Interim Financial Report as of 30 September 2020

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Interim Directors' Report

of the Condensed Consolidated Financial Statement as of

30 September 2020

Company Information

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

Legal Information
Share Capital subscribed and paid-in € 3,661,337 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
Marco Belloni	Chief Executive Officer
Anna Lezzi	Executive Board Member
Silvia Olivotto	Independent Member
Francesco Gesualdi	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
Francesco Gesualdi	Member

Appointment and Remuneration Committee

Francesco Gesualdi	Chairman
Silvia Olivotto	Member

Executive Officer for Financial Reporting
Carlo Micchi

Independent Auditor
EY S.p.A.

1. Introduction

Giglio Group is engaged in the e-commerce industry of high-end fashion, design and food products, and is now expanding also its commercial offer to the healthcare products' sector. The Group's mission is to make available to its digital users worldwide an increasing number of brands within the aforementioned categories.

Founded in 2003, the Group offers tailor-made B2B and B2C services to various 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 - including the "incentive" sector - connecting brands on various digital platforms with consumers across the globe, having also expanded its activities towards the food, design, electronics, DIY and physical wellness industries.

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 (as far as Fashion is concerned) 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 brands, ensuring a 100% sales rate over the year, regardless of the sales' territory.

With the beginning of sales in the design segment and with the Group's penetration in the food segment, Giglio Group boasts 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 own platforms can be directly integrated, and are 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.

Particularly in Fashion, but not only, 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 first sales' pillar within the online world, and a consolidated strength for Giglio Group. 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 2020.

  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.

In 2020, Giglio Group operated for the first time only in the e-commerce business. Moreover, it was the first year in which the results of E-Commerce Outsourcing S.r.l. (owner of Terashop's trademark), one of the major suppliers of outsourced e-commerce services, were fully consolidated. Terashop greatly invested in the omni-channel marketing in Italy and its innovative platforms offer both to its brands and its end clients a complete purchase experience. By integrating Giglio Group's and Terashop's platforms, it was 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. Terashop's purchase allowed for the integration of a customer base active in the reference sector with elevated supported trading volumes, thus creating important economies of scale with immediate savings. Moreover, it allowed for the strengthening of 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.

THE REFERENCE MARKET

According to Bain's study "Luxury Study 2020 Spring Update", following the economic crisis triggered by the COVID-19 pandemic, 2020 is expected to record a drop between 20-35% in the luxury market. It will thus take time to return to the levels reached in 2019, which are expected to be reached again no sooner than 2022-2023. From these years onwards, the market is expected to begin growing again, until reaching an estimated turnover of € 320-330 billion by 2025.

Luxury Goods' Sales Channels

On a global scale, online sales kept increasing, now representing 12% of the whole market, with more and more clients being influenced and supported by digital channels, also for the physical purchases. Indeed, 75% of luxury transactions was influenced by the online channel, and 20-25% of the purchases was digitally supported. Asia confirmed its role as a driver for the online luxury market, coming before Europe and the Americas. Accessories are still the most sold category online, before apparel. Beauty and "Hard Luxury" (jewels and watches) goods recorded a constant increase, too. Among the channels for online luxury sales, brands' websites gained market shares if compared to the websites of e-tailers and retailers. The market of personal luxury goods benefited from a higher online penetration if compared to most luxury segments.

The effects of the global crisis triggered by the COVID-19 pandemic

Chinese clients represented 90% of the global market's growth in 2019, accounting for 35% of the value of luxury goods sold worldwide. Mainland China was a powerful engine of growth for the luxury industry over the last years, and 2019 was no difference: the market grew by 26% at constant rates, reaching € 30 billion, sustained as it was by government policies and a shift of consumption flows from the outside (e.g. Hong Kong) to the national market.

Over 2020, a phenomenon that is still changing the economic forecasts of whole economy sectors worldwide was being recorded, which in turn is causing a revision of the turnover for the fashion sector, served by Giglio Group. On January 2020, the COVID-19 epidemic started to hatch in China, connected to the so-called Coronavirus, before spreading quickly in many areas of the world, Europe and the USA included. Due to the lockdowns that were enforced in various part of the world and to the shutdown of tourism in all of the main markets worldwide, whole fashion distribution chains suffered significant drops in sales due to the decrease in clients. Nevertheless, the online fashion sector stood strong, while the traditional sales models such as physical shops and malls recorded strong drops in all luxury categories, with Accessories being the most resilient one and Watches the category that suffered the most, mainly due to the lack of online platforms specialised in their sales in a moment where the physical outlets were being shut down. According to Bain's study, the personal luxury goods' market decreased by about 25% in 2020, and the drop could lead to an overall drop of 20-35% for the whole year.

The manufacturing sector is definitely the most damaged one, given that China is currently aiming at keeping the economic growth rate high and at leading the country to the Fourth Industrial Revolution with its Made in China 2025 strategy.

Particularly in the fashion sector, according to McKinsey & Company's study "The State of Fashion 2020 Coronavirus Update", the $2.5 billion-worth fashion industry will face double-digit losses in 2020, followed by a recessive market and a global panorama that will undergo radical changes. Moreover, the study provides a forecast of the fashion industry 12-18 months after the end of the global pandemic.

- Profit-wise, the industry (apparel and footwear) should record a drop of 27-30% in 2020. As far as the personal luxury goods are concerned (luxury fashion, luxury accessories, luxury watches, luxury jewels and high-end beauty products), a drop of 35-39% is expected.
- With stores closed for two months, it is estimated that 80% of the fashion companies listed in Europe and North America could face financial difficulties and, as a consequence, a significant number of them will probably go bankrupt over the following 12-18 months.
- Closing the stores and cancelling orders brought about a "domino effect" which led to the loss of millions of jobs in retail stores around the world, forcing brands to cancel their orders and in turn leaving millions of supply markets' workers jobless.

McKinsey's study purports that the interconnection of the sector makes business planning all the more difficult. By way of example, when China began to recover from the COVID-19, outbreaks began to show in Europe and in North America. Moreover, the people working in the supply and low-cost fashion centres of Bangladesh, Cambodia, Ethiopia, Honduras and India were the ones to bear the fuller brunt of the pandemic, given the deeply rooted poverty and the inadequate healthcare systems that characterise the areas.

The so-called "social distancing" stressed more than ever the importance of digital channels, and the various lockdowns turned the digital market into an urgent priority for the whole value chain. Those companies that will not increase nor strengthen their digital capacities in the recovery stage, will surely face serious repercussions in the long term.

Measures taken by the Group during the COVID-19 pandemic

The containment measures adopted worldwide for limiting the spread of COVID-19 -which halted production in different sectors-, the need for PPEs and the restriction on travels all had a significant effect on the Group's results as of 30 September 2020.

Giglio Group has promptly adopted containment measures aimed at limiting the negative effects of the pandemic, adapting to the abrupt change in the surrounding economic scenario.

The main objective of the Group was that of safeguarding the safety and the health of its employees by adopting all safety measures introduced by the Italian government and by ensuring the business continuity of the enterprise through the adoption of smart-work logics.

As far as profit is concerned, the Group's measures aimed at: a) converting some of its platforms and logistics lines designed for the fashion sector for the purpose of finding medical masks, thanks to its advanced infrastructure in China/Far East; b) developing, following the lockdown of all non-essential physical stores, an online sales strategy aimed at supporting the brands in recovering from the massive losses of turnover caused by the health emergency.

Overall, the B2B e-commerce sector recorded an increase of about € 0.7 million if compared to the budget, thanks to the Giglio Salute division, which produced € 10.1 million, thus compensating for the traditional B2B division that, due to the temporary orders interruption from many clients both in Europe and in the United States of America, recorded a drop of € 9.4 million if compared to the budget.

The B2C e-commerce sector, on the other hand, bore the full brunt of the temporary shutdown of both production and logistics of some clients due to the pandemic, thus leading to the interruption of their online sales that, in turn, led to a € 2.8 million drop in revenues if compared to the budget.

As far as costs are concerned, the Group's measures aimed at: a) requesting a rental reduction, were possible, and withdrawing from a rental contract for one of the two offices in Milan; b) focusing on cost savings; c) using welfare support provisions.

In order to reduce the liquidity risk of the Group, as well as to lower the financial impacts of the pandemic, the Company, in addition to the medium-term loans signed with the Meridiana Group, also started negotiations with some of the major credit institutions in order to make use of the possibility to suspend the payment of the instalments of the outstanding mortgages (so-called moratorium) pursuant to Art. 56 of Legislative Decree 18/2020 ("Heal Italy" decree). Said suspensions were agreed upon by the credit institutions of the month of April 2020 and were renovated in September of the same year, and thus the Company shall benefit, on a cash basis, from minor postponed instalments repayment for about € 2.5 million in 2020. In compliance with the IFRS 9 accounting standard, the so-called “10% test” was carried out on said loans (already recorded according to the amortised cost criteria) in order to assess the materiality or lack thereof of the renegotiation and to identify the resulting accounting effects. Each single test had a positive outcome, hence the liability’s derecognition was not necessary.

Future prospects of luxury goods' market

China has begun to walk again on the path to recovery, and its consumers are ready to strengthen their status of main drivers for the sector, representing an expected 50% of the market by 2025. Online luxury sales increased during the crisis, and the online channel may be able to account for 30% of the market by 2025, with continental China accounting for 28% of the luxury market against the 11% of 2019.

Millenials clients (also known as Generation Y, born between 1980 and 1995) proved to be constant buyers of luxury goods. In 2019, they represented 35% of consumption, and they will probably reach 45% of the market by 2025. Nevertheless, it is the even younger Generation Z that will reshape the industry, potentially reaching 40% of luxury goods consumption by 2035, against the current 4%. In 2019, both generations combined contributed to the growth of the market.

The "Gen Z" clients are the new frontier of tomorrow's luxury market, showing behaviours that distinguish them by other generations. Other than representing a growing portion of the luxury consumption in the Asian markets, they also interact with the brands.

Following the COVID-19, consumers are looking for a more discreet and intimate luxury experience. Trends are diverging: Chinese consumers are more interested in the style and visibility of the brand, whilst western consumers are opting for more sober and simple products. The number of Chinese consumers who buy products with a strong brand recognition increased by about 14%, thus confirming a pre-COVID-19 trend that showed their preference for eccentricity over traditional values. In the western markets, however, the interest in this kind of products dropped by about 9%, showing that consumers are more interested in a more discreet luxury experience, focused also on the quality of the product. Boston Consulting Group's survey "True-Luxury Global Consumer Insight" confirmed that the COVID-19 crisis did not leave the high-end market untouched, relaying that 57% of consumers wish to refrain from making significant purchases in the near future. The sentiment surrounding the recovery is cautious with 43% of

consumers believing that improvements will not be swift. Chinese people are the only exception, supporting a more optimistic view of things (77% against 43%).
Retailers, under pressure due to the social distancing and the growth of digital channels, are launching new strategies of experiential involvement called "Clienting 2.0", which ensure that the relationship with the consumer is fuelled seamlessly both in the physical store and online through a digital personalisation. 46% of respondents declared to appreciate such digital personalisation, especially Chinese (76%) and Italian consumers (57%), who have great expectations as far as services are concerned, assuming that they will be treated in the same way both online and offline. Even though online sales are expected to cannibalise the portion of traditional retail in the coming years, the importance of physical sales points is still relevant. Digital native luxury brands are currently opening up traditional stores in order to increase the traffic in online stores, thus increasing the credibility of the brand and offering to their clients the chance to experience their products first-hand. On the other hand, a new sales model is emerging in the traditional luxury sector, not based on the sales increase through the e-commerce channel, but on the digitalisation of the whole purchase experience for the client.

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, in the Far East and in 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 2020 and 2021 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.

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, trying to attract an increased number of brands and aiming 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, despite the not particularly favourable context of the sectors served due to a reduction in consumer confidence.

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

Giglio Group, also in response to the health emergency and its consequences, is increasing its efforts in an attempt to increase the production capacity of its e-commerce platforms in favour of specific categories (e.g. food) in order to meet the exceptional demand increase of these goods through online sales, due to the consumers' difficulty to access physical stores and to the producer's impossibility to restock said stores. In the meanwhile, Giglio Group is currently converting some of its platforms and logistics lines designed for the fashion sector, and it also activated a sales channel called Giglio Salute for the purpose of trading PPEs by using its own e-commerce platforms and its own commercial network in China, thus facilitating the PPE supply. In this sense, the agreements signed with trade associations for the supply of PPEs (KN95 - FFP2 - CE masks) to all of their member companies stand out, thus allowing for their operational continuity. The agreements provide for the supply of surgical masks, sanitizing hand gels and other medical equipment useful for companies on the long-term, and only for the current health emergency. Moreover, Giglio Group signed a framework agreement with one of the biggest pharmaceutical groups in the world, Sinopharm, for the import/export of sanitary products from and to China, thus giving way to its new business line dedicated to the Healthcare industry.
Giglio Group's structure ensures not only the supply, but also the logistics management, the transport and the customs clearing of the products, making it possible to pay for them on delivery.

As of 30 September 2020, PPEs sales volumes amounted to € 10.1 million.

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.

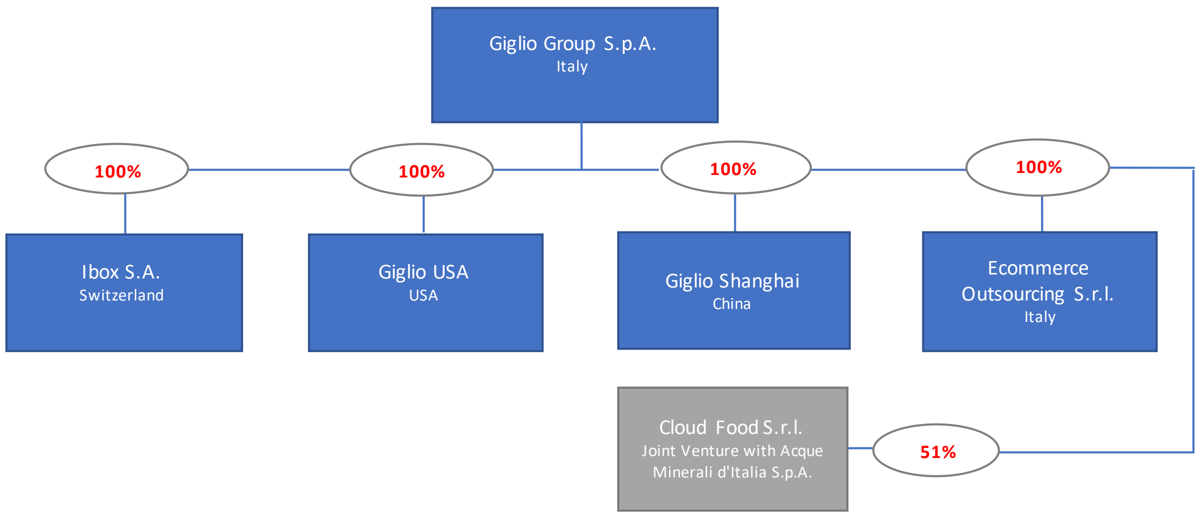
The Company is involved in B2C, B2B and "incentive" operations. The integration between the two main business models, Principal (B2B) and Agent (B2C), allows the Group to manage in an optimal way brand's warehouse stock, both on-season and off-season, aiming at a 100% sell-through rate.

The B2C model, managed by subsidiaries I-box SA, I-box S.r.l. and E-Commerce Outsourcing, the digital core of the Group, consists in providing digital services for managing the Websites of "Made in Italy" Fashion mono-brands. 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 facilitating brands' indirect online sales on behalf of 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 Group corporate structure is reported below:



3. Significant Events During the First Nine Months of the Fiscal Year

On 20 January 2020, Giglio Group's Extraordinary Shareholders' Meeting resolved on the approval of the project of merger by incorporation of the wholly-controlled company Ibox S.r.l. into Giglio Group S.p.A.. The merger project has been drafted jointly by the Incorporating company and the Merged one, pursuant to Art. 2501-ter of the Italian Civil Code, as well as approved by the respective Boards of Directors on 19 December 2019. On 20 January 2020, the project of merger has been approved also by Ibox S.r.l.'s Shareholders' Meeting. The merger is aimed at streamlining the Company structure by reducing management costs regarding its subsidiaries, as well as at centralising part of the business in the parent company. The merger , in implementation of Art. 2501-*quater* of the Italian Civil Code, was carried out using as reference the economic situations and assets as of 30 September 2019, both of the Incorporating and of the Merged Company. The merger deed was drafted on 3 June 2020 and, following the merger by incorporation, the Company assumed all of the rights and obligations of Ibox S.r.l., continuing all relations that arose before the date of the merger, including those relating to legal proceedings. Pursuant to Art. 2504-bis, par. 3 of the Italian Civil Code, the transactions of the incorporated Ibox S.r.l. are recorded in the financial statements of the incorporating Giglio Group S.p.A. starting from 1 January 2020. The operation bears no weight on the interim consolidated financial statements of the third quarter.

On 27 January 2020, the company E-Volve Service USA was wound-up. At the time of the winding-up, the company was not operating.

On 9 March 2020, Giglio purchased the ownership of the minority share of Giglio Tv Hong Kong shareholding, previously owned by SIMEST. It is noted that, on 5 June 2014, Giglio Group and SIMEST had entered into two agreements referring to SIMEST's shareholding -on its own behalf, pursuant to Law 100/90 and on behalf of the "Fund" referred to in par. 932 of the single article of Law 296 of 27/12/2006- in the capital of the Chinese company Giglio TV HK Ltd, for an overall investment of € 1,470,000. The Agreements provided for the purchase obligation of the Shareholdings on behalf of Giglio Group on 30 June 2022, notwithstanding the exercise of the call option and of the put option recognised in favour of Giglio Group and SIMEST respectively, starting from 30 June 2018, pursuant to the terms and conditions set forth in the Agreements. SIMEST exercised its put option on July 2019.

On 10 March 2020, the Board of Directors approved an update to the Industrial Plan 2020-2024. With the new Industrial Plan, the Company updates its previous sales estimates for the future fiscal years, taking also into account the integration of the business carried out by its controlled company, ECO, the business prospects in China/Far East due to the effects of the COVID-19 outbreak, as well as the increased importance to the Distribution of products on e-commerce platforms worldwide and to marketplaces' new connection services.

On 11 March 2020, the bondholder of the bond issuing called EBB approved the request of the company, presented on 14 February 2020, to allow, by way of derogation form the regulation of the bond, the suspension of the application of the thresholds of the leverage ratio financial parameter and of the gearing ratio financial parameter, only with regard to the Test Date of 31 December 2019, with retroactive effect. For the purpose of said suspension, EBB Export S.r.l., the bondholder, received from Meridiana Holding, majority shareholder of Giglio Group, an indemnity and guarantee deed in its name for an amount of up to € 1 million.

On 12 March, Giglio Group S.p.A. acquired the direct control of its subsidiary Giglio (Shanghai) Technology company Limited through Giglio TV HK, in order to streamline the chain of control, a preparatory event for the following transfer of the company from Hong Kong, other than a chance to streamline the relations between the Italian and the Chinese companies in the context of the commercial transactions for the development of Chinese activities. The transaction amounted to about € 6.6 million and was set-off with pre-existing receivables.

On 12 March 2020, in the context of the definitive exit from the Media sector, Giglio Group S.p.A transferred its entire shareholding in Giglio TV Hong Kong to a Chinese economic group for € 3 million, equalling the book value of the subsidiary.

On 21 and 24 March respectively, directors Massimo Mancini and Carlo Micchi resigned from their offices of executive directors.

On 2 April 2020, Giglio Group S.p.A. signed a half-year framework agreement with Confindustria for the supply of PPE (KN95 - FFP2 - CE masks included) to all of its member companies.

Confindustria's member companies that can benefit from this agreement with Giglio Group are more than 150,000 on the national territory. The agreement is part of the activities of Confindustria's Emergency Management Programme, in collaboration with the Department of Civil Protection, which allows for a quick and safe customs clearing of the incoming medical products from abroad without the risk of products' requisition. As a matter of fact, the agreement provides for the acquisition of PPE without customs clearing problems, even for those companies that do not carry out public service activities.

On 20 April 2020, Giglio Group S.p.A. signed a framework agreement with Sinopharm, one of the most important pharmaceutical groups worldwide, allowing for the import of PPE such as FFP2 & FFP3 medical masks, sanitising gels, gloves, protectives suits and glasses, as well as for the supply of the innovative testing kits for the detection of Covid-19 antibodies, also known as Sars Cov-2 Antibody Assay kits. The Healthcare B2B and B2C platform of Giglio Group shall continue pursuing its activities regardless of the currently ongoing health emergency, offering a wide range of personal care products, which will become more and more sought-after in the near future. The agreement signed with Sinopharm provides also for the export to China of pieces of medical equipment and items produced by Italian industries, thus contributing to their capillary distribution in the Asian market. Giglio Group thus launches its own B2C website at www.gigliosalute.it, where single privates, professionals, craft workers and small business will be able to purchase the main PPE.

On 23 April 2020, the Ordinary and Shareholders' Meeting of Giglio Group S.p.A. met under the chairmanship of Alessandro Giglio and in the presence of notary Aurelio Bonacci. The Ordinary Shareholders' Meeting approved the Annual Financial Report at 31 December 2019, in the terms proposed by the Board of Directors. The Civil Financial Statement showed a loss of € 8,902,417.64, 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 € 9,022,201.43.
The Ordinary Shareholders' Meeting approved to reduce the number of members of the Board of Directors from seven to five, with consequent reduction of the overall annual remuneration from € 335,000 to € 295,000.

On 30 April 2020, Mr Massimo Mancini resigned from his office of General Manager, thus terminating his employment relation with the Group.

On 14 May 2020, director Yue Zhao resigned from her office of non-executive director.

On 15 May 2020, Mr Francesco Gesualdi was co-opted as new independent director of the Group.

On 18 May, Giglio Group S.p.A. signed an agreement with Confcommercio for the creation of the portal https://confcommercio.gigliosalute.it and the supply of KN95 - FFP2 valveless medical masks to all of its member companies.

With regard to the "EBB Export Programme" bond, on 30 June 2020, the bondholder resolved to authorise the suspension of the application of the thresholds for the financial covenants with regard to the Test dates of 30.06.2020 and 31.12.2020.

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

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

4. Subsequent events

On 12 November 2020, the ordinary and extraordinary shareholder' meeting resolved:

1. To appoint two directors pursuant to art. 2386 of the Italian civil code: Marco Riccardo Belloni and Francesco Gesualdi.
2. to vest the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code and to Art. 6.7 of the By-laws, as well as to Art. 44, par. 3 of Decree Law no. 76/2020, converted by Law no. 120/2020, until 30 June 2021, with the power to increase the share capital upon payment, without option rights pursuant to Art. 2441, par. 4, second sentence of the

Italian Civil Code, in separate issues pursuant to Art. 2439, par. 2 of the Italian Civil Code, within the limits of 20% (twenty percent) of the existing share capital, through the issue, also in more tranches, of ordinary shares without any nominal value, with the same characteristics of the ordinary shares already issued by the issue date, with regular dividend, to be offered in subscription to entities identified by the Board of Directors - including qualified industrial and/or financial Italian and international investors, and/or current shareholders and collaborators of the Company - possibly also through the conversion of loan payables into risk capital by shareholders, provided that the issue price of the shares corresponds to the market value of those already issued, taking into account the general context and the price at which the institutional investors would be willing to purchase said shares, and that this is confirmed by a specific report from a statutory auditor or an auditing company; moreover, to establish that the issue price of the conversion shares for the capital increase (and their division between share capital and share premium) shall be determined by the Board of Directors, provided that the issue price of the shares corresponds to the market value of those already issued, taking into account the general context and the price at which the institutional investors would be willing to purchase said shares, and that this is confirmed by a specific report from a statutory auditor or an auditing company. The Meeting also resolved to amend Art. 6 of the By-laws as a consequence of this resolution.

3. to give authorisation for the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code and to Art. 6.7 of the By-laws, for a period of five years starting from the date of the meeting's resolution (and, hence, until 12 November 2025), to increase the share capital upon payment in separate issues, without option rights pursuant to Art. 2441, par. 4, first sentence, for an amount of € 366,133.70 in principal, to be settled through contributions in kind (more specifically, company's branches, businesses or plants organised for the performance of the activities included in the Company's object, as well as receivables, investments in joint ventures, listed and not listed financial instruments and/or other assets considered as instrumental by the Board of Directors for the achievement of the Company's object may be object of a contribution on behalf of third parties.), through the issue, also in more tranches of a maximum of 1,830,668.50 ordinary shares without any nominal value, with the same characteristics of the ordinary shares already issued by the issue date, with regular dividend, in accordance with the criteria used to determine the

issue price set forth by Art. 2441, par. 6 of the Italian Civil Code; moreover, to establish that the issue price of the conversion shares for the capital increase (and their division between share capital and share premium) shall be determined by the Board of Directors, provided that the issue price of the shares corresponds to value of the Net Equity, also taking into account the performance of the listings over the last six-months period. Finally, the Meeting also resolved to amend Art. 6 of the By-laws as a consequence of this resolution.

5. Outlook

Despite the continued risks related to the COVID-19 pandemic may suggest more cautious activities, especially when considering that, starting from September, the gravity of the situation increased exponentially (with a number of cases similar to that of four months before), the Company believes that the Country will not face another lockdown similar to that of the past Spring, and thus the reference markets will progressively gain friction. As a matter of fact, the ability to open up the e-commerce platform to new product categories in the first nine months of 2020 freed the Company from its dependency on the Fashion sector that, as of today, is still showing signs of weakness. The ability to engage new clients and to provide innovative e-commerce digital services will be paramount in the last quarter of the year in order to confirm the trend set with the first nine months of 2020, going along with the opportunities of the market in which the Group is engaged, as well as with the purchasing habits of consumers. Therefore, albeit within a general context that is still uncertain, in light of the recent performance of the Group, and presuming that the restrictive measures of the near future will not bring forth a new lockdown, the Company believes that 2020 Q4 will maintain the same trend of the whole year, as difficult as it may be to assess its size at the date of this report.

6. Accounting Standards

This Interim Financial Report was prepared according to the same accounting standards used for the preparation of the Giglio Group 2019 Consolidated Annual Financial Statements.

7. Financial Highlights at 30 September 2020

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 liabilities: 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 costs: 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.

Consolidated Financial Statements Overview as of 30 September 2020

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

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

The Net Invested Capital of the Group at 30 September 2020, equal to € 15.2 million, is principally comprised of Fixed Assets (€ 18.9 million), and of Net Working Capital (€ -3.6 million).

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

Intangible Assets equal to € 17.0 million, are mainly ascribable for € 14.7 million to the goodwill for the acquisition of Giglio Fashion, of the IBOX Group and of E-Commerce Outsourcing S.r.l.. The movement describes (net of the period's amortisations) increases for capitalised development costs borne entirely for the implementation and integration of IT platforms. As far as the purchase of E-Commerce Outsourcing S.r.l. is concerned, which took place in 2019 Q4, pursuant to IFRS 3, this difference has been attributed temporarily to the goodwill; it is noted that the Group reserved the right to finalise the accounting of said acquisition in the coming 12 months following the purchase.

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

- for € 0.3 million, to the long-term portion of the credit resulting from the transfer to GM Comunicazione S.r.l., finalised on 20 December 2018, of the authorisation to supply audiovisual media services associated to channel 65 of the digital terrestrial;
- for € 0.2 million, to the guarantee deposits paid relating to rental contracts for the buildings at Milan and Rome.

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

	(Euro thousands)	30.09.2020	31.12.2019	Change
A.	Cash	803	2,991	(2,188)
B.	Bank and short-term deposits and cheques	-	-	-
C.	Securities held for trading	3,636	3,523	114
D.	**Cash & cash equivalents (A)+(B)+(C)**	**4,439**	**6,514**	**(2,074)**
E.	Current financial receivables	480	3.980	(3,500)
F.	Current bank payables	(1,137)	(6,812)	5,675
G.	Current portion of non-current liabilities	(2,855)	(2,456)	(399)
H.	Other current financial payables	(5,644)	(9,749)	4,105
	of which Related Parties	*(4,230)*	*(400)*	*(3,830)*
I.	**Current financial liabilities (F)+(G)+(H)**	**(9,636)**	**(19,017)**	**9,381**
J.	**Net current financial liabilities (I) + (E) + (D)**	**(4,717)**	**(8,524)**	**3,807**
K.	Non-current bank payables	(4,854)	(607)	(4,247)
L.	Bonds issued	(4,781)	-	(4,781)
M.	Other non-current payables	(2,440)	(3,179)	739
	of which Related Parties	*(964)*	*(1,698)*	*734*
N.	**Non-current financial liabilities (K)+(L)+(M)**	**(12,075)**	**(3,786)**	**(8,289)**
O.	**Net financial liabilities (J)+(N)**	**(16,792)**	**(12,309)**	**(4,483)**

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

increasing for:

• Higher financial debts with related parties for € 3.1 million;

• Lesser liquidity for € 2.2 million;

• Collection of Tributary Credit in favour of the VAT office for € 3.5 million; Said credit, which was classified among the Current Financial Receivables of the NFD was collected in January (€ 3.2 million) and February (€ 0.3 million) 2020;

decreasing for:

• Debt repayment to Simest under the exercise of the put option on behalf of Simest itself for the minority quota in Giglio TV for € 1 million;

• Repayment of last instalments, for € 1.4 million, of the minibond issued in 2016, and consequent discharge;

• Repayment of outstanding instalments in 2020's first nine months (€ 0.3 million);

• Repayment of receivable for earn-out paid to the previous shareholders of E-Commerce Outsourcing S.r.l. for € 0.6 million;

• Minor debts related to the effects of the COVID-19 pandemics and to the repayment of rental fees subject to IFRS 16, for € 0.8 million.

The Company obtained the possibility to suspend the payment of the instalments of the outstanding mortgages (so-called moratorium) pursuant to Art. 56 of Legislative Decree 18/2020 ("Heal Italy" decree). Said suspensions were agreed upon by the credit institutions of the month of April 2020 and were extended in October of the same year, and thus the Company shall benefit, on a cash basis, from minor postponed instalments repayment for about € 2.5 million in 2020.

The net financial debt recorded at 31 December 2019 amongst its short-term liabilities also the financial debt related to the EBB S.r.l. debenture bond. The regulation governing the terms and conditions of said Bond includes also some commitments and limitations borne by the Company, including the financial covenants, which, should they occur, they would entail the loss of the benefit of the term, along with the obligation for the Company to fully reimburse in advance the Bond (the so-called events of major importance).
On 11 March 2020, the Company formalised with the bondholder the suspension of the application of the aforementioned financial covenants' thresholds with regard to 31 December 2019, with retroactive effect, as announced before the end of the fiscal year by the creditor itself. Moreover, on 30 June 2020, the bondholder resolved to authorise the suspension of the application of the thresholds for the financial covenants with regard to the Test dates of 30.06.2020 and 31.12.2020.
Therefore, in the light of the above, the payment shall be requested by the bondholder only upon the maturities originally agreed upon in the agreement. Nevertheless, in spite of the above, on 31 December 2019, the debenture bond was classified among the short-term liabilities, in formal

execution of the provisions set forth in IAS 1, par. 74. Following the suspension of the application of thresholds for the aforementioned financial covenants, as notified before the end of the fiscal year by the creditor itself, the Financial Report as of 30 September 2020 includes again said financial debt among the long-term liabilities.

Consolidated Financial Activity Overview at 30 September 2020

The key consolidated economic highlights are shown below.

It is stated that, under the provisions of IFRS 5 accounting standards "Non-current assets held for sale and discontinued operations", the economic results of the media sector related to the previous fiscal year have been represented as "Discontinued operations".

(Euro thousands)	30.09.2020	30.09.2019	Change
Revenues from contracts with customers	34.252	28,708	5,544
Operating Costs	(28,151)	(23,764)	(4,387)
Gross Margin	**6,101**	**4,944**	**1,157**
Gross Margin %	**17.8%**	**17.2%**	**0.6%**
Payroll expenses	(3,873)	(3,157)	(716)
EBITDA Adjusted	**2,228**	**1,787**	**441**
EBITDA%	**6.5%**	**6.2%**	**0.3%**
Non-recurring costs	0	(1,447)	1,447
Amortisation, depreciation & write-downs	(1,280)	(1,191)	(89)
EBIT	**948**	**(376)**	**1,324**
Net financial charges	(607)	(928)	321
PROFIT BEFORE TAXES	**341**	**(1,304)**	**1,645**
Income taxes	(268)	(653)	385
PROFIT FOR THE PERIOD (CONTINUING OPERATIONS)	**73**	**(2,432)**	**2,505**
PROFIT FOR THE PERIOD DISCONTINUED OPERATIONS (adjusted)	**0**	**(511)**	**511**
PROFIT FOR THE PERIOD	**73**	**(2,943)**	**3,016**

EBIT adjusted to non-recurring costs	**948**	**596**	**352**
EBIT adjusted to non-recurring costs %	**2.8%**	**2.1%**	**0.7%**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS adjusted to non-recurring costs	**73**	**(1,460)**	**1,533**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS adjusted to non-recurring costs %	**0.2%**	**(5.1)%**	**5.3%**
PROFIT FOR THE PERIOD adjusted to non-recurring costs	**73**	**(1,496)**	**1,569**
PROFIT FOR THE PERIOD adjusted to non-recurring costs %	**0.2%**	**(5.2)%**	**5.4%**

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

The total of operating costs accounts for € 28.1 million (€ 23.8 million consolidated pro-forma figures at 30 September 2019), increasing proportionally to the increase in revenues.

Payroll costs increased by € 0.7 million on the same period of the previous year, due to the combined effect of the acquisition of E-Commerce Outsourcing S.r.l., which took place in 2019 Q4, and of the costs related to the initiation of a corporate reorganisation plan aimed to focus the Media staff on the e-commerce sector.

The EBITDA, equal to € 2.2 million (€ 1.8 million consolidated figures at 30 June 2019 adjusted to non-recurring costs), is growing if compared to the same period of the previous year due to the integration of the newly-purchased E-Commerce Outsourcing S.r.l. and to the implementation of the Giglio Salute division for the supply of PPEs.

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

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

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 management identified three reporting segments areas (Business Units), considering the aspect such as nature of products and services, 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 and Giglio Shanghai;

2. B2C e-commerce IBOX Group, E-Commerce Outsourcing S.r.l. and Giglio Shanghai;
3. Corporate: includes centralised Group functions which cannot be assigned to the business units and mainly carried out by Giglio Group S.p.A.

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

30 September 2020				
(Euro thousands)	**B2B e-commerce**	**B2C e-commerce**	**Corporate**	**Total**
Revenues from contracts with customers	24,244	9,630	0	33,874
Other incomes	40	317	20	378
Total revenues	**24,285**	**9,947**	**20**	**34,252**
EBITDA	**4,584**	**754**	**(3,110)**	**2,228**
EBIT	**4,573**	**(5)**	**(3,621)**	**948**
EBT	**4,556**	**(205)**	**(4,010)**	**341**
Profit for the year	**4,545**	**(350)**	**(4,122)**	**73**

Over the course of the first nine months of 2020, in response to the COVID-19 emergency and its consequent lockdowns, the Group immediately diversified its digital strategies, converting part of its e-commerce activities in favour of the distribution of PPE, such as medical masks. This activity, which began in March, was included in the B2B business line, as the Company took its own position in the market. At the same time, minor sales in the B2C digital area were recorded, due to the partial trade standstill for goods such as apparel given the logistics hardships and the decreased consumption of such goods by the general public. The decrease affected all managed brands. On the other hand, the reduced revenues were partially compensated by the good performance of the food sector, whose volumes -albeit growing-, are still marginal if compared to the ones generated by the fashion sector.

The table below shows the sectors' results as of 30 September 2019; as highlighted above, the Media sector is represented as sector held for sale within the following discontinued operations:

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**
Listing and non-recurring costs		(475)	(972)		(1,447)

EBIT	**1,727**	**2,899**	**(5,002)**		**(376)**
EBT	**1,717**	**2,814**	**(5,835)**		**(1,304)**
Profit for the year (Continuing Operations)	**1,335**	**2,172**	**(5,939)**		**(2,432)**
Profit for the year (Discontinued Operations)				**(511)**	**(511)**
Profit for the year					**(2,943)**

As commented above, we highlight the increased performance in the B2B e-commerce area if compared to the same period of the previous fiscal year.

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, also during the year affected by the COVID-19 emergency.

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 interim financial report (30 September 2020) the official data indicates the following significant shareholders:

- 52,68% of shares held by Meridiana Holding S.r.l. (company held 99% by Mr Alessandro Giglio and 1% by his wife Ms Yue Zhao);

FINANCIAL STATEMENTS

- Condensed Consolidated Statement of Financial Position
- Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
- Condensed Consolidated Statement of Changes in Equity
- Condensed Consolidated Statement of Cash Flow
- Consolidation scope

Condensed Consolidated Statement of Financial Position

Condensed Consolidated Statement of Financial Position (Euro thousands)	30.09.2020	31.12.2019
Non-current assets		
Property, plant & equipment	261	1,137
Right-of-use assets	1,084	1,903
Intangible assets	2,208	2,522
Goodwill	14,800	14,800
Investments in joint ventures	8	7
Receivables	545	835
Deferred tax assets	751	783
Total non-current assets	**19,657**	**21,987**
Current assets		
Inventories	2,474	1,861
Trade receivables	10,313	12,179
Financial receivables	3,636	3,523
Tax receivables	1,291	6,367
Other assets	2,351	2,220
Cash and cash equivalents	803	2,991
Total current assets	**20,868**	**29,141**
Total Assets	**40,525**	**51,128**
Equity		
Issued capital	3,661	3,661
Reserves	16,806	16,712
Extraordinary reserve	-	-
Listing fees	(541)	(541)
FTA Reserve	4	4
Retained earnings	(21,534)	(5,650)
Foreign Currency Translation reserves	(14)	4
Net profit	73	(15,796)
Total Group Equity	**(1,545)**	**(1,606)**
Minority interest in equity	-	-
Total Equity	**(1,545)**	**(1,606)**
Non-current liabilities		
Provisions for risks and charges	84	211
Post-employment benefit funds	713	713
Deferred tax liabilities	8	3
Financial liabilities	12,075	3,786
Total non-current liabilities	**12,880**	**4,713**
Current liabilities		
Trade payables	13,573	20,623
Financial payables	9,636	19,017
Tax payables	2,267	4,108
Other liabilities	3,714	4,273
Total current liabilities	**29,190**	**48,021**
Total liabilities and Shareholders’ Equity	**40,525**	**51,128**

Condensed Consolidated Statement of Profit or Loss

Condensed Consolidated Statement of Profit or Loss (Euro thousands)	30.09.2020	30.09.2019
Total revenues from contracts with customers	**33,658**	**26,774**
Other revenues	378	876
Capitalised costs	216	1,058
Change in inventories	298	(2,224)
Purchase of raw materials, ancillary, consumables and goods	*(18,716)*	*(11,288)*
Service costs	*(9,237)*	*(10,685)*
Rent, lease and similar costs	*(122)*	*(187)*
Operating costs	**(28,075)**	**(22,160)**
Salaries and wages	*(3,024)*	*(2,467)*
Social security charges	*(703)*	*(573)*
Post-employment benefits	*(146)*	*(117)*
Payroll expenses	**(3,873)**	**(3,157)**
Amortisation	*(609)*	*(274)*
Depreciation	*(665)*	*(937)*
Write-downs	*(6)*	*20*
Amortisation, depreciation & write-downs	**(1,280)**	**(1,191)**
Other operating costs	*(374)*	*(352)*
Operating profit	**948**	**(376)**
Financial income	*678*	*13*
Net financial charges	*(1,285)*	*(941)*
Profit before taxes	**341**	**(1,304)**
Income taxes	*(268)*	*(1,128)*
Profit for the year (continuing operations)	**73**	**(2,432)**
Profit for the year (discontinued operations)	**0**	**(511)**
Profit for the year	**73**	**(2,943)**
Of which minority interest	**-**	**-**
Basic and diluted profit from continuing operations	**0.0046**	**(0.1516)**
Basic and diluted profit from discontinued operations	**0.0000**	**(0.0319)**
Profit per share – basic and diluted	**0.0050**	**(0.1862)**

Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Comprehensive Income (Euro thousands)	30.09.2020	30.09.2019
Profit for the year	73	(2,943)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	(18)	15
Total other comprehensive income that may be reclassified to profit/(loss) in subsequent periods (net of tax)	**(18)**	**15**
Other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)		
Actuarial loss on employee benefits obligations	25	(59)
Total other comprehensive income that will not be reclassified to profit/(loss) in subsequent periods (net of tax)	**25**	**(59)**
Total Comprehensive Income for the year	**80**	**(2,987)**

Condensed Consolidated Statement of Changes in Equity

Description *(Euro thousands)*	Issued capital	Reserves	FTA Reserve	Foreign Currency Translation reserves	IAS 19 Reserve	Retained earnings	Net profit	Total
Balance at 31 December 2019	**3,661**	**16,275**	**4**	**4**	**(35)**	**(5,719)**	**(15,796)**	**(1,606)**
Retained earnings						(15,796)	15,796	-
IAS 19 Reserve					25			25
Exchange rate effect				(18)				(18)
Giglio TV HK deconsolidation and Evolve USA wind-up						(19)		(19)
Group profit/(loss)							73	73
Balance at 30 June 2020	**3,661**	**16,275**	**4**	**(14)**	**(10)**	**(21,534)**	**73**	**(1,545)**

Condensed Consolidated Statement of Cash Flows

Euro thousands	**30.09.2020**	**30.09.2019**
Cash flows from operating activities		
Net profit from continuing operations	73	(2,431)
Net profit from discontinued operations	-	(511)
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and impairment of property, plant and equipment	130	536
Amortisation of right-of-use assets	535	
Amortisation and impairment of intangible assets	609	274
Non-cash changes of provisions	(128)	(255)
Write-downs/(Revaluations)	6	(20)
Net foreign exchange differences	607	928
Income taxes	268	1,128
Changes in:		
Inventories	(613)	2,363
Trade receivables	1,668	1,873
Tax receivables	5,076	1,994
Current financial receivables	-	-
Other assets	(130)	448
Deferred tax liabilities	5	(1)
Trade payables	(7,050)	(6,226)
Tax payables	(1,476)	(607)
Right-of-use assets	285	-
IFRS16 financial payables	(768)	-
Other liabilities	(559)	24
Change in net working capital	**(3,562)**	**(132)**
Changes in assets/liabilities held for sale/Discontinued operations	-	(149)
Cash flow generated from operating activities	**(1,462)**	**(632)**
Interest paid	-	(530)
Income taxes paid	-	-
Net cash flow generated from operating activities	**(1,462)**	**(1,162)**
Cash flows from investing activities		
Investments in property, plant & equipment	(19)	(186)
Investments in intangible assets	(325)	(1,688)
Acquisition of E-Commerce Outsourcing net of cash acquired	-	-
Changes in other intangible assets	316	1,058
Increase in investments in joint ventures	(1)	-
Change in consolidation scope		
Net cash flow used in investing activities	**(29)**	**(816)**
Cash flow from financing activities		
Change in Shareholders' Equity	(13)	(108)
New financing	3,672	6,238
Repayment of loans	(1,684)	(4,507)
Change in financial liabilities	(2,671)	(3,127)
Net cash flow used in financing activities	**(696)**	**(1,504)**
Net increase/(decrease) in cash and cash equivalents	**(2,187)**	**(3,482)**
Cash and cash equivalents at 1 January	2,991	2,889
Cash and cash equivalents at 30 September	803	946

Consolidation scope

Information on subsidiaries:

The consolidated financial statements of the Group include:

Consolidation scope

Giglio Group S.p.A.	Italy	**Parent company**	
E-Commerce Outsourcing	Italy	**Subsidiary**	100%
Giglio USA	USA	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
Giglio (Shanghai) Technology Company Limited	China	**Subsidiary**	100%

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 subscribed and paid-in € 3,661,337.

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

Since 20 March 2018, the Company has been listed on the STAR segment of the Italian Stock Exchange (MTA market), with a free float of about 38%; the shareholder structure is available on the company's website: www.giglio.org.

E-Commerce Outsourcing S.r.l.

Registered Office: Via Sesia 5, 20017 Rho (MI)

Share capital: € 37,500

The Company is one of the major suppliers of outsourced e-commerce services.

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 € 196,000

The Company holds Chinese digital platforms, the ICP licences that allow it to operate on the Chinese web and the authorisations for Shenzhen's Free Trade Zone, as well as being the company of the Group appointed with carrying out sales of the Chinese and Korean market, but also for other markets of the Far East that are still under development.

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.

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

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 2020 corresponds to the accounting figures, book and documents.

Milan, 12 November 2020
The Financial Reporting Officer
Carlo Micchi