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Testo del comunicato

Vedi allegato.

GIGLIO GROUP S.p.A.

GIGLIO GROUP: THE BOARD OF DIRECTORS APPROVES THE RESULTS AS AT 31 DECEMBER 2020

- The data disclosed to the market with Press Release of 29 April 2021 are confirmed.
- Consolidated revenues: **growing for € 2.1 million** (equal to € 42.3 million), **+5.2%** if compared to the consolidated figures of the previous fiscal year (€ 40.2 million).
- The consolidated **Gross Merchandise Value** (GMV) increased from € 82.3 million to about € 100 million.
- The consolidated **EBITDA**, equal to about € 2 million, doubled if compared to 2019, when it amounted to € 1 million (adjusted to non-recurring costs).
- The **Consolidated Net Profit** amounted to € -2.6 million, of which € 2.4 million arising from the write-downs of goodwill and receivables (improving on the € -3 million consolidated figures related to the same period of the previous year, adjusted to non-recurring costs).
- The Group's **Net Financial Position** amounted to € -10.7 million, highlighting a significant improvement on 31 December 2019 (€ -12.3 million) of € 1.6 million.
- The **Profit for the Year of the Parent Company** equals € -8.4 million but, net of the write-downs carried out on Giglio TV and of the uncertainty imposed by the COVID-19 pandemic, which amounted to € 8.9 million, it would amount to € 0.5 million.
- The Board of Directors confirms the existence of a **relevant share capital reduction, pursuant to Art.2446, par. 1 of the Italian Civil Code**, thus communicating its intention to exercise its **proxy for the residual part of the Share Capital Increase resolved upon on 12 November 2020 by the Shareholders' Meeting**, with regard to which the **majority shareholder, Meridiana Holding S.r.l., guarantees on 50%** of the Share Capital Increase.
- **Call of Ordinary and Extraordinary Shareholders' Meeting on 21 June 2021.**
- **Public disclosure of the Financial Statement and Consolidated Financial Statements as of 31 December 2020, as well as the documents related to the Shareholders' Meeting.**

Milan, 11 May 2021 **– Giglio Group S.p.A. (Ticker GG)** announces that, today, the Board of Directors of the Company approved the draft Financial Statement and Consolidated Financial Statements as of 31 December 2020. The results are in line with the information disclosed in the press release of 29 April 2021 and, in particular, the main accounting and extra-accounting economic figures are as follows:

In the year of the pandemic, at a **consolidated level**:

• The **revenues**, equal to € 42.3 million, grew by € 2.1 million (+5.2%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 40.2 million).

• The **Gross Merchandise Value** (GMV) increased from € 82.3 million to about € 100 million.

• The **EBITDA**, equal to about € 2 million, doubled if compared to 2019, when it amounted to € 1 million (adjusted to non-recurring costs).

• The **Net Profit** amounted to € -2.6 million, of which € 2.4 million arising from the write-downs of goodwill and receivables (improving on the € -3 million consolidated figures related to the same period of the previous year, adjusted to non-recurring costs).

• The Group's **Net Financial Position** amounted to € -10.7 million, highlighting a significant improvement on 31 December 2019 (€ -12.3 million) of € 1.6 million.

The **Consolidated Revenues**, equal to € 42.3 million, grew by € 2.1 million (+5.2%) if compared to the consolidated figures related to the same period of the previous year (€ 40.2 million), despite the impact of COVID-19 on the fashion sector, which is still recording a significant drop in consumption (-38.3% in 2021 Q1 if compared to 2020 Q1, but -54.6% if compared to 2019 Q1, with peaks of -60.6%). *Source: Pambianco news, 22 April 2021 The total of operating costs, amounting to € 35.2 million, despite the revenues' growth and the GMV, is still in line with the previous fiscal year (€ 35 million consolidated figures as of 31 December 2019).

The **EBITDA** amounts to € 2 million (€ 1 million as of 31 December 2019, adjusted to non-recurring costs), doubling if compared to the same period of the previous year.

The **EBIT**, equal to -2.3 million (€ -0.7 consolidated figures at 31 December 2019 adjusted to non-recurring costs), is dropping due to the writedown of trade and other receivables and of Giglio Fashion's goodwill for € 1.6 million following the result from the impairment test carried out due to the Pandemic.

The **Profit for the Year** (consolidated), equal to € -2.6 million (the write-downs amount to € 2,401,000, of which € 1,607,000 for the write-down of Giglio Fashion's goodwill), improved if compared to the € -3 million consolidated figures of the same period in the previous fiscal year (adjusted to non-recurring costs), and was positively influenced by non-recurring operations such as the renegotiation of E-Commerce Outsourcing S.r.l.'s earn-out, equal to € 0.6 million, and the foreign currency conversion gain related to the funding in dollars by Meridiana Holding S.r.l. (related party) for € 0.4 million and by Azo Asia Limited (related party) for € 0.1 million.

The **Profit for the Year of the Parent Company** equals € -8.4 million but, net of the write-downs carried out on Giglio TV Hong Kong Limited and of the uncertainty imposed by the Pandemic, which amounted to € 8.9 million, it would amount to € 0.5 million.

See the analysis published on the tables of the press release of 29 April 2021.

Hence, the Company must reduce its capital by more than a third due to losses, as per Art. 2446, par. 1 of the Italian Civil Code.

Pursuant to the law, the Shareholders' Meeting must be called "to take appropriate measures", however, the law also provides for the postponement of the measures aimed at offsetting the loss, which are required (as per par. 2 of the same article) only in the event that the loss does not amount to more than a third of the capital by the following fiscal year. Said deadline for the losses accrued as of 31 December 2020, shall be postponed to the following fifth fiscal year, pursuant to the provisions set forth in Art. 6 of Legislative Decree no. 23 of 8 April 2020 (the so-called "Liquidity Decree", converted with amendments in Law no. 40 of 5 June 2020) "Temporary provisions on capital reductions", as amended by Law no. 178 of 30 December 2020, which allows listed companies to temporarily suspend some provisions on capital reductions for losses (Art. 2446 and 2-bis), thus postponing to the following fifth fiscal year the obligation to offset the losses.

However, the Board of Directors, as reported in the press release of 29 April 2021, believes that, in order to strengthen the business of the Group, a prompt share capital increase is needed (to be carried out before 30 June 2021), and as such is planning to exercise its relevant proxy, vested to it pursuant Art. 2441 and 2443, par 4, second sentence of the Italian Civil Code on 12 November 2020 by the Shareholders' Meeting. The proxy has already been exercised, leaving a remaining 6% (approximately) if compared to the pre-existing capital.
Meridiana Holding, the majority shareholder of the Group, irrevocably guaranteed to subscribe up to 50% of any remaining share capital arising from the future share capital increase, identifying Integrae Sim S.p.A. as global coordinator for the operation. Moreover, in the coming days, Meridiana will decide on the terms and conditions for the share capital increase that will be carried out before the end of 2021 H1. It is noted that the part of the share capital increase guaranteed by the majority shareholder, at current market prices, would account for a loss reduction of a third of the share capital, allowing the Group to avoid the situation set forth in Art. 2446, par. 1 of the Italian Civil Code.

The Shareholders' Meeting is called for 21 June 2021 also pursuant to Art. 2446, par. 1 of the Italian Civil Code.

Analysis of Giglio Group's consolidated results and comparison with previous fiscal year

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)	31.12.2020	31.12 2019 restated*	Change
Revenues from contracts with customers	42,285	40,208	2,077
Operating Costs	(35,213)	(34,955)	(258)
Gross Margin	**7,072**	**5,253**	**1,819**
Gross Margin %	**16.7%**	**13.1%**	**3.7%**
Payroll expenses	(5,126)	(4,216)	(910)
EBITDA Adjusted	**1,946**	**1,037**	**909**
EBITDA%	**4.6%**	**2.6%**	**2.0%**
Non-recurring costs	0	(1,755)	1,755
Amortisation, depreciation & write-downs	(4,287)	(1,787)	(2,500)
EBIT	**(2,341)**	**(2,505)**	**164**
Net financial charges	(22)	(1,590)	1,568
PROFIT BEFORE TAXES	**(2,363)**	**(4,095)**	**1,732**
Income taxes	(284)	(700)	416
PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)	**(2,647)**	**(4,795)**	**2,148**
PROFIT FOR THE PERIOD DISCONTINUED OPERATIONS (adjusted)	**0**	**(11,028)**	**11,028**
PROFIT FOR THE PERIOD	**(2,647)**	**(15,823)**	**13,176**
			0
EBIT adjusted to non-recurring costs	**(2,341)**	**(750)**	**(1,591)**
EBIT adjusted to non-recurring costs %	**(5.5)%**	**(1.9)%**	**(3.7)%**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS adjusted to non-recurring costs	**(2,647)**	**(3,040)**	**393**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS adjusted to non-recurring costs %	**(6.3)%**	**(7.6)%**	**1.3%**
PROFIT FOR THE PERIOD adjusted to non-recurring costs	**(2,647)**	**(14,068)**	**11,421**
PROFIT FOR THE PERIOD adjusted to non-recurring costs %	**(6.3)%**	**(35.0)%**	**28.7%**

** The items "Amortisation, depreciation & write-downs" and "Income taxes" reported in the reference period have been restated following the completion of the "Purchase Price Allocation" related to the purchase of E-commerce Outsourcing S.r.l..*

The consolidated revenues, equal to € 42.3 million, grew by € 2.1 million (+5.2%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 40.2 million). This increase is mainly ascribable to the consolidation for 12 months of subsidiary E-Commerce Outsourcing S.r.l., acquired in 2019 Q4, and to the goodwill of the Healthcare division that generated PPEs sales for € 10.4 million, with a margin of about 25%.
The total of operating costs accounts for € 35.2 million (€ 35 million consolidated pro-forma figures at 31 December 2019) and is in line with the previous fiscal year.
Payroll costs increased by € 0.9 million on the same period of the previous year, due to the combined effect of the acquisition of E-Commerce Outsourcing S.r.l. 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 million (€ 1 million consolidated figures at 31 December 2019 adjusted to non-recurring costs), is growing if compared to the same period of the previous year due to the integration of the newly-purchased E-Commerce Outsourcing S.r.l. and to the implementation of the Giglio Salute division for the supply of PPEs.
The EBIT, equal to -2.3 million (€ -0.7 consolidated figures at 31 December 2019 adjusted to non-recurring costs), is dropping due to the writedown of trade and other receivables and of Giglio Fashion's goodwill for € 1.6 million following the result from the impairment test. For more information, see par. 4 - Goodwill of the Explanatory Notes to the Consolidated Financial Statements.
The Net Profit of the period, equal to € -2.6 (€ -3 million consolidated figures of the same period in the previous fiscal year adjusted to non-recurring costs), was influenced by non-recurring operations such as the renegotiation of E-Commerce Outsourcing S.r.l.'s earn-out, equal to € 0.6 million (as provided for by the agreements signed on 24 July 2020), and the foreign currency conversion gain related to the funding in

dollars by Meridiana Holding S.r.l. (related party) for € 0.4 million and by Azo Asia Limited (related party) for € 0.1 million.

<u>Financial and Capital Position Overview as of 31 December 2020</u>

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

(Euro thousands)	**31.12.2020**	**31.12 2019 restated****	**Change**
Intangible Assets	15,411	17,609	(2,198)
Property, Plant and Equipment	1,356	3,040	(1,684)
Financial Fixed Assets	671	842	(171)
Total Fixed Assets	**17,438**	**21,491**	**(4,053)**
Inventories	1,754	1,861	(107)
Trade and other receivables	9,951	12,179	(2,228)
Trade payables	(13,591)	(20,623)	7,032
Operating/Commercial Working Capital	**(1,886)**	**(6,583)**	**4,697**
Other current assets and liabilities	(4,072)	(3,773)	(299)
Net Working Capital	**(5,958)**	**(10,356)**	**4,398**
Provisions for risks and charges	(885)	(924)	39
Deferred tax assets and liabilities	442	465	(23)
Total Net Invested Capital	**11,037**	**10,676**	**361**
Equity	**(325)**	**1,633**	**(1,958)**
Net financial liabilities*	**(10,712)**	**(12,309)**	**1,597**
Total Sources	**(11,037)**	**(10,676)**	**(361)**

** For the composition of this entry, see the following table.*
*** The items "Intangible Assets", "Deferred tax assets and liabilities" and "Equity" reported in the reference period have been restated following the completion of the "Purchase Price Allocation" related to the purchase of E-commerce Outsourcing S.r.l..*

The Net Invested Capital of the Group as of 31 December 2020, equal to € 11 million, is mainly comprised of Net Fixed Assets of € 17.4 million, of Net Working Capital totalling € -6 million and of the Provisions for risks and charges, which mainly includes the Provisions for employee benefits.
Property, Plant and Equipment (which include also the right-of-use on existing leases) amount to € 1.4 million (€ 3 million at 31 December 2019).
Intangible Assets, equal to € 15.4 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 (net of the period's amortisations) refers to increases for capitalised development costs borne entirely for the implementation and integration of IT platforms and the decrease for the write-down of Giglio Fashion goodwill. With regard to the purchase of E-Commerce Outsourcing S.r.l., which took place on 2019 Q4, the value assessed on the acquisition had been temporarily allocated at goodwill, and its purchase price allocation, pursuant to IFRS3, was completed during the course of 2020. The higher value (€ 3.1 million) of the consideration disbursed for E-commerce Outsourcing S.r.l.'s equity is due for € 1.2 million to the know-how contribution of the company to the Group, that is the skill to design and create e-commerce platforms, while the tax effect amounts to € 0.3 million. The non-allocated goodwill, calculated on a residual basis, amounts to € 2.3 million.
Financial Fixed Assets, equal to € 0.7 million, can mainly be attributed:

- for 0.3 million, to the down-payment disbursed for the purchase of company Salotto Brera - Duty Free S.r.l., completed on 12 January 2021;
- for € 0.2 million, to the guarantee deposits paid relating to rental contracts for the buildings at Milan and Rome;
- 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 audio-visual media services associated to channel 65 of the digital terrestrial.

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

	(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
A.	Cash	5,085	2,991	2,094
B.	Bank and short-term deposits and cheques	-	-	-
C.	Securities held for trading	2	3,523	(3,521)
D.	**Cash & cash equivalents (A)+(B)+(C)**	**5,087**	**6,514**	**(1,427)**

E.	Current financial receivables	480	3,980	(3,500)
F.	Current bank payables	(826)	(6,812)	5,986
G.	Current portion of non-current liabilities	(1,851)	(2,456)	605
H.	Current bond loan	(500)	(4,759)	4,259
I.	Other current financial payables	(919)	(4,990)	4,071
	of which Related Parties	*(493)*	*(400)*	*(93)*
J.	**Current financial liabilities (F)+(G)+(H)**	**(4,096)**	**(19,017)**	**14,921**
K.	**Net current financial liabilities (I) + (E) + (D)**	**1,471**	**(8,524)**	**9,994**
L.	Non-current bank payables	(6,412)	(607)	(5,805)
M.	Non-current bond loan	(4,304)	-	(4,304)
N.	Other non-current payables	(1,467)	(3,179)	1,712
	of which Related Parties	-	*(1,698)*	*1,698*
O.	**Non-current financial liabilities (K)+(L)+(M)**	**(12,183)**	**(3,786)**	**(8,397)**
Pp.	**Net financial liabilities (J)+(N)**	**(10,712)**	**(12,309)**	**1,598**

The Group net financial debt amounts to € -10.7 million, highlighting an improvement on 31 December 2019 (€ -12.3 million) of € 1.6 million. Other than reducing the Group's financial debt in absolute terms, 2020 also saw the beginning of a process of debt renegotiation in favour of medium/long-term debts for Meridiana Holding S.r.l.. (related party) instead of short-term debts for financial institutions. This allowed, in the first half-year, the Group to invest resources in the supply of PPEs. The Company has started the negotiation with some major credit institutions in order to make use of the possibility to suspend the payments of the instalments of the outstanding mortgages (so-called moratorium) pursuant to Art. 56 of Legislative Decree 18/2020 ("Heal Italy" decree), renewed by Art. 65 of Legislative Decree 104/2020 (the so-called "August Decree") and extended by Art. 1, par. 248 of the Budget Law 2021 (Law no. 178 of 30 December 2020). Following the latest extension, the suspension terms agreed with the credit institutions in April 2020 were moved to 30 June 2021. Therefore, in 2020 the Company benefited, on a cash basis, from minor reimbursements of deferred instalments, for a total of about € 2.7 million. Over the last quarter, the related-parties long-term payables was converted to Equity by 80%.

<u>The following significant events occurred after the end of the Fiscal Year are reported:</u>

- On 12 January 2021, Giglio Group S.p.A. signed a binding agreement for the purchase of Salotto Brera - Duty Free S.r.l., a company engaged in a national and international level in the distribution and trading of fashion and food products. The acquisition of the subsidiary shall strengthen the business of the Group's Distribution area, expanding its sales channels to the international distribution and the "travel retail" sector;
- On 23 February 2021, E-Commerce Outsourcing S.r.l., owned by Giglio Group S.p.A., signed an agreement with 7Hype S.r.l. for the lease of a branch of 7Hype specialised in marketing automation. The agreement, lasting 30 months, will allow Giglio Group to expand the range of services provided by its Digital division through the use of artificial intelligence. Moreover, the agreement provides for the purchase right of a branch of the company upon its termination.

- The Board of Directors approved a new update of its Industrial Plan 2021-2025, which incorporates the main assumptions operated by directors upon the approval of the Financial Statements. With the new Industrial Plan, the Company has updated its sales estimates for future fiscal years, taking into account both the effects of the COVID-19 pandemic in the short term and the integration of the businesses of E-Commerce Outsourcing S.r.l. and of the newly-acquired Salotto di Brera - Duty Free S.r.l..

  In the Plan, the business growth prospects, at an international level, are positive for both divisions, and the Group is aiming at reaching € 4.5 million in EBITDA by 2022, for about € 70 million revenues, of which 28% towards Asian markets.

The Executive Officer for Financial Reporting, Mr. Carlo Micchi, declares, pursuant to Art. 154-bis, par. 2 of the CFA, 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.

<u>Deposit of Documents</u>

It is announced that, by tomorrow, 12 May 2021, the following documents shall be made available to the public via the authorised storage mechanism www.marketstorage.it and with their publication on the Company's website at www.giglio.org "Corporate Governance - Shareholders' Meeting - Shareholders' Meeting 21 June 2021" section:

- Annual and Consolidated Financial Statements as of 31 December 2020;
- Corporate Governance Report;
- Call of the Ordinary and Extraordinary Shareholders' Meeting of the Company;
- Directors' Report on the items of the agenda;
- Shareholders' Proxy Form;
- Appointed Representative's Proxy Form;
- Certification Form for Candidate to the office of Board Member;
- Certification Form for Candidate to the office of Statutory/Alternate Auditor;
- Stock-Option Plan's Disclosure Document

Information on Giglio Group:
Founded 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, 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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