

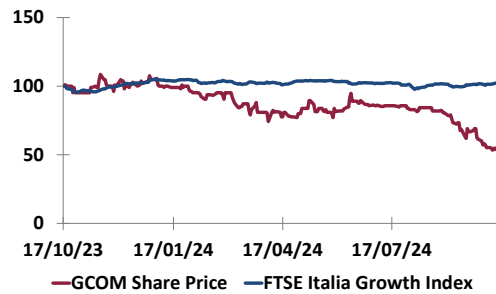
GIGLIO.COM

OUTPERFORM

Current Share Price (€): 1.17

Target Price (€): 2.41

Giglio.com - 1Y Performance



Source: S&P Capital IQ - Note: 17/10/2023=100

Company data

ISIN number	IT0005453003
Bloomberg code	GCOM IM
Reuters code	GCOM.MI
Industry	Online retail
Stock market	Euronext Growth Milan
Share Price (€)	1.17
Date of Price	16/10/2024
Shares Outstanding (m)	12.4
Market Cap (€m)	14.5
Market Float (%)	31.3%
Daily Volume	11,200
Avg Daily Volume YTD	5,379
Target Price (€)	2.41
Upside (%)	106%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
GCOM - Absolute (%)	-12%	-35%	-31%	-45%
FTSE Italia Growth (%)	4%	1%	2%	3%
Range H/L (€)			2.28	1.12
YTD Change (€) / %			-1.03	-47%

Source: S&P Capital IQ

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Mediterranean destination for global luxury

We initiate coverage of Giglio.com: OUTPERFORM rating, Target Price €2.41 per share. Giglio.com, listed on Euronext Growth Milan since 2021, is an Italian luxury online marketplace connecting a community of 200+ partner multibrand boutiques and brands in e-concession with 150k+ technologically savvy high income customers in 150+ countries worldwide through the proprietary tech platform listing 800+ brands available. Founded on the footsteps of the first Giglio multibrand boutique in Palermo since the '60s, Giglio.com traded €66m gross merchandise value (GMV) in FY23, with 65% of cross-border orders.

Key partner with an attractive value proposition for boutiques and brands

Adopting a marketplace business model, differently from most competitors, Giglio.com sells products in the stock of multibrand boutiques and brands, in exchange of a take rate, without undertaking the risk implied on inventory management. Giglio.com continuously integrates suppliers' inventory into its platform, providing a real time view of the stock, and has established over the years trusted relationships with boutiques and brands. Giglio.com is thus not only connecting global demand with offer, but it acts as a key partner in the luxury industry, handling most of the donkey work for suppliers/sellers, providing tech infrastructure, marketing investment, payments processing, shipping and logistics, distribution capability, customer service.

Luxury on a rollercoaster ride

After two decades of strong growth, peaking during pandemic, the overall luxury industry, and especially the online channel, has been under recent pressure amid the current macroeconomic and geopolitical uncertainties, and changing consumer post-pandemic habits, leading to slower global consumer spending. Major industry sources concur in confirming this general environment in the short-term, however, we recall that consumption of luxury goods has always proved to be able of fast recovery, being also driven by social, cultural and psychological factors. As such, a reverse trend is possibly behind the corner, driven by evolving consumer preferences.

Target Price €2.41 per share, OUTPERFORM recommendation

Our value assessment of Giglio.com, as a digital storefront blending luxury and technology, is supported by a compelling value proposition, a steady growth journey so far with ramp-up towards profitability, an increasingly international clientele and trusted long-standing partnerships with boutiques and brands. Our valuation models yield a share price of €2.41, +106% upside on the current share price of €1.17. Our target price is based on 0.5x our 2025E sales, a premium to peers trading at a median 0.4x, while Giglio.com is currently trading at 0.2x. As a consequence, we initiate the coverage of Giglio.com with an OUTPERFORM recommendation on the stock.

KEY FINANCIALS AND ESTIMATES (€m)	2021	2022	2023	2024E	2025E	2026E	2027E
Sales	37.9	51.1	56.3	47.8	54.1	59.5	65.4
Gross profit	10.1	14.2	16.4	13.9	15.9	17.5	19.6
Margin	26.8%	27.7%	29.0%	29.0%	29.5%	29.5%	30.0%
EBITDA	(1.8)	(1.0)	(0.4)	(0.2)	0.7	1.3	2.9
Margin	-4.8%	-2.0%	-0.6%	-0.4%	1.4%	2.2%	4.5%
Net Income (Loss)	(2.9)	(2.3)	(1.7)	(1.4)	(0.4)	0.1	1.4
Net (Debt) Cash	12.1	7.7	3.8	2.5	3.0	3.8	5.6
Equity	13.4	11.1	9.2	7.8	7.4	7.5	9.0
KEY RATIOS AND MULTIPLES	2021	2022	2023	2024E	2025E	2026E	2027E
ROE	-21%	-21%	-19%	-18%	-6%	2%	16%
TWC/Sales	-19%	-14%	-7%	-7%	-7%	-7%	-7%
FCF/EBITDA	na	neg	neg	neg	58%	59%	62%
EV/Sales	1.0x	0.7x	0.4x	0.3x	0.2x	0.2x	0.2x

Source: Company data 2021-23, EnVent Research 2024-27E

1. INVESTMENT CASE

Company

Giglio.com, listed on Euronext Growth Milan since 2021, is an Italian online marketplace connecting a community of partner multibrand boutiques and brands with luxury and fashion lifestyle consumers, through a proprietary technology platform reaching global customers.

Products and positioning - Curated assortment of luxury goods, including apparel, footwear, bags and accessories.

Target customers - Technologically savvy high income consumers that value quality over price and have limited time, demanding an elevated shopping experience and superior customer service.

Business model - Marketplace: Giglio.com sells products in the stock of partner multibrand boutiques and brands in e-concession, in exchange of a take rate, acting as a key partner in the industry without undertaking the risk of inventory.

Key metrics (FY23):

- GMV €66m - Revenues €56m
- 100k SKUs per season
- 150k+ active customers
- 200+ multibrand boutiques and 15 brands in e-concession
- 800+ brands available on the platform
- Customers in 150+ countries

Regional breakdown (FY23 GMV):

- Italy 35%
- Rest of Europe 29%
- APAC 20%
- North America 10%
- RoW 6%

Source: Company data

Drivers

Industry drivers

Luxury fashion goods: a market driven by both need and impulse. Purchases of fashion and luxury goods are mostly driven by impulse for a personal feeling of satisfaction, enjoyment, desirability and immediate possession.

Luxury: a countercyclical and defensive market segment. The fashion industry, especially at the two ends of the price spectrum (luxury and mass market), has historically shown ability to resist during crises or turmoil. In these cases, even when slowing down with some consumers postponing purchases, it still overperformed other segments.

Luxury sales shift to digital is here to stay. While digital penetration for luxury sales has declined from a peak percentage in the high teens during the pandemic to a single-digit

percentage last year, luxury remains one of the last attractive categories to expand online and has relatively underpenetrated compared to traditional apparel and footwear.

Rising number and wealth of high-net-worth consumers. The global luxury market continues to be driven by the growth of high-net-worth individuals, a key customer demographic with large luxury spend (Source: Capgemini, *World Wealth Report*, 2024).

Company drivers

Diversified brand portfolio, a wide fashion community. Giglio.com trades a wide and diversified curated product assortment, offering a selection of 800+ fashion luxury brands. Products are diversified as per type, target customers category, brand and positioning, pricing level. This is a competitive advantage that allows to contemporarily operate in several sectors, while diversifying risk and capturing different segments of customers. In over eight years Giglio.com has built a community of 200+ multibrand fashion boutiques and brands.

Innovative and lean business model as marketplace. Giglio.com marketplace business model, blending luxury and technology, is different from most industry players or competitors and is structured to be lean, based on the direct management of the whole value chain, from fulfillment to invoicing.

Getting rid of the typical burden of the fashion industry: inventory. The absence of inventory, as intrinsic in the business model, in contrast to traditional wholesalers, eliminates the burden to deal with the aptitude to plan pre-season sales volumes and make inventory commitments.

Key partner for luxury boutiques and brands. Giglio.com has built trusted relationships with boutiques and brands, and continuously integrates their catalogues into its platform, having a real time view of the stock available. Thus, Giglio.com is not only connecting demand with offer, but it acts as a key partner handling most of the donkey work for suppliers/sellers, providing tech infrastructure, marketing investment, payments processing, shipping and logistics, distribution capability, customer service.

Asset-light organization. Investments in marketing and advertising to support growth are limited; in addition, growth does not need huge capex, due to the nature of the business model: no investment in inventory, limited fixed assets, negative working capital with minimal receivables.

Proprietary technology platform. The fully owned, flexible and up-to-date technology platform makes the Company independent from third-party platforms.

Global reach. The e-commerce platform has a worldwide presence in over 150 countries, with ten languages and local payment methods.

Brand perception, image and DNA. Giglio.com has built up a reputation for being a global fashion destination. Giglio.com stands for style and sought-after pieces, all in one's preferred

place. The *Proudly Made in Mediterraneo* Company's motto has strong appeal globally for the world-renowned Italian style, culture and aesthetics that it recalls.

Challenges

Market competitiveness and price pressure within the industry. The competitive arena of online luxury and fashion is highly fragmented and competitive, populated by a multitude of players: global multibrand online luxury retailers and marketplaces, luxury monobrand and multibrand retailers, department stores, and, to a lesser extent, apparel chains, independent boutiques, off-price retailers and flash sale websites. The gradual addition of platforms available on the market, with limited differentiation, increasingly competing for acquiring customers, together with an increasing overall cost of doing business with tech investments to keep their platforms up to date, marketing and content creation expenses, create an environment where players struggle for profitability.

Economic downturns. Although the luxury market is less sensitive than other ordinary goods, an economic downturn could cause a setback of the market, since luxury goods are, by definition, discretionary and dependent upon the level of customer spending. As such, even consumers who can afford luxury products may decide to delay their spending during an economic crisis. Previous cases have shown that even after a drop in the value of the luxury goods market (i.e. the economic downturn of 2008-09 at -9%), demand for luxury picked up quickly when the economy recovered.

Current luxury e-commerce slowdown. After the past decade of strong growth, since mid-2023 the luxury e-commerce market, within the sector-wide luxury industry, has experienced an unexpected and unprecedented slowdown, with most of players facing sales declines, and in some cases financial constraints leading to extraordinary transactions. The factors overlying these broad challenges faced by the entire industry may be found in:

- the economic instability and geopolitical uncertainty, dampening consumer sentiment and spending
- the pandemic spending boom receding - during pandemic most consumers diverted spending from travel to high-end goods, demand has plateaued and the market is adjusting to a new normal
- the demand for luxury goods temporarily rebalanced in favor of physical stores offering a complete shopping experience, which had been penalized during the pandemic

Limited critical mass. The Company's current and target size, compared with the volumes of some competitors, may imply a higher weight of marketing, promotion and general expenses on profitability.

Brand awareness buildup. Higher marketing and communication resources could build awareness and improve the perception around Giglio.com brand among potential customers and widen traffic around its platform, but at a cost.

2. PROFILE

Mediterranean destination for global luxury

Community store

Giglio.com is an online luxury multibrand marketplace that sells a wide assortment of luxury goods from a community of partner multibrand boutiques and brands to global luxury consumers through its own proprietary technology platform. Almost 70% of sales are generated outside Italy. The product assortment includes apparel, footwear, bags and accessories from over 800 brands, for women, men and kids.



Selection of brands sold



Source: Company data

The headcount is of over 180 employees, mostly under 35 years old (70%).

Sales are split fairly evenly across regions: Italy 35%, Rest of Europe 29%, APAC 20%, North America 10%, RoW 6% (FY23 GMV).

History and key developments

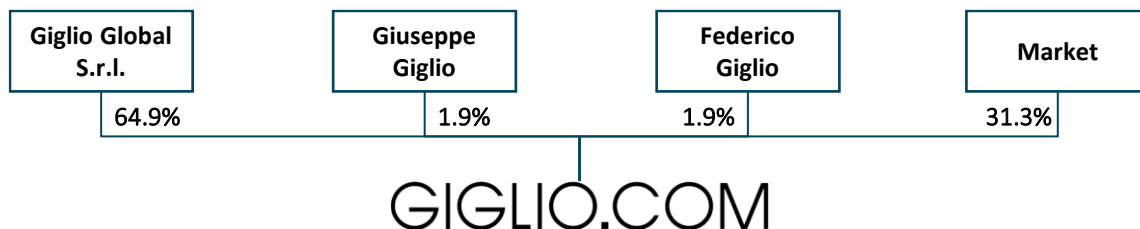
Giglio.com was founded on the footsteps of the first Giglio multibrand boutique in Palermo in the '60s.

Key milestones	
1965	• Opening of Giglio boutique in Palermo
1996	• First online operations
2007	• Launch of online e-commerce Giglio.com
2016	• Business model change from traditional wholesaler to marketplace
2018	• €2m mini-bond subscribed by Zenit SGR
2019	• Equilibrya PE fund becomes minority shareholder - 15% stake through capital increase
2021	• Listing on Euronext Growth Milan • Milestones: 160+ boutiques and 500+ brands, 100 employees
2022	• New logistic hub in Vimodrone (Milan) • Milestones: €50m revenue and 125k active customers
2023	• Partnership with Vestiaire Collective • New shooting studio in Palermo • Milestone: €1m sales in a day during Black Friday 2023

2024	<ul style="list-style-type: none"> • Launch of the VIP program “Beauty Seekers VIP Club” • B2B initiative Digital Gateway Giglio.com
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Source: Company data





Shareholders



Source: Company data

Giglio Global Srl is controlled by Michele Giglio Snc for 56% of the shares and for the remaining 44% equally by Giuseppe Giglio and Federico Giglio. We note that the physical boutiques in Palermo owned and operated by Giglio family are owned by a different legal entity Giglio SpA.

Key people

Name and role	Background
<p>Giuseppe Giglio</p>  <p>Founder, Chairman & Co-CEO</p>	<ul style="list-style-type: none"> • Co-founder with over 35 years of experience in the luxury and fashion industry • Technology driving force in Giglio.com
<p>Federico Giglio</p>  <p>Founder & Co-CEO</p>	<ul style="list-style-type: none"> • Co-founder with over 30 years of experience in the luxury and fashion industry • Fashion driving force in Giglio.com
<p>Vincenzo Troia</p>  <p>Managing Director</p>	<ul style="list-style-type: none"> • Over 10 years of experience in e-commerce • Previously 10 years in Yoox, as International Markets Director at Yoox and country manager at Yoox APAC, and 3 years in the marketing department of Sky Italia
<p>Laura Favaretto</p>  <p>CFO</p>	<ul style="list-style-type: none"> • CFO since 2021 • Previously 10 years in KPMG

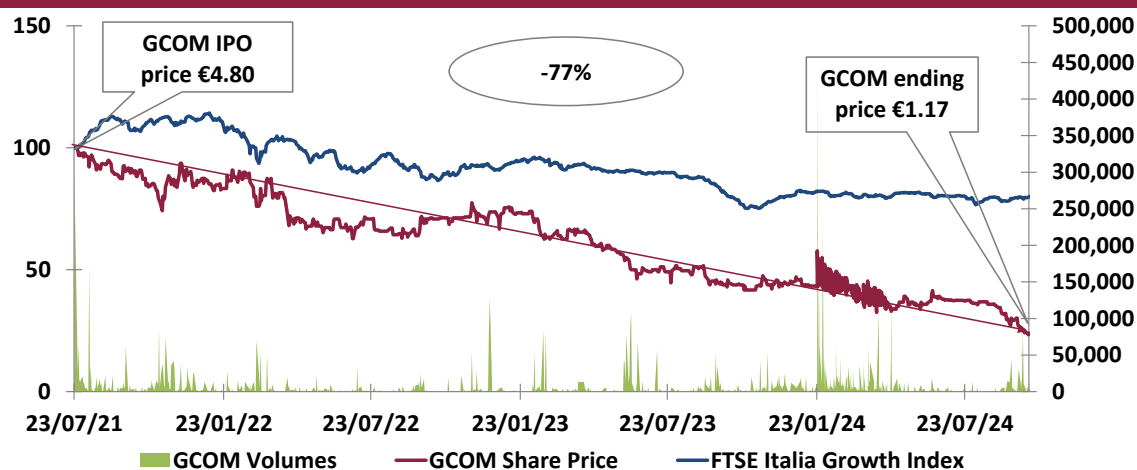
Source: Company data

Stock market performance on Euronext Growth Milan

Giglio.com on Euronext Growth Milan	
Stock market	Euronext Growth Milan
Bloomberg code	GCOM IM
Reuters code	GCOM.MI
IPO date	23/07/2021
Offer price (€)	4.80
Money raised (€m)	10.6
Market cap at IPO (€m)	58.6
Free float at IPO	18.03%
Ordinary shares - ISIN number	IT0005453003
Shares outstanding	12,364,500
Current Share price (€)	1.17
Current Market cap (€m)	14.5

Source: Company data and S&P Capital IQ, update 16/10/2024

Share price performance and volumes since IPO



Source: S&P Capital IQ - Note: 23/07/2021 (IPO offer price)=100

3. INDUSTRY INSIGHTS

Industry logics

Purchase decisions in the luxury industry

Impulse drives shopping

Values

Major factors impacting shopping decisions in the luxury industry are personal feeling of satisfaction/enjoyment/desirability, flavor of elegance and good taste, immediate possession. In addition, main values driving purchases of luxury goods are: quality of fabrics and materials, branding, public use and visibility, exclusivity, sustainability and durability. The shopping experience is a must and stylish packaging is a key part of the experience. Impulse purchasing is common in the fashion industry and even more peculiar in online shopping.

Polarization: midrange brands and affordable luxury vanishing, luxury and mass market brands consolidating

Luxury and mass market in the best position

Consumer demand in the first decade of the century surged for products at either end of the price spectrum, luxury and mass market, witnessing the erosion of the middle market with midrange brands and the so-called affordable or accessible luxury. Many of such segment companies were clear losers, while the budget retailers led by H&M and Zara, together with luxury players, ended up as winners.

Luxury vs fast fashion, and the new *quiet luxury* trend

Often separated into contrasting markets, consumers of fast fashion and luxury might not be so different, since nowadays they move seamlessly between the two categories. In addition, the *quiet luxury* trend has emerged, blending the two: fashion style that encompasses enduring craftsmanship, timeless logo-free items, understated elegance and long-term value. Quiet luxury attracts a broader audience, as consumers seek to get the most value and longevity out of their purchases, to respect sustainability values.

Digital and luxury: keeping up with digitally savvy customers

Changing consumer habits mean that business models are changing industry-wide

Power of retargeting and digital experience

Nowadays brands and retailers need to keep up with smarter, more sophisticated and technologically savvy shoppers. Luxury consumers are highly digital and social and tend to use the web to source inspiration. Thanks to the ease of information available on the web, showing an array of offers and consumers' continuous web engagement, today's digital shoppers are increasingly able to compare prices and to find the best purchase price or a shipping offer.

Most of luxury purchases are influenced by what consumers see, do and hear online: this high frequency navigation exposes consumers to a relentless fire of shopping offers and to a continuous retargeting from visited websites. Another outcome, from a technological impact point-of-view, is that stores, while allowing the potential customer the indispensable visual and tangible experience, lose part of their power as the "sole" space a product range can be fully exhibited: a high quality website today displays an entire product range with all the necessary details. The consumer is thus often attracted to view the physical outlets or, at the least, evokes the image of a company through an outstanding website.

Although luxury companies have been cautious with e-commerce, they have accepted that the

digital experience has redefined the relationship between shoppers and operators: luxury consumers are digital-minded, so luxury companies had to adapt.

Online revolution/digital word of mouth

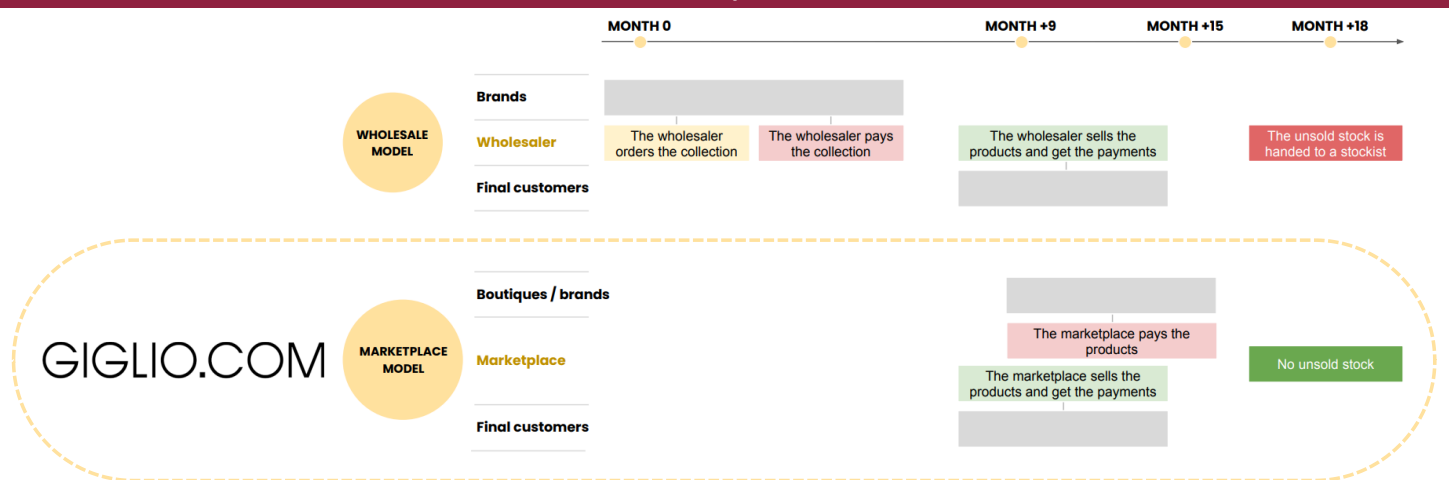
E-commerce and digital advertising have revolutionized and hyper-accelerated communication standards. Disrupting effects having an important impact are price transparency and reduced communication costs. These effects may appear to be conflicting: on one hand reduced marketing spend, on the other fast circulation of price comparison information intensifies competition and adds downward pricing pressure.

Industry business models

The rise of the online distribution channel has been driven by numerous e-commerce platforms, whose business models can be segmented into:

- **Wholesale** - the platform purchases products directly from brands and stores them in their warehouses, guaranteeing full control over inventory; products are sold to customers, unsold stock is handed to stockists
- **Marketplace** - the platform acts as intermediary between customers and suppliers, no inventory, orders are directly forwarded to partners as boutiques or brands, the marketplace earns a fee of the sale as its profit
- **Hybrid** - some platforms combine direct inventory management for some products and the intermediary role for others

Wholesale vs Marketplace - Process flow



Source: Company data

Wholesale vs Marketplace - Main features

	RISK-FREE INVENTORY	CASH GENERATIVE	CATALOG CONTROL	SUPPLY CHAIN & FULFILLMENT	INTERACTION WITH CUSTOMER	PLATFORM
WHOLESALE MODEL	✗	✗	✓	✓	✓	MYTHERESA LUISAVIAROMA MATCHESFASHION
MARKETPLACE MODEL	✓	✓	✓	✗	✗	FARFETCH
	✓	✓	✓	✓	✓	GIGLIO.COM

Source: Company data

Market powers

Competition drivers

The main competitive factors in the industry are:

Quality, brands and high-end service drive purchase decisions

- Diversity, style and quality of brands and product assortment
- Availability of “unique” exclusive pieces and capsule collections
- Pricing and offering discounts on recognizable branded products
- Digital shopping experience
- Level of customer service
- Speed and cost of shipping, ease of return service
- Brand image and positioning

Determinants of risk profile

Power is in the hands of end-customers

- **Customers** power is high, as purchases are mainly driven by impulse and social/psychological factors. Seasonality is meaningful. The bargaining power of customers is high because they can choose from a multitude of alternatives and switch easily between retailers and brands, given the limited loyalty typical of the industry. Brands and retailers compete to attract and retain customers, also making use of strategies including memberships, exclusive events, private sales at discount.

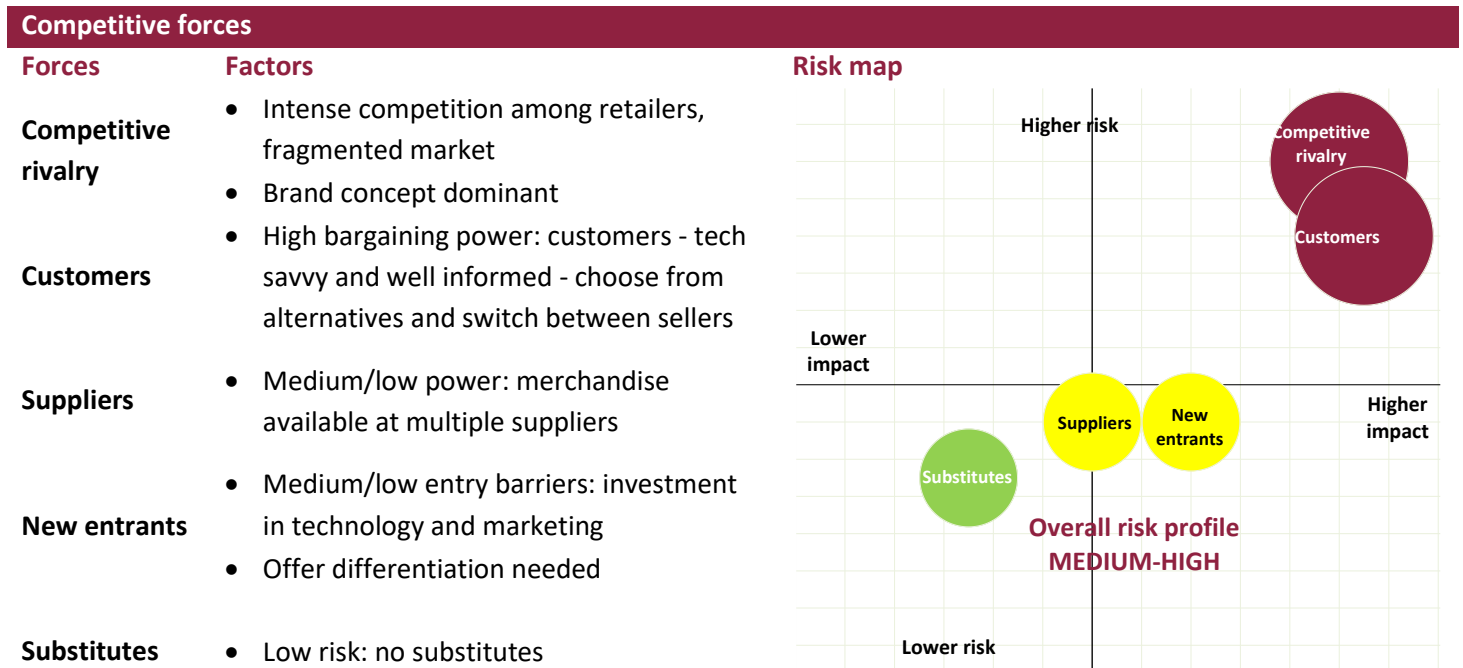
Vast availability of supply, but brands want to keep control over sales

- **Suppliers** power is medium-low. Merchandise is widely available at multiple suppliers. Typically, there are no long-term purchase commitments or arrangements with suppliers, or exclusive agreements. However, digital retailers compete for acquiring brands that have a tight control of their product pricing.
- **Barriers to entry** are medium-low, since most of the pillars of the digital business may be replicated with the availability of funds. However, the threat of new entrants is medium to low, because of the intense competition and critical size issues. Without economies of scale, new entrants have poor chances to be successful. In addition, they should have a

significant level of offer differentiation to succeed.

- **Substitute products** in a strict sense do not represent a threat. However, even though product categories do not have substitutes, brands have many: for those who cannot afford luxury brands there are substitutes that can make high-end styles available at lower prices. In addition, factors such as the availability of different buying options and types of payment, returns and changes terms may be seen as catalysts for substitutes.

The mix of such factors leads to consider the overall risk profile as *medium-high*.



Source: EnVent Research

Key operational industry metrics

Typical industry metrics adopted to measure and benchmark e-commerce performance are:

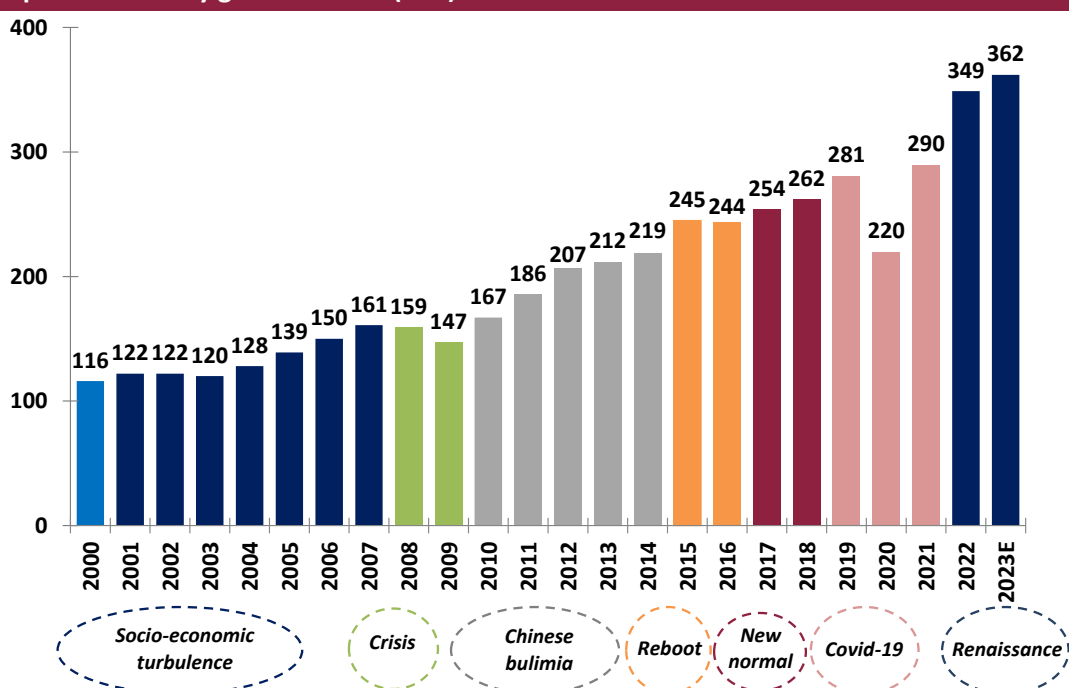
- **Active customers** - customer who made a purchase within the Last Twelve Months (LTM)
- **Average Order Value** - total sales from online orders during LTM divided by the total orders shipped
- **Conversion rate** - percentage of the number of visits to a website that result in a purchase
- **Customer Acquisition Cost** - online marketing expenses attributed to acquiring new customers, divided by the number of customers who placed their first order in the period
- **Customer Lifetime Value** - cumulative contribution profit attributable to a customer
- **Customer Retention Rate** - percentage of existing customers that continue buying
- **Customer Satisfaction** - complex and subjective, indispensable mean to evaluate the life-or-death perspective of a business
- **Gross Merchandise Value (GMV)** - total value of orders, inclusive of product value, shipping and duty, usually net of returns (not for Giglio.com), VAT and cancellations
- **Traffic** - tracks visits to websites, measuring advertising or popularity of locations

4. MARKET TRENDS AND OUTLOOK

Enduring appeal: global personal luxury goods market

The global luxury goods market has experienced steady growth over the past two decades, despite facing challenges such as financial crises and the COVID-19 pandemic. This resilience underscores the enduring appeal and adaptability of luxury brands. Personal luxury goods market, as the core of the entire luxury industry, has shown a stabilized growth rate of 4% at current exchange rates. Notably, sales have reached unprecedented levels, with the market projected to achieve a record-breaking value of €362bn by the end of 2023 (Source: Altgamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024).

The personal luxury goods market (€bn)



Source: Altgamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024

Shifting global rankings: EU back on top, Americas decline, Asia growing fast

The personal luxury goods market, according to recent analysis from Bain & Company, continued to grow across most regions globally, with notable shifts in regional rankings in 2023.

- Europe** Europe reclaimed its position as the top region for personal luxury goods sales, recording consumption of €102bn. Macroeconomic uncertainty resulted in a purchases slowdown by local customers, counter-balanced from the sustained spending of Very Important Customers (VICs) and tourists. Notably, US tourist spending in Europe increased 2.5 times from 2019 to 2023, and spending by Middle Eastern tourists rose by 1.7 times, while Chinese tourist spending remains at about 40% of its 2019 level.
- Americas** The Americas, now the second-largest market, experienced an 8% drop from 2022, with personal luxury goods sales estimated at €101bn. The market's deceleration was driven by aspirational customers cutting their luxury purchases, although top-tier customers continued

to spend, albeit increasingly abroad and in other luxury segments.

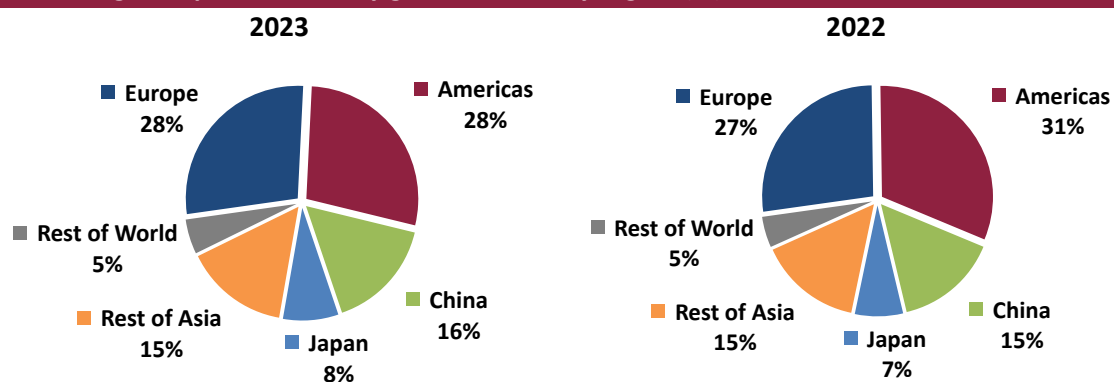
Asia Mainland China grew by 9% at current exchange rates, despite a slowdown in the latter half of 2023 due to rising macroeconomic concerns. The region shows potential for future growth, particularly in Hainan, which is set to become a significant luxury hub by 2025.

Japan emerged as the fastest-growing region with a 17% increase, reaching €29bn. The market benefited from a weak yen, attracting tourists, particularly from China, and boosting local consumer interest. Rest of Asia grew by 8%, driven by robust local consumption and tourism in Southeast Asia, although growth decelerated in Hong Kong, Macao, and South Korea later in the year.

Rest of the world The rest of the world saw a 9% increase, with the Middle East showing strong growth, despite the uncertainties brought by regional conflicts. Globally, tourist spending on luxury goods nearly returned to pre-pandemic levels but still accounted for only 30% of global luxury purchases, compared to 40% in 2019, indicating potential for further recovery.

Source: Altagamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024

Share of global personal luxury goods market by region (%)

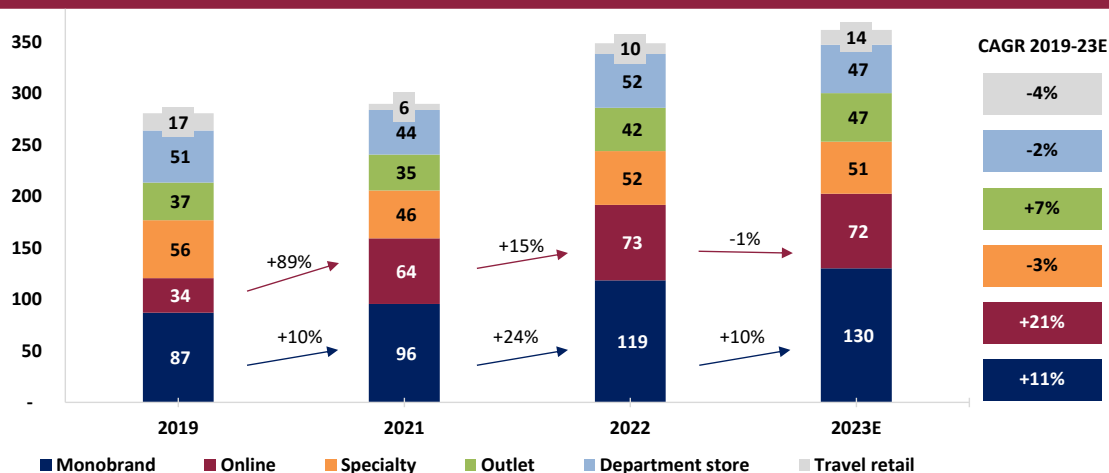


Source: Altagamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024

Luxury digital revolution, amid the perfect storm

In the last decade, e-commerce has seen the most significant growth among channels: before pandemic its market share was around 10%, then went up to steadily above 20%.

Global personal luxury goods market, by distribution channel, 2019-23E (€bn)



Source: Altagamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024

Normalization of demand, after strong growth

Recently, the luxury market has shown a slowdown in multibrand retail, online (-1% YoY in 2023) and in both department and specialty stores; differently, monobrand stores are enjoying growth (+10% YoY in 2023) driven by consumers' desire for in-person experiences and physical interactions after the pandemic years of restriction.

Overall, after the past decade of strong growth, since mid-2023 the online luxury market segment has experienced an unexpected and unprecedented slowdown, with most of players facing sales declines, and in some cases financial constraints leading to workforce reductions and/or extraordinary transactions.

The factors overlying these broad challenges faced by the entire industry may be found in:

- the economic instability and geopolitical uncertainty, dampening consumer sentiment and spending
- the pandemic spending boom receding - during pandemic most consumers diverted spending from travel to high-end goods, demand has plateaued and the market is adjusting to a new normal
- the demand for luxury goods temporarily rebalanced in favor of physical stores offering a complete shopping experience, which had been penalized during the pandemic
- experiential luxury winning over tangibles

However, recent industry sources suggest a potential reverse trend behind the corner, driven by evolving consumer habits and preferences:

- Appeal of uber-luxury pieces and entry level items regaining relevance
- Small luxuries effect with eyewear and bags on the rise
- Timeless aesthetic beating fashion, especially for Asian consumers
- Revamped relevance of senior consumers, vs Gen Z and Y
- High-end clientele sustaining performance
- Emerging technologies and personalization enriching the digital shopping experience

As a consequence, industry executives concur in believing that digital retailers that do not enter the price war of discounts and provide a targeted, curated service to high spending consumers are best positioned to survive and succeed, since customers still value multibrand shopping environments.

Sources: Altagamma-Bain, *Luxury Goods Worldwide Market Study Spring 2024, 2024*; BoF-McKinsey, *The State of Fashion 2024, 2024*

Rainbow after the storm

Outlook

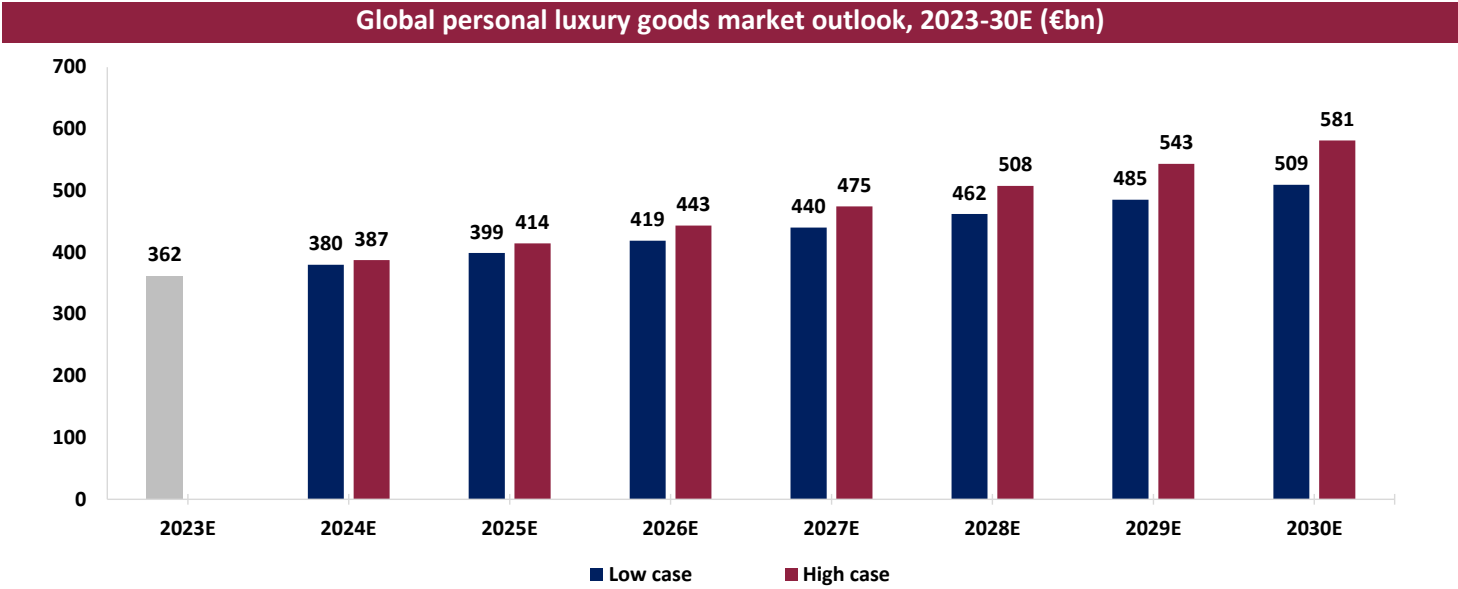
Generational shifts and China's rise: luxury market outlook to 2030

According to Bain-Altgamma, luxury spending is estimated to rise from €1.5 trillion in 2024 to €2.5 trillion by 2030. Main industry drivers will be:

- Chinese consumers regaining their pre-Covid-19 status as dominant nationality for luxury goods, growing to represent 35-40% of global purchases
- Mainland China overtaking the Americas and EU to become the biggest luxury market globally (24-26% of global purchases)
- Younger generations (Generations Y, Z, and Alpha) becoming the biggest buyers of luxury by far, representing nearly 85% of global purchases
- Monobrand stores and online should become the leading channels for luxury

purchases, representing an estimated 60% to 66% market share
 Personal goods segment is expected to have growth rates in the range 5-7% annually along 2024-30, as so the market value of personal luxury good may reach €500-580bn at the end of the decade.

Source: Altgamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024



Source: Altgamma-Bain, *Long Live Luxury: Converge to Expand through Turbulence*, 2024

5. BUSINESS MODEL AND STRATEGY

Unconventional beauty seekers

Value proposition for customers: a luxury experience online

Giglio.com intention is to deliver a digital customer-first luxury shopping experience to global luxury consumers:

- great selection of exclusive products
- online shopping through website or mobile app, for a frictionless shopping experience
- localized websites available in ten languages and different currencies, different international payment methods
- localized marketing plan and sales calendars
- free shipping on orders over a certain threshold, free returns in Italy
- dedicated customer service in-house available to serve customers in eight languages and according to different time zones

Value proposition for partners: partner of choice for boutiques and brands

Giglio.com has built over the years trusted relationships with brands and multibrand boutiques, acting as a key partner of choice, offering to them:

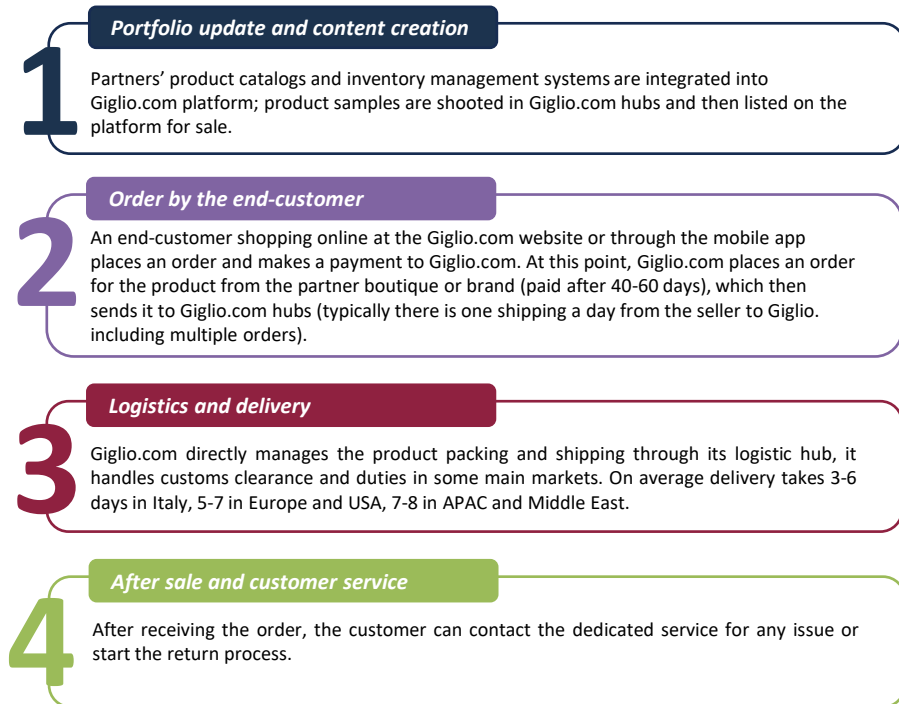
- online visibility to a wide international audience, including younger digital savvy consumers
- e-commerce infrastructure, no investment in marketing
- no logistics and invoicing issues, only one counterpart: Giglio.com
- control over brand image
- pricing integrity: adoption of brands geo-pricing and discount policies
- proprietary content shot in-house and spread in different media formats through different channels
- consumer and trend insights and data analytics to be shared with brands

Innovative and lean business model: marketplace

Giglio.com sells products in the stock of partner multibrand boutiques and brands in e-concession, in exchange of a take rate. Its business model, blending luxury and technology, is structured to be lean, based on the direct management of the whole value chain, from fulfillment to invoicing. Operating as a marketplace, the Company does not connect its partner suppliers (both boutiques and brands) with customers. Partners interface directly only with the Company, which purchases products from them and resells to customers, taking care of pre- and post-sales services. Among suppliers, Giglio SpA, a related party, is a main supplier.

The marketplace business model is designed to eliminate the typical risk of inventory faced by wholesalers, who buy collections in advance and then resell them, which can create financial strain due to cash outflows for inventory happening long before sales revenues come in. The model removes this timing gap between cash outflows and inflows, and, at the same time, avoids the risk of unsold stock.

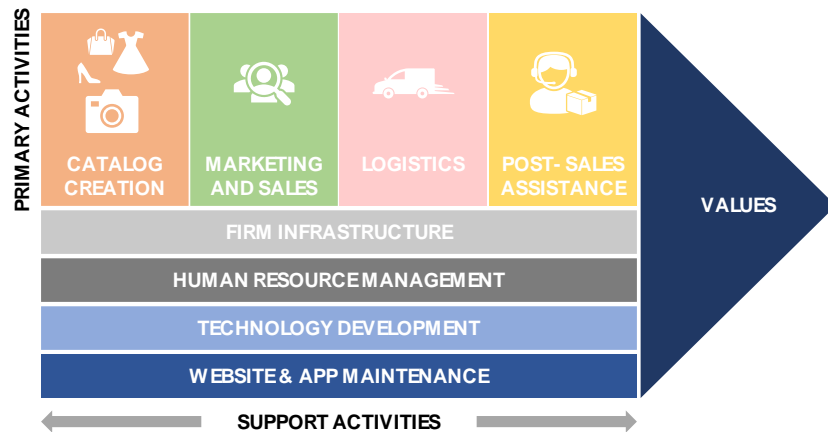
Product and order flow



Source: EnVent Research on Company data

Main operations

Value chain

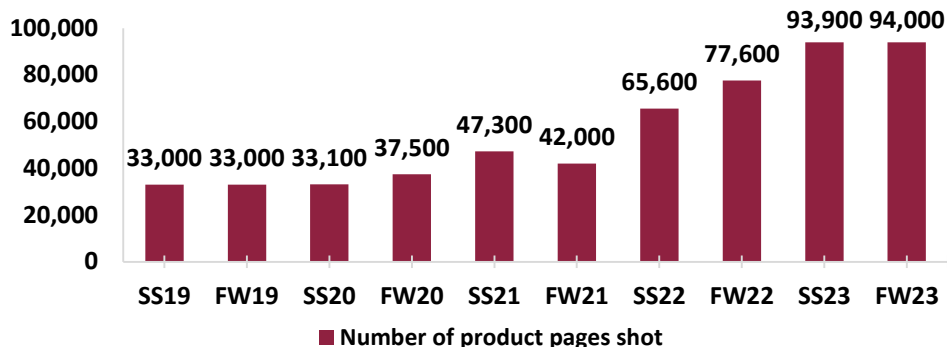


Source: EnVent Research on Company data

Catalog creation

Partners' product samples are shot in Giglio.com in-house photo studio. These pictures, along with product descriptions, are uploaded to the platform and the product is live online. Giglio.com product catalog includes nearly 100k products per season.

Number of product pages shot per season, 2019-23



Source: Company data

Marketing and communication, sales

Once products are online, the website promotion starts through targeted marketing campaigns to reach the widest audience. Advertising campaigns are both online and offline. As an example, billboards and led screens were placed in some strategic Sicilian tourism destinations to target affluent consumers during summer holidays.

Main marketing KPIs are Cost of Acquisition per Customer of €23 in FY23 (-8% YoY) and less than 5% marketing expense on sales, lower than 2022 and below industry benchmarks (Source: Company data).

Logistics

Giglio.com oversees the shipping process through its proprietary logistic hub in Palermo.

Customer service provides a differentiated shopping experience

Customer service

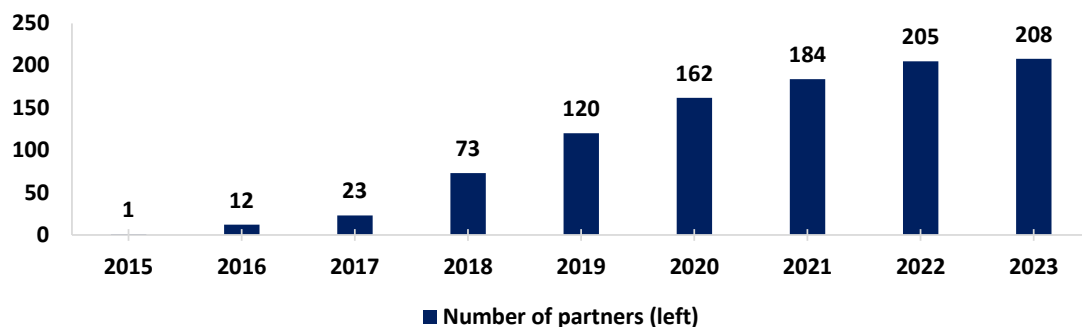
Customer service team is in-house and serves customers in eight languages and according to different time zones. A dedicated team is always on hand to manage inquiries, returns, and any post-purchase issues, providing a comprehensive support system for the global clientele.

Development of a fashion community

Over the years, Giglio.com has expanded its network of partner multibrand boutiques and brands in e-concession - suppliers. By continuously increasing the number of products from high-end boutiques and luxury labels, Giglio.com has created a diversified and dynamic selection. The growing network offers customers a wide range of exclusive and sought-after items, for a shopping experience that caters to a variety of tastes and styles. Through these partnerships, Giglio.com provides a connection between customers and global fashion, delivering quality, variety and the latest trends all in one place.

Products from 200+ partners
Trusted relationships with the world's leading luxury brands

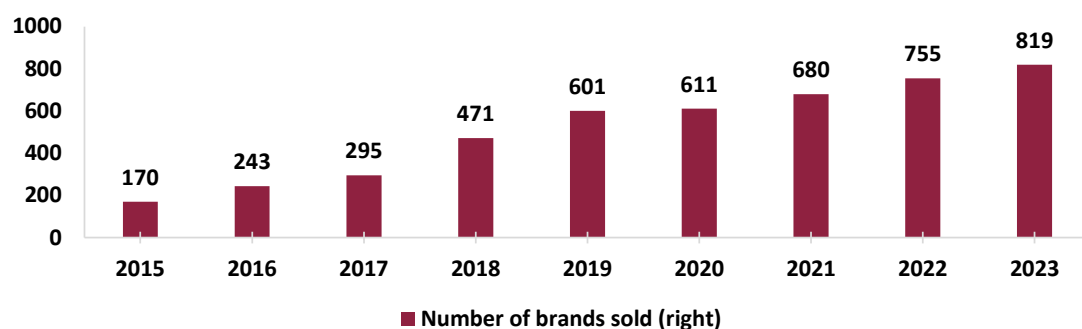
Expansion of partner network



Source: Company data

Building a distinctive portfolio of brands available

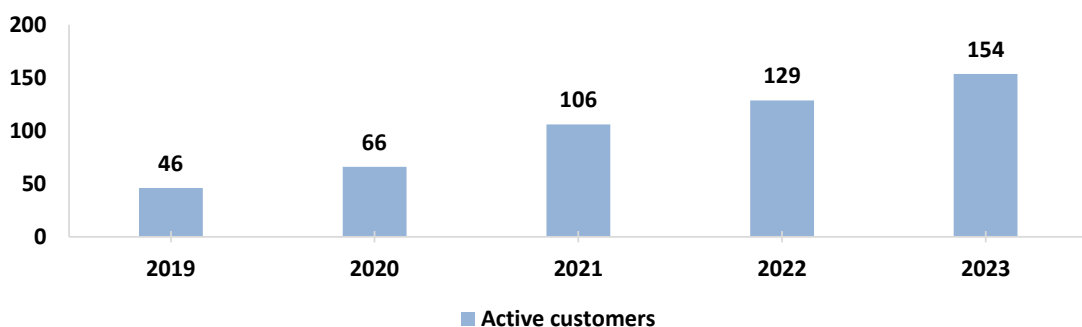
Brands sold



Source: Company data

The customer base has grown to over 154k active customers in 2023 (+19% YoY), with new customers acquired up by 16%, thanks to the ongoing marketing investments and automated programs for customers retention (Source: Company data).

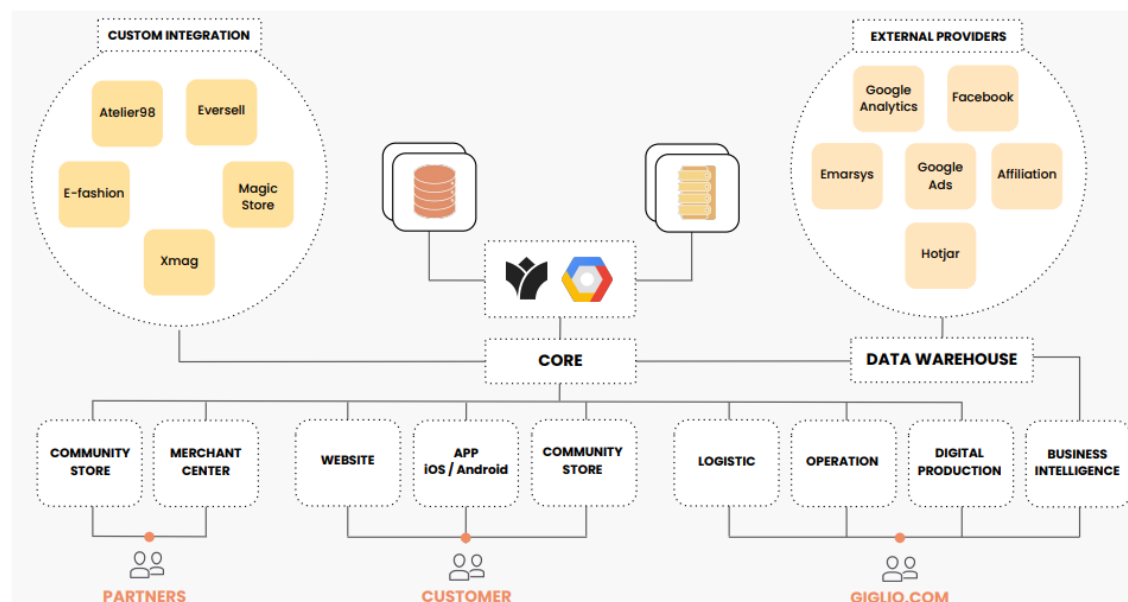
Customer base growth (k)



Source: Company data

In-house and flexible technology

Proprietary platform



Source: Company data

The internally developed platform, whose development started in 2013 continuously progressing in the following years, is built around an ecosystem that integrates various systems to streamline operations from product sourcing to delivery, to manage in-house the critical phases of the value chain.

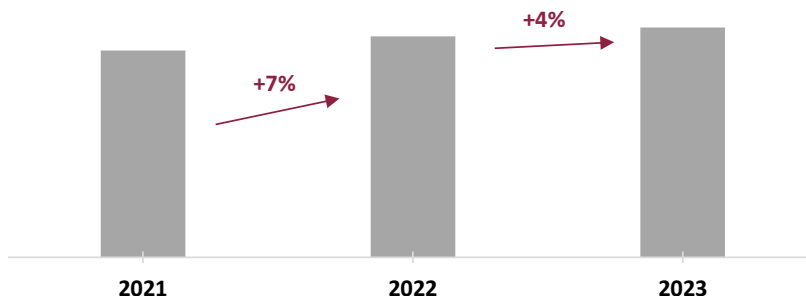
The fully owned technology is a competitive advantage

1. **Supplier Software Integration:** Giglio.com platform is connected to the inventory and management systems of its partner suppliers. This real-time integration ensures that product availability is always up to date. The platform encompasses all the tools needed to source the digital inventory from the Community Store's partners.
2. **Data Warehouse and Analytics:** Giglio.com collects and stores vast amounts of data in its Data Warehouse, which connects to tools like Google Analytics, Facebook, and Google Ads for performance tracking and digital marketing. This allows the team to analyze customer behavior, improve marketing strategies, and enhance overall decision-making.
3. **Frontend and Backend Modules:**
 - **Customer:** The customer-facing interface, including website and mobile app, provides a seamless shopping experience for browsing, purchasing and tracking orders.
 - **Native App:** App for mobile devices, enhancing accessibility and engagement.
 - **Logistics:** The logistics system is integrated, coordinating with warehouses to manage shipping and delivery.
 - **Merchant:** The platform connects with partner merchants, facilitating real-time communication for order placement, inventory updates, and fulfilment processes.
 - **Operations & IT Systems:** Internal operations and IT systems ensure backend functionality, managing orders, customer support, and technical infrastructure. With one integrated solution, the Company manages all the operations from order management system to accounting and financial services.

Evolving architecture

The platform architecture has evolved from monolithic in 2013 to microservices in 2018, allowing for more modular applications, easier to maintain and simpler to evolve.

Conversion rate



Source: Company data

The performance of the platform has been improving, resulting into a +4% YoY in the conversion rate. Given the same amount of visits, in 2022 the e-commerce was converting 100 orders, while in 2023 104.

Tech upgrades, with soon coming AI, and mobile app for a multidevice shopping experience

Continuous technology upgrades enrich the platform with new functionalities for the end-customer, such as automated marketing campaigns triggered by consumers’ actions and preferences, and the mobile app released in 2022 meeting the needs of younger customers (Millenials and Gen Z).

Next steps include powering the platform with artificial intelligence features.

Customer satisfaction and loyalty

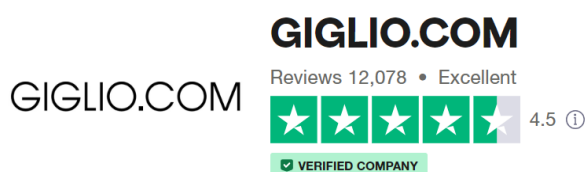
In addition to brands and product assortment, together with the overall digital shopping experience, the main factors generating customer satisfaction and thus, possibly, retention, leading to repeat purchases are:

- the customer services in different languages, available at different time zones
- the efficient and timely functioning of logistics, through reliable couriers

The retention rate improved by 2pt thanks to a new CRM plan, according to management.

The return rate is currently around 15%, below industry benchmarks.

Giglio.com has reached a 4.5 rating on Trustpilot (4.5/5).



Source: <https://it.trustpilot.com/review/www.giglio.com> accessed on 09/10/2024

In H1 2024 the Company introduced the “Beauty Seekers VIP Club”, a loyalty program to favor retention and spending. On top of it, a Customer Lifetime Program was also launched to boost consumers’ behavior in each phase of the shopping journey with Giglio.com.

B2B offering: Digital Gateway Giglio.com

In H1 2024 a dedicated B2B business line was launched to assist companies willing to digitalize their business (not only within the fashion industry) through four main services: catalog production, marketing, branding & communications, technology.

- **Shooting Hub:** a 3,500 square meters space dedicated to shooting with over twenty photography studios and a team of photographers and fashion professionals to provide comprehensive digital production services for e-commerce catalogs
- **Creative Hub:** a team of communication professionals offering content creation services and tailor-made editorial campaigns for brands
- **Marketing Hub:** online marketing consultancy
- **Technology Hub:** design of websites and tech infrastructure based on the in-house proprietary technology and skills

Strategy: growth and profitability as key pillars

Top-line

Top-line growth is among the key pillars of the corporate strategy and it should be pursued through:

- customer acquisition in Europe and in higher spending and fast growing international countries
- ongoing expansion of partner brands and boutiques (including European boutiques), thus widening the product range, also as to larger quantities of sizes, colors, patterns
- investment in tech upgrades enhancing the consumer experience and thus repeat purchases

However, recently, Giglio.com has been prioritizing profitability over top-line growth, and we assume it to continue in the near term.

Road to profitability

Main actions to support an increasing profitability are:

- control of pricing strategy, with focus on full price vs a promotional environment
- acquisition of new brand e-concessions
- continued cost management, with control of personnel cost and consultancy expenses
- leverage on volumes to reduce shipping costs
- the recently introduced B2B initiative, which has a higher profitability compared to the core business

Source: Company data

6. COMPETITION AND MARKET METRICS

Competitive scenario: highly fragmented and competitive luxury industry

Evolving market approaches and business models

The luxury industry is characterized by evolving dynamics, in the last decade influenced by factors as digital innovation, reshaping customer needs and global expansion of brands. The market revolves around a group of historic luxury brands dominating the industry and some emerging newcomers. Brands set the tone for trends, exclusivity and consumer demand, maintaining the élite position through their heritage, craftsmanship and innovation. On the other hand, the market includes a large number of retailers, historically mostly physical stores, and digital native brands, complementing the industry by enabling brands to reach a wide audience of customers.

Multiformat industry: multiple competitors

Giglio.com faces competition from online and offline luxury and fashion retailers. Direct competitors are global multibrand online luxury retailers and marketplaces, but, at large competitors include also luxury monobrand and multibrand retailers, department stores, and, to a lesser extent, apparel chains, independent boutiques, off-price retailers and flash sale websites.

Online retailers

- **Digital pure players:** Digital e-commerce/marketplace platforms such as MyTheresa, Luisaviaroma, Yoox Net-a-Porter, Farfetch, Ssense, and Giglio.com aggregate many brands, often providing global services with fast shipping and flexible return policies. Competition is fierce, based not only on product, but also on shopping experience and customer service.
- **Hybrid marketplaces:** Some online platforms act as intermediaries between brands and physical stores, integrating with partners' inventory systems (e.g. Farfetch or Giglio.com) and offering a wide range of real-time options.
- **Technological innovation:** The use of technology, such as artificial intelligence for personalization, augmented reality for virtual try-ons, and digital payments is becoming increasingly relevant.

Brands

- **Direct-to-consumer:** Most of luxury brands (e.g. Gucci, Louis Vuitton) sell directly to consumers through their own e-commerce platforms and flagship stores, maintaining full control over pricing, customer experience, and brand perception.
- **Distribution strategies:** Luxury brands are known for limiting product availability to maintain an aura of exclusivity, using premium price strategies and selective promotions.
- **Personalized experience:** Brands invest in iconic boutiques to offer unique experiences, often tied to brand storytelling and VIP customer care.

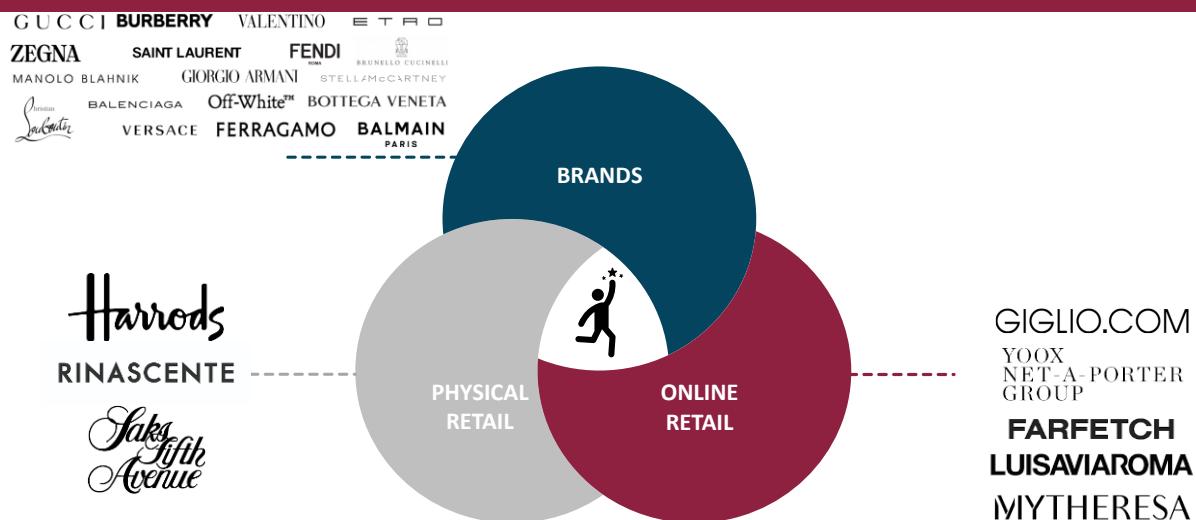
Retailers

- **Multibrand:** Stores offer a selection of luxury brands, allowing customers to explore

different options in one place (e.g. independent multibrand boutiques or department stores such as Harrods or Saks Fifth Avenue). Collaborations with brands allow for exclusive events or capsule collections.

- **Impact of omnichannel:** Physical stores are evolving to integrate online and offline experiences, making omnichannel crucial for the customer experience. For example, physical showrooms with online purchasing options or digital personal shopper services.
- **Competitive challenge:** Retailers not only compete with each other, but also with the same brands that sell, with pressure on margins.

Competitive arena



Source: EnVent Research

Luxury and fashion e-commerce industry valuation metrics

Selection criteria of listed peers

Key factors:

- Multibrand luxury and fashion e-commerce platforms
- Positioning in the high-end luxury and designer brands product layers
- E-commerce business model as marketplace
- Product range from clothing to accessories
- Target customers: wealthy consumers
- Proprietary technology and platform

Comparability assessment: few listed comparable luxury players, wide fashion ecosystem

There are few listed industry players that, based on the above factors, match Giglio.com positioning in the luxury segment and marketplace business model, since most of the listed companies managing e-commerce platforms offer a wide range of brands, blending fashion and luxury, and operate according to a traditional wholesale-to-retail business model.

In addition, the recent challenges hitting the industry have resulted in the delisting of Farfetch and the receivership, following by the final closing down of operations and website, of Matches Fashion (part of Frasers Group).

As such, as a wider scope, we have enlarged our analysis to include also some listed fashion stocks sharing with Giglio.com:

- more or less high online penetration
- e-commerce logics and consumers' purchase decisions
- similar customers profile, marketing channels and communications strategy
- luxury and fashion industry logics
- reference market trends
- shopping experience incorporating emerging technologies

In addition to business model features and positioning, we point out some other main differences among the analyzed players: target customer base, brand awareness, size and financial performance, availability of a retail chain.

Industry players segmentation

We have segmented the luxury and fashion e-commerce industry into several clusters:

- **Multibrand luxury and fashion e-tailers** - MyTheresa, Zalando, ASOS, About You, Boozt, SRP, TheRealReal, Spartoo, The Platform (formerly Fashionette) - Pure-play online luxury and fashion retailers. Closer group to Giglio.com
- **Hybrid fashion retailers** - Inditex, H&M, Fast Retailing (Uniqlo), Gap, Next, boohoo, Revolve - Vertically-integrated fashion retailers with product range mostly positioned in the mass market and own brands. In some cases they offer products under third-party brands, through traditional wholesale or marketplace models (recent cases of H&M and Next). Offline and online business.
- **Department stores** - Macy's, Nordstrom, Dillard's, OVS - Multibrand department stores/fashion retailers with e-commerce platform.
- **Soft luxury** - VF, PVH, Tapestry, Ralph Lauren, Capri, Hugo Boss, Prada, Burberry, Moncler, E. Zegna, S. Ferragamo, B. Cucinelli - Selection of accessible luxury brands with online operations. This group serves to signal the expected growth rates and overall industry appeal, but it is less relevant from a valuation perspective.

Profiles - Multibrand luxury and fashion e-tailers

MyTheresa (Germany) - FY23 Revenues: €769m - Comparability: Medium-high

International luxury e-commerce platform offering womenswear, menswear, kidswear, home décor and lifestyle products. In October 2014, MyTheresa announced the acquisition of Yoox Net-A-Porter from Richemont, creating a multi-brand digital luxury group of significant scale.

Target customers: high-income luxury consumers

Business model: traditional wholesale

Products and positioning: curated high-end luxury fashion with capsules and exclusives

Zalando (Germany) - FY23 Revenues: €10bn - Comparability: Low

Fashion and lifestyle e-commerce platform across Europe. Its offering includes clothing, footwear, accessories and beauty. The platform also offers Pre-owned, Designer, Lounge by

Zalando (off-price) and a loyalty program Zalando Plus. Two sets of customers: B2C and B2B (services to partners, such as ZEOS Logistics).

Target customers: customers looking for fashion and lifestyle products

Business model: standard wholesale model, complemented by a direct-to-consumer sales channel and an additional model integrating partners' inventory

Products and positioning: Latest fashion brands from world-famous to local labels

ASOS (UK) - FY23 Revenues: €4bn - Comparability: Low

Pure-play online fashion retailer internationally, offering womenswear and menswear products under the own ASOS brands and third-party brands.

Target customers: Fashion-loving customers in their 20s

Business model: Own brands manufacturing and sales, plus direct-to-consumer model for brand partners

Products and positioning: Fashion own brands and a curated assortment from selected partner brands

About You (Germany) - FY23 Revenues: €1.9bn - Comparability: Medium-low

Multibrand fashion e-commerce platform in Continental Europe. About You offers its own technology as a cloud-based SaaS solution to customers through its subsidiary SCAYLE.

Target customers: Young and fashion-conscious Gen Y&Z, women and men between 18-40

Business model: Hybrid model of own brands inventory and brand partners' inventory (brand partners can market their products in two different operating models: Drop shipping, where the partner is responsible for its fulfillment, and Fulfillment by ABOUT YOU, where ABOUT YOU manages the fulfillment).

Products and positioning: International brands and own brands About You and Edited

Stitch Fix (USA) - FY23 Revenues: €1.4bn - Comparability: Low

Online personal styling service in the USA and multi-brand e-commerce.

Target customers: Women and men struggling with the right style and fit, low budget

Business model: Traditional wholesaler

Products and positioning: International fashion brands and own brands

Boozt (Sweden) - FY23 Revenues: €698m - Comparability: Low

Online Nordic department store selling multibrand fashion, kids, sport, beauty and home through the in-house-built tech infrastructure. Two main platforms, Boozt.com and Booztlet.com (for inventory clearance), and two physical retail stores, Beauty by Boozt and Booztlet retail outlet.

Target customers: Men and women between aged 25-54, typically in a relationship and with children

Business model: Traditional wholesaler

Products and positioning: European/Nordic fashion brands, over 1,600

SRP Groupe (France) - FY23 Revenues: €677m - Comparability: Low

Flash sales fashion e-commerce in France and in some European countries, specialized in event sales and private sales. The company operates Showroomprive.com, an online sales

event site specialized in fashion; Beautéprivée, an online beauty sales event site; and Saldiprivati, a fashion site specializing in sales events.

Target customers: Digital women aiming to find great fashion values

Business model: Sale of brand partners' excess inventory through a private sale format with bargains of 50-70% off retail prices

Products and positioning: High street fashion, beauty and household products

TheRealReal (USA) - FY23 Revenues: €497m - Comparability: Low

Online marketplace for authenticated, resale luxury goods. Also operates retail stores, including smaller footprint neighborhood stores and larger footprint flagship stores (Los Angeles and New York).

Target customers: Affluent customers, passionate about pre-owned goods, recirculation and sustainability, looking for both bargains and unique pieces

Business model: Marketplace (C2C)

Products and positioning: Luxury and premium designers products

Spartoo (France) - FY23 Revenues: €143m - Comparability: Low

Online retailer for fashion items in Europe and China. Originally selling only footwear, after a few years the offering expanded to include pret à porter, accessories, beauty and interior design products. Also owns a network of 16 stores across France.

Target customers: Fashion passionate customers also looking for bargains

Business model: Hybrid model of traditional wholesale and marketplace (B2C) and B2B services

Products and positioning: Fashion accessible products

The Platform (Germany) - FY23 Revenues: €439m - Comparability: Low

Formerly known as Fashionette, an online platform for premium and luxury fashion accessories in Europe, after a business combination in November 2023, The Platform is today a software company operating digital platform solutions in over 20 sectors with the objective of bringing customers (B2C and B2B) and partners together via its own platform.

Business mix: diversified as to industries (no longer pure fashion)

Business model: as a software company

Key data comparison

Company	Revenues				EBITDA	EBITDA	Net income	Net (debt)	Market cap	Online	GMV	Active	GMV	Avg order
	2023 (€m)	YoY % 2023 on '22	4Y CAGR 2019-23	3Y CAGR 2023-26E	Margin % 2023	Margin % 5Y avg	(loss) 2023 (€m)	cash 2023 (€m)	current (€m)	sales %	2023 (€m)	cust (m)	per cust (€)	value (€)
Multi-brand luxury and fashion e-tailers														
Zalando	10,143	-2%	12%	5%	4%	4%	83	767	7,807	82%	14,632	50	295	60
ASOS	4,143	-9%	8%	-2%	-6%	2%	-260	-757	586	100%	na	23	na	48
About You	1,905	10%	37%	5%	-11%	-8%	-229	-13	541	100%	2,186	12	178	58
Stitch Fix	1,444	-27%	0%	-10%	-4%	-2%	-156	94	340	100%	na	2.5	578	na
MyTheresa	766	11%	19%	10%	0%	2%	-17	-28	571	100%	856	0.86	1,000	654
Boozt	698	15%	21%	7%	5%	5%	21	45	714	98%	na	2.7	258	109
ShowRoomPrivé	677	3%	2%	1%	2%	1%	0	22	132	100%	1,005	3.7	272	48
TheRealReal	497	-12%	15%	9%	-16%	-32%	-152	-363	329	na	1,561	0.9	1,694	473
Spartoo	143	-4%	-8%	-1%	0%	0%	-2	-15	9	na	210	1.6	130	88
The Platform	439	nm	56%	14%	4%	5%	26	-69	146	100%	705	4.0	174	114
Mean		-2%	12%	3%	-3%	-3%				97%			509	184
Median		-2%	12%	5%	0%	1%				100%			272	88
Hybrid fashion retailers														
Inditex	32,569	18%	6%	9%	21%	19%	4,130	4,629	171,186	28%				
H&M	20,725	2%	-2%	2%	9%	9%	768	-4,528	24,893	30%				
Fast Retailing	17,515	6%	-3%	9%	15%	13%	1,875	4,894	100,964	15%				
Gap	14,385	-4%	0%	-1%	3%	7%	-186	-4,426	7,674	59%				
Next	5,742	3%	5%	9%	21%	20%	812	-2,077	14,851	54%				
boohoo	2,019	-15%	19%	-3%	0%	6%	-86	-151	478	100%				
Revolve	967	-6%	16%	8%	3%	9%	25	185	1,707	100%				
Mean		1%	6%	5%	10%	12%				55%				
Median		2%	5%	8%	9%	9%				54%				
Giglio.com	57	8%	32%	1%	-2%	-2%	-2	4	14	100%	66	0.15	429	na

Source: EnVent Research on S&P Capital IQ, companies' financial statements and publicly available information, update 16/10/2024 - Notes: 1) The Platform excluded from mean and median being mostly a tech company; 2) GMV is accounted by companies in different ways: for Giglio.com it is not net of returns; for other companies it is usually net of returns. As such, sales from the platform business only include the take rate charged to suppliers and revenues of other marketplaces are comparable to the Gross Margin of Giglio.com

Key takeaways:

- Recent growth performance is mild (median -2%), being impacted by the challenging market environment for fashion and luxury and the ongoing post-pandemic normalization between online and offline
- The analyzed clusters present more consistent growth rates if we look at the last four years (median +12%)
- Operating margins are consistently in a low-end among the multibrand e-tailers (median 1%, max 5%), while in some cases are higher for the vertically-integrated mass market players (median 9%, max 21%)
- Giglio.com differs significantly in terms of size from the analyzed fashion stocks, while the growth trajectory may be similar, as such we regard the peer group analysis mostly as a proxy
- Looking at the industry metrics, Giglio.com GMV per customer ratio (€429) above the median (€272) is consistent with Giglio.com positioning in the luxury segment

Market multiples

Company	EV/REVENUES				EV/EBITDA				EV/EBIT				P/E			
	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E
Giglio.com	0.4x	0.3x	0.2x	0.2x	neg	neg	17.5x	9.8x	neg	neg	neg	nm	neg	neg	neg	nm
Multi-brand luxury and fashion e-tailers																
Zalando	0.5x	0.7x	0.6x	0.6x	13.2x	8.7x	7.6x	6.7x	21.5x	14.9x	12.9x	10.7x	nm	37.6x	27.2x	21.4x
ASOS	0.3x	0.4x	0.4x	0.3x	neg	15.5x	7.6x	6.0x	neg	neg	nm	21.3x	neg	neg	neg	neg
About You	0.4x	0.3x	0.3x	0.2x	neg	nm	18.9x	8.8x	neg	neg	neg	neg	neg	neg	neg	neg
Stitch Fix	0.2x	0.2x	0.2x	0.2x	neg	8.8x	10.8x	8.9x	neg	neg	neg	neg	neg	neg	neg	neg
MyTheresa	0.4x	0.7x	0.7x	0.6x	nm	20.0x	16.6x	12.3x	nm	45.4x	27.2x	20.0x	neg	46.8x	41.1x	23.1x
Boozt	1.1x	1.0x	0.9x	0.9x	20.8x	12.5x	10.9x	10.3x	27.9x	19.1x	16.2x	14.9x	38.6x	26.2x	21.4x	18.6x
ShowRoomPrivé	0.1x	0.2x	0.2x	0.2x	8.2x	15.5x	6.8x	5.3x	15.2x	neg	27.8x	12.4x	nm	neg	40.3x	17.8x
TheRealReal	1.1x	1.3x	1.2x	1.1x	neg	nm	34.1x	16.3x	neg	neg	neg	neg	neg	neg	neg	neg
Spartoo	0.2x	0.2x	0.2x	0.2x	43.5x	19.7x	7.5x	6.7x	neg	neg	nm	16.9x	neg	neg	neg	30.0x
The Platform	0.2x	0.4x	0.3x	0.3x	6.0x	5.8x	4.7x	4.1x	7.9x	5.9x	6.4x	5.5x	1.5x	5.9x	7.0x	6.5x
Mean	0.5x	0.5x	0.5x	0.5x	21.4x	14.4x	13.4x	9.0x	21.5x	26.5x	21.0x	16.0x	nm	36.8x	32.5x	22.2x
Mean w/out extremes	0.4x	0.5x	0.5x	0.4x	17.0x	14.4x	11.4x	8.5x	21.5x	19.1x	21.7x	16.0x	nm	37.6x	33.8x	21.0x
Median	0.4x	0.4x	0.4x	0.3x	17.0x	15.5x	10.8x	8.8x	21.5x	19.1x	21.7x	15.9x	nm	37.6x	33.8x	21.4x
Hybrid fashion retailers																
Inditex	3.6x	4.6x	4.3x	3.9x	17.4x	16.8x	15.4x	14.2x	21.2x	24.4x	21.7x	19.9x	29.7x	32.0x	28.5x	26.0x
H&M	1.5x	1.4x	1.4x	1.3x	16.6x	8.3x	7.6x	7.3x	25.4x	18.2x	16.0x	14.7x	33.5x	22.9x	19.6x	17.7x
Fast Retailing	3.7x	5.1x	4.7x	4.3x	24.0x	22.9x	21.5x	19.8x	26.4x	32.6x	29.6x	26.8x	36.7x	na	na	na
Gap	0.8x	0.8x	0.8x	0.8x	26.1x	11.3x	7.8x	7.6x	neg	22.9x	11.9x	11.3x	neg	18.9x	11.7x	11.0x
Next	2.3x	2.6x	2.4x	2.3x	11.3x	12.4x	11.1x	10.6x	12.5x	14.9x	13.2x	12.7x	14.0x	18.3x	16.5x	15.7x
boohoo	0.4x	0.4x	0.4x	0.4x	nm	10.3x	9.1x	7.7x	neg	neg	neg	nm	neg	neg	neg	neg
Revolve	0.9x	1.5x	1.4x	1.3x	36.0x	30.0x	23.1x	16.3x	44.2x	40.5x	28.9x	20.8x	42.5x	44.0x	37.5x	27.3x
Mean	1.9x	2.4x	2.2x	2.0x	21.9x	16.0x	13.7x	11.9x	25.9x	25.6x	20.2x	17.7x	31.3x	27.2x	22.8x	19.6x
Mean w/out extremes	1.8x	2.2x	2.0x	1.9x	21.0x	14.7x	13.0x	11.3x	24.4x	24.5x	19.9x	17.0x	33.3x	24.6x	21.5x	19.8x
Median	1.5x	1.5x	1.4x	1.3x	20.7x	12.4x	11.1x	10.6x	25.4x	23.7x	18.8x	17.3x	33.5x	22.9x	19.6x	17.7x
Department stores																
Macy's	0.4x	0.4x	0.4x	0.5x	4.7x	4.6x	4.9x	5.1x	6.5x	7.9x	8.9x	9.2x	4.6x	5.3x	5.9x	6.5x
Nordstrom	0.4x	0.5x	0.5x	0.5x	6.1x	6.7x	6.8x	6.5x	12.9x	13.6x	14.4x	14.2x	12.0x	11.9x	13.0x	12.2x
Dillard's	0.9x	0.8x	0.9x	0.9x	4.7x	5.3x	6.7x	8.4x	5.5x	6.4x	8.6x	10.3x	7.2x	8.9x	12.3x	13.5x
OVS	1.1x	1.3x	1.2x	1.2x	11.1x	10.9x	10.2x	9.7x	18.7x	16.2x	15.1x	14.3x	15.2x	9.6x	8.8x	8.3x
Mean	0.7x	0.8x	0.8x	0.8x	6.7x	6.9x	7.2x	7.4x	10.9x	11.0x	11.8x	12.0x	9.7x	8.9x	10.0x	10.1x
Median	0.7x	0.7x	0.7x	0.7x	5.4x	6.0x	6.8x	7.5x	9.7x	10.7x	11.6x	12.2x	9.6x	9.2x	10.5x	10.3x

Source: S&P Capital IQ, update 16/10/2024 - Note: The Platform excluded from mean and median being mostly a tech company

Company	EV/REVENUES				EV/EBITDA				EV/EBIT				P/E			
	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E
Soft luxury																
V.F.	1.3x	1.3x	1.5x	1.4x	11.1x	14.1x	20.7x	17.4x	13.8x	20.3x	35.1x	26.1x	nm	18.3x	38.8x	20.9x
PVH	1.2x	0.9x	1.0x	1.0x	8.7x	6.9x	7.3x	6.9x	11.6x	9.2x	9.9x	9.0x	35.7x	8.5x	8.3x	8.2x
Tapestry	1.6x	1.8x	1.8x	1.8x	8.0x	8.4x	8.3x	7.9x	9.2x	9.7x	9.4x	8.9x	8.9x	10.5x	9.9x	9.5x
Ralph Lauren	1.6x	2.0x	2.0x	1.9x	13.1x	12.7x	11.9x	11.0x	18.0x	16.2x	14.9x	13.7x	17.5x	18.2x	17.4x	16.3x
Capri	1.6x	1.6x	1.8x	1.7x	9.1x	11.6x	15.6x	13.4x	11.1x	15.6x	23.7x	19.7x	9.3x	11.3x	17.3x	14.4x
Hugo Boss	1.4x	1.0x	0.9x	0.9x	11.3x	5.6x	5.0x	4.6x	14.3x	11.2x	9.5x	8.4x	18.0x	13.0x	10.7x	9.4x
Prada	3.2x	3.3x	3.1x	2.8x	12.0x	9.0x	8.2x	7.5x	14.3x	14.4x	12.9x	11.6x	19.7x	19.7x	17.6x	15.8x
Burberry	1.8x	1.2x	1.4x	1.4x	7.6x	4.6x	8.3x	6.7x	8.8x	8.6x	42.6x	21.2x	10.4x	8.6x	150.4x	30.6x
Moncler	5.0x	4.6x	4.3x	3.9x	15.1x	11.7x	10.8x	9.8x	16.7x	15.8x	14.5x	13.1x	24.6x	22.9x	21.0x	18.9x
Ermenegildo Zegna	1.7x	1.4x	1.3x	1.2x	11.3x	6.7x	6.2x	5.4x	14.7x	14.1x	11.8x	9.6x	21.6x	21.0x	17.9x	14.3x
Salvatore Ferragamo	2.2x	1.6x	1.5x	1.4x	19.9x	7.5x	6.9x	6.3x	29.4x	46.3x	32.3x	23.9x	nm	nm	63.6x	36.7x
Brunello Cucinelli	5.8x	5.5x	5.0x	4.5x	27.3x	19.3x	17.4x	15.8x	33.3x	33.0x	29.5x	26.5x	52.5x	50.5x	44.0x	39.0x
Mean	2.4x	2.2x	2.1x	2.0x	12.9x	9.8x	10.6x	9.4x	16.3x	17.9x	20.5x	16.0x	21.8x	18.4x	34.8x	19.5x
Mean w/out extremes	2.1x	2.0x	2.0x	1.9x	12.0x	9.4x	10.1x	9.1x	15.3x	15.9x	19.4x	15.7x	19.6x	15.9x	25.8x	18.7x
Median	1.7x	1.6x	1.6x	1.6x	11.3x	8.7x	8.3x	7.7x	14.3x	15.0x	14.7x	13.4x	18.9x	18.2x	17.8x	16.0x

Source: S&P Capital IQ, update 16/10/2024

A look at EGM companies' multiples

We have observed the multiples also for some companies listed on Euronext Growth Milan, operating in close industry segments, with the purpose of finding hints on the value potential of Italian small caps with a comparable size and exposed to the same stock market.

Selected public companies, segmented into two clusters:

- **EGM Fashion & Luxury** - Fope, Monnalisa, Culti Milano, Gismondi 1754
- **EGM Bartering specialists** - Portobello, Acquazzurra

Company	EV/REVENUES				EV/EBITDA				EV/EBIT				P/E			
	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E
Giglio.com	0.4x	0.3x	0.2x	0.2x	neg	neg	17.5x	9.8x	neg	neg	neg	nm	neg	neg	neg	nm
EGM Fashion & Luxury																
Fope	2.4x	2.0x	1.8x	1.7x	9.4x	9.5x	8.2x	7.3x	10.8x	11.4x	8.1x	8.6x	15.8x	15.7x	13.4x	11.8x
Monnalisa	0.9x	na	na	na	neg	na	na	na	neg	na	na	na	neg	na	na	na
CULTI Milano	2.3x	1.4x	1.3x	1.2x	nm	6.8x	6.1x	5.4x	nm	9.4x	8.0x	6.7x	49.5x	13.4x	11.2x	9.4x
Gismondi 1754	1.7x	1.1x	0.9x	0.8x	nm	8.5x	5.8x	4.7x	nm	13.1x	7.8x	5.8x	nm	21.1x	9.8x	na
Mean	1.8x	1.5x	1.4x	1.2x	9.4x	8.3x	6.7x	5.8x	10.8x	11.3x	8.0x	7.0x	32.6x	16.7x	11.4x	10.6x
Median	2.0x	1.4x	1.3x	1.2x	9.4x	8.5x	6.1x	5.4x	10.8x	11.4x	8.0x	6.7x	32.6x	15.7x	11.2x	10.6x
EGM Bartering specialists																
Portobello	0.7x	0.7x	0.6x	0.4x	neg	7.7x	3.7x	3.7x	neg	12.8x	6.8x	4.9x	neg	2.9x	1.8x	1.4x
Acquazzurra	1.1x	1.4x	1.1x	1.0x	nm	30.7x	17.3x	15.8x	nm	61.4x	30.7x	19.8x	nm	nm	44.8x	29.9x
Mean	0.9x	1.1x	0.9x	0.7x	na	19.2x	10.5x	9.8x	na	37.1x	18.8x	12.3x	na	nm	23.3x	15.6x

Source: EnVent Research on S&P Capital IQ, update 16/10/2024

EGM Fashion and Luxury companies are a diversified cluster, with different stages of development and inconsistent performances. Considering the discrepancies in values, performance and business models, we do not use this cluster in the valuation by multiples.

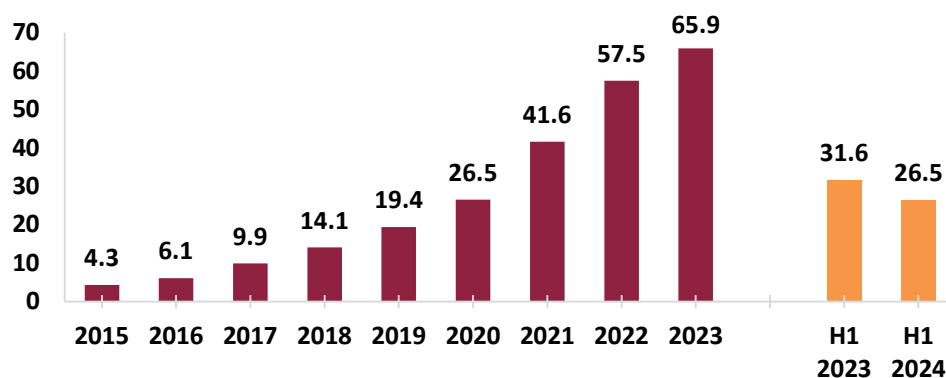
7. FINANCIAL ANALYSIS AND PROJECTIONS

On the growth and profitability path, amid an unprecedented market slump

The historical trend of GMV shows uninterrupted growth since the beginning, reaching €65.9m in 2023 (+15% YoY and 40% CAGR over 2015-23), growing 3x compared to 2019 pre-Covid figure. International markets accounted for almost 70% of GMV, with a great focus on European markets which reported +66% YoY growth in FY23 (excluding Italy).

In H2 2023 and H1 2024, consistently with what was already happening to the whole luxury e-commerce industry, top-line growth had a slowdown, at +4% and -16% for GMV.

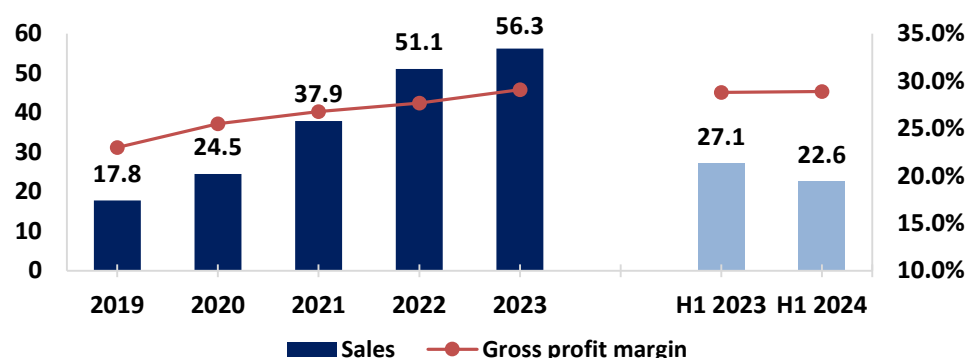
Historical GMV (€m)



Source: Company data

Over last five years, GMV and sales growth was accompanied by a steady progression of gross profit margin, which increased from 24% of sales in 2019 to 29% in 2023, +275% vs pre-Covid figure. Remarkably, despite the recent slowdown in revenues, the Company was able to protect its operating profitability, leaving unchanged the gross profit margin.

5Y Sales (€m) and gross profit margin (%)



Source: Company data

Sales up by 10% in FY23

Revenue and profitability analysis

Sales in FY23 increased by 10% YoY to €56.3m, as a result of the growing active customer base (+19% YoY), due to higher customer retention (+2pt) and the continuous efforts to attract new customers (+16% YoY), plus an improvement in the Average Item Value (+6% YoY) reflecting the focus on the high-end product range.

Gross profit was €16.4m, 29% of sales, from nearly 28% in FY22, +16% YoY, reflecting:

- price increases in some markets and higher sales outside EU where prices are marked-up with the brands' geo-pricing policies
- development of the e-concession model, sourcing the catalog directly from the brands
- optimization of the existing sales relations and a better bargaining power

Steadily improving gross profit margin up to 29%

As to costs, in addition to the cost of goods sold, the P&L is mainly made of: variable costs directly linked to sales, such as: fulfilment costs (transport, handling and packaging), duties and taxes, payment processing fees; marketing expenses; personnel, G&A and other operating costs. Marketing spending has been historically in the region of 5% of sales, with a €23 Cost of Acquisition per Customer. Personnel cost at €4.7m in FY23 reflects the 180 people headcount.

EBITDA at breakeven

We appreciate that the path towards profitability looks progressing, now reaching an overall break-even at EBITDA level, reflecting:

- the rising gross profit margin
- cost control actions on variable costs, especially on fulfilment expenses, lowering their weight on total revenues thanks to some optimization and higher efficiency in logistics (from 9-8% of sales in 2021-22 to nearly 8% in 2023), despite the general trend of rising shipping and packaging costs
- savings in G&A

As a result, EBITDA came in at €(0.4)m, vs €(1)m in FY22. The net result of the year was €(1.7)m, vs €(2.3)m in FY22.

Balance sheet and cash flow analysis

No issues on TWC

The balance sheet is asset-light and with permanent negative trade working capital, due to the immediate cash in by customers at the purchase time and delayed (up to 60 days) payment to suppliers. In addition, there is no investment in inventory, since orders are made to suppliers only after purchase by the final customer. TWC was €(4)m as of year-end 2023, mostly represented by trade payables. Other assets of €4.6m are mainly represented by tax receivables for VAT.

Light B/S

Non-current assets include €6.5m intangibles (mainly tech platform and brand) and €1.4m fixed assets (logistic and shooting facilities).

Permanent net cash position

Giglio.com cash generative business model with a permanent net cash financial position results in €3.8m as of year-end 2023. Net cash adjusted of tax receivables (for exempt VAT on sales abroad, expected to be collected shortly), would be €7.1m.

Current trading in H1 2024: navigating through a challenging context, while confirming the efforts towards a profitability comeback

Sales at -17% in H1 2024

Amid the industry turbulences facing a lower demand, Giglio.com reported in H1 2024 a setback in GMV and sales, respectively of €26.5m, -16% on H1 2023, and €22.6m, -17% on H1 2023. However, gross profit margin was untouched at 28.9%, according to management

Gross profit margin untouched at 29%

thanks to a full price strategy, rather than entering the pricing war. In addition, thanks to a cost management program which brought savings for €1.3m (€1m variable costs and €0.3m fixed costs), EBITDA was stable at €(0.3)m, in line with H1 2023 figure. The net result of the year was a loss of €(0.8)m, vs €(0.9)m in H1 2023.

Main KPIs in the six months were almost unchanged:

- Average Order Value went up by 7%
- Return rate at 16%, vs 15% in FY23
- Active customers were around 140k, vs 146k in H1 2023
- Cost of Acquisition per Customer was €23.1, vs €23.2 in H1 2023

Net cash financial position was €1.5m as of June 2024, from €3.8m as of year-end 2023. Adjusted of tax receivables it would be €5.3m, from €7.1m as of year-end 2023.

In H1, the Company streamlined some logistics activities and divested a portion of the space leases and in July used the extraordinary layoff benefits fund for four months on a partial number of workers, to mitigate the effects of the current market environment.

Profit and Loss

€m	H1 2023	H1 2024
Sales	27.1	22.6
YoY %	23.5%	-16.6%
COGS	(19.3)	(16.1)
Gross profit	7.8	6.5
Margin	28.8%	28.9%
Shipping, handling, packaging	(2.1)	(1.7)
Duties and taxes	(0.7)	(0.5)
Payment fees	(0.7)	(0.6)
Marketing	(1.3)	(0.9)
Trading profit	3.1	2.8
Margin	11.3%	12.4%
Personnel	(2.2)	(2.1)
G&A	(1.8)	(1.5)
Other income (incl. capitalization of R&D)	0.6	0.5
EBITDA	(0.3)	(0.3)
Margin	-1.0%	-1.3%
D&A	(0.6)	(0.6)
EBIT	(0.9)	(0.9)
Margin	-3.2%	-3.8%
Interest	(0.0)	0.0
EBT	(0.9)	(0.8)
Margin	-3.4%	-3.7%
Income taxes	0.0	0.0
Net Income (Loss)	(0.9)	(0.8)
Margin	-3.4%	-3.7%

Source: Company data

Balance Sheet

€m	H1 2023	2023	H1 2024
Trade receivables, net of advances	0.4	0.6	0.3
Trade payables	(6.6)	(4.8)	(3.6)
Inventory	0.1	0.1	0.1
Trade Working Capital	(6.1)	(4.1)	(3.2)
Other assets (liabilities)	6.9	2.2	2.7
Net Working Capital	0.8	(2.0)	(0.5)
Intangible assets	6.3	6.6	6.3
Property, plant and equipment	1.3	1.4	1.3
Financial assets	0.0	0.0	0.3
Non-current assets	7.6	7.9	7.9
Provisions	(0.4)	(0.5)	(0.5)
Net Invested Capital	8.0	5.5	6.9
Bank debt	1.4	0.6	0.5
Other financial debt	0.8	0.8	0.7
Cash and equivalents	(4.4)	(5.2)	(2.7)
Net Debt (Cash)	(2.2)	(3.8)	(1.5)
Equity	10.2	9.3	8.3
Sources	8.0	5.5	6.9

Cash Flow

€m	H1 2023	H1 2024
EBIT	(0.9)	(0.9)
Current taxes	0.0	0.0
D&A	0.6	0.6
Provisions	0.0	0.0
Cash flow from P&L operations	(0.2)	(0.3)
Trade Working Capital	(0.8)	(0.9)
Other assets and liabilities	(3.4)	(0.6)
Capex	(1.1)	(0.2)
Operating cash flow after WC and capex	(5.6)	(2.0)
Financial assets	0.0	(0.3)
Interest	(0.0)	0.0
Changes in Equity	(0.0)	(0.1)
Net cash flow	(5.6)	(2.3)
Net (Debt) Cash - Beginning	7.7	3.8
Net (Debt) Cash - End	2.2	1.5
Change in Net (Debt) Cash	(5.6)	(2.3)

Source: Company data

Ratio analysis

KPIs	H1 2023	H1 2024
ROE	-18%	-20%
ROS	-6%	-4%
ROIC	-22%	-25%
DSO	2	2
DPO	38	25
DOI	1	1
TWC/Sales	-11%	-7%
NWC/Sales	2%	-1%
Net Debt/EBITDA	<i>cash</i>	<i>cash</i>
Net Debt/Equity	<i>cash</i>	<i>cash</i>
Cash flow from P&L operations/EBITDA	<i>neg</i>	<i>neg</i>
FCF/EBITDA	<i>neg</i>	<i>neg</i>

Note: H1 KPIs calculated on LTM economics

Our estimates

Market opportunity

The luxury e-commerce significant growth in the two last decades, until a market slowdown in H2 2023 persisting in 2024 so far, with nuances across regions, market and consumers segments, suggests a scenario in which consumer demand could have been influenced by the current macroeconomic and geopolitical uncertainties. On the other hand, we recall that consumption of luxury goods has always proved to be able of fast recovery, being also driven by social, cultural and psychological factors.

Estimates rationale

Our assessment of competitive and risk profile suggests Giglio.com positioning in a niche market with room to gain market shares, in an industry where rivalry is high and growth is subject to market fluctuations. Notwithstanding and without underevaluating the concerns that suggest moderate expectations for the whole industry, we consider as additional relevant factor the better than competitors performance of Giglio.com.

Competitive advantages which might be performance drivers are:

- Lean marketplace business model, with direct management of the whole value chain, especially on the critical logistics activities
- Non-capital-intensive balance sheet, immediate cash in, no inventory, limited capex
- Flexible costs with high share of variable costs, prudent cost management

Estimates construction

Metrics and assumptions

Revenues	<ul style="list-style-type: none"> - GMV 5% CAGR 2023-27E, driven by increasing Active customers and Orders over the period - Average Order Value improving by 2.5% CAGR 2023-27E - Sales 4% CAGR 2023-27E - Return rate in the 15-18% range
Operating costs	<p>Estimated as per historical and recent records (avg figures, rounded):</p> <ul style="list-style-type: none"> - COGS 70-71% of sales - Shipping, handling, packaging 7% of sales - Duties and taxes 2% of sales - Payment fees 2% of sales - Marketing 4% of sales - Personnel gradually decreasing from 9% to 6% of sales - G&A 6% - Other income, including capitalization of R&D costs, flat at €0.9m
Income taxes	<ul style="list-style-type: none"> - Corporate tax (IRES): 24%; Regional tax (IRAP): 3.90%
Working Capital	<ul style="list-style-type: none"> - TWC and other other assets (liabilities) consistent with historical records: - DSO 3 - DPO 30 - DOI 1
Capex	<ul style="list-style-type: none"> - €0.2-0.6m in intangible assets: tech platform upgrades and maintenance, works on the leased logistic hub - €0.1-0.2m fixed assets: equipment for own hubs
Equity	No dividend distribution

Source: EnVent Research

Financial projections

Beyond the current industry dynamics, that suggest moderate expectations, we consider several underlying top-line growth drivers for Giglio.com, such as a higher average order value in the years to come, thanks to a focused positioning in the high end luxury, and a higher frequency of purchase by loyal customers, resulting in the assumption of a recovery of the growth path from 2025 onwards. We assume Giglio.com take rate to continue to support a gross profit margin in the region of 29-30% of sales. Giglio.com has recently prioritized profitability over top-line growth and we see room for lower shipping and packaging costs, payment fees to normalize, G&A leverage and personnel cost control. As such, we project EBITDA loss to possibly turn positive already in 2025, on the assumption of recovery of 2023 sales volumes level. Over the years Giglio.com has made significant investments in technology and logistics facilities, that we expect to be limited in the next few years.

EBITDA expected to turn positive from 2025 onwards on the assumption of recovery of sales volumes and continued cost control

Profit and Loss

€m	2021	2022	2023	2024E	2025E	2026E	2027E
Sales	37.9	51.1	56.3	47.8	54.1	59.5	65.4
YoY %	-	34.8%	10.1%	-15.0%	13.0%	10.0%	10.0%
COGS	(27.8)	(37.0)	(39.9)	(33.9)	(38.1)	(41.9)	(45.8)
Gross profit	10.1	14.2	16.4	13.9	15.9	17.5	19.6
Margin	26.8%	27.7%	29.0%	29.0%	29.5%	29.5%	30.0%
Shipping, handling, packaging	(3.5)	(4.2)	(4.4)	(3.6)	(4.1)	(4.5)	(4.8)
Duties and taxes	(0.8)	(1.4)	(1.3)	(1.1)	(1.2)	(1.3)	(1.4)
Payment fees	(0.9)	(1.4)	(1.4)	(1.1)	(1.3)	(1.4)	(1.3)
Marketing	(1.9)	(2.5)	(2.7)	(2.0)	(2.3)	(2.5)	(2.7)
Trading profit	3.1	4.6	6.5	6.1	7.1	7.8	9.4
Margin	8.2%	9.1%	11.6%	12.7%	13.2%	13.2%	14.3%
Personnel	(3.1)	(3.8)	(4.7)	(4.3)	(4.3)	(4.2)	(4.1)
G&A	(2.8)	(3.2)	(3.5)	(2.9)	(3.0)	(3.3)	(3.3)
Other income (incl. capitalization of R&D)	0.9	1.2	1.4	0.9	0.9	0.9	0.9
EBITDA	(1.8)	(1.0)	(0.4)	(0.2)	0.7	1.3	2.9
Margin	-4.8%	-2.0%	-0.6%	-0.4%	1.4%	2.2%	4.5%
D&A	(0.9)	(1.2)	(1.3)	(1.2)	(1.2)	(1.2)	(1.0)
EBIT	(2.7)	(2.2)	(1.6)	(1.4)	(0.4)	0.1	2.0
Margin	-7.2%	-4.4%	-2.9%	-3.0%	-0.8%	0.2%	3.0%
Interest	(0.1)	(0.0)	(0.1)	0.0	0.0	0.0	0.0
EBT	(2.9)	(2.3)	(1.7)	(1.4)	(0.4)	0.2	2.0
Margin	-7.6%	-4.5%	-3.1%	-2.9%	-0.8%	0.3%	3.0%
Income taxes	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.6)
Net Income (Loss)	(2.9)	(2.3)	(1.7)	(1.4)	(0.4)	0.1	1.4
Margin	-7.6%	-4.5%	-3.1%	-2.9%	-0.8%	0.2%	2.2%

Source: Company data 2021-23, EnVent Research 2024-27E

Balance Sheet

€m	2021	2022	2023	2024E	2025E	2026E	2027E
Trade receivables, net of advances	0.3	0.6	0.6	0.4	0.5	0.5	0.6
Trade payables	(7.7)	(7.6)	(4.8)	(4.0)	(4.5)	(5.0)	(5.4)
Inventory	0.0	0.1	0.1	0.1	0.1	0.2	0.2
Trade Working Capital	(7.3)	(6.9)	(4.1)	(3.5)	(3.9)	(4.3)	(4.6)
Other assets (liabilities)	1.8	3.5	2.2	1.8	2.1	2.3	2.5
Net Working Capital	(5.5)	(3.4)	(2.0)	(1.6)	(1.8)	(2.0)	(2.1)
Intangible assets	6.8	6.3	6.6	5.7	5.0	4.7	4.6
Property, plant and equipment	0.3	0.8	1.4	1.4	1.4	1.2	1.1
Financial assets	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Non-current assets	7.1	7.1	7.9	7.4	6.7	6.2	5.9
Provisions	(0.3)	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Net Invested Capital	1.3	3.3	5.5	5.3	4.5	3.8	3.4
Net Debt (Cash)	(12.1)	(7.7)	(3.8)	(2.5)	(3.0)	(3.8)	(5.6)
Equity	13.4	11.1	9.2	7.8	7.4	7.5	9.0
Sources	1.3	3.3	5.5	5.3	4.5	3.8	3.4

Source: Company data 2021-23, EnVent Research 2024-27E

Cash Flow

€m	2022	2023	2024E	2025E	2026E	2027E
EBIT	(2.2)	(1.6)	(1.4)	(0.4)	0.1	2.0
Current taxes	0.0	0.0	0.0	0.0	(0.0)	(0.6)
D&A	1.2	1.3	1.2	1.2	1.2	1.0
Provisions	0.1	0.1	(0.0)	0.0	(0.0)	(0.0)
Cash flow from P&L operations	(1.0)	(0.3)	(0.2)	0.7	1.3	2.4
Trade Working Capital	(0.4)	(2.8)	(0.7)	0.4	0.4	0.3
Other assets and liabilities	(1.7)	1.4	0.3	(0.2)	(0.2)	(0.2)
Capex	(1.2)	(2.0)	(0.5)	(0.5)	(0.7)	(0.7)
Operating cash flow after WC and capex	(4.3)	(3.7)	(1.0)	0.4	0.8	1.8
Interest	(0.0)	(0.1)	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	(0.3)	0.0	0.0	0.0
Change in Equity	0.0	(0.1)	0.0	0.0	0.0	0.0
Net cash flow	(4.3)	(4.0)	(1.3)	0.4	0.8	1.8
Net Debt (Beginning)	12.1	7.7	3.8	2.5	3.0	3.8
Net Debt (End)	7.7	3.8	2.5	3.0	3.8	5.6
Change in Net Debt (Cash)	(4.3)	(4.0)	(1.3)	0.4	0.8	1.8

Source: Company data 2021-23, EnVent Research 2024-27E

Ratio analysis

KPIs	2021	2022	2023	2024E	2025E	2026E	2027E
ROE	-21%	-21%	-19%	-18%	-6%	2%	16%
ROS (EBIT/Sales)	-7%	-4%	-3%	-3%	-1%	0%	3%
ROIC (NOPAT/Invested Capital)	-209%	-67%	-29%	-27%	-10%	3%	42%
DSO	3	4	4	3	3	3	3
DPO	68	51	30	30	30	30	30
DOI	0	1	1	1	1	1	1
TWC/Sales	-19%	-14%	-7%	-7%	-7%	-7%	-7%
NWC/Sales	-14%	-7%	-4%	-3%	-3%	-3%	-3%
Net Debt/EBITDA	cash	cash	cash	cash	cash	cash	cash
Net Debt/Equity	cash	cash	cash	cash	cash	cash	cash
Cash flow from P&L operations/EBITDA	na	neg	neg	neg	100%	95%	81%
FCF/EBITDA	na	neg	neg	neg	58%	59%	62%

Source: Company data 2021-23, EnVent Research 2024-27E

8. VALUATION

High income customer base, long-standing partner relationships and own tech infrastructure are key assets

Valuation topics

Giglio.com has built in eight years a community store with 200+ partners and 150k+ active customers trading €66m gross merchandise value (GMV) in FY23, with 65% of cross-border orders, building its position among the few Italian luxury online retailers enjoying a recognized presence worldwide.

The value expectation on Giglio.com relies on its capability to achieve a market share progress, in an industry where rivalry is high, and promptly resume its fast track of uninterrupted growth, temporarily impacted by the current luxury e-commerce market fluctuations.

Value drivers and relevant market metrics

- Consumption of luxury goods is mainly driven by social, cultural and psychological factors. While consumer confidence might have been sluggish recently, demand for luxury products should remain to be driven by wealthy consumers, who may postpone purchases rather than downgrade to cheaper products.
- Giglio.com brand positioning, with its reputation of Mediterranean creativity, communicates exclusivity to its community of online shoppers, favoring a continuity of relationship with partners
- Non-capital-intensive balance sheet and flexible operating model
- Cash flow generation, driven by increasing international sales

Valuation metrics

The valuation of Giglio.com has been performed through:

- Discounted Cash Flows applied to 2024-27E financial projections
- 3-year forward industry market multiples
- Regression analysis

Discounted Cash Flows

Metrics and assumptions:

- Risk free rate: 3.0% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, October 2024)
- Market return: 11.0% (3Y average. Source: Bloomberg, October 2024)
- Market risk premium: 8.0%
- Beta: 0.9 (judgmental based on EnVent historical records)
- Cost of equity: 10.2%
- Cost of debt: 6%

- Tax rate: 24% IRES
- 20% debt/(debt + equity) as target capital structure
- WACC calculated at 9.1%
- Perpetual growth rate after explicit projections (G): 3% based on industry long-term trend
- Terminal Value assumes a long-term sustainable EBITDA margin of 5%

DCF model

€m	2021	2022	2023	2024E	2025E	2026E	2027E	Perpetuity
Sales	37.9	51.1	56.3	47.8	54.1	59.5	65.4	67.4
EBITDA	(1.8)	(1.0)	(0.4)	(0.2)	0.7	1.3	2.9	3.4
<i>Margin</i>	-4.8%	-2.0%	-0.6%	-0.4%	1.4%	2.2%	4.5%	5.0%
EBIT	(2.7)	(2.2)	(1.6)	(1.4)	(0.4)	0.1	2.0	2.7
<i>Margin</i>	-7.2%	-4.4%	-2.9%	-3.0%	-0.8%	0.2%	3.0%	4.0%
Taxes	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.5)	(0.7)
NOPAT	(2.7)	(2.2)	(1.6)	(1.4)	(0.4)	0.1	1.4	1.9
D&A			1.3	1.2	1.2	1.2	1.0	0.7
Provisions			0.1	(0.0)	0.0	(0.0)	(0.0)	0.0
Cash flow from operations			(0.3)	(0.2)	0.7	1.3	2.4	2.6
Trade Working Capital			(2.8)	(0.7)	0.4	0.4	0.3	0.1
Other assets and liabilities			1.4	0.3	(0.2)	(0.2)	(0.2)	0.0
Capex			(2.0)	(0.5)	(0.5)	(0.7)	(0.7)	(0.7)
Yearly Unlevered Free Cash Flows			(3.7)	(1.0)	0.4	0.8	1.8	2.1
- H1 Unlevered Free Cash Flows				2.0				
Free Cash Flows to be discounted				1.0	0.4	0.8	1.8	2.1
WACC	9.1%							
Long-term growth (G)	3.0%							
Discounted Cash Flows				0.9	0.4	0.6	1.3	
Sum of Discounted Cash Flows	3.3							
Terminal Value								33.9
Discounted TV	25.0							
Enterprise Value	28.3							
Net Cash as of 30/06/24	1.5							
Equity Value	29.8							

DCF - Implied multiples	2023	2024E	2025E	2026E	2027E
EV/Sales	0.5x	0.6x	0.5x	0.5x	0.4x
EV/EBITDA	neg	neg	38.4x	21.5x	9.7x
EV/EBIT	neg	neg	neg	nm	14.4x
P/E	neg	neg	neg	nm	20.8x

Source: EnVent Research

Market multiples

By observing industry multiples of the multi-brand luxury and fashion e-tailers cluster, we note possible misrepresentations linked to the industry slowdown:

- EV/Sales multiples incorporate consensus mild growth expectations, with 3Y median CAGR at 5%
- in many cases the industry troubles have caused significant income falls, reflecting negative or abnormal profitability multiples

In the hybrid fashion retailers cluster, the discrepancies in size, stage of development, business model and operating performance make the application of market multiples to

Giglio.com less reliable.

We regard the soft luxury mostly as an indication of the market sentiment and growth expectations, as they share the overall growth trajectory and market dynamics. However Giglio.com differs significantly in terms of size and business model.

The market valuation of Giglio.com is driven mainly by looking at the EV/Sales multiple, deemed to express the value embedded in growth stocks, not influenced by investment cycles or accounting policies, industry profitability standards or temporarily abnormal profitability levels.

We do not use the EV/EBITDA multiple, or other profitability and earnings multiples, likely to represent the value of Giglio.com once its profitability will be aligned to the industry benchmarks.

We have applied to our estimates 2024-26E EV/Sales multiples from the multi-brand luxury and fashion e-tailers peer group.

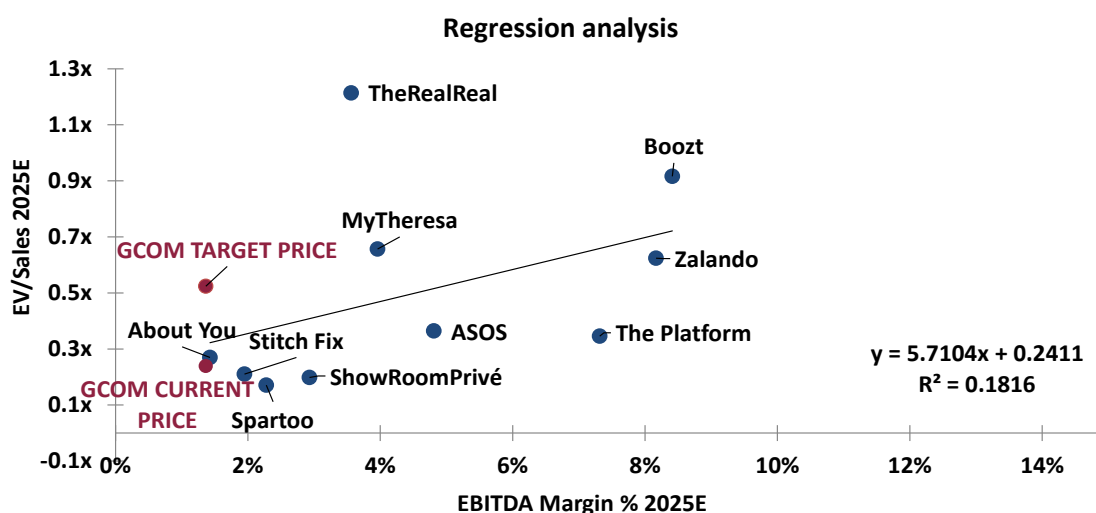
Market multiples application

€m					
Giglio.com (€m)		Market Multiples	EV	Net cash 30/06/24	Equity value
2024E Sales	47.8	0.4x	17.8	1.5	19.3
2025E Sales	54.1	0.4x	19.7	1.5	21.2
2026E Sales	59.5	0.3x	20.6	1.5	22.0
Mean 2024-26E			19.4		20.8

Source: EnVent Research

Regression analysis

The regression analysis combining EV/Sales and EBITDA margin shows a low R2 and weak correlation among peers. As such, we disclose the analysis, which anyway is not concurring to our value assessment.



Source: EnVent Research, October 2024

Value area

In building our projections, we have simulated different scenarios on sales growth along 2025-27E: a cautious scenario reflecting the consumer spending environment and a scenario reflecting a prompt recovery of luxury industry would result in a wide valuation range from €2 to €3.20 per share. Our position for the time being is to remain conservative, assuming the recovery of 2023 sales volumes in 2025E and mild growth for the following years, assuming yearly sales in the region of €5-6m, consistent with recent and pre Covid-boom years. We deem that based on H2 2024 and FY25 industry trend, there would be wide room for upside.

Valuation summary and Target price

We consider that the DCF factors the expected growth over the next four years, with 2025E as the year in which EBITDA is expected to turn positive on the assumption of recovery of 2023 sales volumes and continued cost control, and 2027E as the year in which EBITDA margin could be closer to industry standards.

Our value assessment of Giglio.com also embeds a short/medium-term valuation appeal depending upon the upside that new brand partnerships, increasing internationalization and impact of marketing investments would give to growth and profitability, beyond underlying industry dynamics.

The DCF model applied to our estimates yields a Target Price of €2.41 per share, with a potential upside of 106% on the current share price at €1.17. We note our DCF-based value is at premium on current market multiples and that the expected performance of Giglio.com, with 2025E implied EV/Sales of 0.5x is consistent with industry multiples (mean 0.5x and median 0.4x), while Giglio.com is currently trading at 0.2x.

We initiate the coverage of Giglio.com assigning an OUTPERFORM rating on the stock.

Please refer to important disclosures at the end of this report.

Giglio.com Price per Share	€
Target Price	2.41
Current Share Price (16/10/2024)	1.17
Premium (Discount)	106%

Source: EnVent Research

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Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

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Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 16/10/2024 h. 6.35pm

Date and time of Distribution: 17/10/2024 h. 6.30pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
17/10/2024	OUTPERFORM	2.41	1.17

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