



GIGLIO GROUP: 9M 2018 RESULTS APPROVED, WITH REVENUES INCREASING THANKS TO E-COMMERCE AREA

SHIFT TO E-COMMERCE MODEL STEPPED UP, ALSO THANKS TO DECONSOLIDATION OF NON CORE OPERATIONS

- **Gross Merchant Value for e-commerce area of approx. Euro 53 million, up (+15%) on same period of 2017 (Euro 46 million);**
- **Revenues (IFRS 15), net of discontinued operations, of Euro 35.5 million for 9M 2018, up approx. 28% on 9M 2017 (Euro 27.8 million¹);**
- **EBITDA² adjusted for non-recurring charges of Euro 6.8 million, up 16.5% on 9M 2017 (Euro 5.8 million¹), with a 19% margin on IFRS 15 revenues. 9M 2018 EBITDA includes approx. Euro 0.8 million of set-up investments for the launch of Ibox.it;**
- **9M 2018 e-commerce segment EBITDA margin of 12%, ahead of segment average;**
- **Adjusted² Net Profit of Euro 1 million, net of non recurring charges of Euro 0.9 million and discontinued operations of Euro 0.8 million, decreasing on the first nine months of 2017 (Euro 1.9 million¹), principally due to increased amortisation and depreciation related to past Media segment investments and increased financial charges and income taxes;**
- **Net Financial Debt of Euro 20.3 million (Euro 14.8 million at December 31, 2017), mainly increasing due to business seasonality of net working capital and investments in support of e-commerce development;**
- **As part of the focus on e-commerce and to leverage non core operations for development, disposal of M3 Satcom was initiated, with conclusion in the first quarter of 2019 and significant economic and financial benefits expected;**
- **IBox digital launched in September, three new e-commerce projects, acquiring major brands such as: “The Blonde Salad” of Chiara Ferragni, Tosca Blu and Bomberg, confirming Giglio Group as a luxury fashion e-commerce leader.**

¹ 9M 2017 consolidated figures restated, applying effects from application of IFRS 15 and the deconsolidation of discontinued operations retrospectively.

² EBITDA, EBIT and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana.

Milan, November 14, 2018 - The Board of Directors of **Giglio Group S.p.A. (Ticker GGTV)** (“**Giglio Group**” or the “**company**”) – the leading e-commerce 4.0 platform listed since March 20, 2018 on the MTA-STAR segment of the Italian Stock exchange - meeting today approved the Interim Report at September 30, 2018, drawn up as per IFRS.

The Group posted in 9M 2018 Revenues (IFRS 15) of Euro 35.5 million, up approx. 28% on Euro 27.8 million¹ in the same period of 2017. The impact of IFRS 15 entirely reflects on the revenues and costs generated by Ibox. EBITDA² adjusted for non-recurring charges of Euro 6.8 million, up 16.5% on the same period of the previous year. The increases mainly relate to ecommerce area growth, thanks also to the consolidation of the Evolve SA Group (now iBox SA) on April 27, 2017.

Adjusted Net Profit of Euro 1 million, net of non recurring charges of Euro 0.9 million and discontinued operations of Euro 0.8 million, decreasing on the first nine months of 2017 (Euro 1.9 million¹), principally due to increased amortisation and depreciation related to past Media segment investments and increased financial charges and income taxes. Net Financial Debt of Euro 20.3 million, increasing on Euro 14.8 million at December 31, 2017, due to business seasonality of net working capital and investments in support of e-commerce development.

As part of the strategic focus on e-commerce, involving also the leverage of non core assets for development, the Group announces the disposal of the subsidiary M3 Satcom, with conclusion in the first quarter of 2019 and significant economic and financial benefits expected.

Alessandro Giglio, Chairman and Chief Executive Officer of Giglio Group, stated: “As indicated on many occasions, in view of the clear business strategy undertaken, of having achieved excellent results and considering the major potential of the e-commerce segment, we decided to step up the disposal of non core operations. The ongoing negotiations for the disposal of M3 Satcom, is expected to apport significant economic and financial benefits and it is therefore the first major step in this strategy and its effects shall be fully evident in the first six months of 2019”.

Giglio Group consolidated operating-financial performance

A comparative analysis with the 9M 2017 pro-forma segment results is provided, which are restated applying retrospectively the effects from application of IFRS 15 and to include the Ibox Group (ex Evolve) in the consolidation from January 1, 2017.

Consolidated revenues post-IFRS 15 of Euro 35.5 million, up approx. 8.8% on the proforma³ 9M 2017 figure (Euro 32.4 million);

¹ 9M 2017 consolidated figures restated, applying effects from application of IFRS 15 and the deconsolidation of discontinued operations retrospectively.

² EBITDA, EBIT and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana.

³ Consolidated at September 30, 2017 restated applying retrospectively effects from application of IFRS15 and the deconsolidation of discontinued operations. The Pro-forma figures include the Ibox Group (former E-volve) in the consolidation from January 1, 2017.

By **business area**, we report:

- ✓ for the **media division** Revenues of Euro 7.7 million, up 16% on the same period of the previous year (Euro 6.6 million in 2017). Media division revenue growth stems from the performance of the subsidiary Giglio TV, while impacted by the launch of T-commerce and channels 65 and 68 which are beginning to deliver their initial results and which will contribute to future e-commerce revenues;
- ✓ for the **E-commerce division** Revenues of Euro 27.8 million, increasing 8% on the pro-forma figure for the previous year (Euro 25.8 million in 2017).

In terms of **regional breakdown**, **Revenues in the first nine months of 2018** were concentrated for 73% in the Eurozone and UK, for 21% in Asia and for 6% in the USA.

Operating Costs, net of non-recurring costs, amounted to Euro 26 million (Euro 23.9 million in 9M 2017²), following the growth in business volumes and with the main increases concerning product acquisition costs, service costs and rent, leases and similar costs.

Personnel expense amounts to approx. Euro 2.7 million, increasing Euro 0.6 million on the pro-forma figure for the same period of the previous year³, principally thanks to the expanded workforce at the Ibox Group and the development of the organisation, which now has qualified key area figures on board and in compliance with the STAR segments issuers' regulation, while also substantially contributing to management, business development and sales. This cost structure is in line with the new e-commerce 4.0 business model, currently under gradual development by the Group and whose e-commerce component has expanded.

Non-recurring charges of Euro 0.9 million concern: for Euro 0.5 million the costs incurred by the Group in the first half of 2018 for transfer to the main STAR segment and of Euro 0.4 million in the form of penalties for the failure to provide notice following the settlement signed in May 2018 with the previous provider of television bandwidth.

Adjusted EBITDA² amounts to Euro 6.8 million (pro-forma³ figure in 9M 2017 of Euro 6.5 million), substantially in line with the pro-forma consolidated figures for the previous year, with a margin decreasing to 19% from 20% in 2017, due to the transfer from April 2018 from a more strictly television-based model focused on sales revenues and advertising spaces to the mixed model of e-commerce 4.0 (T-commerce), for which the e-commerce revenue contribution increasingly takes precedent. The higher costs incurred impacting the margin are fundamental to transforming the business model, which the Group expects will very strongly benefit Group results even in the next few years.

Adjusted EBITDA² of Euro 2.1 million, including higher amortisation and depreciation due to Media sector investments subsequent to 9M 2017.

Adjusted Net Profit² of Euro 1 million, net of non recurring charges of Euro 0.9 million and discontinued operations of Euro 0.8 million, decreasing on the first nine months of 2017 (Euro 2.5 million), principally due to increased amortisation and depreciation related to past Media segment investments and increased financial charges and income taxes;

² EBITDA, EBIT and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana.

Equity and Financial Position at September 30, 2018

The Net Capital Employed at September 30, 2018 of continuing operations amounts to Euro 35 million, principally comprised of Net Fixed Assets of Euro 29 million (increasing on December 31, 2017 by Euro 2.4 million) and Net Working Capital totalling Euro 6 million (increasing on December 31, 2017 by Euro 2.7 million).

Property, plant and equipment of Euro 3.1 million (Euro 3.7 million at December 31, 2017) principally concern specific Media division plant.

Intangible Assets of Euro 23.5 million, of which Euro 11.7 million relating to goodwill for the acquisitions of Giglio Fashion and Evolve (Euro 22.6 million at December 31, 2017, of which goodwill of Euro 11.7 million concerning Giglio Fashion and Evolve).

Financial Assets of Euro 663 thousand principally include Euro 155 thousand from the acquisition of the investments in Pegaso Srl, Class Tv Moda and Cloud Food and Euro 342 thousand relating to the consideration for the without recourse factoring of the VAT receivable.

Group Shareholders' Equity of Euro 16 million at September 30, 2018 decreased on December 31, 2017 by Euro 0.7 million.

Net Financial Debt at June 30, 2018 of Euro 20.3 million, increasing on December 31, 2017 (Euro 14.8 million) by Euro 5.6 million, mainly due to the following factors:

decreases due to:

- Reduced liquidity for Euro 3.3 million;
- Higher bank loan payables for Euro 3.4 million due to the short-term loans granted in support of the increased seasonal order volumes of the “distribution” business unit;

increases due to:

- Reduction in the long-term portion of the minibond issued in 2016 for Euro 0.9 million, due in part to the repayment of the first instalment in September 2018 for Euro 0.4 million and partly to the reduction in the long-term portion of the minibond issued in 2016 for Euro 0.4 million.

In general, the increase in the financial debt relates to the working capital changes in support of e-commerce operations, which, by their inherent nature, require advances of liquidity, in addition to the payment of certain non-recurring costs e.g. those incurred for the listing transfer.

Significant events

-On March 20, 2018, the company Giglio Group was admitted to listing on the STAR segment of the MTA, concluding the translisting initiated in 2017. The translisting process did not involve the sourcing of funding on the market.

² EBITDA, EBIT and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana.

-On March 21, 2018, Giglio Group S.p.A. signed a joint venture agreement with Acque Minerali d'Italia S.p.A., one of the leading four mineral water companies in Italy, led by Massimo Pessina, with the incorporation of the company Cloud Food - held 51% by Giglio Group and 49% by Acque Minerali d'Italia S.p.A..

The partnership between Giglio Group and Acque Minerali brings together the distinctive expertise and operations of the two Groups, i.e.: on the one hand, the technological, digital and T-commerce linked to television knowledge of Giglio Group, and on the other Acque Minerali d'Italia's market leadership, with a pipeline of new interesting products and an extensive domestic distribution network.

-Also on March 21, 2018, Giglio Group presented the new Ibox 65 channel, a T-commerce channel dedicated to the world of the home and family (home, food, furniture, design and family), available on channel 65 of terrestrial digital TV and the first T-commerce channel in Italy to provide the option to purchase the products distributed by Giglio Group and Cloud Food also on TV.

-On June 27, 2018, Giglio Group agreed with a leading credit institution the without recourse factoring of a VAT receivable requested for repayment from the Tax Agency through the 2018 VAT Declaration, referring to financial year 2017. The amount requested for repayment and subject to factoring was Euro 1.5 million, while the without recourse factoring payment agreed was Euro 1.4 million, settled as follows:

- Euro 1.2 million paid on June 26, 2018;
- Euro 0.3 million to be paid following the settlement of the disputes and charges forwarded by the Tax Agency concerning the tax assessments/settlement notices received in previous years and which the company has been permitted to settle in instalments.
- **On September 3, 2018**, the Board of Directors appointed Mr. Carlo Frigato, current company director, as the Group's new Chief Financial Officer and Investor Relator, assigning all the operating powers necessary to carry out the roles. Carlo Frigato, in his new role, will report directly to the Chief Executive Officer.

Simultaneously, the Board of Directors, following the issue of the Board of Statutory Auditors' favourable opinion, appointed Mr. Massimo Mancini, the Group's current General Manager, as the new Executive Officer for financial reporting.

In addition, at the same date, the Board of Directors, on the proposal of the Appointments and Remuneration Committee and in fulfillment of the commitments undertaken to Borsa Italiana following its listing on the STAR segment of the MTA market, approved its Remuneration Policy.

In making its decision, the Board took into account that approved with motion of October 26, 2017 concerning the parameters by which the company would establish its remuneration policy. In order to put in place a system consistent with the new organisational structure, the Board updated these parameters to the altered Group structure.

The new Remuneration Policy was established following an assessment of the regulatory framework and the principles of the Self-Governance Code and targets the following objectives:

- to attract, maintain and motivate a highly professional management team;
- to ensure an adequate definition of performances;
- to align managerial interests with the creation of value for shareholders over medium/long-term.

Subsequent events

On October 29, 2018, the Shareholders' Meeting, in ordinary session, approved the 2018-2021 Stock Option Plan reserved for executive directors and/or senior executives in order to maintain and encourage good performance and support the growth and success of the company and of the Group. The Shareholders' Meeting, in extraordinary session, submitted to the Board of Directors the Stock Option Plan enacting regulation and, in extraordinary session, the relative five-year granting to the Board of Directors of the faculty to carry out a divisible share capital increase, with exclusion of the pre-emption right, in service of the stock option plan for a maximum nominal amount of Euro 138,000, through the issue, even in a number of tranches, of a maximum 690,000 ordinary shares without nominal value, in exclusive service of the "2018-2021 Stock Option Plan".

The Extraordinary Shareholders' Meeting in addition approved the proposal to grant the Board of Directors a five-year faculty to carry out a divisible paid-in share capital increase, with exclusion of the pre-emption right and within a 10% limit of the pre-existing share capital, through the issue, even in a number of tranches, of ordinary shares without nominal value, to be offered to parties identified by the Board of Directors - including qualifying industrial and/or financial investors - on the condition that the share issue price corresponds to the market value, as confirmed by a specific report by an auditor or an independent audit firm.

Informazioni su Giglio Group:

Fondata da Alessandro Giglio nel 2003 e quotata in Borsa sul segmento STAR, Giglio Group è una piattaforma di e-commerce 4.0 rivolta principalmente ai Millennials. Il gruppo ha sviluppato soluzioni digitali all'avanguardia e rappresenta, nel fashion online, una innovativa piattaforma e-commerce a livello globale, sia per il b2c che per il b2b, approvvigionando i quaranta principali digital retailer del mondo. Giglio Group ha lanciato recentemente il proprio modello di T-Commerce: l'utente "vede e compra" cliccando sul proprio smartphone/tablet o scattando una fotografia del prodotto che sta guardando in tv, attraverso i propri canali televisivi, visibili su tutti i dispositivi tv, digitali, web e mobile, in 80 paesi, 5 continenti ed in sei lingue. Il Gruppo Giglio Group ha sede a Genova, Milano, Roma, Lugano (Ibox Sa), New York (Giglio USA), Shanghai (Giglio Shanghai) e Hong Kong (Giglio Tv).

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Consolidated Balance Sheet

Consolidated Balance Sheet (Euro thousands)	30.09.2018	31.12.2017
Non-current assets		
Property, plant & equipment	3,055	3,722
Intangible assets	13,579	10,861
<i>of which Distribution rights</i>	-	-
<i>of which Publishing rights</i>	13,315	10,573
<i>Other intangible assets</i>	264	288
Goodwill	11,718	11,718
Equity investments	155	150
Receivables	508	142
Deferred tax assets	922	886
Total non-current assets	29,937	27,479
Current assets		
Inventories	4,841	6,596
Trade and other receivables	18,901	16,279
Financial receivables	-	-
Tax receivables	8,940	9,747
Other assets	2,013	1,728
Cash and cash equivalents	2,892	6,209
Total current assets	37,587	40,559
Assets of discontinued operations	10,254	9,364
Total Assets	77,778	77,402
Shareholders' Equity		
Share capital	3,208	3,208
Reserves	12,014	11,374
Extraordinary reserve	-	-
Listing charges	(541)	(541)
FTA Reserve	4	4
Retained earnings	1,963	2,609
Translation reserve	5	(5)
Net profit/(loss)	(615)	43
Total Group Shareholder' Equity	16,038	16,692
Minority interest share. equity	-	-
Total Shareholders' Equity	16,038	16,692
Non-current liabilities		
Provisions for risks and charges	593	728
Deferred tax liabilities	19	282
Financial payables (non-current portion)	8,349	9,201
Total non-current liabilities	8,961	10,211
Current liabilities		
Trade and other payables	24,960	26,488
Financial payables (current portion)	14,873	11,763
Tax payables	3,156	3,580
Other liabilities	918	919
Total current liabilities	43,907	42,750
Liabilities directly associated with discontinued operations	8,872	7,749
Total Liabilities and Shareholders' Equity	77,778	77,402

Consolidated Income Statement

Consolidated Income Statement (Euro thousands)	9M 2018	9M 2017
Total revenues	34,699	44,030
Other revenues	802	341
Change in inventories	1,052	3,589
<i>Purchase of raw materials, ancillary, consumables and goods</i>	<i>(14,581)</i>	<i>(33,562)</i>
<i>Service costs</i>	<i>(12,004)</i>	<i>(7,664)</i>
<i>Rent, lease and similar costs</i>	<i>(771)</i>	<i>(551)</i>
Operating costs	(27,356)	(41,777)
<i>Salaries and wages</i>	<i>(2,200)</i>	<i>(1,188)</i>
<i>Social security charges</i>	<i>(388)</i>	<i>(222)</i>
<i>Post-employment benefits</i>	<i>(78)</i>	<i>(32)</i>
Personnel expense	(2,666)	(1,442)
<i>Amortisation</i>	<i>(3,946)</i>	<i>(2,585)</i>
<i>Depreciation</i>	<i>(704)</i>	<i>(858)</i>
<i>Doubtful debt provision</i>	<i>(10)</i>	<i>0</i>
Amortisation, depreciation & write-downs	(4,660)	(3,443)
Other operating costs	(611)	(436)
Operating profit	1,260	862
Financial income	31	57
Net financial charges	(778)	(521)
Profit before taxes	513	398
Income taxes	(326)	27
Net profit from continuing operations	187	425
Net loss from discontinued operations	(801)	(376)
Net Profit/(loss)	(614)	49
Of which minority interest	-	-
Earnings per share – basic and diluted	(0.038)	0.001

Comprehensive Income Statement

COMPREHENSIVE INCOME STATEMENT (Euro thousands)	9M 2018	9M 2017
Net Profit/(loss)	(614)	49
Other comprehensive income items		
<i>Other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes.</i>		
Translation Reserve	11	(8)
Total other comprehensive items which may be subsequently reclassified to profit/(loss) for the period net of income taxes	11	(8)
<i>Other comprehensive income items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes:</i>		
Actuarial loss on employee benefits	1	(25)
Total other comprehensive items which may not be subsequently reclassified to profit/(loss) for the period net of income taxes	1	(25)
Consolidated comprehensive income	(602)	17

CASH FLOW STATEMENT

Euro thousands

30.09.2018 **30.09.2017**

Cash flows from operating activities

Net profit - continuing operations	187	425
Net loss - discontinued operations	(801)	(376)
Adjustments for:		
Depreciation	704	865
Amortisation	3,946	2,633
Non-cash changes of provisions	(112)	337
Write-downs/(Revaluations)	-	-
Net financial charges/(income)	747	464
Income taxes	326	(27)
Changes in:		
Inventories	1,756	(4,330)
Trade receivables	(2,623)	3,082
Tax receivables	806	(3,241)
Other assets	(285)	(1,665)
Deferred tax liabilities	(263)	(98)
Trade payables	(1,527)	2,596
Tax payables	(424)	(43)
Other liabilities	(1)	851
Change in net working capital	(2,561)	(2,848)
Changes in provisions	(25)	-
Changes in assets/liabilities of discontinued operations	234	155
Cash flow generated from operating activities	2,645	1,628
Interest paid	(747)	(464)
Income taxes paid	(326)	27
Net cash flow generated from operating activities	1,572	1,191
<i>Cash flows from investing activities</i>		
Investments in property, plant & equipment	(36)	(42)
Investments in intangible assets	(6,664)	(3,724)
Acquisition Evolve Group net of liquidity acquired	-	558
Acquisition Giglio Fashion net of liquidity acquired	-	-
Other intangible assets	(402)	(573)
Increase equity investments	(5)	(150)
Change in consolidation scope		
Net cash flow absorbed by investing activities	(7,107)	(3,931)
<i>Cash flow from financing activities</i>		
Share capital increase	-	-
Change in Shareholders' Equity	(39)	(31)
New financing	5,500	3,200
Repayment of loans	(2,432)	(1,218)
Change in financial debt	(811)	3,832
Net cash flow absorbed by financing activities	2,218	5,783
Net increase/(decrease) in cash and cash equivalents	(3,317)	3,043
Cash and cash equivalents at January 1	6,209	1,817
Cash and cash equivalents at September 30	2,892	4,860

Change of accounting standards

IFRS impact on Consolidated Financial Statements

The effects from application of IFRS 15 on the consolidated financial statements at September 30, 2018 are presented below.

Consolidated Balance Sheet (Euro thousands)	9M 2018 reported	IFRS adjustments	9M 2018 without IFRS adjustments
Inventories	4,841	3,904	8,745
Trade and other payables	24,960	3,904	28,864

Consolidated Income Statement (Euro thousands)	9M 2018 reported	IFRS adjustments	9M 2018 without IFRS adjustments
Total revenues	34,699	35,924	70,623
Change in inventories	1,052	1,035	2,087
Purchase of raw materials, ancillary, consumables and goods	(14,581)	(36,957)	(51,538)

The effects from application of IFRS 9 are presented below.

Consolidated Balance Sheet (Euro thousands)	31.12.2017 reported	IFRS adjustments	01.01.2018 reported
Deferred tax assets	941	19	960
Trade and other receivables	20,926	(70)	20,856
Shareholders' Equity			
Share capital	3,208		3,208
Reserves	11,374		11,374
Extraordinary reserve	-		-
Listing charges	(541)		(541)
FTA Reserve	4		4
Retained earnings	2,609	(51)	2,558
Translation reserve	(5)		(5)
Net profit	43		43
Total Group Shareholder' Equity	16,692		16,641