



PRESS RELEASE

ePRICE Q12018: WORK IN PROGRESS

- **Revenues of Euro 39.0 million (-14.1%) and GMV of Euro 54.9 million (-9.1%), in decline year over year as expected in the new plan**, based on the shift in sales of Long Tail categories to the 3P Marketplace; unfavourable comparison with Q12017 for which direct revenues were more relevant in those categories.
- **Remarkable improvement in Gross Profit** which rose from 15.9% to 16.2% of revenues compared to Q12017 and a clear increase from 14.7% of revenues in 4Q2017. Adjusted EBITDA at Euro -3.4 million
- **Net Loss of Euro -4.8 million and Gross Liquidity of Euro 13.1 million as at 31 March 2018**
- **Strategic Guidelines updated presented last March 8th are confirmed**

Milan, 9 May 2018

The Board of Directors of ePRICE, Italy's first national e-Commerce platform, listed on the STAR segment of the Italian Stock Exchange, has approved today the results as of 31 March 2018.

Paolo Ainio, Chief Executive Officer and Chairman of ePRICE noted, *"In the first quarter of the year we started the implementation of the initial actions announced on 8 March as part of the new strategic guidelines approved by the Board of Directors and work progresses towards the expected direction. We are starting to observe some positive indications and are confident that at the end of the year we will be able to achieve our objectives. Revenues are decreasing as expected versus Q1 2017, but the comparison suffers from a rebase effect of our sales approach in the Long Tail Categories, driven by the marketplace only from the end of summer 2017. Following the initial actions we have implemented, our Marketplace has grown 26 percentage points, the gross margin percentage has improved compared to previous quarters and items like CapEx and G&A are decreasing more than proportionally. Over the next few months we expect even greater improvements and the comparison with the next quarters is likely to be more favorable."*

Results as at 31 March 2018

In the first quarter of 2018, Group revenues amounted approximately to Euro 39.0 million. Hence, revenues in the first quarter of 2018 was 14.1% lower than the same period of 2017, partly due to the transition of some categories of products to the Marketplace. Note that the contraction in revenues was lower in percentage terms than that of the last quarter of 2017 (-21.4% compared to the same period of the prior year).

The GMV – which represents customers' spending on our e-Commerce sites and on the Marketplace - decreased at a lower rate than revenues, equivalent to 9.1% compared to the corresponding period in the previous year, amounting to Euro 55 million from Euro 60.5 million in Q12017, as a result of the positive contribution from the Marketplace, which grew approximately +26% compared to Q12017. In this quarter, the weight of the Marketplace, launched in 2Q2015, reached approximately 18% of GMV, compared to 13% in 2017, 10% in 2016, and 5.6% in 2015.

<i>(In millions of Euros)</i>	Q1 2018	Q1 2017	% Change
Revenues	39.0	45.4	-14.1%
GMV	55.0	60.5	-9.1%

Revenues and GMV by product type



Revenues				GMV			
(In millions of Euros)	Q1 2018	Q1 2017	% Change	(In millions of Euros)	Q1 2018	Q1 2017	% Change
Electronics, Domestic Appliances and other products	35,680	41,471	-14.0%	Electronics, Domestic Appliances and other products	53.3	58.4	-8.6%
Services / Other revenues	3,312	3,904	-15.2%	Services / Other revenues	1.7	2.1	-21.4%
Revenues	38,992	45,375	-14.1%	GMV	55.0	60.5	-9.1%

In the first quarter of the year, the Group recorded Euro 39.0 million in revenues from product sales. The decline of 14.1% compared to the first quarter of 2017 is partly due to the shift in volumes of "Long Tail" consumption categories (including small domestic appliances, smartphones, accessories, PCs/laptops) to the 3P Marketplace. It should be noted that the contraction in revenues was lower in percentage terms compared to that recorded in the last quarter of 2017 (-21.4% compared to the same period of the previous year).

In the "Core" categories, and in particular in Domestic Appliances, ePRICE maintained significant market share, due to optimisation of the range of the products and prices offered and the development of "premium" services (delivery, installation and recycling).

Revenues from the sale of Services and Other decreased by 15.2% compared to the same period of the previous year. This is due in particular to the fact that in the first quarter of 2017 there was a strong component B2B sales vs. Saldiprivati and the related company Ecommerce Outsourcing for incentive activities. Moreover, in the first quarter of 2018, a proportional decrease in revenues from transportation, in parallel with the decrease in revenues from product sales, partially offset by the strong performance of the Marketplace.

In the first quarter of 2018, a radio advertising campaign was launched in February, dedicated to home textiles, and a short TV campaign was launched in March on Mediaset networks, focused on "brand awareness" for large domestic appliances.

As at 31 March 2018, the **Pick&Pay and Lockers network** is made by 132 Pick&Pays and 297 automatic lockers (134 and 309 as at 31 December 2017). The Pick&Pay delivery services are now extended to all Marketplace merchants, offering their customers, and not just ePRICE customers, the opportunity to pay for products when they are collected.

The **Marketplace performance**, which **reached 1,633 merchants** and achieved growth of 26% in the quarter, was driven by an increase in the electronics segment. Note that Infocommerce and B2B services are not included in the GMV.

(Key Performance Indicators)

Key Performance Indicators ¹	Q1 2018	Q1 2017	% Change
Orders (thousands)	191	224	-14.5%
AOV (Euros) ²	233	219	+6.4%
Buyers (thousands) ³	149	171	-12.7%

In Q1 2018 we managed 191 thousand orders, -14.5% compared with Q12017, with an average value (AOV⁵) of Euro 233, up 6.4%, mainly driven by the mix towards high-ticket categories (Electronics and Domestic Appliances) while low-ticket categories moved to the Marketplace.

¹ Including the 3P marketplace.

² Average order value (excluding VAT).

³ Customers with at least 1 order in the period.



Lastly, the number of buyers was 149 thousands, down approximately 12.7% compared to Q1 2017, including as a result of limited TV advertising investments during the quarter.

Gross Profit was Euro 6.3 million, down Euro 891 thousand, equal to 12.4% compared with the corresponding period of the previous year (Euro 7.2 million), presenting a lower decline than that of revenues. In percentage terms, the Gross Profit to Revenues ratio was equal to 16.2%, an improvement compared to 15.9% recorded in the first quarter of 2017, and, in particular, a marked improvement from 14.7% recorded in the fourth quarter of 2017. This confirms the strategy announced during the presentation of the Business Plan aimed at recovering margins by developing the Marketplace and optimising the "pricing" policy.

Adjusted EBITDA stood at Euro -3.4 million, a decline of approximately 40% compared to Euro -2.4 million in the first quarter of 2017.

The change is mainly attributable to the contraction of Gross Profit associated with the reduction in revenues, as described above.

With regard to other costs, sales and marketing costs increased approximately +6.5% compared to the first quarter of 2017, mainly due to the investment envisaged for the TV campaign in March, while IT costs showed an increase of approximately Euro 150 thousand (+66.8%) compared to the first quarter of 2017, but were down compared to the last quarter of 2017 (-8.8%). The increase from the first quarter of 2017 is mainly linked to the implementation of the new business ERP system in 2017 with the associated maintenance costs.

Logistics costs decreased 2.1% compared to the first quarter of 2017 due to the reduction in revenues volumes, while general and administrative expenses decreased by approximately 7%.

EBITDA for the first quarter of 2018 was Euro -3.5 million, down 23.6% and included the costs for stock option plans of Euro 57 thousand and non-recurring costs of Euro 36 thousand related to reorganisation expenditures. In the first quarter of 2017, non-recurring costs of approximately Euro 407 thousand were recognised, which included costs for stock option plans of Euro 102 thousand and Euro 305 thousand for logistics costs incurred following the first implementation phases of the new ERP (SAP) system, which required extra goods movement and services activities for customers.

EBIT totalled Euro -5.5 million compared to Euro -4.2 million in the first quarter of 2017, as a result of lower EBITDA, as described above. Depreciation and amortisation increased by 34.8% compared to the first quarter of 2017, mostly due to sizeable investments made in 2017 and for the implementation of the company's new ERP system and the new logistics centre in Truccazzano.

Earnings Before Tax (EBT) from continuing operations amounted to Euro -5.6 million (Euro -4.5 million in Q12017).

The **Net Loss amounted to Euro -4.8 million** (Euro -3.8 million in Q12017).

The Group has a Net Liquidity as at 31 March 2018 of Euro 8.0 million and a Gross Liquidity of Euro 13.1 million; the change from 31 December 2017 is primarily attributable to the funds used in operations totalling Euro 12 million, and investment activities of Euro 1.2 million. During the period, the Group obtained a short-term loan of Euro 5 million, with repayment expected within 12 months.

The absorption generated by operations is largely due to seasonality linked to the reduction in payables due to suppliers, which was particularly high at 31 December 2017. Furthermore, it should be noted that the financial recoverability of the tax credit for Research and Development, equal to 1.6 million euro, is entirely expected in the second and third quarter of 2018.

Stock Grant Plan

On 17 April 2018, the Shareholders' Meeting approved the Stock Grant Plan known as the "2016-2018 Stock Grant Plan" concerning ordinary shares already in the ePrice Company portfolio, reserved for executive directors; and/or (ii) a subordinated employment or collaboration relationship with ePrice S.p.A. or its subsidiaries.



The purpose of this Plan is to align the interests of management with those of shareholders, pursuing the priority objective of creating value and protecting business assets over the short to medium term, as well as facilitating retention of key resources within the organisation and continuity of business results.

Other Events

- **Paolo Ainio appointed CEO and Chairman**

On 8 March 2018, the CEO Pietro Scott Jovane resigned with effect from 15 April 2018. The Board of Directors conferred management powers on the Chairman, Paolo Ainio, who will also take on the role of CEO. Mr. Jovane will retain the 975,000 stock options that had already accrued at the effective date of the termination of employment.

- **Roberto Mazzei appointed as new member of the Board**

The Shareholders' Meeting approved the proposal of the shareholder Paolo Ainio, who owns 22.88% of the Company's share capital, to appoint Roberto Mazzei as a new member of the Board of Directors of ePrice S.p.A. to replace Pietro Scott Jovane following his resignation. Mr. Mazzei will remain in office until the expiration of the current Board's mandate, that is, until the Shareholders' Meeting that will be called to approve the financial statements as at 31 December 2018.

Mr. Mazzei owns 505,360 ePrice shares, directly and indirectly through Benedettina S.r.l. The CV and declarations issued by the appointed director Roberto Mazzei (concerning: (i) willingness to accept the appointment, (ii) absence of any causes of ineligibility and incompatibility, (iii) fulfilment of requirements of integrity, professionalism, and independence provided for by governing regulations), are available on the Company's website corporate.eprice.it (Governance/Shareholders' Meeting section).

The Executive Officer in charge of preparing the corporate accounting documents, Emanuele Romussi, declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Finance Act, that the accounting information contained in this press release is in keeping with the underlying accounting documents, records and accounting entries.

The press release is available on the websites corporate.eprice.it and www.1info.it

ePRICE is Italy's leading e-Commerce company. Founded by Paolo Ainio and listed on the STAR segment of the Italian Stock Exchange since 2015, it is one of the leading internet companies in Italy with revenues of Euro 189 million and GMV (Gross Merchandise Volume) of Euro 253 million in 2017. ePRICE is one of the largest online stores in Italy specialised in high-tech products (electronics) and is the leader in the sale of large domestic appliances online. In January, ePRICE launched the Home Service Mobile Platform to manage premium delivery and installation services, which covers 14 million residents. ePRICE manages a network of 132 Pick&Pay locations in 109 cities, which combine the advantages of buying online and the convenience and security of a neighbourhood shop.

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ePRICE Consolidated Statements

Reclassified consolidated income statement

<i>thousands of Euros</i>	31-Mar-2018	% of total revenues	31-Mar-2017	% of total revenues	% Change	
Total revenues	38.992	100.0%	45.375	100.0%	-14.1%	(6.383)
Cost of sales[4]	(32.683)	-83.8%	(38.175)	-84.1%	-14.4%	5.493
Gross profit[5]	6.309	16.2%	7.200	15.9%	-12.4%	(891)
Sales and marketing costs	(2.789)	-7.2%	(2.618)	-5.8%	6.5%	(170)
Logistics costs	(4.732)	-12.1%	(4.832)	-10.6%	-2.1%	101
IT costs	(390)	-1.0%	(234)	-0.5%	66.8%	(156)
General and administrative expenses	(1.814)	-4.7%	(1.946)	-4.3%	-6.8%	132
Adjusted EBITDA	(3.416)	-8.8%	(2.431)	-5.4%	40.5%	(985)
Non-recurring costs and income and stock option plans	(93)	-0.2%	(407)	-0.9%	-77.3%	314
EBITDA	(3.508)	-9.0%	(2.838)	-6.3%	23.6%	(670)
Depreciation, amortisation and impairment	(1.958)	-5.0%	(1.452)	-3.2%	34.8%	(506)
EBIT	(5.466)	-14.0%	(4.290)	-9.5%	27.4%	(1.176)
Net financial expenses	22	0.1%	1	0.0%	N/A	21
Share of the result of associates	(159)	-0.4%	(189)	-0.4%	-15.9%	30
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(5.603)	-14.4%	(4.478)	-9.9%	25.1%	(1.125)
Net profit (loss) from discontinued operations	785		699		N/A	86
NET PROFIT (LOSS)	(4.818)	5.1%	(3.779)	-6.4%	N/A	(1.039)



ePRICE consolidated income statement

<i>thousands of Euros</i>	<i>31-Mar-2018</i>	<i>31-Mar-2017</i>
Revenues	39.891	46.879
Other income	117	42
Costs for raw materials and goods for resale	(32.192)	(37.879)
Costs for services	(9.065)	(9.524)
Personnel expenses	(2.164)	(2.252)
Depreciation, amortisation and impairment	(1.958)	(1.452)
Other costs	(95)	(104)
Operating profit (loss)	(5.466)	(4.290)
Financial expenses	(21)	(28)
Financial income	43	29
Share of the result of associates	(159)	(189)
Profit (loss) before tax from continuing operations	(5.603)	(4.478)
Net profit (loss) from discontinued operations	785	699
Profit (loss) for the period	(4.818)	(3.779)

ePRICE Reclassified Statement of Consolidated Assets and Liabilities

<i>thousands of Euros</i>	<i>31-Mar-2018</i>	<i>31-Dec-2017</i>
USES		
Net Working Capital	3.938	(5.452)
Fixed assets	40.177	40.996
Long-term assets	8.985	8.992
Personnel provisions	(2.037)	(2.024)
Long-term liabilities	(438)	(438)
Net Invested Capital	50.625	42.074
SOURCES		
Liquidity/Net Financial Debt	8.029	21.340
Shareholders' equity	(58.654)	(63.414)
TOTAL FUNDING SOURCES	(50.625)	(42.074)



ePRICE Consolidated Statement of Assets and Liabilities

<i>thousands of Euros</i>	31-Mar-2018	31-Dec-2017
NON-CURRENT ASSETS		
Plant and equipment	7.470	7.788
Intangible assets	28.043	28.560
Investments in associates	2.294	2.278
Non-current financial assets	2.370	2.370
Other non-current assets	285	292
Deferred tax assets	8.700	8.700
TOTAL NON-CURRENT ASSETS	49.162	49.988
CURRENT ASSETS		
Inventories	15.292	20.270
Trade and other receivables	8.477	8.908
Other current assets	13.406	14.680
Cash and cash equivalents	13.129	21.094
TOTAL CURRENT ASSETS	50.304	64.952
TOTAL ASSETS	99.466	114.940
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	826	826
Reserves	62.646	87.338
Profit (loss) for the year	(4.818)	(24.750)
TOTAL SHAREHOLDERS' EQUITY	58.654	63.414
NON-CURRENT LIABILITIES		
Payables to banks and other lenders	19	536
Personnel provisions	2.037	2.024
Provisions for risks and charges	360	360
Other non-current liabilities	79	78
TOTAL NON-CURRENT LIABILITIES	2.495	2.998
CURRENT LIABILITIES		
Trade and other payables	22.972	37.737
Payables to banks and other lenders	7.085	2.095
Other current liabilities	8.260	8.696
TOTAL CURRENT LIABILITIES	38.317	48.528
TOTAL LIABILITIES	40.812	51.526
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	99.466	114.940

ePRICE Consolidated Net Financial Position

<i>thousands of Euros</i>	31 March 2018	31 December 2017
(A) Cash	(122)	(150)
(B) Other cash and cash equivalents	(13,006)	(20,944)
(C) Securities held for trading	-	-
(D) Liquidity (A)+(B)+(C)	(13,128)	(21,094)
(E) Current financial receivables	(2,004)	(2,877)
(F) Current financial payables	5,000	-
(G) Current portion of non-current debt	2,003	2,001
(H) Other current financial payables	82	94
(I) Current financial debt (F)+(G)+(H)	7,085	2,095
(J) Liquidity/Current financial debt (D)+(E)+(I)	(8,047)	(21,876)
(K) Non-current bank payables	-	501
(L) Bonds issued	-	-
(M) Other non-current payables	19	35
(N) Non-current financial debt (K)+(L)+(M)	19	536
(O) (Liquidity)/Net Financial Debt (J)+(N)	(8,028)	(21,339)



ePRICE Consolidated Cash Flow Statement

<i>thousands of Euros</i>	31-Mar-2018	31-Mar-2017
NET CASH FLOW FROM OPERATIONS		
Net result from operations	(5.603)	(4.478)
<i>Adjustments to reconcile profit for the year with cash flow generated by operating activities:</i>		
Depreciation and Amortisation	1.958	1.452
Bad debt provision	0	0
Employee benefit fund provision	108	124
Inventory write-down	0	200
Employee benefit fund change	(96)	(235)
Change in deferred tax assets and liabilities	0	0
Share of the result of associates	159	189
Impairment losses on non-current assets	0	0
Change in other non-current liabilities	2	16
Other non-monetary items	57	102
<i>Changes in working capital</i>		
Change in inventories	4.978	271
Change in trade receivables	431	1.590
Change in other current assets	1.187	182
Change in trade payables	(14.765)	(11.461)
Change in other payables	(436)	538
Cash flow from discontinued operations	-	-
NET CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	(12.020)	(11.510)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of tangible assets	(103)	(1.046)
Disposal of tangible assets	0	0
Change in other non-current assets	6	5
Acquisition of intangible assets	(1.019)	(2.503)
Provision of financing	0	0
Purchase of associates	(175)	(300)
Other investments	0	0
Cash flow from discontinued operations	0	0
NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES	(1.291)	(3.844)
CASH FLOW FROM FINANCING ACTIVITIES		
Financial payables	4.473	4.252
Share capital increase	0	47
Current financial receivables	873	891
Treasury shares	0	(156)
Cash flow from discontinued operations	-	-
NET CASH FLOW ABSORBED BY FINANCING ACTIVITIES	5.346	5.034
(Decrease)/Increase in cash and cash equivalents	(7.965)	(10.320)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	21.094	54.711
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13.129	44.391