Interim Financial Report as of 30 September 2019

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Directors' Report

on the Interim Condensed Consolidated

Financial Statements as of 30 September 2019

Company Information

Registered office

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

Legal Information

Share Capital subscribed and paid-in €3,208,050,
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	Board Member
Giorgio Mosci	Independent Member
Massimo Mancini	Vice-Chairman and General Manager
Yue Zhao	Board Member
Carlo Micchi	Executive Director
Silvia Olivotto	Independent Member

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	Member

Appointment and Remuneration Committee

Giorgio Mosci	Chairman
Silvia Olivotto	Member

Independent Auditor

EY S.p.A.

1. Introduction

Giglio Group is engaged in the e-commerce of high-end fashion and design products, and is also developing a commercial offer to connect the food industry to the main digital points of sale worldwide. The Group's mission is to define and introduce a new form of acquiring and engaging end clients, the so-called digital consumers.

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 the Luxury Fashion industry as well as other 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.

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 needs. 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 in the Fashion sector, 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 in the food segment, Giglio Group presented 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 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.

Especially in the Fashion sector, 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 e-commerce is the first sales pillar within the online market, an existing strength for the Group, and is capable of accounting for about 13% of a brand's total sales (E-commerce B2C Observatory 2018). As of today, it is 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 true know how is hidden in the innovative strength of its commercial offer for 2019. 2018 was the year of marketplaces and affiliation for the

fashion market thanks to the growth of giants such as Farfetch, Lyst, Amazon and Alibaba. It is estimated that 9 users out of 10 visit at least one marketplace during the purchase consideration phase.

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.

Upon complete integration, during the first six months of 2018, of the e-commerce companies acquired in the previous fiscal years, the Company is completing its transformation from media company to global e-commerce group, identifying assets no longer strategic within the Media segment, which were transferred with agreements that maximised their value concluded on 11 March 2019. The Group, with a more limited scope, is now focusing its financial and professional resources on the e-commerce sector, deemed extremely promising and with attractive margins. In the context of the aforementioned focused strategy, on 12 September 2019, Giglio Group approved the signing of the agreement for E-Commerce Outsourcing s.r.l.'s (owner of Terashop's trademark) acquisition, one of the major suppliers of outsourced e-commerce services. Terashop greatly invested in the omni-channel marketing and its innovative platforms offers both to its brands and its end clients a complete purchase experience. By integrating Giglio Group's and Terashop's platforms, it is 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.

The purchase of Terashop, other than allowing Giglio Group to incorporate a customer base active in these sectors, with high volumes of supported transactions, shall also allow the Group to:

- ✓ Create significant economies of scale that shall lead to tangible savings right from the start, developing innovative solutions by using internal resources and reducing the present costs arising from the creation and management of e-stores:
- ✓ Strengthen 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;
- ✓ Expand the internal structure dedicated to customer care services, with the possibility to reduce the present costs arising from the use of third parties for the provision of said services;
- ✓ Expand its commercial offer to clients by integrating current offers with more and more innovative features and solutions, thus increasing the chances of success in negotiations.

THE REFERENCE MARKET

Luxury market grew by 5% in 2018, reaching € 1.2 trillion on a global level, reporting positive performances in most segments. The luxury industry tracked down in the report "Luxury Goods Worldwide Market Study, Fall–Winter 2018" includes both luxury products and experiences. It comprises nine segments driven by luxury cars, hospitality and personal goods, which represent all together more than 80% of the total market. The market of personal luxury market, the "core's core" (as well as the segment in which the sales managed by Giglio Group take place), recorded a record of € 260 billion in 2018, representing a 6% growth (2% at current exchange rates). Worldwide, the market of personal luxury goods grew in most regions. Overall, footwear and jewellery were the luxury category that grew the most, reaching 7% each, followed suit by bags and beauty products. Watches remained relatively contained, while the apparel segment weakened, mainly due to the poor sales in menswear. It is estimated that the growth will continue at an yearly rate of 3-5% until 2025, and the market of personal luxury goods will account for €320-365 billion. The opportunities are plentiful, especially since most of major luxury brands are careful about the adoption of digital technologies. We are broadening the territorial reach of our services, in particular targeting China and the United States, the most interesting markets experiencing luxury and Made in Italy growth and in which major opportunities are available in terms of satisfying product demand and supporting the digital platform distribution strategies of brands, also through leveraging on our local logistics infrastructure.

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. Suffice it to consider the potential of WeChat channel in China, with which the Group has sealed a deal during 2018. The Company's objective for 2019 and 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.

2. Group activities

Founded in 2003 by Alessandro Giglio, Giglio Group is today an e-commerce 4.0 company capable of promoting and distributing luxury “Made in Italy” commercial brands across the globe. Listed initially on the Italian Stock Exchange AIM Italia market since August 2015, and on the STAR segment since March 2018, the Group operates in 5 continents and in over 70 countries when considering all the countries served by its 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 and I-box S.r.l., the digital core of the Group, consists in providing digital services for managing the Websites of "Made in Italy" Fashion mono-brands, but not only. 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 at enabling 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.

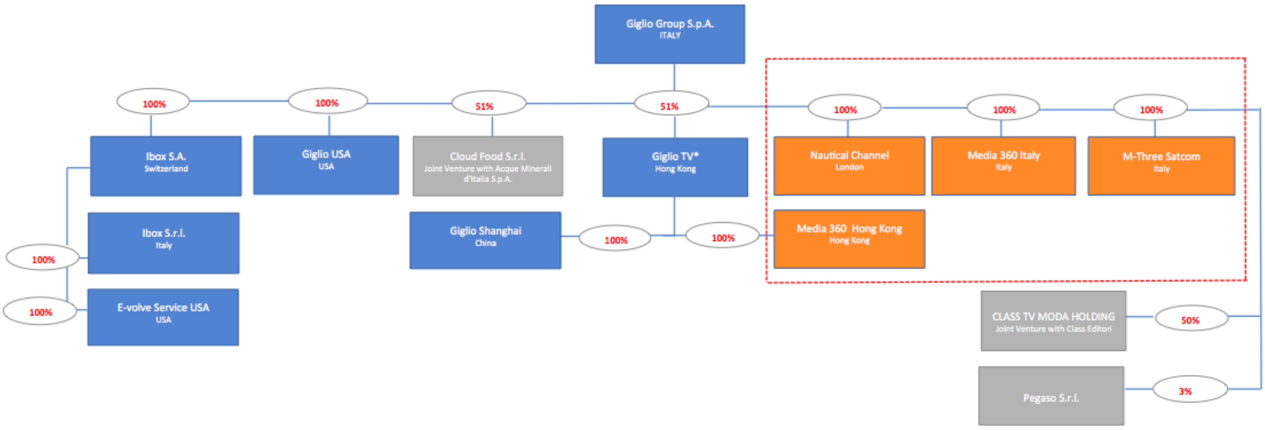
Within the B2B model, Giglio Group directly manages logistics with the external warehouses, defines resale prices, manages the warehouse with a proved capacity to reduce stocks in a short time and with a high turnover of goods' index. Giglio Group collaborates with client e-commerce platforms on the 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.

By the end of 2018, the Group transformed from simple Service Provider to Digital Enabler. If, until 2018, the Group developed more than 100 projects for important brands, from the creation and management of e-commerce platforms worldwide to the development of technologies capable to support brands in their wholesale buying and refill activities, today the Group, thanks to a single platform, integrates all the brands' needs with a unique approach.

In 2019, Giglio Group is pushing its activities with determination towards China, developing a structure to enable brands' presence in the most important market of the world, where "Made in Italy" brands are not at all present, neither online nor in physical stores. China is the biggest online market worldwide, accounting for 83% of online sales in the whole APAC area and for about twice the sales of the USA (*2018 e-commerce: a present that grows and a future that speaks Chinese*, eMarketer, "Worldwide Retail and Ecommerce Sales"). Chinese consumers led the positive growing trend, representing 33% of global luxury sales (if compared to the 32% recorded in 2017). Between 2015 and 2018, the purchases of Chinese consumers in the national market contributed to double the growth rate in absolute terms if compared to their shopping as foreign tourists. Hence, the Chinese national market is booming.

The Group's strategy for the Chinese market can be strengthened and accelerated through the convergence between TV channels, media and e-commerce. Thanks to the strong TV experience of Giglio Group, the brand can be presented on the whole Chinese network (TV, social, marketplace with more than 100 mln viewers) through publishing traditional and digital media in target with positioning (brand-awareness increase) and through the Ibox marketplace, which can immediately convert the offer in product sales (pushing online sales).

The following describes Giglio Group's Corporate Structure, highlighting the area held for sale, belonging to the Media area:



*Corporate Structure at 30/09/2019**

* The minority shareholding of 49% held by Simest S.p.A. is classified as minority interest in shareholders' equity at financial receivables, under the irrevocable purchase obligation of such share by Giglio Group S.p.A. on 30 June 2022.
** The dotted line outlines the Group's companies that belong to the Media area held for sale

3. Significant Events During the First None Months of the Fiscal Year

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. The main amendments to the Regulation concern:

- the inclusion of transfer operations regarding assets related to TV and media area among the operations allowed without prior authorisation from the Bondholders' Meeting;
- the amendment of the amortization plan with the introduction of monthly reimbursement tranches starting from 28 February 2019 until 30 September 2020, new expiry date of the debenture loan;
- the payment of interests on a monthly basis pursuant to the payment dates provided for by the new amortization plan, not withstanding (i) that the annual interest rate for the debenture bond remains unchanged and (ii) that interests accrued between 10 September 2018 and 27 February 2019 shall be paid on 10 March 2019;

- the definition of financial covenants, specifying that during 2018, any deviation from said covenants shall not produce the effects set forth in the Regulation.

On 12 March 2019, the Company announced a transaction that is part and parcel of the new strategic line announced to the public on 5 February 2019, as well as fully consistent with the transfer activities of non-core assets started on November 2018 and with the new Industrial Plan 2019-2023, approved on 15 March 2019 and providing for the focus on the e-commerce, thus substituting the previous one of 2018.

Giglio Group, together with Vértice Trescientos Sesenta Grados, SA ("Vertice 360"), incorporated under Spanish law and listed on Madrid's main stock exchange market and operating in the digital, cinema and broadcasting sectors, and Squirrel Capital SLU, based in Madrid and operating in shareholdings management, signed a contract aimed at transferring to Vertice 360 Giglio Group's assets related to the media area against a reserved capital increase of € 1,136,363.64, with the consequent issue of 1,136,363,620.00 Vertice 360's shares in favour of the Company. The scope of the transfer comprises the television broadcasting activities in Italy (among which the TV channel on the digital terrestrial –LCN 68), the 100% of M-Three Satcom business unit -operating in the satellite broadcast sector with the management of two teleports in Italy-, the company Nautical Channel Ltd -Giglio Group's subsidiary, owner of the thematic TV channel of the same name, visible in 90 Countries and 5 Continents, dedicated to sailing and water sports-, as well as parts of the TV contents and rights destined for China. Following the reorganisation process of the Media Division essential to the transfer of the media area, other than Nautical Channel, the shares of the Group in the recently formed vehicle companies Media 360 Italy Corporate Capital S.r.l. (in which the TV broadcasting activities in Italy have been transferred), M3SATCOM S.r.l. (in which the company branch of the same name has been transferred) and Media 360 Hong Kong Ltd (in which TV content and rights for China have been transferred), currently controlled in their entirety by Giglio Group, shall be object of the transfer, too.
Squirrel Capital is the majority shareholder of Vertice 360, with 55.64% of its share capital. It is the most important advertising and audiovisual group in the Spanish market, as well as the only one to provide, through its societies, all-round solutions in the advertising and audiovisual industries. Squirrel owns Radio R4G and Canal Bom Tv Channel and works actively in the advertising market, operating from Centro Media and Agenzia Creativa.

Vertice 360, listed on Madrid's stock exchange market ever since 2007, operates on two main business lines: production and distribution of international audiovisual contents.

The value of the transaction was set at about € 12,500,000.00, as estimated total value of the 1,136,363,620.00 shares of Vertice 360 (subscription price of € 0.011 per share) to be issued in favour of Giglio Group.

The Company made use of a primary consulting company that, after verifying the assets of Giglio Group and Vertice 360, assessed that the issue of 1,136,363,620.00 shares of Vertice 360 in exchange to the media activity for € 12,500,000.00 was reasonable for Giglio Group and its shareholders from a valuation point of view, and it also defined that the unit price for the activity (€ 12,500,000.00) and Vertice 360 shares (€ 0.011 per share) are reasonable for Giglio Group and its shareholders from a valuation point of view.

On 8 July 2019, the Parties signed the agreements that regulate the terms and conditions of the transfer as described above. On 25 September 2019, Vertice 360 called for a Shareholders' Meeting on 30 October 2019 in order to allow for the reserved capital increase to service the transfer of Giglio Group's Media Area. The closing of the transaction, which shall include all other fulfilments envisaged by the contractual documents, shall take place during the Meeting for the approval of the Reserved Increase.

On 13 September 2019, the independent expert appointed by the Spanish Commercial Register, ETL Global Auditores de Cuentas, S.L., pursuant to Art. 67 et seq. of the Ley de Sociedades de Capital, issued its expert assessment regarding the assets held for sale defined as a contribution in kind within the Reserved Increase, confirming the value of at least € 12,499,999.82.

In the context of the transaction, Vertice 360 and Giglio Group, benefiting from their expertise in the Digital, TV and e-commerce sectors, shall work together in order to generate continuous business and enterprise synergies all over the world. For this purpose, Giglio Group and Vertice 360 shall sign on the closing date an agreement of editorial services and a commercial and service agreement. The Parties agreed to start cooperating in the management of Giglio Group's Media Division and, until the end of the transaction, any decision shall be agreed upon by both Parties within the framework of a committee composed of two members, respectively appointed by Vertice 360 and Giglio Group.

Vertice 360 is focused on the media world and will be able to enhance and improve Giglio Group's media assets, counting on a specific know-how, strong synergies and a particular specialisation in the sector.

By doing so, Giglio Group shall focus entirely on the e-commerce, aiming at maximising the potential of the media area by transferring it to a highly-specialised and professional player of the sector. Despite the transfer of the media area, Giglio Group shall still monitor the digital marketing area, also in collaboration with Vertice, for the commercial video promotion of its brands on Chinese media channels managed by the Group. The local presence in the market shall be fulfilled by the subsidiaries Giglio TV Hong Kong and Giglio Shanghai, that will focus entirely on the commercialisation of goods on their own account (B2B) or on the brands' account (B2C), developing the operational, technological and logistic platform necessary to connect brands to the Country's marketplaces. Among the various services offered to the brand, Giglio Group shall also cater for the production and placement of videos in the Country's main digital channels, on the basis of the strong experience developed so far, as well as by benefiting from the privileged relation with CCTV, Chinese State TV.

For the purpose of reporting the discontinued operation at 31 December 2018 and in the abbreviated interim consolidated financial statement at 30 September 2019, to be entered at the lower of cost and fair value, net of relevant sale costs, the values resulting from the fairness opinion (reference value € 12.5 million), as reference for the fair value, were used, deemed that Vertice 360's current market capitalisation and the listed value of its shares, which would have represented a higher fair value, do not reflect already (a) the synergies expected from the transaction, that shall be reflected in the shares' market values on closing date; (b) other factors currently not foreseeable such as the market reaction to these information (the so called "market sentiment"); and (c) the result of the conditions precedent included in the agreement, that might have an effect on the share's performance. The transaction is currently subject to (i) the assessment of an expert appointed by the Spanish Commercial Register, competent under the Spanish law, confirming the value of Giglio Group's Media Division, defined as a contribution in kind within the Reserved Increase. ETL Global's expert, on 13 September 2019, completed and issued his expert assessment of M-Three Satcom S.r.l., Media 360 Italy Corporate Capital S.r.l., Media 360 HK Limited and Nautical Channel Limited, confirming the total overall value of € 12,499,999.82; ii) the consent to the transfer from Giglio Group to the entirely controlled company Media 360 Italy Corporate Capital S.r.l. of the authorisation regarding channel LCN 68, which took place on 19 September 2019 by the Ministry of Economic Development.

Therefore, until the market factors these information in the context of the share negotiation and thus of the listed price, the Directors deemed to base their fair value assessment on level-3 data, consistent with the assessment of the independent expert, with the reasonable expectation, supported by the results of the fairness opinion, that Vertice 360's market capitalisation could increase.

Regarding the value increase expectation of the shares that Giglio shall purchase in exchange of the area's transfer in November 2019, the Directors assessed the fair value of the assets held for sale taking into account the values resulting from the fairness opinion described above, determining the total value of Vertice 360's economic capital by using an approach based on the estimate of discounted cash flows (so called income approach). In developing the approach, the Industrial Plan 2019-2023 was used, approved by Vertice 360 on 25 February 2019 and extended for 5 more years in order to include further expansion expectations of the business. It is noted that the values determined upon application of the previous approach integrate a terminal value of about 75% the value of Vertice 360's economic capital. The determination of these provisional data represents an element of uncertainty in the process of the assessment of the sale price of assets held for sale, which could therefore differ, also significantly, from the market value of the block of shares that Giglio Group shall obtain as payment on the closing date.

Indeed, the shares obtained upon closing date shall be reported, pursuant to IFRS 9, to the market value at that date, and shall be adjusted at every following measuring date, according to the market value's trend, representing the market value with a level 1 fair-value index. It is noted that, if this criterion were to be used in the creation of 30 September 2019 Financial Statement, the net value of the assets held for sale would have been equal to about € 4.8 million, thus reducing the Group's net equity as of 30 September 2019 at about € 1.1 million.

It is also noted that, 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.

The plan assumes the continuous development of the new technological platform that started during 2018, allowing more scalability in terms of manageable transactions and integration velocity of brand systems with marketplace platforms, as well as omnichannels. Moreover, investments are assumed for the development of the Chinese e-commerce platform, in order to support brands and their sales on the marketplaces integrated to the Group's technological structures developed in the Country. The Industrial Plan considers a GMV (Gross Merchandise

Value) acceleration in line with the expectation of the reference market (online sales for luxury fashion) - and for new brand acquisitions, for which a strong increase s expected from 2019, on the basis of numerous and important ongoing negotiations. The Industrial Plan considers in a very conservative way the effects of the launch of the commercialisation of the Group's services in China, albeit being aware of the quality of its commercial, technological and marketing proposal and of its superiority if compared to other offers.
The strategic objectives of the Plan define a Group that leads the Italian market and is capable of catering for a relevant share of the online "Made in Italy" market with more than 50 marketplaces integrated on a global scale, as well as of becoming on of the most relevant digital and commercial partners for Made in Italy's luxury in China.
Giglio Group aspires to become partner with more than 80 brands, with at least 50 integrated brands in its Ibox platform and with sales in China three-times higher than 2018, without however incorporating turnovers that might be realised through partnerships with big brands, with which negotiations are continuous.

On 1 April 2019, within the context of the selling procedure for the media area and of the transfer agreement in favour of Vertice 360, as previously described, in order to better define the subject of the transfer, with signature authenticated by notary Marco Borio, a limited liability company called M-THREE SATCOM SRL with headquarters in Milan has been established, owned completely by Giglio Group S.p.A., with registered office in Piazza Generale Armando Diaz no.6. The company has been established in order to gather in an uniform manner all the activities related to the satellite broadcasting business unity, incorporated in Giglio Group S.p.A.. The company objects is as follows: providing services in the telecommunications' and data and information broadcasting technologies' fields; marketing in any form and way, in Italy and abroad, networks and services and/or telecommunication systems, also via satellite; designing, creating, installing, managing and maintaining and developing networks and/or telecommunication systems, as well as terrestrial, fixed, mobile and satellite stations and/or cable and over-the-air telecommunications services, telematics and/or electronics. The Governing Director of the company is Michele Magnifichi, previously responsible for the same business within Giglio Group S.p.A..

On 2 April 2019, the company issued a non-convertible debenture bond of € 5 million in principal, made up of 50 bearer bonds with a denomination per unit of € 100,000.00 each. The issue of the non-convertible Debenture Bond took place in the context of the operation"EBB Export

Programme", aimed at the retrieval of financial resources by selected Companies (including Giglio Group) for funding and supporting the internationalisation projects of their core businesses. The Bonds bear interest at the fixed nominal gross annual rate of 4.572%, to be paid with a semi-annual coupon postponed until the expiration of the Debenture Bond (or, if earlier, until the date in which Bonds shall be fully redeemed). The Bonds have a legal duration of 8 years and 6 months and the expiry date will be the last interests' payment date in 2027; the Bonds shall be redeemed at par, i.e. at 100% of their nominal value, pursuant to the amortisation plan set forth in the regulation, with 13 semi-annual capital instalments, with a grace period of 2 years;

Giglio Group relied on the support of FISG S.r.l, a company of the Banca Finanziaria Internazionale Group, as "Arranger", entrusting it with the management of the Operation's structure. The Operation was realised through the issue, on behalf of each Company involved in the programme, of debenture bonds represented by bearer bonds with a denomination per unit of € 100,000.00 each, issued in book-entry form at Monte Titoli S.p.A.. The bonds were entirely subscribed by EBB Export S.r.l, a Company for the securitisation of receivables established in Italy and governed by Law 130/1999, which financed the payment of the subscription price of the debenture bonds through the issue of asset-backed securities with limited recourse on the debenture bonds, subscribed exclusively by qualified investors such as Cassa Depositi e Prestiti and Banca del Mezzogiorno - Mediocredito Centrale, among the others.

The Bonds shall not be listed on any regulated market nor on any MTF;

Furthermore, the following credit enhancements were envisaged:

(i) the issue by SACE S.p.A. of an autonomous, first-demand guarantee in favour of the SPV as guarantee of the compliance with the obligations of payment made against the Company's capital and interests deriving from the Debenture Bond issued by the same.

(ii) the establishment by the Company of a debt service reserve (the "DSR") on cash collateral in favour of the SPV, amounting to the sum due in the form of interests at the first interests' payment date concerning the Debenture Bond: (a) for the purpose of allowing the SPV to promptly comply with its payment obligations with Investors, in the event that the Company fails to promptly comply with its payment obligations in the form of interests concerning the Debenture Bond and pending the enforcement of the related SACE's Guarantee; as well as (b) for the purpose of covering the so-called negative carry of the SPV in the event of payment of amounts in principal on the Debenture Bond in different dates than the one provided for by the related regulation.

In compliance with market standards, the regulation governing the Debenture Bond's terms and conditions includes, other than the aforementioned elements, also (i) some commitments and limitations borne by the Company, including, by way of example but not limited thereto, financial commitments (the so-called financial covenants), as well as disclosure and industrial commitments and (ii) bondholders safeguards in the case of events detrimental to their interests, which shall activate the acceleration clause and thus oblige the Company to fully redeem the Debenture Bond in advance (the so-called events of major importance). The industrial commitments mentioned above include the obligation to finalise the internationalisation project, whose content is attached to the Regulation of the Debenture Bond. The financial covenants - the first valuation date of which is set at 30 June 2019 (respected covenants) - to be respected throughout the life of the Debenture Bond are as follows: a) a gearing ratio, and b) a leverage ratio, as defined by the Regulation of the Debenture Bond. In particular: (a) the leverage ratio shall not be greater than: (i) 4.5 for 2019 and 2020 and (ii) 3.5 starting from 2021 and until the expiration of the Debenture Bond; and (b) the gearing ratio shall not be greater than 2 for the whole duration of the Debenture Bond.

On 5 September 2019, the bondholder authorised Giglio S.p.A.'s request to increase the covenant leverage ratio from 4.5 to 5.5 with regards to the valuation date of 30 June 2019; even though the limit has been respected by the Company.

On 30 April 2019, the Ordinary and Extraordinary Shareholders' Meeting of Giglio Group S.p.A. met under the chairmanship of Alessandro Giglio and in the presence of notary Carlo Marchetti. The Ordinary Shareholders' Meeting approved the Annual Financial Report at 31 December 2018, in the terms proposed by the Board of Directors and presented to the market with the press release of 18 March 2019, whose data are shown at the end of this release. The Financial Statement showed a loss of € 4,744,900.00, 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 € 8,318,303.00. The Ordinary Shareholders' Meeting resolved to redetermine the annual gross compensation of the Board of Directors, increasing it from € 315,000 to € 335,000, and appointed, thus confirming them, Mr Carlo Micchi and Ms Silvia Olivotto as Directors of the Company, who shall remain in office until the Meeting for the approval of the Financial Statement at 31 December 2020.

The Ordinary Shareholders' Meeting resolved to authorise the Board of Directors, pursuant to Art. 2357 of the Italian Civil Code, to purchase own shares. On the basis of the resolution, the purchase may be made, on one or more occasions, within 18 months from the date of the Meeting's resolution and in the limits of available reserves and distributable profits resulting from the last approved financial statement. The unit price of each share shall not be less nor higher than 20% of the reference price registered for the share in the stock exchange market in the session prior to every transaction, and, in any case, at a unit price not higher than the price of the last independent transaction and the price of the current higher independent purchase in the trading venue where the purchase is carried out. Lastly, the maximum number of purchased shares shall not have a total nominal value, including shares eventually owned at the date of this report by the Company and its subsidiaries, exceeding the fifth part of the whole share capital, taking into account also the shares owned by the subsidiaries;

The Extraordinary Shareholders' Meeting resolved to approve the amendments to the By-laws. More specifically, the proposed amendments concern the formulation of the Company object and are aimed at representing in a cleared and more linear way the activities already included in the Company object through the description of the procedure with which they can be stated. More specifically, also following the transfer transaction of the media area and the approval of the new industrial plan 2019-2021, which provides for the focus of the Company's business on e-commerce, the new formulation of the Company object is aimed at giving greater prominence to this trade activity, already included in the current Company object, through the description of the commerce via internet, also defined as e-commerce, and of the related activities in which it can be carried out correctly. At the same time, the new formulation of the Company object streamlines the description of the activities included in the media area, without prejudice to the scope of the activities of such area that the Company may still carry out.

On 5 June 2019, within the context of the selling procedure for the media area and of the transfer agreement in favour of Vertice 360, as previously described, in order to better define the subject of the transfer, with signature authenticated by notary Marco Borio, a limited liability company called "MEDIA 360 ITALY CORPORATE CAPITAL S.R.L.", owned completely by Giglio Group S.p.A., was established, with headquarters in Milan. The registered office has been established in Piazza Generale Armando Diaz no. 6, Milan. The company's object, in order to comply with regulations and prohibitions listed in the existing legal framework and subject to the obtainment of the prescribed authorisations, include the following most relevant activities, among others: production, setup and organisation of shows of any kind; by way of non-limiting example: music concerts, variety shows, sport events, theatrical and TV shows, both in Italy and abroad, together with the relevant agency activities; the production, supply and acquisition of TV and cinematographic programmes; by way of non-limiting example: TV shows, films, TV serials, music shows, various shows, videos, home-videos, TV advertisements, as well as the research of sponsors for the shows and the relevant agency activities; the production and rental of any mean provided by technology for the broadcast and reproduction of the sound and the image; other activities. The Governing Director of the company is Alessandro Giglio, chosen for his undeniable historic competence in the TV sector.

On 14 June 2019, within the context of the same selling procedure for the media area and of the transfer agreement in favour of Vertice 360, as previously described, in order to better define the subject of the transfer, a limited liability company called "MEDIA 360 HONG KONG LIMITED", owned completely by Giglio Group S.p.A., was established, with headquarters in Hong Kong. The Governing Director of the company is Alessandro Giglio.

Within the same context on 8 July 2019, Giglio Group S.p.A., Vértice Trescientos Sesenta Grados SA and Squirrel Capital SLU, as previously defined, signed the agreements that regulate the terms and conditions of the transfer to Vertice 360 of the assets regarding Giglio Group's media area (the "Media Division") against a reserved capital increase of € 1,136,363.64, with the consequent issue of 1,136,363,620.00 Vertice 360’s shares representing, on the date of the conclusion of the agreement, no less than 5.95% of Vertice 360's share capital in favour of the Company (the "Capital Increase").

The agreement confirms the scope of the transfer, i.e. 100% of the company's shares of M3Satcom S.r.l. (Italy) - in which the company branch of the same name has been transferred -, 100% of Nautical Channel LTD's shares (UK), 100% of Media 360 Italy Corporate S.r.l.'s shares (IT) -

in which the TV broadcasting activities in Italy have been transferred -, 100% of Media 360 Hong Kong's shares (HK), in which TV content and rights for China have been transferred.

The Value of the transfer, the timing, terms and conditions of the agreement confirm what has already been defined at 11 March 2019. More specifically, the Parties confirmed in the contractual documents that the transactions' closing shall take place on 30 November 2019, notwithstanding the residual suspensive conditions concerning the agreement signed on 11 March 2019. The Shareholders' Meeting of Vertice 360 for the approval of the Reserved Increase has been called by 30 October 2019. The closing of the transaction, which shall include all other fulfilments envisaged by the contractual documents (including the eventual debt repayment took over by Vertice 360), shall take place during the Meeting for the approval of the Reserved Increase.

Upon the closing date, the Parties shall sign, inter alia, a Shareholders' Agreement regarding Vertice 360. Under the Shareholders' Agreement, starting from the date of approval of the Reserved Increase for transfer of the Media Division, Giglio Group shall be entitled to appoint Alessandro Giglio as member of Vertice 360's Board of Directors as representative of the Group.

In the context of the transaction, Vertice 360 and Giglio Group, benefiting from their expertise in the Digital, TV and e-commerce sectors, shall work together in order to generate continuous business and enterprise synergies all over the world.

On 12 September 2019, the agreement for the acquisition of E-Commerce Outsourcing s.r.l (owner of Terashop's trademark) has been signed, one of the major suppliers of outsourced e-commerce services. Terashop greatly invested in the omni-channel marketing and its innovative platforms offers both to its brands and its end clients a complete purchase experience. In 2018, Terashop's revenues amounted to about € 12 million, with an average constant growth of 15% per year. The Company also supported e-commerce transactions for a countervalue of more than € 30 million.

The operation constitutes a transfer and falls within Giglio Group's process of focusing, enhancing and developing its assets and skills in the e-commerce sector, in line with the Industrial Plan 2019-2023 approved by the Board of Directors on 15 March 2019.

The purchase of Terashop, other than allowing Giglio Group to incorporate a customer base active in these sectors, with high volumes of supported transactions, shall also allow Giglio Group to:

- Create significant economies of scale that shall lead to tangible savings right from the start, developing innovative solutions by using internal resources and reducing the present costs arising from the creation and management of e-stores:

- Strengthen 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;
- Expand the internal structure dedicated to customer care services, with the possibility to reduce the present costs arising from the use of third parties for the provision of said services;
- Expand its commercial offer to clients by integrating current offers with more and more innovative features and solutions, thus increasing the chances of success in negotiations.
- Thanks to this purchase, Giglio Group aims at becoming the largest digital exporter of Made in Italy products worldwide, with a unique customer base and a complete and innovative product offer.

The transfer shall be concluded through a paid share capital increase, pursuant to Art. 2441, par. 4, first sentence of the Italian Civil Code, to be concluded with the contribution of assets in kind without pre-emptive rights The share capital increase shall be made available only through the transfer of the entirety of Terashop's share capital against the issuance of 757,000 ordinary shares with unit price of € 3.5, for a total countervalue of € 2,649,500, inclusive of the share premium. The share capital increase shall be reserved to Terashop's shareholders in proportion to their current holdings in the company's capital. For a complete analysis of the transfer, please see the information document published on 16 October 2019.

On 30 September, Giglio Group called for an Extraordinary Shareholders' Meeting on 31 October 2019 in order to resolve on the share capital increase in favour of Terashop's shareholders, having on the agenda the proposal of non-divisible and paid increase in share capital for a total amount of € 2,649,500.00 (of which € 151,400 at nominal value and the rest at share premium), excluding option rights, pursuant to Art. 2441, par. 4, second sentence of the Civil Code, with the consequent issue of no. 757,000 ordinary shares, with unit price of € 3.5 (of which € 3.3 at share premium), with regular dividend and with the same characteristics of the ordinary shares already issued at the issue date, to be paid through the contribution in kind of the quotas of E-commerce Outsourcing S.r.l. on behalf of all the shareholders of the latter, with consequent amendment of Article 6 of the By-laws.

The independent expert, pursuant to Art- 2343-ter, par. 2, letter b) of the Italian Civil Code, confirmed the value of the quotas to be contributed, while the Auditing Company also confirmed the congruity of the new shares' issue price, which shall be issued in favour of the contributing shareholders.

Antonio Lembo shall keep the office of Managing Director of Terashop and shall also be vested with the task to coordinate as best as possible the integration between the two companies, for the purpose of optimising costs and benefits, as well as ensuring an increasing quality in the service provided to their clients.

On 24 September 2019, the Group announced its entrance in the Food segment, positioning itself as the e-commerce partner of some of the most important brands of Made-in-Italy food brands such as Riso Scotti, Fratelli Carli, Generale Conserve, Everton and Bosca. The entrance in the Food sector represents the beginning of a new line of business in a strategic and symbolic sector for Made in Italy products, offering to web consumers all around the world an easy access to the best Italian food products, now available from the main marketplaces' showcases.
This expansion is consistent with the strategic objectives laid out in the Industrial Plan (2019-2023) of the Group, which continues to expand its offer to new product categories
in an effort to become the biggest Italian digital distributor of Made-in-Italy products worldwide, with a unique customer base and an increasingly innovative services' offer.

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

To the date of this report, no significant events occurred in the period after the end of the third quarter.

5. Outlook

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, recording a progressive increase in its brands portfolio aimed 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 throughout the last quarter, despite the not particularly favourable context of the sectors served due to a reduction in consumer confidence. This situation is partly due to the international slowdown, especially in Europe, with an exacerbated reduction in the internal market, where our group has a very limited exposition. These trends are opposed by the opportunities offered to brands by digital solutions, as well as by the geographic diversification of which Giglio Group wants to be one of the leading interpreters; that is, the importance of platforms as entry points for consumers in their shopping experiences (Ten trends for the fashion industry to watch in 2019, McKinsey). The Group is expecting the beginning of sales operations in China, which will favour the commercial penetration on digital channels of at least 4 brands of Italian Fashion products.

Moreover, the last quarter shall see the completion of Terashop's transfer, as well as the development of synergies on all levels.

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

6. Changes in Accounting Standards

This Interim Financial Report as of 30 September 2019 transposes the adoption of the new IFRS 16 - Leases accounting standard, which entered into force on 1 January 2019.

The new standard provides a new leasing definition and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences:

- the identification of the asset granted for use (i.e. without the right of replacement of the asset by the lessor);
- the right to obtain substantially all the economic benefits from the use of the asset;
- the right to decide how to use the asset and to which end.

All contracts included in the leasing definition, with the exception of the contracts regarding low-value assets and leasing lasting less than or 12 months, shall be recorded in the balance sheet as a right of use activity with a corresponding contribution as financial debt. On the other hand, the standard does not include significant amendments for lessors. For the adoption of the new standard, the Group followed the modified-retrospective transitional method (i.e., with cumulative effect of the adoption, recorded as adjustment of the opening balance of profits recorded on 1 January 2019 without the redefinition of comparative information).

As far as the leasing contracts previously classified as operating are concerned, the following have been entered in the financial statements' accounts:

- A financial liability calculated from the date of the first application using for each contract the incremental borrowing rate (IBR) applicable on the transition date;

- A right to use valued by applying the discounting ever since the contracts' start date with the same IBR used for calculating the financial liability.

This accounting treatment at 1 January 2019 included a decrease of the Shareholders' Equity as a result of the difference arising between the right to use thus calculated and the financial liability of about € 81,000 gross of the accounting effect of the fiscal component (€ 62,000 the net effect).

Altogether, the application of the new standard, as of 30 September 2019, resulted in:

- The entry of the right to use within tangible fixed assets for a total of € 1.8 million;
- The entry of a financial liability (financial receivables for operating leasing as per IFRS 16) equal to about € 1.8 million;
- As far as the income statement is concerned, an improvement in the period's EBITDA of € 0.6 million, arising from the reversal of leases, counterbalanced by higher amortisation for € 0.6 million and by higher financial burdens for € 40,000, with an impact on the EBITDA, the EBIT and a Group Net Profit for the period of € 0.6 million, € 0 million and € 0 million respectively;
- A decrease of € 62,000 in Shareholders' Equity, as described above.

7. Financial Highlights as of 30 September 2019

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 accounting period of the present Interim 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 charges 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.

ADDED VALUE: 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 charges.

Non-recurring charges: 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.

Analysis of the Consolidated Financial and Balance Sheet as of 30 September 2019

For the purpose of a more correct analysis of the data reported thereon, it is noted that, as previously purported, 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. 1,136,363,620.00 Vertice 360 shares in favour of the Company. The transaction shall be completed in the following days.

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 aforementioned "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 30 September 2019 are as specified below:

(Euro thousands)	30.09.2019	31.12.2018	Change
Intangible Fixed Assets	13,739	12,297	1,442
Tangible Fixed Assets	2,900	1,492	1,408
Financial Fixed Assets	978	1,595	(617)
Total Fixes Assets	**17,617**	**15,384**	**2,233**
Inventories	2,909	5,273	(2,364)
Commercial credits and other receivables	10,645	12,519	(1,874)
Commercial debts and other receivables	(17,844)	(24,070)	6,226
Operating/Commercial Working Capital	**(4,290)**	**(6,278)**	**1,988**
Other current assets and liabilities	3,720	8,177	(4,457)
Net Working Capital	**(570)**	**1,899**	**(2,469)**
Provisions for risks and charges	(549)	(804)	255
Deferred tax assets and liabilities	751	1,171	(420)
Net Invested Capital of Continuing Operations	**17,249**	**17,650**	**(401)**
Net Invested Capital of Sales Activities	**10,072**	**9,923**	**149**
Total Net Invested Capital	**27,321**	**27,573**	**(252)**
Net Equity	**(5,357)**	**(8,409)**	**3,052**
Net financial debt	**(21,964)**	**(19,164)**	**(2,800)**
Total Sources	**(27,321)**	**(27,573)**	**252**

The Net Invested Capital of the Group at 30 September 2019, equal to € 27.3 million, is principally comprised of Net Fixed Assets of continuing operations (€ 17.6 million), of Net Working Capital of continuing operations totalling € -0.6 million and of the Net Invested Capital for sales activities of € 10.1 million.

Tangible Fixed Assets, equal to € 2.9 million, include the € 1.8 million increase (net of the period's amortisations) arising from the adoption, starting form 1 January 2019, of IFRS 16 accounting standards, as described above. Net of said increase, the account mainly refers to the investment in capital goods.

Intangible Fixed Assets, equal to € 13.7 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. The € 1.4 million increase (net of the period's amortisations) mainly refers to the costs for the purchase of software (€ 0.6 million) and the development costs borne internally (€ 1.1. million) for the implementation of the IT platform dedicated to the management of online sales within the context of the B2C and B2B2C division.

Financial Fixed Assets, equal to € 1.0 million, can mainly be attributed:

- for € 0.7 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 30 September 2019 and 31 December 2018 is as follows:

		A		B	C=A-B
	(Euro thousands)	30.09.2019 post IFRS 16	30.09.2019 pre IFRS 16	31.12.2018	Change
A.	Cash	946	946	2,889	(1,943)
B.	Bank and postal deposits and cheques	-	-	-	-
C.	Securities held for trading	-	-	-	-
D.	**Cash & cash equivalents (A)+(B)+(C)**	**946**	**946**	**2,889**	**(1,943)**
E.	Current financial receivables	530	530	620	(90)
F.	Current bank payables	(7,463)	(7,463)	(8,307)	844
G.	Current portion of non-current debt	(4,806)	(4,806)	(6,804)	1,997
H.	Other current financial payables	(2,519)	(1,857)	(899)	(1,620)
	of which Related Parties				-
I.	**Current financial debt (F)+(G)+(H)**	**(14,788)**	**(14,126)**	**(16,009)**	**1,221**
J.	**Net current financial debt (I) + (E) + (D)**	**(13,312)**	**(12,650)**	**(12,501)**	**(811)**
K.	Non-current bank payables	(5,644)	(5,644)	(2,119)	(3,525)
L.	Bonds issued	-	-	(2,219)	2,219
	of which Related Parties				-
M.	Other non-current payables	(3,008)	(1,905)	(2,325)	(683)
N.	**Non-current financial debt (K)+(L)+(M)**	**(8,652)**	**(7,549)**	**(6,663)**	**(1,989)**
O.	**Net financial debt (J)+(N)**	**(21,964)**	**(20,199)**	**(19,164)**	**(2,800)**

The Group net financial debt amounts to € -22.0 million, highlighting a deterioration on 31 December 2018 (€ -19.2 million) of € 2.8 million. The increase relates principally to the following factors:

increasing for:

• Lesser liquidity for € 1.9 million;

• EBB bonds issuance for € 4.7 million;

• More financial receivables connected to the IFRS 16 effect for € 1.8 million;

decreasing for:

• Repayment of February-to-September instalments, for € 1.3 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 Shareholders' Meeting;

• Repayment of outstanding instalments in 2019's first nine months for € 3.2 million;

The Group's net financial debt as of 30 September 2019 adjusted to IFRS 16 highlights a deterioration of € 1.0 million if compared to the debt as of 31 December 2018.

Consolidated Operating Overview at 30 September 2019

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, 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 aforementioned "modified retrospective"; thus, it is noted that the balance sheet figures regarding the same period of the previous year were not outlined.

Reclassified Consolidated Income Statement

(Euro thousands)	30.09.2019	30.09.2018	Change
Revenues	**28,708**	**27,807**	**901**
Operating Costs	(23,764)	(24,234)	470
ADDED VALUE	**4,944**	**3,574**	**1,370**
ADDED VALUE%	**17.2%**	**12.9%**	**4.4%**
Personnel expense	(3,157)	(2,189)	(968)
EBITDA Adjusted	**1,787**	**1,384**	**403**
EBITDA%	**6.2%**	**5.0%**	**1.2%**
Non-recurring charges	(1,447)	(892)	(555)
Amortisation, depreciation & write-downs	(1,191)	(151)	(1,040)
EBIT	**(376)**	**342**	**(718)**
Net financial expenses	(928)	(736)	(192)

PROFIT BEFORE TAXES	**(1,304)**	**(395)**	**(909)**
Income taxes	(653)	(55)	(598)
NET PROFIT FROM CONTINUING OPERATIONS	**(2,432)**	**(449)**	**(1,983)**
NET PROFIT FROM DISCONTINUED OPERATIONS	**(511)**	**(165)**	**(346)**
NET PROFIT	**(2,943)**	**(614)**	**(2,329)**

EBIT adjusted to non recurring charges	**596**	**1,234**	**(638)**
EBIT adjusted to non recurring charges %	**2.1%**	**4.4%**	**(2.4)%**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring charges	**(1,460)**	**443**	**(1,903)**
NET PROFIT FROM CONTINUING OPERATIONS adjusted to non recurring charges %	**(5.1)%**	**1.6%**	**(6.7)%**
NET PROFIT adjusted to non recurring charges	**(1,496)**	**278**	**(1,774)**
NET PROFIT adjusted to non recurring charges %	**(5.2)%**	**1.0%**	**(6.2)%**

The consolidated revenues of continuing operations, equal to € 28.7 million, grew by € 0.9 million (+7%) if compared to the consolidated figures of the same period for the previous fiscal year (€ 27.8 million). This increase is mainly ascribable to the capitalisation of development costs incurred entirely for the creation of Ibox's technological platform.

Total Operating Costs of continuing operations, net of non-recurring costs, amounts to € 23.8 million (€ 24.2 million consolidated pro-forma figures at 30 September 2018), following the substantial stability of acquisition costs, service costs and rent, leases and similar costs.

Personnel costs increased by € 1.0 million on the same period of the previous year, principally due to expanded workforce in terms of the business development, sales and digital staff.

The EBITDA of continuing operations normalised to non-recurring costs (which equalled to € 1.4 million) of € 1.8 million (€ 1.4 million consolidated pro-forma figures as of 30 June 2018) is growing due to the greater investments in human resources and expenses for the development of the completely new e-commerce platform to support the expected increase in transactions volume and the integration with global marketplaces; other than greater efficiencies reached in the digital productive process, some central costs were not repeated into the transfer of the Media Area.

More specifically, non-recurring charges concern:

- € 0.7 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).

- € 0.5 million related to previous years' taxes due to the permanent establishment of IBOX SA.

The EBIT of continuing operations adjusted to non-recurring costs and to IFRS 5 effects amounts to € 0.6 million (€ 1.2 million consolidated pro-forma figures as of 30 September 2018).

The Net Profit of continuing operations adjusted to non-recurring costs equals € -1.5 million (€ 0.4 million consolidated figures in the same period of the previous year), and takes into account current taxes for 2019 regarding the permanent establishment of the subsidiary IBOX SA, calculated on the basis of the different quantification of income elaborated by Prato's Agenzia delle Entrate, which is carrying out a tax examination for the purpose of direct taxation on fiscal year 2016.

Other than recording current taxes, for a total of € 166,000, this determined also the quantification of taxes relating to previous fiscal years at a total of € 476,000, which are of an extraordinary nature in the ongoing year and have been classified among the 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 Group identified three business areas (Business Units) after segmenting its activities with reference to the types of products, 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, Giglio TV HK and Giglio Shanghai;
2. B2C e-commerce IBOX Group;
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.

It is noted that, before the Group decided to focus on the e-commerce business only, the operation segments identified by the Company were:

1. Media
2. E-commerce
3. Corporate

As highlighted above, the Media sector is represented, starting from 30 September 2019, as sector held for sale within the following discontinued operations.

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

30 September 2019					
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Discontinued operations**	**Total**
Total revenues	**17,002**	**11,706**	**0**		**28,708**
EBITDA Adjusted	**1,735**	**3,044**	**(2,992)**		**1,787**
Non-recurring costs		(475)	(972)		(1,447)
EBIT	**1,727**	**2,899**	**(5,002)**		**(376)**
EBT	**1,717**	**2,814**	**(5,835)**		**(1,304)**
Net Profit from continuing operations	**1,335**	**2,172**	**(5,939)**		**(2,432)**
Net Profit from discontinued operations				**(511)**	**(511)**
Net Profit					**(2,943)**

The results of sectors at 30 September 2018 are as follows:

30 September 2018					
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Discontinued operations**	**Total**
Total revenues	**17,102**	**10,705**	**0**		**27,807**
EBITDA Adjusted	**1,691**	**1,565**	**(1,873)**		**1,384**
Listing and non-recurring costs			(892)		(892)
EBIT	**1,669**	**1,438**	**(2,765)**		**342**
EBT	**1,680**	**1,264**	**(3,340)**		**(395)**
Net Profit from continuing operations	**1,674**	**1,217**	**(3,340)**		**(449)**
Net Profit from discontinued operations				**(165)**	**(165)**
Net Profit	**1,674**	**1,217**	**(3,340)**		**(614)**

As commented above, we highlight the increased performance in the e-commerce area if compared to the same period of the previous fiscal year, especially as far as the margins achieved are concerned, in a context of careful assessment of business in the B2B sector, privileging profitability and sustainability of a business rather that the expansion of volumes. This result is due to greater foreign market penetration, especially China, and increased sales volumes driven by customer brands, as well as by the conclusion of the process of reorganization of the productive process and by the recovery of efficiencies.

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.

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 financial statements (October 2019) the official data indicates the following significant shareholders:

- 55.67% of shares held by Meridiana Holding S.r.l. (company held 99% by Alessandro Giglio and 1% by his wife Ms. Yue Zhao);
- DOCOMO Digital Italy S.P.A. which holds 9.91% of the share capital.

FINANCIAL STATEMENTS

- Condensed Consolidated Balance Sheet
- Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
- Condensed Consolidated Statement of Changes in Equity
- Condensed Consolidated Statement of Cash Flows
- Consolidation Scope

Condensed Consolidated Balance Sheet

Condensed Consolidated Balance Sheet (Euro thousands)	30.09.2019	31.12.2018
Non-current assets		
Property, plant & equipment	1,115	1,492
Right-of-use assets	1,785	-
Intangible assets	2,071	629
Other intangible assets	2,071	629
Goodwill	11,668	11,668
Investments in associates	5	5
Receivables	973	1,590
Deferred tax assets	753	1,174
Total non-current assets	**18,370**	**16,558**
Current assets		
Inventories	2,909	5,273
Trade and other receivables	10,645	12,519
Tax receivables	6,395	9,949
Other assets	2,205	2,653
Cash and cash equivalents	946	2,889
Total current assets	**23,100**	**33,283**
Assets held for sale	**19,746**	**18,431**
Total Assets	**61,216**	**68,272**
Net Equity		
Share capital	3,208	3,208
Reserves	11,341	11,400
Extraordinary reserve	-	-
Listing charges	(541)	(541)
FTA Reserve	4	4
Retained earnings	(5,728)	2,602
Foreign Currency Translation reserves	16	-
Net profit	(2,943)	(8,264)
Total Group Net Equity	**5,357**	**8,409**
Minority interest in net equity	-	-
Total Net Equity	**5,357**	**8,409**
Non-current liabilities		
Provisions for risks and charges	549	804
Deferred tax liabilities	2	3
IFRS16 financial payables	1,102	-
Financial payables	7,549	6,663
Total non-current liabilities	**9,202**	**7,470**
Current liabilities		
Trade and other payables	17,844	24,070
IFRS16 financial payables	662	-
Financial payables	14,126	16,009
Tax payables	3,345	2,824
Other liabilities	1,006	982
Total current liabilities	**36,983**	**43,885**
Assets held for sale and liabilities directly associated with assets held for sale	**9,674**	**8,508**
Total liabilities and Shareholders’ Equity	**61,216**	**68,272**

Condensed Consolidated Statement of Profit or Loss

Condensed Consolidated Statement of Profit or Loss (Euro thousands)	30.09.2019	30.09.2018
Total revenues	**26,774**	**27,135**
Other revenues	876	672
Capitalised costs	1,058	0
Change in inventories	(2,224)	1,052
Purchase of raw materials, ancillary, consumables and goods	*(11,288)*	*(14,581)*
Service costs	*(10,685)*	*(10,218)*
Rent, lease and similar costs	*(187)*	*(767)*
Operating costs	**(22,160)**	**(25,566)**
Salaries and wages	*(2,467)*	*(1,728)*
Social security charges	*(573)*	*(383)*
Post-employment benefits	*(117)*	*(78)*
Personnel expense	**(3,157)**	**(2,189)**
Amortisation	*(274)*	*(95)*
Depreciation	*(937)*	*(46)*
Write-downs	*20*	*(10)*
Amortisation, depreciation & write-downs	**(1,191)**	**(151)**
Other operating costs	*(352)*	*(611)*
Operating profit	**(376)**	**342**
Financial income	*13*	*31*
Net financial expenses	*(941)*	*(767)*
Profit before taxes	**(1,304)**	**(395)**
Income taxes	*(1,128)*	*(55)*
Net Profit from continuing operations	**(2,432)**	**(449)**
Net Profit from discontinued operations	**(511)**	**(165)**
Net Profit	**(2,943)**	**(614)**
Of which minority interest	**-**	**-**
Basic and diluted profit from continuing operations	**(0.1516)**	**(0.0280)**
Basic and diluted profit from discontinued operations	**(0.0319)**	**(0.0103)**
Net profit per share – basic and diluted	**(0.1862)**	**(0.0381)**

Comprehensive Income Statement

Comprehensive Income Statement (Euro thousands)	30.09.2019	30.06.2018
Net Profit	**(2,943)**	**(614)**
Other comprehensive income items		
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes.		
Translation Reserve	15	2
Total other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes	**15**	**2**
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	(59)	1
Total other comprehensive items which may not be subsequently reclassified to profit/(loss) for the year net of income taxes	**(59)**	**1**
Consolidated comprehensive profit	**(2,987)**	**(612)**

Condensed Consolidated Statement of Changes in Equity

Description *(Euro thousands)*	**Share capital**	**Reserves**	**FTA Reserve**	**Foreign Currency Translation reserves**	**IAS 19 Reserve**	**Retained earnings**	**Net profit**	**Total**
31 December 2018 BALANCE	**3,208**	**10,914**	**4**	**-**	**(55)**	**2,602**	**(8,264)**	**8,409**
Restatement for first application IFRS 16						(65)		(65)
1 January 2019 BALANCE	**3,208**	**10,914**	**4**	**-**	**(55)**	**2,537**	**(8,264)**	**8,344**
Share capital increase	-							-
Share premium reserve		-						-
Retained earnings						(8,264)	8,264	-
IAS 19 Reserve					(59)			(59)
Exchange rate effect				15				15
Other changes	-	-				-		-
Group profit/(loss)							(2,943)	(2,943)
30 September 2019 BALANCE	**3,208**	**10,914**	**4**	**15**	**(114)**	**(5,727)**	**(2,943)**	**5,357**

Condensed Consolidated Statement of Cash Flows

Euro thousands	30.09.2019	30.09.2018
Cash flows from operating activities		
Profit (loss) for the period of continuing operations	(2,432)	(449)
Profit (loss) for the period of discontinued operations	(511)	(165)
Adjustments for:		
Amortisation of tangible assets	536	95
Amortisation of right-of-use assets	401	
Amortisation of intangible assets	274	46
Non-cash changes of provisions	(255)	(136)
Write-downs/(Revaluations)	(20)	10
Net financial charges/(income)	928	736
Income taxes	1,128	55
Changes in:		
Inventories	2,363	1,756
Trade receivables	1,873	5,627
Tax receivables	1,994	806
Financial receivables to banks	1,560	-
Other assets	448	(285)
Deferred tax liabilities	(1)	(263)
Trade payables	(6,226)	(11,559)
Tax payables	(607)	(1,269)
Changes in right-of-use assets	(2,186)	-
Changes in IFRS16 financial payables	1,764	-
Other liabilities	24	20
Change in net working capital	**1,006**	**(5,167)**
Changes in assets held for sale	(1,315)	(11,479)
Changes in assets/liabilities held for sale	1,166	14,856
Cash flow generated from operating activities	**2,221**	**9,881**
Interest paid	(530)	(736)
Income taxes paid	-	(55)
Net cash flow generated from operating activities	**1,691**	**9,090**
Cash flows from investing activities		
Investments in property, plant & equipment	(186)	(97)
Investments in intangible assets	(1,688)	74
Changes in other intangible assets	1,058	(109)
Increase in investments in associates	-	(114)
Net cash flow absorbed by investing activities	**(816)**	**(246)**
Cash flow from financing activities		
Change in Shareholders' Equity	(108)	(39)
New financing	6,238	5,500
Repayment of loans	(4,507)	(2,432)
Change in financial debt	(3,127)	(3,775)
Net cash flow absorbed by financing activities	**(1,504)**	**(746)**
Net increase/(decrease) in cash and cash equivalents	**(629)**	**8,098**
Cash and cash equivalents at 1 January	2,889	6,209
Cash and cash equivalents at 30 June	946	2,828

Consolidation Scope

Information on subsidiaries:

The consolidated financial statements of the Group include:

Consolidation scope

Giglio Group S.p.A.	Italy	**Parent company**	
Nautical Channel Ltd	UK	**Subsidiary**	100%
Giglio TV HK*	HK	**Subsidiary**	51%
Giglio USA	USA	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
Giglio (Shanghai) Technology Company Limited	China	**Subsidiary**	100%
IBOX S.r.l.	Italy	**Subsidiary**	100%
Evolve Service USA	USA	**Subsidiary**	100%
M-Three Satcom	Italy	**Subsidiary**	100%
Media 360 Italy Corporate Capital S.r.l.	Italy	**Subsidiary**	100%
Media 360 HK Limited	HK	**Subsidiary**	100%

* The minority shareholding of 49% held by Simest S.p.A. is classified as minority interest in shareholders' equity at financial receivables, under the irrevocable purchase obligation of such share by Giglio Group S.p.A. on 30 June 2022.

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 € 3,208,050.

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

Since March 20, 2018, the Company has been listed on the STAR segment of the Italian Stock Exchange, with a free float of approx. 35%: the shareholder structure is available on the company's website: www.giglio.org.

GIGLIO TV HK Limited

Registered Office:

Unit 305 – 7,3/F, Laford Centre, 838

Lai Chi Kok Road, Cheung Sha Wan,

Kowloon, Hong Kong

Share capital € 1,530,000, held 100% by Giglio Group S.p.A.. The company manages all the Group's activities on the Chinese market.

NAUTICAL CHANNEL

Registered office: 346a Farnham Road Slough Berkshire SL2 1BT (UK)

Share capital € 5, held 100% by Giglio Group S.p.A.

The company manages all the Group’s Nautical activities worldwide.

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 € 40,000

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.

E-Volve Service USA

Registered Office: New York

Share capital: USD 10,000

The company develops the e-commerce business model of IBOX SA.

IBOX S.r.l.

Registered Office: Via Pier Della Francesca 39, 59100 Prato (PO)

Share capital: EUR 20,000

The company is an e-commerce service provider managing websites for major made in Italy fashion brands.

M-Three Satcom S.r.l.

Registered office – Piazza Diaz 6, Milan

Share capital: EUR 120,000

The company provides services in the field of telecommunications and technologies relating to the transmission of data and information;

Media 360 Italy Corporate Capital S.r.l.

Registered office – Piazza Diaz 6, Milan

Share capital: EUR 50,000

The company produces, supplies and purchased TV and cinematographic programmes.

Media 360 HK Limited

Registered Office:

Room 603 – 6/F, Shun Kwong Commercial Building 8

Des Voeux Road W, Sheung Wan,

Hong Kong

Share capital: HKD 100

The company operates in the sector of media content production and distribution on TV channels, where granted, and on digital platforms in China.

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

Terashop Operation

On 12 September 2019, the agreement for the acquisition of E-Commerce Outsourcing s.r.l (owner of Terashop's trademark and defined as Terashop) has been signed.

The transfer shall be concluded through a paid share capital increase, pursuant to Art. 2441, par. 4, first sentence of the Italian Civil Code, to be concluded with the contribution of assets in kind without pre-emptive rights. The share capital increase shall be made available only through the transfer of the entirety of Terashop's share capital against the issuance of 757,000 ordinary shares with unit price of € 3.5, for a total countervalue of € 2,649,500, inclusive of the share premium. The share capital increase shall be reserved to Terashop's shareholders in proportion to their current holdings in the company's capital.

On 30 September, Giglio Group called for an Extraordinary Shareholders' Meeting on 31 October 2019 in order to resolve on the share capital increase in favour of Terashop's shareholders, having on the agenda the proposal of non-divisible and paid increase in share capital for a total amount of € 2,649,500.00 (of which € 151,400 at nominal value and the rest at share premium), excluding option rights, pursuant to Art. 2441, par. 4, second sentence of the Civil Code, with the consequent issue of no. 757,000 ordinary shares, with unit price of € 3.5 (of which € 3.3 at share premium), with regular dividend and with the same characteristics of the ordinary shares already issued at the issue date, to be paid through the contribution in kind of the quotas of E-commerce Outsourcing S.r.l. on behalf of all the shareholders of the latter, with consequent amendment of Article 6 of the By-laws.

The following tables show the Interim Condensed Consolidated Balance Sheet and the Interim Condensed Consolidated Statement of Profit or Loss of E-commerce Outsourcing S.r.l. as of 30 September 2019 and 30 June 2019 (Statements not subject to audit and prepared in accordance with the Issuer's IAS/IFRS accounting standards).

Condensed Consolidated Balance Sheet (Euro thousands)	30.09.2019	30.06.2019
Non-current assets		
Property, plant & equipment	150	171
Right-of-use assets	210	-
Intangible assets	7	10
Other intangible assets	7	10
Goodwill	-	-
Investments in associates	3	3
Receivables	-	-
Deferred tax assets	1	1
Total non-current assets	**371**	**185**
Current assets		
Inventories	45	51
Trade and other receivables	2,607	2,360
Financial receivables	2	2
Tax receivables	270	270
Other assets	66	51
Cash and cash equivalents	981	901
Total current assets	**3,971**	**3,635**
Total Assets	**4,342**	**3,820**
Net Equity		
Share capital	38	38
Reserves	521	821
Extraordinary reserve	-	-
Listing charges	-	-
FTA Reserve	(38)	(38)
Retained earnings	(2)	(2)
Foreign Currency Translation reserves	-	-
Net profit	127	47
Total Group Net Equity	**646**	**866**

Minority interest in net equity	-	-
Total Net Equity	**646**	**866**
Non-current liabilities		
Provisions for risks and charges	332	315
Deferred tax liabilities	-	-
IFRS16 financial payables	124	-
Financial payables	-	-
Total non-current liabilities	**456**	**315**
Current liabilities		
Trade and other payables	2,482	2,192
IFRS16 financial payables	90	-
Financial payables	-	-
Tax payables	185	165
Other liabilities	483	282
Total current liabilities	**3,240**	**2,639**
Total liabilities and Shareholders' Equity	**4,342**	**3,820**

Condensed Consolidated Statement of Profit or Loss (Euro thousands)	**30.09.2019**	**30.06.2019**
Total revenues	**4,359**	**2,953**
Other revenues	14	7
Capitalised costs	0	0
Change in inventories	22	28
Purchase of raw materials, ancillary, consumables and goods	*(987)*	*(736)*
Service costs	*(1,868)*	*(1,266)*
Rent, lease and similar costs	*(42)*	*(31)*
Operating costs	**(2,897)**	**(2,033)**
Salaries and wages	*(860)*	*(586)*
Social security charges	*(200)*	*(138)*
Post-employment benefits	*(54)*	*(37)*
Personnel expense	**(1,114)**	**(761)**
Amortisation	*(20)*	*(13)*
Depreciation	*(129)*	*(86)*
Write-downs	*(10)*	*0*
Amortisation, depreciation & write-downs	**(159)**	**(99)**
Other operating costs	*9*	*15*
Operating profit	**234**	**110**
Financial income	*0*	*0*
Net financial expenses	*(83)*	*(55)*
Profit before taxes	**151**	**55**
Income taxes	*(25)*	*(9)*
Net Profit	**126**	**46**

Finally, it is noted that the aforementioned Reports:

- In accordance with IFRS 3 "Business Combinations", at the acquisition date, defined as the date in which Giglio Group shall acquire control on E-commerce Outsourcing S.r.l., the Group shall be identified as acquiring company and shall recognise as goodwill the excess between the consideration transferred (composed by the fair value of newly issued shares) and the fair value of purchased identifiable assets and liabilities, or potential liabilities, taken up by E-commerce Outsourcing S.r.l. The value of the new share has been hypothesises at € 3.5 per share, as agreed by the Parties with the Investment Agreement;

- The difference between the assessed amount for the acquisition (for which no fair value has been determined yet, since it shall be assessed on the date of issuance of the new shares) and the transfer with regards to the net assets acquired (for which no fair value has yet been determined as of Acquisition Date) shall be recorded into the "Goodwill" account; following the conclusion of the Transfer, an assessment shall be carried out in order to assess and measure the fair value of the estimated amount for the acquisition and of the net assets acquired; if, upon completion of the allocating process, tangible and intangible fixed assets with definite useful life (or other assets or liabilities) shall be identified, the future statements of profit or loss shall reflect also the effects of said allocations.

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 30 September 2019 corresponds to the accounting figures, book and documents.

Milan, 28 October 2019
The Financial Reporting Officer
Carlo Micchi