



INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2017

CORPORATE BOARDS

BOARD OF DIRECTORS

| | |
|-------------------------|---|
| Executive Chairman | Paolo Ainio |
| CEO | Pietro Scott Jovane |
| Non-executive directors | Pierluigi Bernasconi Andrea Biasco Pietro Boroli Matteo Renzulli |
| Independent directors | Roland Berger Chiara Burberi Serenella Rossano |

COMMITTEES

Control and Risks and Related-Parties Committee

| | |
|-----------------------------------|---------------------------------|
| Independent Director and Chairman | Serenella Rossano |
| Independent Director | Roland Berger Chiara Burberi |
| Independent Director | |

Remuneration Committee

| | |
|-----------------------------------|----------------------|
| Independent Director and Chairman | Roland Berger |
| Non-executive Director | Pierluigi Bernasconi |
| Independent Director | Serenella Rossano |

BOARD OF STATUTORY AUDITORS

| | |
|--------------------|--|
| Chairman | Francesco Perrini |
| Standing Auditors | Stefania Bettoni Gabriella Chesicla |
| Alternate Auditors | Luca Zoani Beatrice Galli |

SUPERVISORY BODY

| | |
|----------|--------------------------------|
| Chairman | Jean-Paule Castagno |
| Members | Fabio Meda Stefania Bettoni |

INDEPENDENT AUDITORS

Ernst & Young S.p.A.

SUMMARY

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Directors' Report

DIRECTORS' REPORT

Preparation of the Interim Financial Statements

Legislative Decree 25 of 15 February 2016 came into force on 18 March 2016, implementing Directive 2013/50/EU, which governs amendments to Directive 2004/109/EC relating to information on listed issuers (the so-called Transparency Directive) (the "Decree"). The Decree eliminated the obligation to publish interim financial statements, in order to reduce the administrative burden on listed issuers and to lessen issuers' and investors' focus on short-term results.

With a notice dated 21 April 2016, the Italian Stock Exchange specified that, for issuers with shares listed on the Star segment, the provisions of the Stock Exchange Regulations relating to the publication of interim financial statements, and, in particular, article 2.2.3, paragraph 3 of the Stock Exchange Regulations, would continue to apply.

These Interim Financial Statements were therefore prepared in the same way as previous financial statements, pursuant to pre-existing article 154-*ter*, paragraph 5 of the Consolidated Finance Act (Testo Unico della Finanza ("TUF")). The provisions of the international accounting standard relating to interim financial disclosure (IAS 34 - Interim Financial Reporting) were therefore not used.

For assessing and measuring the accounting values included in these Interim Financial Statements, the principles of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission and in force at the time of the approval of this Report, were applied. The accounting principles and criteria are consistent with those used in preparing the financial statements as at 31 December 2016 to which, for further details, reference is made. In the financial schedules included in these Interim Financial Statements, only profit before tax is shown.

As ePRICE S.p.A. (hereinafter also "ePRICE") holds controlling interests, the Interim Financial Statements were prepared on a consolidated basis. All of the information included in this report refers to the consolidated data of the ePRICE Group.

The Interim Financial Statements as at 31 March 2017 were approved by the Board of Directors on 10 May 2017.

The quarterly positions of subsidiaries, used in the preparation of these Consolidated Interim Financial Statements, were prepared by the respective administrative structures and reclassified, if necessary, to make them consistent with those of the Parent Company.

The data in this document are expressed in thousands of Euros, unless otherwise stated.

The scope of consolidation at 31 March 2017, unchanged since 31 December 2016, is as follows:

SUBSIDIARIES

(with an explanation of the activity performed and percentage owned)

| Name | Activity | Registered offices | Ownership percentage |
|---|----------------|--------------------|----------------------|
| ePRICE S.p.A. | Parent Company | Italy | - |
| Banzai Commerce S.r.l. | Subholding | Italy | 100 |
| ePRICE Operations S.r.l. (formerly ePRICE S.r.l.) | e-Commerce | Italy | 100 |

Following the close of the period, effective from 1 May 2017, the merger by incorporation of Banzai Commerce in ePRICE S.r.l. was completed which, at the same time, modified the company name to ePRICE Operations S.r.l. This merger did not impact the consolidated financial statements, given wholly-owned companies.

COMMENT ON THE RESULTS

ANALYSIS OF KEY OPERATING RESULTS

ANALYSIS OF REVENUES AND PROFIT

Following the transfer of Banzai Media Holding ("Vertical Content" segment) and BNK4 Saldiprivati, completed during the previous year, the economic results of the "Vertical Content" operating segment and of BNK4 Saldiprivati for the quarter closed as at 31 March 2016 presented for comparative purposes were classified under net profit/loss from discontinued operations.

Revenues

In the first quarter of 2017, Group revenues totalled €45.8 million. The growth in revenues in the first quarter of 2017 was therefore 8.4% compared to the corresponding period of 2016, driven by the electronic goods and domestic appliances categories.

The growth was uneven in the quarter, impacted by a weak performance in February, due to the planned migration to SAP, which led to a temporary halt of promotional activities during the weeks of the transition. This was augmented by a retail market that was down (-3% in the month). These activities were back to normal in March, recording growth in the top end of the 2017 target range.

The GMV – which represents customers' spending on our e-Commerce sites and on the marketplace - grew by 13.8% compared to the corresponding period in the previous year, amounting to €60.5 million compared to €53.1 million in 1Q16, largely due to the significant contribution from the marketplace, which rose by around +75% compared to 1Q16. In this quarter the weight of the Marketplace, launched in 2Q15, reached approximately 13% of GMV, compared to 10% of GMV1 in 2016 and 5.6% in 2015.

| <i>(In thousands of Euros)</i> | Q1 2017 | Q1 2016 | % Change |
|--------------------------------|----------------|----------------|-----------------|
| e-Commerce | 45,760 | 42,220 | 8.4% |
| Revenues | 45,760 | 42,220 | 8.4% |
| <i>(In millions of Euros)</i> | | | |
| GMV | 60.5 | 53.1 | 13.8% |

The revenues and GMV by product type are reported below:

Revenues

| <i>(In thousands of Euros)</i> | Q1 2017 | Q1 2016 | % change |
|--|----------------|----------------|-----------------|
| Electronic goods, domestic appliances and other products | 41,471 | 38,537 | 16.5% |
| Services/other revenues | 4,289 | 3,683 | 36.4% |
| Revenues | 45,760 | 42,220 | 8.4% |

GMV

| <i>(In millions of Euros)</i> | Q1 2017 | Q1 2016 | % change |
|--|----------------|----------------|-----------------|
| Electronic goods, domestic appliances and other products | 58.4 | 51.4 | 13.5% |
| Services/other revenues | 2.1 | 1.7 | 22.6% |
| GMV | 60.5 | 53.1 | 13.8% |

In the first quarter of the year, the Group recorded revenues of €41.5 million from the sale of products. The 8.4% growth on 1Q16 was affected by the previously mentioned SAP migration completed in February, which led to a diminished boost from promotions.

The growth, mainly attributable to just the domestic appliances category, was in any event better than that of the market for the quarter, as a result of the expansion of the product mix offered and the development of “premium” services (delivery, installation and recycling). In the first quarter, the number of installations of domestic appliances rose by 29% compared to the corresponding period of the previous year.

Revenues from services and other revenues, which also include warranties, rose strongly compared to 1Q16 (+16.4%). In January 2016, in fact, the company launched the new generation of customised services for delivery (Home Service), installation and recycling, integrated with a proprietary mobile platform, accessible via a smartphone app, which enables our customers to have a continuous interaction with ePRICE from the purchase phase through to installation in their homes. The Home Service has a NPS of above 75 and was also the focus of the TV campaign that began on 23 September 2016 and

which has contributed to accelerating the service adoption rate, with an impact even in January 2017. No TV campaigns were broadcast in the first quarter of 2017.

In terms of Key Performance Indicators, the following trends can be identified:

| | Q1 2017 | Q1 2016 | % Change |
|--------------------------------------|---------|---------|----------|
| <i>Orders (thousands)</i> | 224 | 221 | 1.2% |
| <i>AOV (Euros) ¹</i> | 221 | 197 | 12% |
| <i>Buyers (thousand)²</i> | 171 | 164 | 4.3% |

In 1Q17 we managed 224 thousand orders, up +1.2% compared with 1Q16, with an average value (AOV) of Euro 221, up 12% YoY, mainly driven by the shift of the growth mix towards high-ticket categories (Electronic Goods and Domestic Appliances) and the performance in February, which put pressure in particular on the low-ticket categories. Finally, the number of buyers totalled 171 thousand, up by 4.3% compared to 1Q16 despite the limited promotions during the quarter.

¹ Average order value (excluding VAT).

² Buyers who placed at least 1 order in the reference period.

Reclassified consolidated income statement

The table below illustrates the reclassified income statement for the first quarter of 2017, compared with the corresponding period of the previous year, given the same perimeter, by destination according to the statements used by the Group's management. In the following table, Total revenues are stated net of revenues from logistics, IT and administrative services in favour of perimeters transferred or being disposed, which were reclassified to reduce the associated costs.

| € thousand | 31.03.17 | % of total revenues | 31.03.16 | % of total revenues | % change |
|--|----------------|---------------------|----------------|---------------------|---------------|
| Total revenues | 45,760 | 100.0% | 42,220 | 100.0% | 8.4% |
| ³ | (38,560) | -84.3% | (35,814) | -84.8% | 7.7% |
| Gross profit ⁴ | 7,200 | 15.7% | 6,407 | 15.2% | 12.4% |
| Sales and marketing costs | (2,618) | -5.7% | (1,960) | -4.6% | 33.6% |
| Logistics costs | (4,832) | -10.6% | (4,187) | -9.9% | 15.4% |
| IT costs | (234) | -0.5% | (295) | -0.7% | -20.7% |
| General and administrative expenses | (1,947) | -4.3% | (2,063) | -4.9% | -5.6% |
| Adjusted EBITDA | (2,431) | -5.3% | (2,098) | -5.0% | 15.9% |
| Non-recurring costs and Stock Option plan | (407) | -0.9% | (116) | -0.3% | 250.6% |
| EBITDA | (2,838) | -6.2% | (2,214) | -5.2% | 28.2% |
| Depreciation, amortisation and impairment | (1,452) | -3.2% | (819) | -1.9% | 77.3% |
| EBIT | (4,290) | -9.4% | (3,033) | -7.2% | 41.4% |
| Net financial expenses | ¹ | 0.0% | 17 | 0.0% | -94.1% |
| Share of the result pertaining to associates | (189) | -0.4% | (116) | -0.3% | 62.9% |
| PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS | (4,478) | -9.8% | (3,132) | -7.4% | 43.0% |
| Net profit (loss) from discontinued operations | 699 | | (1,102) | | N/A |
| NET PROFIT (LOSS) | (3,779) | 5.1% | (4,234) | -6.4% | -10.7% |

³ The cost of sales mainly includes the purchase cost of goods and the cost of some services, including the cost of collection fees.

⁴ **Gross Profit** is represented by net revenues minus cost of goods sold and is a management accounts indicator used by the Group's management to monitor and evaluate sales performance. Gross profit is not identified as an accounting method either under the scope of Italian Accounting Principles or under IFRS (International Financial Reporting Standards), and therefore should not be considered as an alternative method for evaluating the performance of the Group's gross margin. Since the composition of gross profit is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be the same as the criterion adopted by others and, as such, not comparable. The Group calculates gross profit as a percentage of revenues as the ratio of gross profit to total net revenues.

Gross profit

Gross profit stood at €7,200 thousand, an increase of €793 thousand (up 12.4%), compared to the corresponding period of the previous year (€6,407 thousand), up compared to the growth in revenues. In percentage terms, the Gross profit/ Revenues ratio was 15.7%, compared to 15.2% in 1Q16.

The improvement in gross profit is one of the objectives disclosed to the market and, in the first quarter of 2017, was achieved thanks to the greater contribution of the marketplace, the increase in infocommerce and advertising activities and, partly higher rebates achieved from “direct” suppliers thanks to the rise in purchase volumes.

Adjusted EBITDA

Adjusted EBITDA stood at –€2,431 thousand, down compared with the –€2,098 thousand, on a pro-forma basis, registered in the first quarter of 2016.

The variation is attributable primarily to the growth in sales and marketing costs of +33.6%, and higher logistics costs of +15.4%.

The increase in sales and marketing costs is due partly to strengthening of the structure, and partly to the rise in marketing costs for the acquisition of customers, in order to support growing GMV.

In particular, customer acquisition costs rose by around 0.2% in terms of percentage of GMV, however less than expected.

The increase in logistics costs is connected to the growth of ePRICE in terms of sales volumes, particularly in the domestic appliance category and, to a lesser extent, the significant expansion of the Pick&Pay and Lockers network, still not up to full speed.

The reconciliation between operating profit/loss (EBIT) and adjusted EBITDA is shown below:

| <i>(In thousands of Euros)</i> | 31.03.17 | % of revenues | 31.03.16 | % of revenues |
|---|----------------|---------------|----------------|---------------|
| Operating profit (loss) | (4,290) | -9.4% | (3,033) | -7.2% |
| + Depreciation, amortisation and impairment | 1,452 | 3.2% | 819 | -1.9% |
| Non-recurring costs and Stock Option plan | 407 | 0.9% | 116 | 0.3% |
| Adjusted EBITDA | (2,431) | -5.3% | 2,098 | 5.0% |
| EBITDA | (2,838) | -6.2% | (2,214) | -5.2% |

EBITDA in the first quarter of 2017 came to –€2,838 thousand, and includes costs relating to stock option plans of €102 thousand; non-recurring costs amounting to €305 thousand relate to logistics costs incurred as a result of the first phases of implementation of the new ERP (SAP) system, which required extra activities in terms of goods handling and customer services.

EBITDA in the first quarter of 2016 stood at –€2,214 thousand and included €116 thousand relating to the stock option plan.

EBIT

EBIT stood at -€4,290 thousand, compared with -€3,033 thousand in the first quarter of 2016, partly as a result of lower EBITDA, as described above. Depreciation/amortisation recorded an increase of 77.3% compared to the first quarter of 2016, especially due to the significant investments made in 2016 and in the first quarter of 2017 to support growth and the implementation of the new company ERP system.

Profit (loss) (EBT) before tax from continuing operations

Profit/loss before tax from continuing operations stood at -€4,478 thousand, compared to -€3,132 thousand in the first quarter of 2016. Financial income, net of expenses, amounted to €1 thousand, essentially in line with the figure in the previous year (net income of €17 thousand).

Net profit/loss from discontinued operations

Net profit/loss from discontinued operations refers primarily to the portion of earn-outs already accrued as a result of the verification of certain conditions envisaged contractually for the transfer of the Vertical Content division to the Mondadori Group and collected in April 2017, following the close of the period.

ANALYSIS OF KEY RESULTS FROM THE STATEMENT OF FINANCIAL POSITION

The table below provides the statement of financial position reclassified by sources and uses.

| <i>(thousands of Euros)</i> | 31.03.17 | 31.12.16 |
|------------------------------|-----------------|-----------------|
| USES | | |
| Net working capital | 5,023 | (4,356) |
| Fixed assets | 35,762 | 33,554 |
| Long-term assets | 9,992 | 9,996 |
| Personnel fund | (2,023) | (2,131) |
| Long-term liabilities | (412) | (396) |
| Net invested capital | 48,342 | 36,667 |
| SOURCES | | |
| Liquidity/Net financial debt | 40,713 | 56,176 |
| Shareholders' equity | (89,055) | (92,843) |
| FUNDING SOURCES TOTAL | (48,342) | (36,667) |

Net working capital

Net working capital decreased by €9,379 thousand, mainly due to the reduction of €11,461 thousand in trade payables, partially offset by a decrease in trade receivables and inventories to a lesser extent. In particular, the net reduction in trade payables

was impacted by the seasonal factor, which led to significant purchases in the final part of the year, settled partly at the start of 2017. The decrease in inventories was only partly affected by the seasonal factor given that, due to the entry into operation of the new Group ERP system and related organisational effects, it was deemed appropriate to maintain adequate warehouse stocks to avoid discontinuity of services to customers.

The table below provides a breakdown of net working capital.

| <i>(In thousands of Euros)</i> | 31.03.17 | 31.12.16 |
|--|--------------|----------------|
| Inventories | 21,621 | 22,092 |
| Trade and other receivables | 8,208 | 9,798 |
| Trade and other payables | (25,413) | (36,874) |
| Trade working capital | 4,416 | (4,984) |
| Other current receivables and payables | 607 | 628 |
| Net working capital | 5,023 | (4,356) |

Fixed assets

Fixed assets rose by €2,208 thousand, particularly due to the investments in intangible fixed assets of €2,503 thousand in the period, largely for the implementation of the new ERP system, in tangible fixed assets for €1,046 thousand, mostly relating to equipment and furniture at the new logistics centre which is at the set-up phase, and for the purchase of an additional stake in associate Termstore, for €300 thousand, all net of amortisation and depreciation of €1,452 thousand.

Shareholders' equity

Shareholders' equity fell from €92,843 thousand to €89,055 thousand in the period, mainly due to the overall negative result of €3,780 thousand. A reduction of €157 thousand was also recorded in shareholders' equity connected with the purchase of 68,087 treasury shares in the period, and an increase of €102 thousand in the stock option reserve related to the cost connected with employee and director incentive plans.

The company held a total of 903,512 treasury shares as at 31 March 2017.

A Warrant was subscribed during the period for the subscription of 12,500 new shares at a price of €3.8 per share, with an increase of €47 thousand in shareholders' equity.

The breakdown of the net financial position, in accordance with the Consob Communication of 28 July 2006 and in compliance with the ESMA/2011/81 Recommendation, is provided below.

Net financial position

| (thousands of Euros) | 31.03.17 | 31.12.16 |
|---|-----------------|-----------------|
| (A) Cash | (200) | (243) |
| (B) Other cash and cash equivalents | (44,191) | (54,468) |
| (C) Securities held for trading | - | - |
| (D) Liquidity (A)+(B)+(C) | (44,391) | (54,711) |
| (E) Current financial receivables | (809) | (1,700) |
| (F) Current financial payables | 280 | - |
| (G) Current portion of non-current debt | 2,003 | - |
| (H) Other current financial payables | 109 | 109 |
| (I) Current financial debt (F)+(G)+(H) | 2,391 | 109 |
| (J) Net current financial liquidity/debt (D)+(E)+(I) | (42,808) | (56,302) |
| (K) Non-current bank payables | 1,997 | - |
| (L) Bonds issued | - | - |
| (M) Other non-current payables | 98 | 126 |
| (N) Non-current financial debt (K)+(L)+(M) | 2,095 | 126 |
| (O) (Liquidity)/Net financial debt (J)+(N) | (40,713) | (56,176) |

As at 31 March 2017, the Group reported a net cash position of €40,713 thousand. The change with respect to 31 December 2016 derives mainly from the resources absorbed by operational management amounting to €11,510 thousand and the investment activities described previously totalling €3,844 thousand, partially offset by the resources generated by financing activities, thanks to the obtainment of a loan of €4 million expiring in 24 months. The absorption generated by operational management was largely due to the reduction in especially high trade payables as at 31 December 2016 and the Group's strategy, which targets a sharp acceleration in revenues and market share, also through greater investments in marketing.

RESEARCH, DEVELOPMENT AND INNOVATION

Development activity is particularly important for the Group: it aims to conceive new solutions, new products and services for inclusion in the range offered by ePRICE, as well as to achieve the continuous innovation of existing ones, also with regard to the introduction of new technologies and business development models. The Group takes an interdisciplinary approach, the greatest strength of which lies in the close collaboration between development, production and marketing, in order to respond quickly and effectively to the constant changes in the preferences expressed by consumers.

During the period, the Group continued to invest in improving the quality of services offered to customers, in existing processes and in platform components to make them scalable for increasing volumes. The Group continued to develop the technology platform by integrating the components available on the market as much as possible. The benchmark architectural paradigm follows a structure which is exposed to services in which the software components can be integrated and cooperate through standard technologies.

The development of a platform for the management of specialist local services related to the world of household appliances (MDA), the construction/activation of the premium delivery and professional installation network have all been launched. The network consists of the development of a management engine for transportation and installation services, aimed particularly at sales of household electrical appliances. The platform includes numerous innovative services: e.g., the management in real time of installer availability and scheduling, the option of operators that follow customer orders end-to-end (and the possibility of using a dedicated call centre), the definition of a sequence of nestable blocking questions, divided by product type, to be presented to the customer when defining service characteristics (e.g., floor, availability and size of lift access, width of the stairs, etc.), providing the customer with information about the technical installer who will visit their home and differentiating the prices of services in respect of a standard list.

The expansion of the access infrastructure and DataCentres has continued: specifically, storage has been increased and new security software for access to corporate applications has been purchased.

Logistics software platform development activities continued, and a rental agreement has been defined for the new fulfilment centre which will be operational during the year, and the first investments in tangible fixed assets were launched in order to fit it out.

The Group is also investing in new management platforms, such as the pricing platform, which will enable better monitoring of competition and customer behaviour, and the new WMS, which will allow for even more proactive management of the entire logistics function.

The Group invested further in the new Group ERP system, which entered operation in the first quarter of 2017, although some evolutionary development activities were carried out at the same time as its launch.

Right of exemption from the obligation of publishing a disclosure document in view of significant transactions

It should be noted that the Issuer opted to apply the facility as an exception to Article 70, paragraph 6 and Article 71, paragraph 1 of the Issuers' Regulation, in accordance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the Issuers' Regulation.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

In February 2017, the Group acquired an additional stake in Termostore S.r.l. for €300 thousand, reaching a share of 43%.

Again in February 2017, the Group completed the sale of its share held in Uollet S.r.l., already written down in the previous year.

SUBSEQUENT EVENTS

After the close of the year, and up to approval of this financial report, no significant events were recorded that have an impact on this annual financial report.

In April 2017, the Group acquired a minority stake of 15% in the company Click & Quick Distributions S.r.l., a shipping company that manages the transportation and delivery of goods through a logistics and transport network widespread throughout Italy.

The annual shareholders' meeting of 27 April 2017 resolved the distribution of a dividend of €0.13 per share.

The merger by incorporation of Banzai Commerce in ePRICE S.r.l. took effect from 1 May 2017 which, at the same time, modified the company name to ePRICE Operations S.r.l. This merger did not impact the Group's structure, given wholly-owned companies.

OUTLOOK

The Group foresees an increase in revenues for 2017 of approximately 15-18%, and an increase in GMV of approximately 20-25%, driven by large domestic appliances, services and Marketplace growth. The Group also foresees a higher Gross margin and a significant improvement in EBITDA compared to 2016. In 2017, the Group expects a CAPEX of €11 million, including one-off investments for the new logistics hub.

Consolidated financial statements as at 31 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>(In thousands of Euros)</i> | 31.03.17 | 31.12.16 |
|---|----------------|----------------|
| NON-CURRENT ASSETS | | |
| Plant and equipment | 3,848 | 3,013 |
| Intangible assets | 28,115 | 26,853 |
| Investments in associates | 2,579 | 2,468 |
| Non-current financial assets | 1,220 | 1,220 |
| Other non-current assets | 269 | 273 |
| Deferred tax assets | 9,723 | 9,723 |
| TOTAL NON-CURRENT ASSETS | 45,754 | 43,550 |
| CURRENT ASSETS | | |
| Inventories | 21,621 | 22,092 |
| Trade and other receivables | 8,208 | 9,798 |
| Other current assets | 11,911 | 12,285 |
| Cash and cash equivalents | 44,391 | 54,711 |
| TOTAL CURRENT ASSETS | 86,131 | 98,886 |
| TOTAL ASSETS | 131,885 | 142,436 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 821 | 821 |
| Reserves | 92,013 | 81,954 |
| Profit (loss) for the year | (3,779) | 10,068 |
| TOTAL SHAREHOLDERS' EQUITY | 89,055 | 92,843 |
| NON-CURRENT LIABILITIES | | |
| Payables to banks and other lenders | 2,096 | 126 |
| Personnel funds | 2,022 | 2,130 |
| Provisions for risks and charges | 360 | 360 |
| Other non-current liabilities | 53 | 37 |
| TOTAL NON-CURRENT LIABILITIES | 4,531 | 2,653 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 25,413 | 36,874 |
| Payables to banks and other lenders | 2,391 | 109 |
| Other current liabilities | 10,495 | 9,957 |
| TOTAL CURRENT LIABILITIES | 38,299 | 46,940 |
| TOTAL LIABILITIES | 42,830 | 49,593 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 131,885 | 142,436 |

CONSOLIDATED PRE-TAX REPORT OF PROFIT/(LOSS)

| <i>(In thousands of Euros)</i> | 31.03.17 | 31.03.16* |
|--|----------------|----------------|
| Revenues | 47,266 | 44,058 |
| Other income | 42 | 62 |
| Costs for raw materials and goods for resale | (38,266) | (35,659) |
| Costs for services | (9,524) | (8,479) |
| Personnel expenses | (2,252) | (2,030) |
| Depreciation, amortisation and impairment | (1,452) | (819) |
| Other expenses | (104) | (166) |
| Operating profit (loss) | (4,290) | (3,033) |
| Financial expenses | (28) | (40) |
| Financial income | 29 | 57 |
| Share of the result pertaining to associates | (189) | (116) |
| Profit (loss) before tax from continuing operations | (4,478) | (3,132) |
| Net profit/loss from discontinued operations | 699 | (1,102) |
| Profit (loss) for the year | (3,779) | (4,234) |

* restated pursuant to IFRS 5

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euros)

31.03.17

31.03.16*

NET CASH FLOW FROM OPERATING ACTIVITIES

| | | |
|--|----------|---------|
| Net profit (loss) from operations | (4,478) | (3,132) |
| <i>Adjustments to reconcile profit (loss) for the year with cash flow from operating activities:</i> | | |
| Depreciation and amortisation | 1,452 | 819 |
| Employee benefit fund provision | 124 | 110 |
| Inventory write-downs | 200 | (50) |
| Employee benefit fund change | (235) | (73) |
| Share of the result pertaining to associates | 189 | 116 |
| Total other non-current liabilities | 16 | 12 |
| Other non-monetary items | 102 | 116 |
| <i>Changes in working capital</i> | | |
| Change in inventories | 271 | 4,009 |
| Change in trade receivables | 1,590 | 1,028 |
| Change in other current assets | 182 | 1,245 |
| Change in trade payables | (11,461) | (8,094) |
| Change in other payables | 538 | 35 |
| Cash flow from discontinued operations | - | 692 |

NET CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES

(11,510) (3,167)

NET CASH FLOW FROM INVESTMENT ACTIVITIES

| | | |
|--|---------|---------|
| Acquisition of tangible assets | (1,046) | (73) |
| Change in other non-current assets | 5 | 0 |
| Acquisition of intangible assets | (2,503) | (1,401) |
| Provision of financing | - | (100) |
| Purchase of associates | (300) | - |
| Cash flow from discontinued operations | - | (1,815) |

NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES

(3,844) (3,389)

CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|--|-------|-------|
| Financial payables | 4,252 | (591) |
| Share capital increase | 47 | - |
| Current financial receivables | 891 | 14 |
| Treasury shares | (156) | - |
| Cash flow from discontinued operations | - | - |

NET CASH FLOW ABSORBED BY FINANCING ACTIVITIES

5,034 (577)

(Decrease)/Increase in cash and cash equivalents (10,320) (7,133)

CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR 54,711 33,543

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR 44,391 26,410

* restated pursuant to IFRS 5

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Share capital | Share premium | Legal reserve | Treasury shares | Stock option reserve | Other capital reserves | Retained earnings (losses) | FTA Reserve | Employee benefits | Total |
|--|---------------|----------------|---------------|-----------------|----------------------|------------------------|----------------------------|--------------|-------------------|----------------|
| Balance at 31.12.16 | 821 | 124,153 | 1 | (2,585) | 554 | 538 | (30,067) | (486) | (86) | 92,843 |
| Profit (loss) for the year | | | | | | | (3,779) | | | (3,779) |
| Other comprehensive income: | | | | | | | | | | |
| that will not subsequently be reclassified in profit (loss) for the year | | | | | | | | | (1) | (1) |
| that will subsequently be reclassified in profit (loss) for the year | | | | | | | | | | |
| Total profit (loss) | | | | | | | (3,779) | | (1) | (3,780) |
| Treasury share transactions | | | | (157) | | | | | | (157) |
| Share capital increase | | 47 | | | | | | | | 47 |
| Share-based payments | | | | | 102 | | | | | 102 |
| Balance at 31.03.17 | 821 | 124,200 | 1 | (2,742) | 656 | 538 | (33,846) | (486) | (87) | 89,055 |

| | Share capital | Share premium | Legal reserve | Treasury shares | Stock option reserve | Other capital reserves | Retained earnings (losses) | FTA Reserve | Employee benefits | Total |
|--|---------------|----------------|---------------|-----------------|----------------------|------------------------|----------------------------|----------------|-------------------|----------------|
| Balance at 31.12.15 | 821 | 124,153 | 1 | (791) | 221 | 538 | (39,289) | (1,350) | (172) | 84,133 |
| Profit (loss) for the year | | | | | | | (4,234) | | | (4,234) |
| Other comprehensive income: | | | | | | | | | | 0 |
| that will not subsequently be reclassified in profit (loss) for the year | | | | | | | | | (62) | (62) |
| that will subsequently be reclassified in profit (loss) for the year | | | | | | | | | | 0 |
| Total profit (loss) | | | | | | | (4,234) | | (62) | (4,296) |
| Share-based payments | | | | | 156 | | | | | 156 |
| Balance at 31.03.16 | 821 | 124,153 | 1 | (791) | 377 | 538 | (43,523) | (1,350) | (234) | 79,992 |

DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE 58/1998

The undersigned, Emanuele Romussi, the Officer in charge of preparing the corporate accounting documents of Banzai S.p.A., hereby certifies, in accordance with Article 154-bis, paragraph 2 of the TUF [Consolidated Finance Act], that the consolidated interim financial statements as at 31 March 2017 of the Banzai Group correspond to the entries made in the accounting documents, ledgers and records.

The Manager Responsible for Preparing the Financial Reports
Emanuele Romussi