total Assets	**48,754**	**51,128**
Net Equity		
Issued capital	3,661	3,661
Reserves	16,784	16,712
Extraordinary reserve	-	-
Listing charges	(541)	(541)
FTA Reserve	4	4
Retained earnings	(21,515)	(5,650)
Foreign Currency Translation reserves	(7)	4
Profit for the year	(127)	(15,796)
Total Group Equity	**(1,741)**	**(1,606)**
Minority interest in net equity	-	-
Total Equity	**(1,741)**	**(1,606)**
Non-current liabilities		
Provisions for risks and charges	743	924
Deferred tax liabilities	11	3
IFRS16 lease liabilities	909	1,153
Financial liabilities	10,331	2,633
Total non-current liabilities	**11,994**	**4,713**
Current liabilities		
Trade and other payables	20,621	20,623
IFRS16 lease liabilities	677	741
Financial liabilities	11,034	18,276
Tax payables	2,568	4,108
Other liabilities	3,601	4,273
Total current liabilities	**38,501**	**48,021**
Total liabilities and Shareholders' Equity	**48,754**	**51,128**

Condensed Consolidated Statement of Profit or Loss

Condensed Consolidated Statement of Profit or Loss (Euro thousands)	31.03.2020	31.03.2019
Total revenues from contracts with customers	**13,988**	**11,218**
Other revenues	119	288
Capitalised costs	75	0
Change in inventories	(123)	(1,760)
Purchase of raw materials, ancillary, consumables and goods	*(8,846)*	*(3,884)*
Service costs	*(3,015)*	*(4,685)*
Rent, lease and similar costs	*(50)*	*(64)*
Operating costs	**(11,911)**	**(8,633)**
Salaries and wages	*(1,100)*	*(871)*
Social security charges	*(271)*	*(143)*
Post-employment benefits	*(51)*	*(27)*
Payroll expenses	**(1,422)**	**(1,041)**
Amortisation	*(212)*	*(63)*
Depreciation	*(250)*	*(321)*
Write-downs	*6*	*0*
Amortisation, depreciation & write-downs	**(456)**	**(384)**
Other operating costs	*(79)*	*(34)*
Operating profit	**191**	**(346)**
Financial income	*151*	*0*
Net financial charges	*(357)*	*(396)*
Profit before taxes	**(15)**	**(742)**
Income taxes	*(112)*	*(40)*
Profit for the period (continuing operations)	**(127)**	**(782)**
Profit for the period (discontinued operations)	**0**	**(39)**
Profit for the period	**(127)**	**(821)**
Of which minority interest	**-**	**-**
Basic and diluted profit from continuing operations	**(0.0079)**	**(0.0488)**
Basic and diluted profit from discontinued operations	**0.0000**	**(0.0024)**
Profit per share – basic and diluted	**(0.0084)**	**(0.0526)**

Consolidated Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Euro thousands)	31.03.2020	31.03.2019
Profit for the period	(127)	(821)
Other comprehensive income		
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes		
Translation reserves	(11)	5
Total other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes	**(11)**	**5**
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 obligations	3	(27)
Total other comprehensive items which may not be subsequently reclassified to profit/(loss) for the year net of income taxes	**3**	**(27)**
Total Comprehensive Income for the year	**(135)**	**(843)**

Condensed Consolidated Statement of Changes in Equity

Description *(Euro thousands)*	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	IAS 19 Reserve	Retained earnings	Profit for the year	Total
As at 31 December 2019	**3,661**	**16,275**	**4**	**4**	**(35)**	**(5,719)**	**(15,796)**	**(1,606)**
Retained earnings						(15,796)	15,796	-
IAS 19 Reserve					3			3
Exchange rate effect				(11)				(11)
Group profit/(loss)							(127)	(127)
As at 31 March 2020	**3,661**	**16,275**	**4**	**(7)**	**(32)**	**(21,515)**	**(127)**	**(1,741)**

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands	**31.03.2020**	**31.03.2019**
Cash flows from operating activities		
Profit (loss) for the period from continuing operations	(127)	(782)
Profit (loss) for the period from discontinued operations	-	(39)
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and impairment of property, plant and equipment	42	321
Amortisation of right-of-use assets	209	
Amortisation and impairment of intangible assets	212	63
Non-cash changes of provisions	(181)	(195)
Write-downs/(Revaluations)	(6)	-
Net foreign exchange differences	320	396
Income taxes	112	40
Changes in:		
Inventories	120	1,842
Trade receivables	(4,029)	2,382
Tax receivables	3,855	(370)
Current financial receivables	(114)	-
Other assets	266	395
Deferred tax liabilities	8	-
Trade and other payables	(3)	(3,264)
Tax payables	(1,652)	(257)
Right-of-use assets	40	-
Lease Liabilities	(308)	-
Other liabilities	(673)	(85)
Change in net working capital	**(2,490)**	**643**
Changes in provisions	-	-
Changes in assets/liabilities held for sale/Discontinued operations	-	785
Cash flow generated from operating activities	**(1,909)**	**1,232**
Interest paid	-	(396)
Income taxes paid	-	(40)
Net cash flow generated from operating activities	**(1,909)**	**796**
Cash flows from investing activities		
Investments in property, plant & equipment	771	(2,545)
Investments in intangible assets	(148)	(146)
Acquisition of E-Commerce Outsourcing net of cash acquired	-	-
Changes in other intangible assets	(45)	105
Increase in investments in joint ventures	(1)	-
Change in consolidation scope		
Net cash flow used in investing activities	**577**	**(2,586)**
Cash flow from financing activities		
Issue of shares	-	-
Change in Shareholders' Equity	(7)	(120)
New financing	2,060	1,500
Repayment of loans	(772)	(2,255)
Change in financial debt	(1,152)	2,167
Net cash flow used in financing activities	**129**	**1,292**
Net increase/(decrease) in cash and cash equivalents	**(1,203)**	**(498)**
Cash and cash equivalents at 1 January	2,991	2,889
Cash and cash equivalents at 31 March	1,788	2,392

Consolidation scope

Information on subsidiaries:

The consolidated financial statements of the Group comprise the financial statements of Giglio Group S.p.A. and its subsidiaries, detailed as follows:

Group Companies

Giglio Group S.p.A.	Italy	**Parent company**	
E-Commerce Outsourcing	Italy	**Subsidiary**	100%
Giglio USA	USA	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
Giglio (Shanghai) Technology Company Limited	China	**Subsidiary**	100%
IBOX SRL	Italy	**Subsidiary**	100%

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 subscribed and paid-in € 3,661,337.

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

Since 20 March 2018, the Company has been listed on the STAR segment of the Italian Stock Exchange (MTA market), with a free float of about 38%; the shareholder structure is available on the company's website: www.giglio.org.

E-Commerce Outsourcing S.r.l.

Registered Office: Via Sesia 5, 20017 Rho (MI)

Share capital: € 37,500

The Company is one of the major suppliers of outsourced e-commerce services.

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 € 196,000

The Company holds Chinese digital platforms, the ICP licences that allow it to operate on the Chinese web and the authorisations for Shenzen's Free Trade Zone, as well as being the company of the Group appointed with carrying out sales of the Chinese and Korean market, but also for other markets of the Far East that are still under development.

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.

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.

Cloudfood S.r.l. is recorded under the equity method.

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 2020 corresponds to the accounting figures, book and documents.

Milan, 14 May 2020

The Financial Reporting Officer

Carlo Micchi