



**GIGLIO GROUP: SUBSCRIBES PURCHASE AGREEMENT WITH COMPANY E-COMMERCE
OUTSOURCING S.R.L. (TERASHOP) AND APPROVES HALF-YEAR FINANCIAL REPORT
AT 30 JUNE 2019**

- Giglio Group has signed a purchase agreement for the company E-Commerce Outsourcing s.r.l. (hereinafter referred to as “Terashop”), one of the major suppliers of outsourced e-commerce services in Italy.
- Terashop, with its own customer base also active in the Fashion and Food sectors, such as Fratelli Rossetti, Expert, Auchan, Gran Casa, Fazzini Home, Cameo, Fabbri, Mediaset RTI (MediaShopping), Bricioio, Akai, Gruppo Generali, Agos, Volvo, Renault, Iveco, Piaggio, McDonalds, Aia-Negroni and Grandi Salumifici Italiani, generates a GMV of more than € 30 million, equalling to about € 7 million of IFRS15 revenues.
- This purchase agreement is strategic because Terashop has developed its own technological platform, that will be integrated by Giglio Group to support the many e-commerce project in the pipeline. This purchase shall also allow Giglio Group to expand its commercial offer, to strengthen its technological expertise and to significantly reduce its operating costs.
- Terashop's transfer, in line with the Industrial Plan, has a total value of € 2.6 million for the contribution of 757,000 shares of Giglio Group, at a subscription price of € 3.5, to be issued in favour of the sellers.
- The Board of Directors approved the Half-Year Financial Report at 30 June 2019:
- +9% of Gross Merchandise Value (GMV¹) at € 43.3 million (against € 39.7 million at 01 September 2018);
- Consolidated IFRS15 revenues at € 19.3 million, +7% if compared to € 18 million at 30 June 2018;
- The EBITDA of continuing operations, at € 0.6 million (consolidated figures at 30 June 2018, € -0.2 million), which increased by 483%, adjusted to non-recurring costs (at € 1 million) and to IFRS15 effects, includes: (i) The development costs for China's e-store,

¹ GMV (Gross Merchandise Value). The GMV is defined as the value of all goods sold to final clients after cancellations and returns including VAT, it comprises B2B revenues excluding VAT. It included other eventual B2C revenues (e.g. service costs for software use) - these are included only in the income. The GMV is registered based on the delivery moment and the client invoicing. As way of reference, according to this definition, the GMV of 2018 H1 amounted to € 39.7 million.



whose revenues shall appear in the second half of the year and (ii) the Media Area costs which, following the transfer of the area, were not vested into the acquiring company.

- Giglio Group is in line with the Industrial Plan as far as the e-commerce's management is concerned: as a matter of fact, the EBITDA of the e-commerce area, net of central costs, amounts to € 3.2 million, that is 18% of revenues.
- The Net Profit of the period, negative by € 3.1 million - decreasing if compared to 2018 (€ 4,000) - also takes into account the divestment costs in the Media Area's assets, that shall not be repeated starting from 2020.
- The Net Financial Debt equals € 19.1 million, adjusted to the recently-applied IFRS 16 new accounting standard, highlights a € 0.1 million improvement if compared to 31 December 2018. These data do not include yet Giglio Group's revenues from the transfer of the media area, for a total of € 12.5 million, which shall be collected during the course of the fiscal year;
- If compared to the same period of 2019, Q2 closes with a 15% revenue increase at € 7.8 million due to an EBITDA increase net of non-recurring costs, which goes from strongly negative in 2018 for € -1.1 million to positive for € 0.1 million in 2019.

Milan, 13 September 2019 - The Board of Directors of Giglio Group S.p.A. (Ticker GGTV) ("Giglio Group" or the "Company") - the leading company for the design, creation and management of high value-added e-commerce platforms in Italy, listed on the STAR segment of Borsa Italiana - approved yesterday the subscription of the agreement for the purchase of E-Commerce Outsourcing s.r.l.: (owner of Terashop's trademark), 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. Moreover, by integrating Giglio Group's and Terashop's platforms, it will be 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 new technological platform will cater for the whole e-commerce cycle, and Giglio Group's team, with all the strength of Terashop's extensive experience in the e-commerce sector, will be able to become more and more efficient in its operations, as well as commercially and technologically competitive.

In 2018, Terashop's revenues amounted to about € 7 million (not-audited data, reclassified according to IAS/IFRS standards), with an average constant growth of 15% per year. The Company also supported e-commerce transactions for a countervalue of more than € 30 million.

Terashop's profitability is in line with the sector, presenting an EBITDA between 5-6% on the turnover. Moreover, the Company is expected to grow in 2019, with a closure forecast of about €



8 million (+16%). The forecast is based on H1's closure, with about € 3.7 million in revenues, given that in the e-commerce sector, H2 is usually the one recording larger sales and profits.

The purchase operation 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.

Giglio Group is as an e-commerce player completely focused on providing e-commerce services, with unique characteristics in the sector, a global presence and specific high skills, well-integrated in its own market context thanks to its relations with "Made in Italy"'s main brands.

The Industrial Plan's strategic objectives outline a leading Group in Italy that is expanding its offer also to product categories other than Fashion, such as Design and Food.

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, that will be concluded with the contribution of assets in kind with the exclusion of 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.

The agreement provides for the conclusion of the transaction by the coming 5 November, following the procedural requirements provided for by the regulation for contributions in kind, which requires the extraordinary call of Giglio Group's Shareholders Meeting (to be carried out pursuant to the law) in order to resolve on the approval of the share capital increase in favour of Terashop's shareholders.

Nevertheless, Giglio Group, for the purpose of implementing the current agreement, shall take place immediately in Terashop's Board of Directors with Alessandro Giglio as its Chairman, pursuing the creation of operating synergies on a commercial, technical and IT level.



The execution of the capital increase and of the contribution in kind of Terashop's shares is subject to the fulfilment of the following conditions:

- (i) The approval of the reserved capital increase by Giglio Group's Board of Directors;
- (ii) The independent expert's confirmation that the value of the shares to be contributed is not lower than € 2,700,000 pursuant to Art. 2343-ter, par. 2, letter b) of the Italian Civil Code;
- (iii) The Auditing Company's confirmation of the adequacy of the issue price of the new shares, to be issued in favour of the contributing shareholders;
- (iv) The circumstance that Terashop's liquidity amounts to at least € 200,000;
- (v) The absence of potentially prejudicial events regarding Terashop's activities, equity and financial situation, results and/or perspectives.

The agreement provides for the obligation, addressed to contributing shareholders Gedeone WEB s.r.l. in liquidation and Barni Carlo S.p.A., not to transfer, in whole or in part, for a period of 12 months starting from the date in which they become shareholders of Giglio Group, the 70% of the shares subscribed by them upon contribution.

Antonio Lembo, current Managing Director of Terashop, other than keeping the same role, 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.

For the transfer of Terashop, Giglio Group is assisted by law firm Clifford Chance and by law firm Mascherpa e Associati.

The Chairman Alessandro Giglio, commented: Terashop's purchase is the perfect opportunity to add to our team important personalities such as Antonio Lembo, who shall bring added value to the Group, and I am sure that the synergies that will result from this integration shall support the significant increase in workload of the coming months, optimising the operating costs' base through the creation of virtuous economies of scale. I am also greatly satisfied by the outstanding results of this semester, which foretell a season of great growth, especially in light of the agreements already signed with our new clients, which shall become operative by the end of the year, but also thanks to the many more still in the pipeline, which shall be announced in the following weeks."

Antonio Lembo also commented: *"I am extremely glad for this operation, and I am pleased to make available my twenty-year know-how in such a considerable role and within a Group that is aiming to become the first export of Made in Italy products in the world."*

In the context of the same Meeting, Giglio Group's Board of Directors also approved the Half-Year Financial Report at 30 June 2019, which closes on a positive note, with a 9% growth of the Gross Merchandise Value², that reaches € 43.4 million (€ 39.7 million in the same period of 2018), and a 7% growth of consolidated revenues at € 19.8 million (€ 18 million in 2018).

² For the composition of this entry, see the following table



The revenues increase, equal to € 1.3 million, is due to the higher transaction volumes caused by the organic growth and the acquisition of new brands in the Company's portfolio.

The adjusted EBITDA of continuing operations, at € 0.6 million (consolidated figures at 30 June 2018, € -0.2 million), which increased by 483%, adjusted to non-recurring costs (at € 1 million) and to IFRS15 effects, includes: (i) The development costs for China's e-store, whose revenues shall appear in the second half of the year and (ii) the Media Area costs which, following the transfer of the area, were not vested into Vertice360 (the acquiring company).

The EBIT of continuing operations adjusted to non-recurring costs amounts to € 0.2 million (€ -0.3 million consolidated figures at 2018 H1).

The Net Profit of the period, negative by € 3.1 million - decreasing if compared to 2018 (€ 4,000) - does not take into account the € 2.8 million of Capital Gains to be registered in 2019 Financial Statement on the closing of the transfer's transaction of the media area's activities, unlike the capital losses already calculated in 2018.

Giglio Group is in line with the Industrial Plan 2019-2023 as far as the e-commerce's management is concerned: as a matter of fact, the EBITDA of the e-commerce area, net of central costs, amounts to € 3.2 million, that is 18% of revenues.

If compared to the same period of 2019, Q2 closes with a 15% revenue increase at € 7.8 million due to an EBITDA increase net of non-recurring costs, which goes from strongly negative in 2018 for € -1.1 million to positive for € 0.1 million in 2019. In the e-commerce sector, Q2 is the weakest one of the year

The Net Financial Debt equals € 19.1 million, adjusted to the recently-applied IFRS 16 new accounting standard, highlights a € 0.1 million improvement if compared to 31 December 2018. The NFD calculated by taking into account the effects of IFRS16 accounting standards amounts to about € -21.2 million. These data do not include yet Giglio Group's revenues from the transfer of the media area, for a total of € 12.5 million, which shall be collected during the course of the fiscal year.

As far as relevant event subsequent to 2019 H1 are concerned, within the context of the transfer of the media area, 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 1,136,363,636.00 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. 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 shall be called by 04 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, which shall be held before the aforementioned term of 30 November 2019.

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.

With regards to the foreseeable management development, the Company envisages to continue recording evolving revenues in 2019 H2, in line with the growth rate of the previous period, balancing the risk of losing commercial opportunities as well as consolidated commercial relationships with the launch of new e-store and the coverage of new territories. For the purpose of safeguarding the profits expected in its own Industrial Plan, the Company is paying particular attention in proportioning its cost base with any eventual business decrease via a process of optimisation of the e-commerce production system as well as of the size of central operating teams.

Reclassified Consolidated Income Statement³

<i>(Euro thousands)</i>	30.06.2019	30.06.2018	Change
Revenues	19,271	17,964	1,307
Operating Costs	(16,419)	(16,442)	23
ADDED VALUE	2,852	1,522	1,330
ADDED VALUE%	14.8%	8.5%	6.3%
Personnel expense	(2,261)	(1,731)	(530)
EBITDA Adjusted	591	(209)	800
EBITDA%	3.1%	(1.2)%	4.2%
Non-recurring charges	(995)	(459)	(536)
Amortisation, depreciation & write-downs	(765)	(136)	(629)
EBIT	(1,169)	(804)	(365)
Net financial expenses	(709)	(438)	(271)

³ Under the provisions of IFRS 5 accounting standards "Non-current assets held for sale and discontinued operations", the economic results of the media sector were represented as "Discontinued operations". Moreover, it is noted that, starting from 1 January 2019, the Group, pursuant to the requirements of the accounting standards and the amendments and interpretations already approved by the European Union, has adopted the IFRS 16 - Leases accounting standard. The transition method adopted by the Group consists in the "modified retrospective"; thus, it is noted that the balance sheet figures regarding 2018 Q1 were not outlined.



PROFIT BEFORE TAXES	(1,878)	(1,242)	(636)
Income taxes	(483)	(36)	(447)
NET PROFIT FROM CONTINUING OPERATIONS	(2,361)	(1,279)	(1,082)
NET PROFIT FROM DISCONTINUED OPERATIONS	(768)	1,283	(2,051)
NET PROFIT	(3,129)	4	(3,133)

EBIT adjusted to non recurring charges	(174)	(345)	171
EBIT adjusted to non recurring charges %	(0.9)%	(1.9)%	1.0%

NET PROFIT FROM CONTINUING OPERATIONS adjusted to non-recurring charges	(1,366)	(820)	(546)
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NET PROFIT FROM CONTINUING OPERATIONS adjusted to non recurring charges %	(7.1)%	(4.6)%	(2.5)%
NET PROFIT adjusted to non recurring charges	(2,134)	463	(2,597)
NET PROFIT adjusted to non recurring charges %	(11.1)%	2.6%	(13.7)%

(Euro thousands)	30.06.2019	31.12.2018	Change
Intangible Fixed Assets	13,421	12,297	1,124
Tangible Fixed Assets	3,057	1,492	1,565
Financial Fixed Assets	1,402	1,595	(193)
Total Fixes Assets	17,880	15,384	2,496
Inventories	3,748	5,273	(1,525)
Commercial credits and other receivables	11,403	12,519	(1,116)
Commercial debts and other receivables	(20,782)	(24,070)	3,288
Operating/Commercial Working Capital	(5,631)	(6,278)	647
Other current assets and liabilities	4,484	8,177	(3,693)
Net Working Capital	(1,147)	1,899	(3,046)
Provisions for risks and charges	(705)	(804)	99
Deferred tax assets and liabilities	741	1,171	(430)
Net Invested Capital of Continuing Operations	16,769	17,650	(881)
Net Invested Capital of Sales Activities	9,645	9,923	(278)
Total Net Invested Capital	26,414	27,573	(1,159)
Net Worth	(5,165)	(8,409)	3,244
Net financial debt	** (21,250)	(19,164)	(2,086)
Total Sources	(26,415)	(27,573)	1,158

** The balance sheet figures at 31 December 2018 were not outlined according to IFRS 16 -Leases accounting standards. It is noted that the Group's net financial debt at 30 June 2019 would have amounted to € 19,000 were the accounting standard not be adopted.



	A		B	C=A-B
(Euro thousands)	30.06.2019 post IFRS 16	30.06.2019 pre IFRS 16	31.12.2018	Change
A. Cash	2,558	2,558	2,889	(331)
B. Bank and postal deposits and cheques	-	-	-	-
C. Securities held for trading	-	-	-	-
D. Cash & cash equivalents (A)+(B)+(C)	2,558	2,558	2,889	(331)
E. Current financial receivables	580	580	620	(40)
F. Current bank payables	(6,810)	(6,810)	(8,307)	1,497
G. Current portion of non-current debt	(4,883)	(4,883)	(6,804)	1,921
H. Other current financial payables	(2,383)	(1,861)	(899)	(1,485)
<i>of which Related Parties</i>				-
I. Current financial debt (F)+(G)+(H)	(14,076)	(13,554)	(16,009)	1,933
J. Net current financial debt (I) + (E) + (D)	(10,938)	(10,416)	(12,501)	1,562
K. Non-current bank payables	(6,535)	(6,535)	(2,119)	(4,416)
L. Bonds issued	(453)	(453)	(2,219)	1,766
<i>of which Related Parties</i>				-
M. Other non-current payables	(3,323)	(1,666)	(2,325)	(998)
N. Non-current financial debt (K)+(L)+(M)	(10,311)	(8,654)	(6,663)	(3,648)
O. Net financial debt (J)+(N)	(21,250)	(19,071)	(19,164)	(2,086)

The Executive Officer for Financial Reporting, Mr. Carlo Micchi, declares that the accounting information contained in the present press release corresponds to the accounting figures, book and documents, pursuant to Art. 154-bis, par. 2 of the Consolidated Act.

Information on Giglio Group:

Founded by Alessandro Giglio 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 sectors. The Company is based in Milan, but it is also present with offices in New York, Shanghai, Hong Kong, 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 off season. The uniqueness of a “complete-supply-chain” online service thus ensures a 100% sell-through rate.

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