GIGLIO GROUP: APPROVED THE RESULTS FOR 2019 Q1

- **Gross Merchandise Value (GMV*) equal to € 25.9 million, which increased by 12% if compared to 2018 Q1;**
- **Consolidated IFRS 15 REVENUES of € 11.5 million, growing by 7% if compared to 2017 (€ 10.8 million);**
- **The adjusted EBIT of continuing operations, equal to € 0.5 million (€ 0.9 million consolidated figures 31 March 2018), adjusted to non-recurring costs (€ 0.5 million) and to IFRS 5 effects, includes: (i) the development costs of e-commerce stores in China, whose revenues will start to show in 2019 Q2 and (ii) the costs related the transfer of the media area's activities, which, in accordance with March 2019's agreement, are not included in the scope of the transfer to Vertice 360.**
- **The Net Profit, negative by € 0.8 million - decreasing if compared to 2018 (€ 0.6 million) - does not take into account the € 2.8 million of Capital Gains to be registered in 2019 Financial Statement on the closing of the transfer's transaction of the media area's activities, unlike the capital losses already calculated in 2018.**
- **The Group's Net Financial Debt, equal to € 18.7 million, adjusted to IFRS 16, highlights an improvement of € 0.5 million if compared to the debt at 31 December 2018. The NFD amounts to € 21.1 million. These data do not include yet Giglio Group's revenues from the transfer of the media area, for a total of € 12.5 million;**
- **The business, beside expanding significantly thanks to the inclusion of new fashion brands, is also widening its reach in the new luxury/jewellery, design and food sectors.**
- **Start-up of the B2C activity following the launch of the first stores in China during the summer of 2019 that will work alongside the B2B activity, which, if compared to 2018 Q1, recorded a growth of 127%-**
- **In China, start-up of the productive activities' reorganisation and optimisation process aimed at streamlining resources and at saving tremendously on operating and corporate costs.**
- **Appointment of Carlo Maria Micchi, exectuvie director, as Financial Reporting Officer.**
- **In the context of the transfer of the media area to Vertice 360, the extension of the deadline for signing the contract from 30 April 2019 to 30 June 2019.**

- GMV (Gross Merchandise Value). The GMV is defined as the value of all goods sold to final clients after cancellations and returns including VAT, it comprises B2B revenues excluding VAT. It included other eventual B2C revenues (e.g. service costs for software use) - these are included only in the income. The GMV is registered based on the delivery moment and the client invoicing. As a reference, the GMV of 2018 according to this definition was equal to € 86.5 million.

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Milan, 15 May 2019 - The Board of Directors of **Giglio Group S.p.A. (Ticker GGTV)** (the "**Company**" or "**Giglio Group**") - first e-commerce 4.0 company listed on the STAR market - that met yesterday, 14 May 2019, approved the Interim Report at 31 March 2019, drafted in accordance with IFRS international accounting standards. The quarter recorded a negative result of € 0.8 million and includes extraordinary costs related to the transfer of the media area, while during 2019, once the media activity's transfer will become effective, a capital gain of € 2.8 million will be recorded.

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Alessandro Giglio, CEO and Chairman of the Group, declared: *"Now that we released our media activity, we are focused exclusively on our e-commerce activity. The business, beside expanding continuously thanks to the inclusion of new fashion brands, is also widening its reach in the new luxury/jewellery, design and food sectors. In this first quarter, we are investing our time and our resources in the direct start-up of our digital stores in China for the fashion sector, which will begin selling in the summer of 2019, as well as in the global launch of our new platform focused on distributing "Made in Italy"'s outstanding food products on the most important marketplaces of the world. Over the coming weeks, we will communicate to the market, via press conference, the names of our top partners in the Italian industry, as well as the details of the project".*

Giglio Group expands its e-commerce activity to new important product sectors

Beside the fashion industry, Giglio Group is also opening up its e-commerce activity to new product sectors:

Luxury/jewellery: on 13 May 2019, there has been the announcement of our agreement with an important company in the jewellery sector, Mabina Srl, which chose to collaborate with iBox Digital for its brand Kidult, while also launching simultaneously a major TV campaign, for the purpose of expanding its e-commerce area and develop its business on marketplaces; in addition to this, other negotiations for other products of the sector are currently at an advanced stage.

Design: important contracts with some of the major "Made in Italy" design brands are waiting to be signed; the names will be announced to the market in a few days, upon their signature.

Food: Giglio Group, building on its experience in the fashion world, where online commercial strategies are a must, presented its range of services and its own platform to the world of food products made in Italy in an attempt to give them the opportunity to be immediately present on a series of marketplaces worldwide, by working alongside its wholesalers' distribution chain or even by accessing new territories for the first time. The feedback was stunning, and within a short time, some of the most famous manufacturers of different food products - with big food potential or with a well-established export, boasting an aggregate turnover of more than € 2 billion - responded with great enthusiasm. Over the coming weeks, Giglio Group will announce to the market the details of the project via press conference.

We point out that 2019 H1 completely incorporates the creation and development costs related to the new digital activities of purchased brands such as Trussardi, Bric's, Stefano Ricci, Kidult, Moreschi and Tonino Lamborghini, and of other names soon to be announced, as well as to the development of platforms for digital sales on the marketplaces of new product sectors such as design and eventually food.

<u>Start-up of the B2C activity with the launch the first e-store in China over the summer 2019</u>

By the summer of 2019, Giglio Group will launch its B2C activity in China, starting from the consolidated partnerships with Bric's, Trussardi and Stefano Ricci, and continuing with the addition of other brands in the short term.

China is a priority market and Giglio Group, thanks to its ICP Licence and its structures on sire, can ensure direct sales to the final consumer with extremely low start-up prices and a quick time-to-market. The start-up of the B2C area (Business to Consumer) will take place alongside the already consolidated B2B area (Business to Business) - which this year recorded a growth of 127% if compared to 2018 Q1 - focused on the management of the online sales of on-season and off-season collections through the showcases of the world's major digital retailers.

<u>Start-up of the productive activities' reorganisation and optimisation process aimed at streamlining resources and at saving tremendously on operating and corporate costs</u>

Following the transfer of the media area and within the structural growth and specialisation of the business, the Group decided to focus its activities in Milan's headquarters. This choice, aimed at the reorganisation and optimisation of some activities, will bring about, starting from 2020, a more fluid organisation of processes related to the product, a more efficient use of resources and a tremendous reduction of operating and corporate costs.

<u>Analysis of Giglio Group's consolidated results</u>

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 were represented as "Discontinued operations".

Moreover, it is noted that, starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations already approved by the European Union, has adopted the IFRS 16-Leases accounting standard.

The transition method adopted by the Group consists in the "modified retrospective"; thus, it is noted that the balance sheet figures regarding 2018 Q1 were not outlined.

Reclassified Consolidated Income Statement

(Euro thousands)	31.03.2019	31.03.2018	Change
Revenues	11,506	10,754	752
Operating Costs	(9,985)	(9,079)	(906)
ADDED VALUE	**1,521**	**1,675**	**(154)**
ADDED VALUE%	**13.2%**	**15.6%**	**(2.4)%**
Personnel expense	(1,041)	(777)	(264)
EBITDA Adjusted	**480**	**898**	**(418)**
EBITDA%	**4.2%**	**8.4%**	**(4.2)%**
Non-recurring charges	(442)	(459)	17
Amortisation, depreciation & write-downs	(384)	(63)	(321)
EBIT	**(346)**	**377**	**(723)**
Net financial expenses	(396)	(220)	(176)
PROFIT BEFORE TAXES	**(742)**	**157**	**(899)**
Income taxes	(40)	(96)	56
NET PROFIT FROM CONTINUING OPERATIONS	**(782)**	**61**	**(843)**
NET PROFIT FROM DISCONTINUED OPERATIONS	**(39)**	**545**	**(584)**
NET PROFIT	**(821)**	**606**	**(1,427)**

EBIT adjusted to non recurring charges	**96**	**836**	**(740)**
EBIT adjusted to non recurring charges %	**0.8%**	**7.8%**	**(6.9)%**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring charges	**(340)**	**520**	**(860)**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non recurring charges %	**(3.0)%**	**4.8%**	**(7.8)%**
NET PROFIT adjusted to non recurring charges	**(379)**	**1,065**	**(1,444)**
NET PROFIT adjusted to non recurring charges %	**(3.3)%**	**9.9%**	**(13.2)%**

The consolidated revenues of continuing operations, equal to € 11.5 million, grew by € 0.7 million (+7%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 10.7 million).

This increase is due to:

- the B2B e-commerce sector for € 0.4 million (+6.2% on 2018 Q1 consolidated figures), as a result of increased sales volumes for the Chinese market;
- the B2C e-commerce sector for € 0.3 million (+8.2% on 2018 Q1 consolidated figures), as a result of both increased transactions for already managed brands and the acquisition of new brands in the customer portfolio.

Total Operating Costs of continuing operations, net of non-recurring costs, amounts to € 10 million (€ 9.1 million consolidated figures at 2018 Q1), following the growth in business volumes which determined increases concerning product acquisition costs, service costs and rent, leases and similar costs.

Personnel costs increased € 0.3 million on the same period of the previous year, principally due to expanded workforce in terms of the business development, sales and staff in the digital area.

The EBITDA of continuing operations, equal to € 0.5 million (2018 Q1 consolidated figures of € 0.9 million), is decreasing due to: the increased employee costs cause by the investments in human resources; expenses for the development of the business (advertisement and expansion of commercial network); expenses regarding the e-commerce platform and the new accounting management (training, fees, etc.) to support the increased transaction volumes expected and the integration with marketplaces on a global scale (and in particular in China); greater central costs in order to adapt to the status of listed international company in the qualified STAR segment of Borsa Italiana.

More specifically, non-recurring charges concern:

- € 0.4 million related to the expenses of the transfer transaction of the assets connected to the media area of the Group in favour of Vértice Trescientos Sesenta Grados (Vertice 360).

The EBIT of continuing operations adjusted to non-recurring costs amounts to € 0.1 million (€ 0.8 million consolidated figures at 2018 Q1).

The Net Profit of continuing operations adjusted to non-recurring costs equals € -0.3 million (€ 0.5 million consolidated figures in the same period of the previous year), decreasing due to the greater financing costs related to new loans taken out during 2018.

More specifically, this result reflects:

- increased financial charges of € 0.4 million (€ 0.2 million consolidated figures at 2018 Q1), principally due to increased factoring service costs and interest on loans obtained subsequent to the first quarter of 2018.

Analysis of financial and capital management at 31 March 2019

On 11 March 2019, Giglio Group signed an agreement with company Vértice Trescientos Sesenta Grados (Vertice 360) for the transfer of the assets of the Group's media area, against a reserved capital increase of € 1,136,363.64, with the issue of no. 1,136,363,636.00 Vertice 360 shares in favour of the Company. The transaction shall be completed on November 2019.

Consequently, in accordance with IFRS 5 accounting standard, the activities concerning discontinued operations and the associated liabilities relating to the media area were classified as "Assets/Liabilities Held for Sale".

It is noted that, in the previous paragraph called "Changes in Accounting Standards", starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations already approved by the European Union, has adopted the IFRS 16-Leases accounting standard.

The transition method adopted by the Group consists in the "modified retrospective"; thus, it is noted that the balance sheet figures at 31 December 2018 were not outlined.

The main balance sheet figures of the Group at 31 March 2019 are as specified below:

(Euro thousands)	31.03.2019	31.12.2018	Change
Intangible Fixed Assets	12,380	12,297	83
Tangible Fixed Assets	3,716	1,492	2,224
Financial Fixed Assets	1,504	1,595	(91)
Total Fixes Assets	**17,600**	**15,384**	**2,216**
Inventories	3,430	5,273	(1,843)
Commercial credits and other receivables	10,136	12,519	(2,383)
Commercial debts and other receivables	(20,805)	(24,070)	3,265
Operating/Commercial Working Capital	**(7,239)**	**(6,278)**	**(961)**
Other current assets and liabilities	8,484	8,177	307
Net Working Capital	**1,245**	**1,899**	**(654)**
Provisions for risks and charges	(609)	(804)	195
Deferred tax assets and liabilities	1,157	1,171	(14)
Net Invested Capital of Continuing Operations	**19,393**	**17,650**	**1,743**
Net Invested Capital of Sales Activities	**9,138**	**9,923**	**(785)**
Total Net Invested Capital	**28,531**	**27,573**	**958**
Net Worth	**(7,468)**	**(8,409)**	**941**
Net financial debt	**(21,063)**	**(19,164)**	**(1,899)**
Total Sources	**(28,531)**	**(27,573)**	**(958)**

The Net Invested Capital of the Group at 31 March 2019, equal to € 28.5 million, is principally comprised of Net Fixed Assets of € 17.6 million, of Net Working Capital totalling € 1.2 million and of the Net Invested Capital for sales activities of €9 million.

Tangible Fixed Assets, equal to € 3.7 million, include the € 2.3 million increase arising from the adoption, starting form 1 January 2019, of IFRS 16 accounting standards, as described above. Net of this increase, the entry can mainly be attributed to specific plants related to the previous media division, still instrumental for T-commerce development in China.

Intangible Fixed Assets, equal to € 12.4 million, can mainly be attributed to the start-up related to the acquisition of Giglio Fashion and the IBOX Group for an amount of €11.7 million.

Financial Fixed Assets, equal to € 1.5 million, can mainly be attributed:

- for € 1 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 € 0.3 million, resulting from the recourse transfer of the VAT receivable, finalised on 27 June 2018 and to be paid by th banking institution upon settlement of existing disputes with the Tax Authority.

The net financial debt (determined in accordance with Consob communication No. DEM/6064293 and illustrated below) at 31 March 2019 and 31 December 2018 is as follows:

		A		B	C=A-B
	(Euro thousands)	31.03.2019 post IFRS 16	31.03.2019 pre IFRS 16	31.12.2018	Change
A.	Cash	2,392	2,392	2,889	(497)
B.	Bank and postal deposits and cheques	-	-	-	-
C.	Securities held for trading	-	-	-	-
D.	**Cash & cash equivalents (A)+(B)+(C)**	**2,392**	**2,392**	**2,889**	**(497)**
E.	Current financial receivables	630	630	620	10
F.	Current bank payables	(8,037)	(7,188)	(8,307)	270
G.	Current portion of non-current debt	(6,384)	(6,384)	(6,804)	420
H.	Other current financial payables	(2,710)	(2,710)	(899)	(1,812)
	of which Related Parties				-
I.	**Current financial debt (F)+(G)+(H)**	**(17,131)**	**(16,282)**	**(16,009)**	**(1,122)**
J.	**Net current financial debt (I) + (E) + (D)**	**(14,110)**	**(13,261)**	**(12,501)**	**(1,609)**
K.	Non-current bank payables	(2,463)	(2,463)	(2,119)	(344)
L.	Bonds issued	(950)	(950)	(2,219)	1,269
	of which Related Parties				-
M.	Other non-current payables	(3,540)	(1,992)	(2,325)	(1,214)
N.	**Non-current financial debt (K)+(L)+(M)**	**(6,953)**	**(5,406)**	**(6,663)**	**(290)**
O.	**Net financial debt (J)+(N)**	**(21,063)**	**(18,667)**	**(19,164)**	**(1,899)**

The Group net financial debt at 31 March 2019, adjusted to the IFRS 16 effect, highlights an improvement of € 0.5 million if compared to 31 December 2018.

With the application of IFRS 16, the net financial debt of the Group amounts to € -21.1 million, against € -19.2 million at 31 December 2018 equal to € 1.9 million. The increase relates principally to the following factors:

increasing for:

• Lesser liquidity for € 0.5 million;

• More financial receivables connected to the IFRS 16 effect for € 2.4 million;

decreasing for:

• Repayment of February and March instalments, for € 0.3 million, of the minibond issued in 2016, following the amendment to the Regulation of the bond of 12 February 2019, as resolved by the Board of Directors and by the Bondholders’ Meeting;

• Lesser overall bank debts for € 0.3 million due to the return of medium-term loans taken out to deal with seasonal orders' volume increase for "distribution" business unities;

The Group's net financial debt at 31 March 2019 adjusted to IFRS 16 highlights an improvement of € 0.5 million if compared to the debt at 31 December 2018.

Significant events during the quarter

On 5 February 2019, Giglio group S.p.A introduced its new strategic guidelines of its industrial plan, announcing that the Group will focus on e-commerce 4.0 and will bet on China.

On 12 February 2019, the Board of Directors and the Bondholders' Meeting (quorate) approved the amendment of the Regulation of the debenture bond with ISIN code IT0005172157.

On 12 March 2019, the Company announced the conclusion of a contract aimed at transferring to Vertice 360 (a listed Spanish company) Giglio Group's assets related to the media area, a transaction that falls within the new strategic lines published on 5 February 2019.

On 15 March 2019, the Board of Directors approved the Industrial Plan 2019-2023, which takes into account the effects of the divestment of the media area, excluding it from the perimeter of Giglio Group's operations starting from 2019. With the Industrial Plan 2019-2023, the Company adopts a tool whose strategic objective are focused in the context of the ongoing transformation, recognising the main performance indicators of the e-commerce sector.

Appointment of Financial Reporting Officer

The Board of Directors, in the same meeting, after favourable opinion of the Board of Statutory Auditors, appointed as new Financial Reporting Officer Mr Carlo Maria Micchi, already consultant and director of Giglio Group S.p.A. pursuant to Art. 154-bis of the CFA.

It is recognised that, in its new tasks assigned, Mr Carlo Micchi will take the place of Mr Massimo Mancini; this substitution arises from the chance to redistribute corporate positions, taking into account the quantity of fulfilments and operations characterising this period.

Mr Mancini will continue to fulfil the office of General Manager and Chief Financial Officer of the Group.

The resume of Mr Carlo Maria Micchi, who, to the Company's knowledge, at the date of this press release, Mr Carlo Micchi does not hold any share in the Company, is available in the Corporate Governance section on the Website www.giglio.org

Updates on the Transfer of the Media Area

Lastly, with regard to the press release of 12 March 2019, the Board of Directors acknowledges that in the context of the agreement signed with the Spanish listed company Vertice 360 for the transfer of its media area, the deadline for signing the contract has been extended from 30 April 2019 to 30 June 2019

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<u>Information on Giglio Group:</u>

Giglio Group, founded by Alessandro Giglio in 2003 and listed on the MTA-Star market on Borsa Italiana, is "The e-commerce gateway for fashion" that offers tailor-made B2B and B2C services through its own IBox Distribution and IBox Digital business lines to more than 70 lifestyle brands. With headquarters in Milan, New York, Shanghai, Hong Kong, Rome, Lugano and Genoa and thanks to its remarkable expertise, Giglio Group accompanies its customers in the online distribution of their products through a platform which, starting from the implementation of fully tailor-made and managed monobrand e-stores, integrates the business with the dedicated placement on main lifestyle marketplaces worldwide, whilst offering online full-price and stock management – a unique, "complete-supply-chain" online service ensuring a 100% sell-through rate.

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