GIGLIO GROUP: THE BOARD OF DIRECTORS ASSESSES THE RESULTS AS AT 31/12/2020

- The Board of Directors assessed the results as of 31 December 2020 and postponed the approval of the Financial Statements, given that the Audit Report on the Financial Statements of Giglio TV Hong Kong has not been completed yet.

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

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

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

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

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

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

- The Board of Directors recorded a significant reduction of share capital due to losses as per Art. 1446, par. 1 of the Italian Civil Code.

- The Board of Directors intends to exercise its proxy for the remaining part of the Share Capital Increase resolved upon on 12 November 2020 by the Shareholders' Meeting.

- The majority shareholder, Meridiana Holding, ensures 50% of the share capital.

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Milan, 29 April 2021 – The Board of Directors of Giglio Group S.p.A. (Ticker GG), a 4.0 e-commerce company listed on the MTA-STAR stock-exchange market managed by Borsa Italiana S.p.A., has carried out a first assessment of the results as of 31 December 2020, and has postponed their approval in the short term, given that the Audit Report on the Financial Statements of Giglio TV Hong Kong has not been completed yet.

As mentioned in the Directors' Report as of 31 December 2019,(available on www.giglio.org) amongst the "Significant Events After the End of the Fiscal Year", in March 2020, and in the following interim reports, in the context of the definitive exit from the Media sector, Giglio Group S.p.A. transferred its full shareholding in Giglio TV Hong Kong to a Chinese industrial group, against a payment of € 3.0 million.

Following the accounting/administrative assessments carried out over the last months, as reported in the previous Press Release published on 29 March 2021, it emerged that some necessary fulfilments for the registration of the transfer had not been fully completed.

Moreover, other than the time-consuming financial audit of Giglio TV Hong Kong's Financial Statements and the failure to complete the aforementioned fulfilments, COVID-19 pandemics too concurred in delaying the assessment. Indeed, a harsh lockdown was established in Hong Kong for the whole 2020 and most offices remained closed and, to this day, have yet to recover their normal operation. For the same reason, the offices of the Company's accountants and financial auditors suffered from the same closures. In this context, another element of delay was the critical relationship between China and Hong Kong, which led, in May 2020, to new demonstrations, which cause most offices, transportation and roads to be closed.

Hence, with regard to accounting issues, the Giglio Group considers it appropriate, as a conservative measure, to:
- Consolidate Giglio TV HK as of 31 December 2020;
- Write off the value of Giglio Group shareholding in Giglio TV (€ 3 million) from the Financial Statements as of 31 December 2020, as well as to write off its receivables with Giglio TV (€ 3,398,000), for a total write-down of about € 6.4 million. These write-downs shall not have any effect on the consolidated Financial Statements of Giglio Group S.p.A..

In order to maintain transparency towards the market, on the basis of the results, drafted pursuant to the International Financial Reporting Standards, it can be anticipated that, in the year of the Pandemic, at a consolidated level:

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

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

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

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

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

The Consolidated Revenues, equal to € 42.3 million, grew by € 2.1 million (+5.2%) if compared to the consolidated figures related to the same period of the previous year (€ 40.2 million), despite the impact of COVID-19 on the fashion sector, which is still recording a significant drop in consumption (-38.3% in 2021 Q1 if compared to 2020 Q1, but -54.6% if compared to 2019 Q1, with peaks of -60.6%)*Source: PambiancoNews.com "Fashion consumption still down" 22 April 2021.

The total of operating costs, amounting to € 35.2 million, despite the revenues' growth and the GMV, is still in line with the previous fiscal year (€ 35 million consolidated figures as of 31 December 2019).

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

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

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

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

The aforementioned write-downs are as follows (Euro thousands):

Write-down due to the execution of the impairment test on Giglio Fashion's goodwill following its acquisition	1,607
Write-down due to the execution of the impairment test on the book value of the shareholding in Ibox SA	704
Write-down of the book value of the shareholding in Giglio TV HK	3,000
Write-down of the receivables from Giglio TV HK	3,398

Write-down of the book value of the shareholding in Giglio Shanghai	160
Provisions for risks and doubtful accounts	97
Total write-downs	8,966

Hence, the Company must reduce its capital by more than a third due to losses, as per Art. 2446, par. 1 of the Italian Civil Code. Pursuant to the law, the Shareholders' Meeting must be called "to take appropriate measures", however, the law also provides for the postponement of the measures aimed at offsetting the loss, which are required (as per par. 2 of the same article) only in the event that the loss does not amount to more than a third of the capital by the following fiscal year.
Said deadline for the losses accrued as of 31 December 2020, shall be postponed to the following fifth fiscal year, pursuant to the provisions set forth in Art. 6 of Legislative Decree no. 23 of 8 April 2020 (the so-called "Liquidity Decree", converted with amendments in Law no. 40 of 5 June 2020) "Temporary provisions on capital reductions", as amended by Law no. 178 of 30 December 2020, which allows listed companies to temporarily suspend some provisions on capital reductions for losses (Art. 2446 and 2-bis), thus postponing to the following fifth fiscal year the obligation to offset the losses.

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

The Shareholders' Meeting, scheduled for 15 June 2021, will be called also pursuant to Art. 2446, par. 1 of the Italian Civil Code.
The Board of Directors hopes to approve the Financial Statements by 11 May 2021.

Information on Giglio Group:

Founded in 2003 and listed on the STAR segment of Borsa Italiana ever since 2018, Giglio Group is the leading company for the design, creation and management of high value-added e-commerce platforms in Italy for Fashion, Design, Lifestyle and, more recently, Food and Healthcare sectors. The Company is based in Milan, but it is also present with offices in New York, Shanghai, Rome, Lugano and Genoa. Thanks to its remarkable expertise, Giglio Group accompanies its customers in the online distribution of their products through a unique platform, starting from the implementation of fully tailor-made and managed monobrand e-store. Moreover, the Company *integrates its business with the dedicated placement on main marketplaces worldwide, ensuring the online management of both new collections and inventories stock. The uniqueness of a "complete-supply-chain" online service thus ensures a 100% sell-through rate.*

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