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Oggetto : APPROVED THE RESULTS FOR 2020 Q3
Consolidated revenues +19.3%, EBITDA +
24.7%, GMV +28%, POSITIVE NET
PROFIT.

Testo del comunicato

Vedi allegato.



APPROVED THE RESULTS FOR 2020 Q3

**Consolidated revenues +19.3%, EBITDA + 24.7%, GMV +28%,
POSITIVE NET PROFIT.**

Main consolidated results of 2020 Q3 compared to 2019 Q3:

- **Consolidated REVENUES of € 34.3 million, growing by 19.3% if compared to 30 September 2019 (€ 28.7 million);**
- **Gross Merchandise Value (GMV*) at € 74.6 million, +28% (€ 58.2 million in 2019 H1);**
- **EBITDA at € 2.2 million, +24.7% (€ 1.8 million in 2019 Q3);**
- **Positive Net Profit for € 73,000 (against a net loss of € 3.1 million in 2019 Q3)**
- **NFD (€ 16.8 million) increasing if compared to 31 December 2019 (€ 12.3 million);**

Milan, 12 November 2020 - The Board of Directors of **Giglio Group S.p.A. (Ticker GG.MI)** (the "Company" or "Giglio Group") - first e-commerce 4.0 company listed on the STAR market - approved yesterday the Interim Report at 30 September 2020, drafted in accordance with IFRS international accounting standards.

Alessandro Giglio, Chairman of the Group, declared: *"Thanks to its consolidated capability to promptly adapt to the evolution of sales market, Giglio Group keeps providing positive results, growing if compared to 2019, despite the extremely difficult year at hand. Indeed, if, on the one hand, we streamlined both the operating and organisational structures in order to be ready to face the volatility of the market, thus decreasing fixed costs, on the other hand, we made significant investments in cutting-edge technologies, our main growth driver. This is why, today, we are able to acquire new clients and new product categories, reducing also the implementation time of our e-commerce projects. The current health emergency has changed completely the paradigms of sales channels, pushing all brands, regardless of their specific sectors, to move into the e-commerce, without hesitation. Despite the COVID-19 pandemic, we are swiftly (and with great satisfaction) proceeding towards the achievement of our project, not only in the fashion sector, but*

GMV (Gross Merchandise Value): defined as the value of all goods sold to final clients: it comprises B2B revenues net of VAT and B2C revenues including VAT.

also in the food and design ones, where we are acquiring more and more market segments, thus moving towards a proper omni-channel strategy.

Analysis of Giglio Group's consolidated results

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".

The consolidated revenues, equal to € 34.3 million, grew by € 5.5 million (+19%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 28.7 million). Said increase is mainly ascribable to the B2B e-commerce sector, boosted by the launch of the healthcare sector, as well as by the good performances of the electronics and food sectors.

The total of operating costs accounts for € 28.1 million (€ 23.8 million consolidated pro-forma figures at 30 September 2019), increasing proportionally to the increase in revenues, also taking into account the consolidated financial statements of the subsidiary E-Commerce Outsourcing S.r.l..

Payroll costs increased by € 0.7 million on the same period of the previous year, due to the combined effect of the acquisition of E-Commerce Outsourcing S.r.l., which took place in 2019 Q4, 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 € 2.2 million (€ 1.8 million consolidated figures at 30 June 2019 adjusted to non-recurring costs), is growing if compared to the same period of the previous year due to the integration of E-Commerce Outsourcing S.r.l. and to the implementation of the Giglio Salute division for the supply of PPEs.

The EBIT amounts to € 0.9 million (€ 0.6 million consolidated figures at 30 September 2019 adjusted to non-recurring costs).

The Net Profit amounts to € 73,000 (€ -1.5 million consolidated figures of the same period in the previous fiscal year adjusted to non-recurring costs).

Financial and Capital Position Overview as of 30 September 2020

The Net Invested Capital of the Group at 30 September 2020, equal to € 15.3 million, is principally comprised of Fixed Assets (€ 18.9 million), and of Net Working Capital (€ -3.6 million).

Property, Plant and Equipment (which include also the right-of-use on existing leases), equal to € 1.3 million decreased (net of the period's amortisations) mainly following the transfer of the subsidiary Giglio Tv Hong Kong, which held Property, Plant and Equipment worth € 0.8 million. The account mainly refers to the existing investments in capital goods.

Intangible Assets equal to € 17.0 million, are mainly ascribable for € 14.7 million 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) increases for capitalised 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; it is noted that the Group reserved the right to finalise the accounting of said acquisition in the coming 12 months following the purchase.

Financial Fixed Assets, equal to € 0.5 million, can mainly be attributed:

- for € 0.3 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 Group net financial debt amounts to € -16.8 million, highlighting a change on 31 December 2019 (€ -12.3 million) of € 4.5 million. The increase relates principally to the following factors:

increasing for:

- Higher financial debts with related parties for € 3.1 million;
- Lesser liquidity for € 2.2 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 last instalments, for € 1.4 million, of the minibond issued in 2016, and consequent discharge;
- Repayment of outstanding instalments in 2020's first nine months (€ 0.3 million);
- Repayment of receivable for earn-out paid to the previous shareholders of E-Commerce Outsourcing S.r.l. for € 0.6 million;
- Minor debts related to the effects of the COVID-19 pandemics and to the repayment of rental fees subject to IFRS 16, for € 0.8 million.

The Company obtained 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 were extended in October of the same year, and thus the Company shall benefit, on a cash basis, from minor postponed instalments repayment for about € 2.5 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 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 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. Moreover, on 30 June 2020, the bondholder resolved to authorise the suspension of the application of the thresholds for the financial covenants with regard to the Test dates of 30.06.2020 and 31.12.2020.

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 30 September 2020 includes again said financial debt among the long-term liabilities.

Significant events during Q3

On 23 July 2020, Alessandro Giglio, the Group's majority shareholder through Meridiana Holding, announced to the Company his will to renounce to part of his operational powers while retaining his position of Chairman, as well as all of the powers related to the strategic management of the Group. In this context, Marco Riccardo Belloni was appointed as the Group's new CEO. In the same date, director Giorgio Mosci resigned from his office of independent director.

On 30 September 2020, the GIGLIO GROUP S.P.A. - 5.4% 2016-2022 BOND, with ISIN code IT0005172157, with nominal value of € 3.5 million, was fully reimbursed.

To the date of this report, no relevant events were recorded following the end of Q3.

Outlook

Despite the continued risks related to the COVID-19 pandemic may suggest more cautious activities, especially when considering that, starting from September, the gravity of the situation increased exponentially (with a number of cases similar to that of four months before), the Company believes that the Country will not face another lockdown similar to that of the past Spring, and thus the reference markets will progressively gain friction, considering that the trade activity is carried out on a global base. As a matter of fact, the ability to open up the e-commerce platform to new product categories in the first nine months of 2020 freed the Company from its dependency on the Fashion sector that, as of today, is still showing signs of weakness. The ability to engage new clients and to provide innovative e-commerce digital services will be paramount in the last quarter of the year in order to confirm the trend set with the first nine months of 2020, going along with the opportunities of the market in which the Group is engaged, as well as with the purchasing habits of consumers. Therefore, albeit within a general context that is still

uncertain, in light of the recent performance of the Group, and presuming that the restrictive measures of the near future will not bring forth a new lockdown, the Company believes that 2020 Q4 will maintain the same trend of the whole year, as difficult as it may be to assess its size at the date of this report.

The Executive Officer for Financial Reporting, Carlo Micchi, declares that the accounting information contained in the present press release corresponds to the accounting figures, book and documents, pursuant to Art. 154-bis, par. 2 of the Consolidated Act. This interim financial report is available on the website www.giglio.org on the Investor Relations page and on the authorised storage mechanism www.emarketstorage.it

Main consolidated economic data

<i>(Euro thousands)</i>	30.09.2020	30.09.2019	Change
Revenues from contracts with customers	34,252	28,708	5,544
Operating Costs	(28,151)	(23,764)	(4,387)
Gross Margin	6,101	4,944	1,157
Gross Margin %	17.8%	17.2%	0.6%
Payroll expenses	(3,873)	(3,157)	(716)
EBITDA Adjusted	2,228	1,787	441
EBITDA%	6.5%	6.2%	0.3%
Non-recurring costs	0	(1,447)	1,447
Amortisation, depreciation & write-downs	(1,280)	(1,191)	(89)
EBIT	948	(376)	1,324
Net financial charges	(607)	(928)	321
PROFIT BEFORE TAXES	341	(1,304)	1,645
Income taxes	(268)	(653)	385
PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)	73	(2,432)	2,505
PROFIT FOR THE PERIOD DISCONTINUED OPERATIONS (adjusted)	0	(511)	511
PROFIT FOR THE PERIOD	73	(2,943)	3,016
EBIT adjusted to non-recurring costs	948	596	352
EBIT adjusted to non-recurring costs %	2.8%	2.1%	0.7%
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS adjusted to non-recurring costs	73	(1,460)	1,533
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS adjusted to non-recurring costs %	0.2%	(5.1)%	5.3%
PROFIT FOR THE PERIOD adjusted to non-recurring costs	73	(1,496)	1,569
PROFIT FOR THE PERIOD adjusted to non-recurring costs %	0.2%	(5.2)%	5.4%

The main balance sheet figures of the Group at 30 September 2020 are as specified below:

(Euro thousands)	30.09.2020	31.12.2019	Change
Intangible Assets	17,008	17,322	(314)
Property, Plant and Equipment	1,345	3,040	(1,695)
Financial Fixed Assets	553	842	(289)
Total Fixed Assets	18,906	21,204	(2,298)
Inventories	2,474	1,861	613
Trade receivables	10,313	12,179	(1,866)
Trade payables	(13,573)	(20,623)	7,050
Operating/Commercial Working Capital	(786)	(6,583)	5,797
Other current assets and liabilities	(2,819)	(3,774)	955
Net Working Capital	(3,605)	(10,357)	6,752
Provisions for risks and charges	(797)	(924)	127
Deferred tax assets and liabilities	743	780	(37)
Net Invested Capital	15,247	10,703	4,544
Total Net Invested Capital	15,247	10,703	4,544
Equity	1,545	1,606	(61)
Net financial liabilities	(16,792)	(12,309)	(4,483)
Total Sources	(15,247)	(10,703)	(4,544)

The net financial debt (determined in accordance with Consob communication No. DEM/6064293 and illustrated below) at 30 September 2020 and 31 December 2019 is as follows:

(Euro thousands)	30.09.2020	31.12.2019	Change
A. Cash	803	2,991	(2,188)
B. Bank and short-term deposits and cheques	-	-	-
C. Securities held for trading	3,636	3,523	114
D. Cash & cash equivalents (A)+(B)+(C)	4,439	6,514	(2,074)
E. Current financial receivables	480	3,980	(3,500)
F. Current bank payables	(1,137)	(6,812)	5,675
G. Current portion of non-current liabilities	(2,855)	(2,456)	(399)
H. Other current financial payables	(5,644)	(9,749)	4,105
<i>of which Related Parties</i>	<i>(4,230)</i>	<i>(400)</i>	<i>(3,830)</i>
I. Current financial liabilities (F)+(G)+(H)	(9,636)	(19,017)	9,381
J. Net current financial liabilities (I) + (E) + (D)	(4,717)	(8,524)	3,807
K. Non-current bank payables	(4,854)	(607)	(4,247)
L. Bonds issued	(4,781)	-	(4,781)
M. Other non-current payables	(2,440)	(3,179)	739
<i>of which Related Parties</i>	<i>(964)</i>	<i>(1,698)</i>	<i>734</i>
N. Non-current financial liabilities (K)+(L)+(M)	(12,075)	(3,786)	(8,289)
O. Net financial liabilities (J)+(N)	(16,792)	(12,309)	(4,483)

Information on Giglio Group:

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

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