



INTERIM REPORT AS AT 30 SEPTEMBER 2017

Corporate Bodies

BOARD OF DIRECTORS

Executive Chairman	Paolo Ainio
Chief Executive Officer	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
Independent director	Chiara Burberi
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 Betttoni Gabriella Chersicla
Alternate Auditors	Luca Zoani Beatrice Galli

SUPERVISORY BODY

Chairman	Jean-Paule Castagno
Members	Fabio Meda Stefania Betttoni

INDEPENDENT AUDITORS

Ernst & Young S.p.A.

CONTENTS

DIRECTORS' REPORT	6
COMMENT ON THE RESULTS	7
ANALYSIS OF KEY OPERATING RESULTS.....	7
SUMMARY OF DATA FOR THE THIRD QUARTER	14
ANALYSIS OF KEY RESULTS FROM THE STATEMENT OF FINANCIAL POSITION	15
SIGNIFICANT EVENTS IN THE REPORTING PERIOD.....	18
SUBSEQUENT EVENTS	19
CONSOLIDATED FINANCIAL STATEMENTS.....	20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
CONSOLIDATED INCOME STATEMENT (BEFORE TAX)	22
CONSOLIDATED CASH FLOW STATEMENT	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24

Directors' Report

DIRECTORS' REPORT

Basis of preparation of the interim report

Italian Legislative Decree no. 25 of 15 February 2016 entered into force on 18 March 2016, implementing Directive 2013/50/EU, containing amendments to Directive 2004/109/EC on information about listed issuers (i.e. the Transparency Directive) (the "Decree"). The Decree removed the obligation to publish interim financial reports in order to reduce the administrative expenses of listed issuers and to mitigate the reliance on short-term results by issuers and investors.

By notice dated 21 April 2016, Borsa Italiana specified that, for issuers with shares listed in the STAR segment, provisions of the Market Regulations on the publication of interim reports will continue to apply, and in particular Article 2.2.3, paragraph 3 of the Market Regulations.

Consequently, this interim report was prepared in continuity with previous interim reports, in compliance with provisions of the pre-existing Article 154-ter, paragraph 5 of the Consolidated Finance Act (TUF). The provisions of the international accounting standard on Interim Financial Reporting (IAS 34) were therefore not applied.

The assessment and measurement of accounting balances shown in this interim report used the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), together with related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force as at the time of approval of this Report. The accounting standards and policies are the same as those used to prepare the financial statements as at 31 December 2016, to which reference should be made for further details. The financial statements in this interim report illustrate only the profit (loss) before tax.

As ePRICE S.p.A. (hereinafter also "ePRICE") holds controlling interests, the interim report was prepared on a consolidated basis. All information contained in this report refers to the consolidated figures of the ePRICE Group.

The Interim Report as at 30 September 2017 was approved by the Board of Directors on 8 November 2017.

The quarterly positions of the subsidiaries used to prepare this consolidated interim report were drawn up by the respective management structures and reclassified if necessary to make them consistent with those of the Parent Company.

Figures in this report are in thousands of Euros unless otherwise indicated.

The merger of Banzai Commerce S.r.l. into ePRICE S.r.l. became effective on 1 May 2017. At the same time, ePRICE S.r.l. changed its name to ePRICE Operations S.r.l. This merger had no effect on the scope of consolidation as it involved 100% subsidiaries.

The scope of consolidation as at 30 September 2017 was as follows:

SUBSIDIARIES

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

Name	Activity	Registered office	Ownership percentage
ePRICE S.p.A.	Parent Company	Italy	-
ePRICE Operations S.r.l.	e-Commerce	Italy	100

COMMENT ON THE RESULTS

ANALYSIS OF KEY OPERATING RESULTS

Revenues

In the first nine months of 2017, Group revenues amounted to Euro 133.2 million. The growth in revenues in the first nine months of 2017 was therefore 4.7% up on the corresponding period of 2016.

In 2017 the reference retail market - Tech and Appliance - was generally weak with strong promotions by all players, particularly in the second and third quarters. Despite the overall promotional boost, growth on the online Tech and Appliance market halved compared to the same period of 2016 and was worse than we expected.

ePRICE has seen revenue and GMV growth fluctuate in the various months of 2017, impacted by several events for the most part non-recurring: a weak performance in February due to the planned SAP migration; April was affected by a calendar unfavourable in terms of working days; then in the third quarter came the move to the new warehouse in Truccazzano.

ePRICE increasingly focussed its first party offer on "core" categories products (MDA, A/C and TVs) in the third quarter, with a more decisive shift towards the marketplace for the remaining categories so as to increase the competitiveness of the product mix and recover profitability. This action slows revenues in favour of a more decisive GMV growth, with subsequent widening of the performance gap between the two, a phenomenon already seen in the third quarter.

GMV¹ – which represents customers' spending on our e-Commerce sites and on the marketplace – grew by 9.3% compared to the previous year, amounting to Euro 178.3 million compared to Euro 163.2 million in the same period in 2016, largely due to the strong contribution from the marketplace, which rose by around +54% over the first 9 months of last year. The weight of the Marketplace, launched in the second quarter of 2015, reached approximately 15% of GMV in the nine months ending 30 September 2017, compared to 10% of the GMV in 2016 and 5.6% in 2015.

¹ Gross Merchandise Volume: includes revenues from the sale of products, deliveries and the volume generated by the 3PMarketplace, net of returns and VAT included. It does not include Infocommerce and B2B.

(Euro thousands)	9M 2017	9M 2016	% Change
Revenues	133,173	127,199	4.7%
(Euro millions)			
GMV	178.3	163.2	9.3%

The breakdown of Revenues and GMV by product type in the first 9 months of 2017 compared to the first 9 months of 2016 is as follows:

Revenues

(Euro thousands)	9M 2017	9M 2016	% Change
Electronic goods, domestic appliances and other products	121,311	116,198	4.4%
Services / Other revenues	11,862	11,001	7.8%
Revenues	133,173	127,199	4.7%

GMV

(Euro millions)	9M 2017	9M 2016	% Change
Electronic goods, domestic appliances and other products	173.1	158.0	9.6%
Services / Other revenues	5.2	5.2	0.8%
GMV	178.3	163.2	9.3%

The breakdown of Revenues and GMV by product type in the third quarter of 2017 compared to the third quarter of 2016 is as follows:

Revenues

(Euro thousands)	Q3 2017	Q3 2016	% Change
Electronic goods, domestic appliances and other products	38,254	39,332	-2.7%
Services / Other revenues	3,694	4,151	-11.0%
Revenues	41,948	43,483	-3.5%

GMV

(Euro millions)	Q3 2017	Q3 2016	% Change
Electronic goods, domestic appliances and other products	55.3	53.6	3.2%
Services / Other revenues	1.5	1.8	-16.1%
GMV	56.9	54.6	2.5%

In the first nine months of 2017 ePRICE recorded Euro 133.2 million in revenues, of which Euro 121.3 million from product sales.

The performance in the first nine months of 2017 was affected by the previously mentioned SAP migration completed in February, which led to a reduced promotional drive in the migration period, and by the unfavourable calendar in April. Net of the February and April trends, double-digit growth was confirmed in the first half of the year. In the third quarter of 2017, revenue growth was negative by 3.5% as a result of the more decisive shift towards the marketplace for certain categories. At GMV level, in fact, growth remained positive. However, the intensity of advertising persisted, especially by some of the traditional retailers.

In particular, in the first nine months of 2017 and also in the third quarter, ePRICE's core categories (MDA, TV and A/C) contributed significantly to the growth compared to other categories (electronics, TLC, components and other), both at market level and for ePRICE. ePRICE's market share in the core categories remained strong as a result of the development of "premium" services (delivery, installation and recycling). In the first nine months of 2017, the number of installations of major domestic appliances rose by 165% compared to the same period last year.

Revenues from services and other revenues, which also include guarantees, rose compared to the first nine months of 2016 (+8%), offsetting a lower contribution from transport revenues, caused by the intense promotional activities in the second quarter and an advertising policy which favoured promotions on transport (free shipping) over lower discount vouchers with respect to 2016. The Home Service continues to give a very high NPS, remaining an important lever for differentiation and a market share driver. Home Service represents a series of installation and waste recycling services, integrated with ePRICE's proprietary mobile platform and accessible via smartphone apps. Home Service enables our customers to interact continuously with ePRICE from the purchase phase through to installation in their homes. The Home Service is also the central focus of a TV campaign launched on 23 September 2016. The TV campaign was broadcast only in May and June 2017, with a stronger promise of service integrated with the convenience of e-Commerce, and was then back on the air at the end of October 2017 with a campaign on various media.

As at 30 September 2017, the Pick&Pay and Lockers network, a network unique to the Italian market, stood at 134 and 290 (133 and 290 as at 30 June 2017). In December 2016, the Pick&Pay delivery services were also opened to Marketplace merchants and from July 2017 ePRICE started offering free delivery for ePRICE customers who choose this delivery option for products under 20kg.

GMV grew by 9.3% in the first nine months of 2017, driven by the performance of the Marketplace, which reached 1,465 merchants and achieved growth of 54% in the half, driven by growth in the electronic goods and mobile segment and - in the third quarter - by the previously mentioned migration of certain categories towards the marketplace. Note that the GMV does

not include Infocommerce and B2B services (instead recorded under revenues), which saw a two-figure growth. In addition, as mentioned above, delivery revenues fell as a result of a different mix between free-shipping vs discount vouchers, which saw free-shipping prevail with respect to the previous year.

In terms of Key Performance Indicators, note the following trends:

	9M 2017	9M 2016	% Change
<i>Orders (thousands)</i>	627	630	-0.5%
<i>AOV (Euro)²</i>	233	212	10%
<i>Buyers (thousands)³</i>	409	391	4.5%

In the first nine months of 2017, 627 thousand orders were managed, with an average order value (AOV) of Euro 233, up 10% mainly as a result of the mix in favour of core and high-ticket categories. Lastly, the number of buyers totalled 409 thousand, up by around 4.5% compared to the same period in 2016, with strong growth in new customers in the second quarter of 2017, confirmed also in the third quarter.

² Average order value (excluding VAT).

³ Customers with at least 1 order in the period.

Reclassified consolidated income statement

The table below illustrates the Income Statement for the first nine months of 2017 compared with the same period of the previous year, reclassified by destination, in accordance with the formats used by the Group's management control. In the following statement, the Revenues total is stated net of revenues for logistics, IT and administrative services performed in favour of entities sold or discontinued, which were reclassified and reduced the related costs.

(Euro thousands)	30-Sep-17	% of total revenues	30-Sep-16	% of total revenues	% Change
Total revenues	133,173	100.0%	127,199	100.0%	4.7%
Cost of sales ⁴	(113,607)	-85.3%	(107,717)	-84.7%	5.5%
Gross profit⁵	19,566	14.7%	19,482	15.3%	0.4%
Sales and marketing costs	(8,716)	-6.5%	(7,095)	-5.6%	22.8%
Logistics costs	(13,525)	-10.2%	(12,324)	-9.7%	9.7%
IT costs	(1,390)	-1.0%	(1,014)	-0.8%	37.1%
General and administrative expenses	(5,982)	-4.5%	(5,978)	-4.7%	0.1%
Adjusted EBITDA	(10,047)	-7.5%	(6,930)	-5.4%	45.0%
Non-recurring costs and income and Stock Options Plans	(1,038)	-0.8%	(657)	-0.5%	58.0%
EBITDA	(11,085)	-8.3%	(7,587)	-6.0%	46.1%
Depreciation, amortisation and impairment	(5,075)	-3.8%	(2,886)	-2.3%	75.9%
EBIT	(16,160)	-12.1%	(10,473)	-8.2%	54.3%
Net financial expenses	236	0.2%	39	0.0%	505.1%
Share of the result pertaining to associates	(577)	-0.4%	(82)	-0.1%	603.7%
	0		(439)		
EARNINGS BEFORE TAX (EBT) FROM CONTINUING OPERATIONS	(16,501)	-12.4%	(10,955)	-8.6%	50.6%
Net profit (loss) from discontinued operations	678		13,911		N/A
NET PROFIT (LOSS)	(15,823)	-11.9%	2,956	2.3%	N/A

⁴ The **Cost of sales** mainly includes the purchase cost of goods and the cost of some services including the cost of collection fees.

⁵ **Gross profit** is represented by net revenues minus the cost of sales and is a management accounts indicator used by the Group to monitor and evaluate sales performance. Gross profit is not identified as an accounting measure either under the scope of Italian Accounting Principles or under IFRS (International Financial Reporting Standards) and, therefore, it should not be considered as an alternative measure for evaluating the performance of the Group's sales 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 that used by others and, as such, may not be comparable. The Group calculates the percentage impact on revenue of gross profit as the ratio between gross profit and total net revenues.

Gross profit

Gross profit stood at Euro 19,566 thousand, an increase of Euro 84 thousand (+0.4%) compared to Euro 19,482 thousand in the same period of the previous year and equivalent to 14.7% of period sales compared to 15.3% in the corresponding period of 2016.

The trend in profit margins benefits positively from the contribution of the marketplace, Infocommerce activities and advertising. This benefit was more than offset by heavy competitive pressure, in the second and third quarters in particular and in a market environment that saw slower growth than in 2016, leading to significant promotional and Free Shipping activities. During the period, the profit margin was also affected by some opportunistic deals, associated in particular with the IT product category. Note that in 2016 gross profit had benefited from a one-off infocommerce contract that had contributed 0.3 percentage points.

Adjusted EBITDA

Adjusted EBITDA stood at Euro -10,047 thousand, a decline compared with the Euro -6,930 thousand in the same period last year.

The change is mainly attributable to the growth of +22.8% in sales and marketing costs and, to a lesser extent, the increase of +9.7% in logistics costs.

The increase in sales and marketing costs is due to the costs connected with TV ads aired in the second quarter, not present in the first half of 2016, plus the strengthening of the structure and, in part, to the increase in marketing costs due to the acquisition of customers, in order to support the increasing GMV volumes and a different mix related to a shift towards "mobile". It should be noted that the costs of customer acquisition rose by around 0.2% in terms of percentage of GMV, though by less than expected. Vice versa, in the third quarter sales and marketing costs recorded a 6% drop compared to the third quarter last year, as described in greater detail below.

The increase in logistics costs is linked to ePRICE's growth in terms of sale volumes, in particular in the domestic appliance (MDA) category and, to a lesser extent, the expansion in the Pick&Pay and Lockers network.

The increase in IT costs compared to the same period last year is associated with implementation of the new company ERP system with associated maintenance costs.

General and administrative expenses remained essentially stable compared to the corresponding period last year, though with a reduced impact on the revenues volume (from 4.7% in the first nine months of 2016 to 4.5% in the first nine months of this year)

The reconciliation between operating profit (loss) and adjusted EBITDA is provided below:

(Euro thousands)	30 September 2017	% of revenues	30 September 2016	% of revenues
Operating profit (loss)	(16,160)	-12.1%	(10,437)	-8.2%
+ Depreciation, amortisation and impairment	5,075	3.8%	2,886	2.3%
Non-recurring costs and stock options plans	1,038	0.8%	657	0.5%
Adjusted EBITDA	(10,047)	-7.5%	(6,930)	5.4%
EBITDA	(11,085)	-8.3%	(7,587)	-6.0%

EBITDA in the first nine months of 2017 was Euro -11,085 thousand and includes costs relating to the stock options plans for Euro 305 thousand. The non-recurring costs of Euro 733 thousand were for the most part associated with logistics costs incurred in the initial implementation phases of the new SAP which required extra goods handling and customer service activities, and the removals and goods shipping costs for transfer to the new Truccazzano logistics centre incurred in the third quarter.

EBITDA in the first nine months of 2016 was Euro -7,587 thousand and included Euro 446 thousand relating to the stock options plan, plus costs relating to the new Group registered office for Euro 211 thousand.

EBIT

EBIT stood at Euro -16,160 thousand compared with Euro -10,473 thousand in the same period in 2016, partly as a result of the lower EBITDA as described above and partly due to higher amortisation and depreciation which recorded a 75.9% increase compared to the corresponding period of 2016, especially as the effect of major investments made during 2016 and 2017 to support growth and for implementation of the new company ERP system. Amortisation of the investments in equipment and materials for the new Truccazzano logistics centre began in September. The new centre became operational from 1 September.

Earnings before tax (EBT) from continuing operations

EBT from continuing operations was Euro -16,501 thousand, compared to Euro -10,955 thousand in the first nine months of 2016. Financial income, net of expenses, stood at Euro 236 thousand, up significantly on the previous year (net income of Euro 39 thousand).

Profit (loss) from discontinued operations

The profit (loss) from discontinued operations refers mainly to the earn-out already accrued as a result of certain contractual conditions being met from disposal of the Vertical Content division to the Mondadori Group.

SUMMARY OF DATA FOR THE THIRD QUARTER

The table below illustrates the Income Statement for the third quarter reclassified by destination, in accordance with the formats adopted by the Group's management control.

(Euro thousands)	Q3 2017	% of total revenues	Q3 2016	% of total revenues	% Change
Total revenues	41,948	100.0%	43,483	100.0%	-3.5%
Cost of sales ⁶	(35,578)	-84.8%	(36,519)	-84.0%	-2.6%
Gross profit⁷	6,371	15.2%	6,963	16.0%	-8.5%
Sales and marketing costs	(2,488)	-5.9%	(2,657)	-6.1%	-6.4%
Logistics costs	(4,331)	-10.3%	(4,141)	-9.5%	4.6%
IT costs	(639)	-1.5%	(450)	-1.0%	42.0%
General and administrative expenses	(1,902)	-4.5%	(2,071)	-4.8%	-8.2%
Adjusted EBITDA	(2,989)	-7.1%	(2,356)	-5.4%	26.9%
Non-recurring costs and income and Stock Options Plans	(361)	-0.9%	(382)	-0.9%	-5.5%
EBITDA	(3,350)	-8.0%	(2,738)	-6.3%	22.3%
Depreciation, amortisation and impairment	(2,081)	-5.0%	(1,144)	-2.6%	81.9%
EBIT	(5,431)	-12.9%	(3,882)	-8.9%	39.9%
Net financial expenses	111	0.3%	23	0.1%	383.7%
Share of the result pertaining to associates	(165)	-0.4%	(9)	0.0%	1,733.3%
Write-downs on financial assets	0		(33)		
EARNINGS BEFORE TAX (EBT) FROM CONTINUING OPERATIONS	(5,485)	-13.1%	(3,901)	-9.0%	40.6%
Net profit (loss) from discontinued operations	(4)		(1,624)		N/A
NET PROFIT (LOSS)	(5,489)	-13.1%	(5,525)	-12.7%	-0.7%

In the third quarter, consolidated revenues stood at Euro 41,948 thousand, a 3.5% drop compared with the third quarter of 2016 (Euro 43,483 thousand).

Gross profit stood at Euro 6,371 thousand, down slightly on the Euro 6,963 thousand recorded in the third quarter of 2016. The percentage impact on revenues was 15.2%, down on the third quarter 2016 figure of 16%. The decrease is mainly due to the impact of a one-off infocommerce contract recorded in the third quarter of last year. This contract benefited the gross profit of

⁶ The Cost of sales mainly includes the purchase cost of goods and the cost of some services, including the cost of transport to customers, the cost of collection fees, agent's commissions and sales commissions and external publishing costs.

⁷ Gross profit is represented by net revenues minus the cost of sales and is a management accounts indicator used by the Issuer to monitor and evaluate sales performance. Gross profit is not identified as an accounting measure either under the scope of Italian Accounting Principles or under IFRS (International Financial Reporting Standards) and, therefore, it should not be considered as an alternative measure for evaluating the performance of the Group's sales 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 that used by others and, as such, may not be comparable. The Group calculates the percentage impact on revenues of gross profit as the ratio between gross profit and total net revenues.

the third quarter last year by around one percentage point. The contribution to gross profit by the Marketplace and Infocommerce activities was again positive in the third quarter, whilst the profit margin was penalised by heavy competitive pressure, in a market environment that saw slower growth than in 2016, leading to a high degree of promotional and Free Shipping activities as described previously.

A net improvement of 15.2% was also recorded in the gross profit margin for the third quarter of 2017 compared to 13.2% in the second quarter of this year, due mainly - as already described - to acceleration of the focus on the first party mix of core products, with a more decisive shift towards the marketplace for the remaining categories.

Adjusted EBITDA stood at Euro -2,989 thousand, compared with the Euro -2,356 thousand recorded in the third quarter of 2016.

In particular, sales and marketing costs fell by 6.4% compared to the third quarter of 2016, due mainly to costs recorded in the third quarter last year for the TV advertising campaign, launched in the second half of September 2016, and costs associated with the one-off infocommerce contract, the revenues from which had a positive impact on gross profit.

Also note the 8% decrease in general and administrative expenses thanks to efficiency improvement actions.

EBIT was Euro -5,431 thousand, after amortisation, depreciation and impairment of Euro 2,081 thousand, compared with Euro -3,882 thousand in the third quarter of 2016.

EBT was Euro -5,485 thousand compared to Euro -3,901 thousand in the third quarter of 2016.

ANALYSIS OF KEY RESULTS FROM THE STATEMENT OF FINANCIAL POSITION

The following table presents the statement of financial position reclassified by sources and uses:

(Euro thousands)	30 September 2017	31 December 2016
USES		
Net Working Capital	7,546	(4,356)
Fixed assets	41,836	33,554
Long-term assets	10,014	9,996
Provisions for personnel	(2,018)	(2,131)
Long-term liabilities	(430)	(396)
Net Invested Capital	56,948	36,667
SOURCES		
Liquidity/Net Financial Debt	15,749	56,176
Equity	(72,697)	(92,843)
TOTAL FUNDING SOURCES	(56,948)	(36,667)

Net Working Capital

Net Working Capital saw a change of Euro 11,902 thousand, mainly as a result of the decrease in trade payables for Euro 14,515 thousand, partly offset by a decline in inventories and trade receivables. In particular, the net decrease in trade payables was affected by two seasonal factors, the first at the start of the year which had led to significant purchases towards the end of the previous year, part settled at the beginning of 2017, and the second relating to the seasonal “slump” recorded in sales and purchase volumes in the third quarter. The table below provides a breakdown of Net Working Capital:

(Euro thousands)	30 September 2017	31 December 2016
Inventories	21,058	22,092
Trade and other receivables	6,320	9,798
Trade and other payables	(22,359)	(36,874)
Trade Working Capital	5,019	(4,984)
Other current receivables and payables	2,527	628
Net Working Capital	7,546	(4,356)

Fixed assets

Fixed assets rose by Euro 8,282 thousand, particularly due to the effect of investments during the period in intangible assets for Euro 5,462 thousand, mostly relating to implementation of the new ERP, in property, plant and equipment for Euro 4,982 thousand (largely improvements, equipment and fittings for the new logistics centre), the purchase of equity interests in associates for Euro 1,203 thousand and to loans disbursed to these associates for Euro 1,055 thousand. The decreases are mainly represented by amortisation and depreciation for Euro 4,738 thousand.

Equity

Equity decreased from Euro 92,843 thousand to Euro 72,697 thousand in the period, due mainly to comprehensive income, which was negative at Euro 15,816 thousand. Equity also fell by Euro 5,252 thousand due to payment of the dividend agreed by the shareholders' meeting and Euro 378 thousand associated with the purchase of treasury shares during the period, net of treasury shares assigned to employees as part of the stock grant plan. The increases in the period were represented by share capital increases for Euro 1,045 thousand against the exercise of 22 2014-2018 Warrants and Euro 255 thousand in the stock option reserve due to the cost of employee incentive plans.

As at 30 September the company held a total of 963,202 treasury shares.

The breakdown of the Net Financial Position is provided below, in accordance with the CONSOB Communication of 28 July 2006 and in compliance with the ESMA/2011/81 Recommendations.

Net Financial Position

(Euro thousands)	30 September 2017	31 December 2016
(A) Cash	(279)	(243)
(B) Other cash and cash equivalents	(17,869)	(54,468)
(C) Stocks held for trading	-	-
(D) Liquidity (A)+(B)+(C)	(18,148)	(54,711)
(E) Current financial receivables	(1,362)	(1,700)
(F) Current financial payables	602	-
(G) Current portion of non-current debt	2,000	-
(H) Other current financial payables	109	109
(I) Current financial debt (F)+(G)+(H)	2,711	109
(J) Net current financial liquidity/debt (D)+(E)+(I)	(16,799)	(56,302)
(K) Non-current bank payables	1,002	-
(L) Bonds issued	-	-
(M) Other non-current payables	48	126
(N) Non-current financial debt (K)+(L)+(M)	1,050	126
(O) Net Financial (Liquidity)/Debt (J)+(N)	(15,749)	(56,176)

The Group reported a net liquidity of Euro 15,749 thousand as at 30 September 2017. The change with respect to 31 December 2016 derives mainly from the resources absorbed by operating activities for Euro 24,343 thousand, of which Euro 11,902 thousand due to the change in working capital described previously, and by the investment activities described earlier totalling Euro 11,499 thousand. Financing activities absorbed resources of Euro 721 thousand, in particular due to the payment of dividends totalling Euro 5,252, partially offset by the loan obtained for Euro 4 million, expiring in 24 months and already partly repaid, and the share capital increases following the exercising of warrants.

RESEARCH, DEVELOPMENT AND INNOVATION

Development activities are of particular importance for the Group: the aim is to conceive new solutions and new products and services to be included in the range offered by ePRICE, and to continuously innovate existing products and services, including with regard to the introduction of new technologies and new business development models. The Group adopts 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 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 as volumes increase. 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) and the construction/activation of the premium delivery and professional installation network both continued. This network is being developed to provide a system to manage transportation and installation services, designed particularly for sales of domestic appliances. The platform includes many innovative services: for example, the availability and scheduling of installers can be managed in real time; an operator monitors the customer order end-to-end (and a dedicated call centre is provided); a sequence of blocking questions that are nestable and differentiated by product type is presented to the customer while the features of the service are being defined (e.g. floor, availability and width of lift access, width of staircase, etc.); the customer is informed about the technical installer who will come to their home; and service prices are compared with a standard list.

Expansion of the access infrastructure and DataCenters has continued. Specifically, the 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 was defined for the new fulfilment centre, which will become operational during the year, and the first investments in property, plant and equipment for fitting out the centre have been made.

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

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

Right to waive the obligation to publish a disclosure on material transactions

The Issuer has exercised the option to waive the obligation provided for in Art. 70, para. 6 and Art. 71, para. 1 of the Issuers' Regulation, as defined by Art. 70, para. 8 and Art. 71, para. 1-bis of the Issuers' Regulation.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

In February 2017, the Group invested a further Euro 300 thousand in the capital of Termostore S.r.l., increasing its interest to 43%.

Also in February 2017, the Group completed the sale of the equity investment held in Uollet S.r.l., written down in the previous year.

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

The merger of Banzai Commerce into ePRICE S.r.l. became effective on 1 May 2017. At the same time, ePRICE S.r.l. changed its name to ePRICE Operations S.r.l. This merger had no effect on the Group structure as it involved 100% subsidiaries.

In July 2017 the Group acquired a 17.2% minority interest in Apprice SAGL, a company specialising in the development of apps for tablets and smartphones.

SUBSEQUENT EVENTS

No significant events affecting this financial report occurred between the closing date for the period and the approval of this report.

OUTLOOK

ePRICE highlights that, also due to the negative trend registered by the reference market, the first nine months of 2017 results showed a slowdown in growth trends with respect to initial expectations. Historically, the last quarter of the year impacts significantly the results of the full year and as a reference, in 2016 the last quarter represented around 36% of the overall GMV and revenues of the year.

Therefore, the likelihood of ePRICE reaching its target of profitability improvement, as set out in the guidance disclosed last September, is strictly linked to the trend in the reference market and to the results that will be achieved in this last quarter of the year; as already stated, a marketing push through a TV and radio campaign has been also planned for the last quarter of the year.

ePRICE further highlights that the Net Financial Position historically improves in the last quarter of the year, thanks to business seasonality. We therefore expect the Net Financial Position at the end of the year to improve with respect to 9M17.

**Consolidated
Financial Statements
as at 30 September
2017**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro thousands)	30 September 2017	31 December 2016
NON-CURRENT ASSETS		
Plant and equipment	8,123	3,013
Intangible assets	28,345	26,853
Equity investments in associates	3,093	2,468
Non-current financial assets	2,274	1,220
Other non-current assets	292	273
Deferred tax	9,723	9,723
TOTAL NON-CURRENT ASSETS	51,850	43,550
CURRENT ASSETS		
Inventories	21,058	22,092
Trade and other receivables	6,320	9,798
Other current assets	12,398	12,285
Cash and cash equivalents	18,148	54,711
TOTAL CURRENT ASSETS	57,924	98,886
TOTAL ASSETS	109,774	142,436
LIABILITIES AND EQUITY		
EQUITY		
Share capital	826	821
Reserves	87,694	81,954
Profit (loss) for the year	(15,823)	10,068
TOTAL EQUITY	72,697	92,843
NON-CURRENT LIABILITIES		
Payables to banks and other lenders	1,050	126
Provisions for personnel	2,018	2,130
Provisions for risks and charges	360	360
Other non-current liabilities	70	37
TOTAL NON-CURRENT LIABILITIES	3,498	2,653
CURRENT LIABILITIES		
Trade and other payables	22,359	36,874
Payables to banks and other lenders	2,711	109
Other current liabilities	8,509	9,957
TOTAL CURRENT LIABILITIES	33,579	46,940
TOTAL LIABILITIES	37,077	49,593
TOTAL EQUITY AND LIABILITIES	109,774	142,436

CONSOLIDATED INCOME STATEMENT (BEFORE TAX)

<i>(Euro thousands)</i>	30 September 2017	30 September 2016
Revenues	136,234	132,263
Other income	646	825
Costs for raw materials and goods for resale	(111,967)	(106,796)
Costs for services	(28,917)	(27,156)
Personnel expenses	(6,809)	(6,242)
Depreciation, amortisation and impairment	(5,075)	(2,886)
Other charges	(271)	(481)
Operating profit (loss)	(16,159)	(10,473)
Financial expenses	(69)	(114)
Financial income	304	153
Share of the result pertaining to associates	(577)	(82)
Write-downs on financial assets		(439)
Earnings before tax (EBT) from continuing operations	(16,501)	(10,955)
Net profit (loss) from discontinued operations	678	13,911
Net profit (loss)	(15,823)	2,956

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)	30 September 2017	30 September 2017
NET CASH FLOW FROM OPERATIONS		
Net profit (loss) from continuing operations	(16,501)	(10,955)
<i>Adjustments to reconcile profit for the year with cash flow generated by operating activities:</i>		
Depreciation and amortisation	4,738	2,886
Bad debt provision	336	0
Employee benefit fund provision	392	383
Inventory write-downs	0	85
Change in employee benefit fund	(546)	(210)
Change in deferred tax assets and liabilities	0	(2)
Share of the result pertaining to associates	577	82
Impairment loss on non-current assets	0	439
Change in other non-current liabilities	33	28
Other non-monetary items	305	446
<i>Changes in working capital</i>		
Change in inventories	1,035	(1,173)
Change in trade receivables	3,141	(2,636)
Change in other current assets	(996)	(4,563)
Change in trade payables	(15,409)	(258)
Change in other payables	(1,448)	432
Cash flow from discontinued operations	-	(4,782)
NET CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	(24,343)	(19,798)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of tangible assets	(4,982)	(1,162)
Change in other non-current assets	(19)	(116)
Acquisition of intangible assets	(5,462)	(4,645)
Provision of financing	(1,055)	(100)
Acquisition of associates	(1,203)	(796)
Cash flow from discontinued operations	1,222	30,443
NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES	(11,499)	23,624
CASH FLOW FROM FINANCING ACTIVITIES		
Financial payables	3,526	(8,512)
Capital increase	1,045	0
Current financial receivables	338	(224)
Treasury shares	(378)	(1,059)
Dividends	(5,252)	
Cash flow from discontinued operations	-	(4)
NET CASH FLOW ABSORBED BY FINANCING ACTIVITIES	(721)	(9,799)
(Decrease)/Increase in cash and cash equivalents	(36,563)	(5,973)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	54,711	33,543
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18,148	27,570

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal reserve	Treasury shares	Stock Option reserve	Other capital reserves	Retained earnings /(losses)	FTA Reserve	Employee benefits	Total
Balance as at 31 December 2016	821	124,154	1	(2,585)	554	538	(30,068)	(487)	(85)	92,843
Profit (loss) for the year							(15,823)			(15,823)
Other components of comprehensive income:										0
that will not subsequently be reclassified into profit (loss) for the year								7	7	
that will subsequently be reclassified into profit (loss) for the year										0
Total comprehensive income							(15,823)		7	(15,816)
Transactions on treasury shares				(378)						(378)
Capital increase	5	1,040								1,045
Share-based payments					255					255
Allocation of profit			163				(5,415)			(5,252)
Balance as at 30 September 2017	826	125,194	164	(2,963)	809	538	(51,306)	(487)	(78)	72,697

	Share capital	Share premium	Legal reserve	Treasury shares	Stock Option reserve	Other capital reserves	Retained earnings/ (losses)	FTA Reserve	Employee benefits	Total
Balance as at 31 December 2015	821	124,153	1	(791)	221	538	(39,289)	(1,350)	(172)	84,133
Profit (loss) for the year							2,956			2,956
Other components of comprehensive income:										0
that will not subsequently be reclassified into profit (loss) for the year								(4)		(4)
that will subsequently be reclassified into profit (loss) for the year										0
Total comprehensive income							2,956		(4)	2,952
Transactions on treasury shares					(1,059)					(1,059)
Reclassification pursuant to IFRS 5					(122)		(842)	863	101	0
Share-based payments					446					446
Balance as at 30 September 2016	821	124,154	1	(1,850)	544	538	(37,157)	(488)	(74)	86,471

STATEMENT PURSUANT TO ART. 154-BIS, PARAGRAPH 2, ITALIAN LEGISLATIVE DECREE 58/1998

The undersigned Manager Responsible for Preparing the Financial Reports, Emanuele Romussi, declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Finance Act, that the Consolidated Interim Financial Report as at 30 September 2017 of the ePRICE Group is in keeping with the underlying accounting documents, records and accounting entries.

The Manager Responsible for Preparing the Financial Reports
Emanuele Romussi