banzai

PRESS RELEASE

BANZAI: BOARD OF DIRECTORS APPROVES RESULTS AS AT 30 JUNE 2015

- **+ 23% revenue growth in 1H15 (€99.7 million vs. €81.2 million in 1H14) vs +13%[1] in 1H14 over 1H13**
  - **+ 25% E-*Commerce* revenues (€88.3 million vs. €70.6 million in 1H14)**
  - **+ 8% Vertical Content revenues (€11.4 million vs. €10.6 million in 1H14)**
  - **+30% revenues from e-Commerce core[2] categories vs. +16%[3] in 1H14**
- **+25% revenue growth in 2Q15 (€50.0 million vs. €39.9 million in 2Q14) accelerating from +14% in 2Q14 over 2Q13 and +20% in 1Q15 over 1Q14**
- **FY2015 outlook confirmed: revenue growth about +25% in line with consensus[4]**

Milan, 4 August 2015

Today, the Board of Directors of Banzai, Italy's first national e-Commerce platform and one of the leading Italian digital publishers, listed on the STAR segment of the Italian Stock Exchange, approved the half-yearly financial report as at 30 June 2015.

Paolo Ainio, Chairman and Chief Executive Officer at Banzai: *"The first-half results are encouraging and in line with expectations: our Group keeps over-performing the market and expanding its market share in the e-Commerce business, mainly thanks to the development of high-ticket categories (domestic appliances and electronic goods), the "3P Marketplace" (hitting the target of 200 suppliers) and the distribution network of Pick & Pay and Lockers. One of the main highlights of the period is the acceleration of our revenue growth that had no negative effects on margins, which, indeed, even improved slightly compared with 1Q15.*

Main consolidated results as at 30 June 2015

Revenues amounted to €99.7 million, +23% vs. €81.2 million in 1H14.

(€ million)	1H15	1H14	% Change
e-Commerce	*88.3*	*70.6*	*+25%*
Vertical Content	*11.4*	*10.6*	*+8%*
Revenues	**99.7**	**81.2**	**+23%**

The *e-Commerce* division with revenues of €88.3 million (up 25%) stands out as the main growth driver in the Group. The *Vertical Content* division with revenues of €11.4 million grew 8%. Banzai over-performed the national e-commerce and digital advertising markets, thus expanding its market share.

e-Commerce (Revenue breakdown by product type and KPI)

(€ million)	1H15	1H14	% Change
Electronic Goods, and Domestic Appliances	*58.1*	*43.2*	*+34%*
Apparel & Other	*23.1*	*19.3*	*+20%*
Services	*7.1*	*8.1*	*-12%*
Revenues	**88.3**	**70.6**	**+25%**
Revenues from core categories	**81.2**	**62.5**	**+30%**

Key Performance Indicators[5]	1H15	1H14	%Change
GMV (€ million)[6]	*108*	*81*	*+33%*
Orders (thousand)	*681*	*540*	*+26%*
AOV (euro)[7]	*130*	*124*	*+5%*
Buyers (thousand)[8]	*372*	*296*	*+26%*
Items per order (num.)	*2.2*	*2.4*	*-8%*

The *e-Commerce* division reported a 30% increase in the core categories (Electronic Goods and Domestic Appliances, Apparel & Other). In particular, revenues from the "*Electronic Goods and Domestic Appliances*" category amounting to €58.1 million went up 34%, mainly as a result of the extension of our product range and the development of "premium" services (delivery, installation and old item collection service), in addition

[1] Organic growth excluding revenues from the acquisition of the Terashop business unit.
[2] Include product revenues excluding revenues from deliveries and other services
[3] Organic growth excluding revenues from the acquisition of the Terashop business unit.
[4] Source: S&P Capital IQ
[5] Including the 3P marketplace.
[6] Gross Merchandise Volume: it includes revenues from products, shipments and volumes generated by the 3PMarketplace excluding product returns and including VAT.
[7] Average purchase order value (excluding VAT).
[8] Buyers that placed at least 1 order during the reporting period.

to further expansion of our network of Pick&Pay points and Lockers, which, as at 30 June 2015, were 80 and 162 respectively (vs. 70 and 100 as at 31 March 2015).

The Key Performance Indicators also improved: GMV (Gross Merchandise Volume) increased 33%, also driven by to the good performance of the 3P marketplace, volume-wise, over the period. Total orders were 681,000, up 26%. Average Order Value (AOV) was €130, up 5%. Buyers were 372,000, up 26%.

Vertical Content (Key Performance Indicators)

Key Performance Indicators (average monthly data)[9]	1H15	1H14	Var%
Unique Monthly Visitors (000's)	*18,2*	*17,4*	*+4%*
Time Spent per Unique Monthly Visitor (minutes, 000's)[10]	*25*	*21*	*+20%*
Active Reach[11]	*63.1%*	*62.0%*	*+2%*

Also the *Vertical Content* division posted better *Key Performance Indicators*: according to Audiweb, in June 2015, the audience of Unique Monthly Visitors stood at 18.2 million, up 4%; the Time Spent per Unique Monthly Visitor was 25 minutes, up 20%; the Active Reach was 63.1% (62% in 1H14).

Gross Margin increased to €21.1 million (+6.3%) from €19.9 million of 1H14. This translated into a margin of 21.2%, dropping, as expected, from 24.5% of 1H14, as the e-Commerce and Vertical Content divisions grew at different speeds and free-shipping promotions were used more extensively.

The gross Margin of the e-Commerce division accounted for 14.7% of revenues. The expected drop over 1H14 (17.2%) is mainly attributable to more use of free-shipping promotions to boost revenues in core categories in keeping with the strategy outlined at the IPO stage. However, it should be noted that the Gross Margin is substantially stable compared with 4Q14 (14.6%), therefore pointing to a steady trend.

The Gross Margin of the Vertical Content division stood at 70.6%. The difference over 1H14 (72.7%) and 4Q14 (76.1%) is attributable to increased sales commissions paid to media centres for their activities supporting the revenue growth.

Adjusted EBITDA stood at -€1.5 million. The drop from 1H14 (€1.8 million) was mainly due to higher sales and marketing costs (+49%) to acquire customers for the e-commerce division, and higher logistics costs (+31%) in line with the increased sales volumes of the core categories in the e-Commerce division. However, the other cost items grew overall less than the increase in revenues, confirming, therefore, the scalability of our operational structure. The increase in corporate general and administrative costs for Banzai S.p.A. (+29%) was mainly dictated by the new corporate governance and control structure that was set up following the listing on the STAR segment of the Italian Stock Exchange.

EBITDA was -€2.4 million (€1.8 million in 1H14) including non-recurring costs of €0.8 million for bonuses paid to employees and associates for accomplishing the IPO target, and costs of €0.06 million related to the Stock Option Plan.

EBIT amounted to -€5.1 million (-€0.5 million in 1H14) as a result of the lower EBITDA; amortization and depreciation rose slightly over 1H14 to €2.7 million due to more investments over the period.

EBT totalled -€5.2 million (-€0.8 million in 1H14) after net financial expenses falling 56%, as financial leverage was reduced due to the use of proceeds from the IPO.

Net loss was -€3.6 million (-€0.9 million in 1H14).

The Group reported a **Net Cash Position of €36.6 million**. The significant rise from €0.8 million as at 31 December 2014 is attributable to the inflow from the IPO, net of liquidity absorbed by investments (€8.3 million) and operating activities (€4.6 million). This level of liquidity absorption is due partly to the Group strategy announced at the time of the IPO targeting a strong acceleration in revenues and market share also

[9] Audiweb Srl, powered by Nielsen, is the source of Unique Monthly Visitors, Time Spent and Active Reach; Google Analytics is the source of Page Views.
[10] Time spent by each user on a specific web page.
[11] Percentage of active users who visited a site or used an application over total internet users in Italy.

through more investments in marketing activities, and partly to non-recurring expenses related to the IPO process (€0.8 million). In the first half, the Group also repaid a €2.5 million loan, which had reached maturity. It also paid off earlier two loans amounting to a total of €1.3 million and reduced the use of short-term lines of credit. At the same time, in order to enhance the efficiency of its financial structure, the Group signed new medium/long-term loan agreements for a total of €8.5 million. One of them, in particular, worth €6 million, is secured by an equal amount of cash.

Investments were mainly target to purchase hardware and equipment for the operational sites and the logistics hub, the development of the marketplace platform and the new ERP accounting and management system.

Main consolidated results of the second quarter of 2015

2Q15 reaped the positive effects of the growth strategy announced at the IPO stage. **Revenues** rose to €50.0 million with a +25.4% increase from €39.9 million in 2Q14. One of the main highlights of the quarter is the 34% surge of the e-Commerce core categories, which reported a strong acceleration compared with the 26% increase in 1Q15. Likewise the 3P marketplace continued to develop and hit the target of 200 active suppliers on the platform.

(Euro million)	2Q15	2Q14	%Change	1Q15	1Q14	%Change
e-Commerce	*43.7*	*34.0*	*+29%*	*44.7*	*36.8*	*+21%*
Vertical Content	*6.4*	*6.1*	*+4%*	*5.0*	*4.5*	*+12%*
Revenues	**50.0**	**39.9**	**+25%**	**49.7**	**41.3**	**+20%**

Gross margin was €10.9 million, +5.2% compared with €10.4 million in 2Q14; the impact on revenues accounted for 21.8% increasing from 20.6% in 1Q15 mainly due to a different revenue mix.

Adjusted EBITDA was -€0.6 million (vs. €1.4 million in 2Q14), reporting an improvement compared with -€0.9 million of 1Q15, mainly driven by a higher Gross Margin. **EBIT** amounted to -€2.2 million (vs. €0.3 million in 2Q14), after amortization and depreciation of €1.5 million (1.1 million in 2Q14), up from 1Q15 (-€2.9 million). **EBT** totalled -€2.2 million (vs. €0.1 million in 2Q14), up from 1Q15 (-€3.0 million).

Business outlook

The Group expects to increase revenues in 2015 in both business areas and expand its main market shares. The IPO proceeds will enable the Group to boost further growth and hit its strategic objectives.

In the e-Commerce business, growth is set to accelerate in the main product categories, such as Domestic Appliances and Electronic Goods. The development of the "3P Marketplace" will also lead to an extension of our product range that can better meet the needs of an increasingly broader and more diverse customer base. In the meantime, a further rapid expansion is also expected for the network of Pick&Pay points and Lockers. This will allow the Group to reach an increasingly larger portion of the national population.

In the Vertical Content business area, growth is set to be more subdued given the general conditions of the advertising market, yet our market share will grow thanks to our strategy focused on the vertical segments of Cooking, Women, Students and News.

The Executive Officer responsible for the preparation of the corporate accounting documents, Emanuele Romussi, declares, in accordance with 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 Half-Year Financial Report as at 30 June 2015 along with the Independent Auditors' Report are available to the public from 5 August 2015 at the registered office, on the company website www.banzai.it and on the authorized storage system 1Info (www.1info.it).

This Press Release is available on the Company's website www.banzai.it and www.1info.it

PRESS RELEASE

Banzai is the number 1 Italian e-Commerce platform and one of the largest digital publishers in Italy. Founded by Paolo Ainio, one of the Internet pioneers in Italy, Banzai has over 470 employees and associates. It is one of the leading Internet companies in Italy with revenues of €185 million in 2014. Every month, 18 million unique users visit Banzai's e-Commerce and media websites including, among others, ePRICE, SaldiPrivati, Giallo Zafferano, Pianeta Donna, Studenti, ilPost and Liquida. ePRICE is one of the major Italian online stores specialized in high-tech products (electronic goods) and large domestic appliances. With over two million registered users, SaldiPrivati is one of the most important online outlets selling clothing, footwear, accessories and household products. The two brands share a network of 80 Pick&Pay sites in 60 cities. These are pick-up and payment points that combine the advantages of online shopping with the convenience and security of a proximity store. Due to its unique and innovative product range, Banzai is a distribution channel for thousands of brands and a communication channel for over 450 advertising investors. The company is expanding rapidly and is fully focused on the development of the digital business in Italy.

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PRESS RELEASE

Banzai Group reclassified Income Statement

(€thousand)	30 June 2015	%	30 June 2014	%	% Change
Total revenues	**99,730**	100.0%	**81,171**	100.0%	22.9%
Cost of sales[12]	(78,621)	-78.8%	(61,312)	-75.5%	28.2%
Gross profit[13]	**21,109**	**21.2%**	**19,859**	**24.5%**	**6.3%**
Sales and marketing costs	(6,745)	-6.8%	(4,520)	-5.6%	49.2%
Content production costs	(3,114)	-3.1%	(2,848)	-3.5%	9.3%
Logistics costs	(5,614)	-5.6%	(4,291)	-5.3%	30.8%
IT costs	(1,820)	-1.8%	(1,741)	-2.1%	4.5%
General and administrative expenses	(3,603)	-3.6%	(3,310)	-4.1%	8.9%
Banzai S.p.A. general and administrative expenses[14]	(1,707)	-1.7%	(1,327)	-1.6%	28.6%
Adjusted EBITDA	**(1,494)**	**-1.5%**	**1,822**	**2.2%**	**n.m.**
Non-recurring costs and Stock Option plan	(900)	-0.9%	0	0.0%	n.a.
EBITDA	**(2,394)**	**-2.4%**	**1,822**	**2.2%**	**n.m.**
Depreciation, amortization and write-downs	(2,668)	-2.7%	(2,370)	-2.9%	12.5%
EBIT	**(5,062)**	**-5.1%**	**(548)**	**-0.7%**	**n.m.**
Net financial expenses	(121)	-0.1%	(276)	-0.3%	-56.2%
Share of the result pertaining to associated companies	(9)	0.0%		0.0%	n.a.
Earnings Before Tax (EBT)	**(5,192)**	**-5.2%**	**(824)**	**-1.0%**	**n.m.**
Tax	1,543	1.5%	(42)	-0.1%	n.a.
NET PROFIT OR LOSS	(3,649)	-3.7%	(866)	-1.1%	**n.m.**

[12] 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 commission and sales commission and external publishing costs.

[13] The **Gross Profit** amounts to net revenues after deducting the cost of sales. This value is used by the Issuer's financial control department to monitor and assess its commercial performance. The Gross Profit is not identified as an accounting measurement either by the Italian GAAP or by international IFRS accounting standards and, therefore, should not be considered as an alternative measurement for assessing the Group's business profit performance. Since the composition of gross profit is not regulated by the applicable accounting standards, the methods employed by the Group may not be consistent with those adopted by others and therefore are not comparable. The Group calculates the impact of Gross Profit on revenues using the ratio of gross profit to total net revenues.

[14] **Banzai S.p.A.'s general and administrative expenses** are the aggregate value of the following income statement items: intra-sectorial revenues, other income, cost of raw materials and goods, cost of services, personnel costs and other expenses, which cannot be allocated in the other sectors in which the Group operates, like the "Other" column in the sector information, prepared in accordance with IFRS 8.

Banzai Group Income Statement

(€thousand)	30 June 2015	30 June 2014
Revenues	**99,730**	**81,171**
Other income	154	190
Costs for raw materials and goods for resale	(70,924)	(55,399)
Costs for services	(22,978)	(17,036)
Employee costs	(7,853)	(6,721)
Depreciation, amortisation and impairment	(2,668)	(2,370)
Other expenses	(523)	(383)
Operating profit (EBIT)	**(5,062)**	**(548)**
Financial expenses	(239)	(313)
Financial income	118	37
Profits from associated companies attributable to shareholders	(9)	-
Profit before tax (EBT)	**(5,192)**	**(824)**
Income tax expense	1,543	(42)
Net Profit (Loss)	**(3,649)**	**(866)**

Banzai Group reclassified Statement of Assets and Liabilities

(€ thousand)	30 June 2015	31 December 2014
Net working capital[15]	(3,308)	(5,746)
Fixed assets[16]	49,598	43,548
Long-term assets[17]	10,835	7,837
Provision for employee benefit	(3,613)	(3,315)
Long-term liabilities[18]	(450)	0
NET INVESTED CAPITAL[19]	**53,062**	**42,324**
Liquidity/Net financial debt[20]	36,551	790
Shareholders' equity	(89,613)	(43,114)
TOTAL SOURCES OF FUNDING	**(53,062)**	**(42,324)**

[15] **Net working capital** is calculated as the sum of inventories, trade receivables and other current non-financial assets, net of trade payables and other current liabilities excluding financial assets and liabilities. Net working capital is not identified as an accounting measurement under either the Italian GAAP, or by international IFRS accounting standards.

[16] **Fixed assets** are equal to the sum of plant assets and equipment, intangible assets, investments in associated companies and non-current financial assets.

[17] **Long-term assets** are composed of other non-current assets and deferred tax assets. Long-term liabilities consist of deferred tax liabilities and provisions for risks and charges.

[18] **Long-term liabilities** consist of deferred tax liabilities and provisions for risks and charges.

[19] **Net invested capital** is calculated as the sum of net working capital, fixed assets and other long-term assets, net of provisions for employee benefits, provisions for risks and charges and deferred tax liabilities. Net invested capital is not identified as an accounting measurement under either the Italian GAAP, or by international IFRS accounting standards.

[20] As per CONSOB communication No. DEM/6064293 dated 28 July 2006, it should be clarified that **net financial debt** is calculated as the sum of cash and of cash equivalents, current and non-current financial liabilities and the fair value of any hedging instruments and has been calculated in accordance with Recommendation ESMA/2013/319 dated 20 March 2013.

Banzai Group Statement of Assets and Liabilities

(€ thousand)	30 June 2015	31 December 2014
Plant and machinery	2,971	2,540
Intangible assets	43,700	38,547
Equity investments in associates	1,139	779
Non-current financial assets	1,788	1,682
Other non-current assets	208	125
Deferred tax assets	10,627	7,712
TOTAL NON-CURRENT ASSETS	**60,433**	**51,385**
Inventories	15,974	13,027
Trade and other receivables	12,438	13,081
Other current assets	5,350	5,634
Cash and cash equivalents	45,320	9,379
TOTAL CURRENT ASSETS	**79,082**	**41,121**
TOTAL ASSETS	**139,515**	**92,506**
Share capital	807	647
Reserves	92,455	44,543
Profit (loss) for the period	(3,649)	(2,076)
TOTAL SHAREHOLDERS' EQUITY	**89,613**	**43,114**
Payables due to banks and other lenders	7,341	152
Provisions for employee benefits	3,613	3,315
Other non-current liabilities	450	-
TOTAL NON-CURRENT LIABILITIES	**11,404**	**3,467**
Trade and other payables	28,825	28,781
Payables due to banks and other lenders	2,173	8,725
Other current liabilities	7,500	8,419
TOTAL CURRENT LIABILITIES	**38,498**	**45,925**
TOTAL LIABILITIES	**49,902**	**49,392**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**139,515**	**92,506**

Banzai Group Net Financial Position

(€ thousand)	30 June 2015	31 December 2014
(A) Cash	(233)	(128)
(B) Other cash equivalents	**(45,087)**	(9,250)
(C) Securities held for trading	-	-
(D) Liquidity (A)+(B)+(C)	**(45,320)**	**(9,379)**
(E) Current financial receivables	(745)	(288)
(F) Current financial payables	847	8,510
(G) Current portion of non-current debt	1,280	159
(H) Other current financial payables	46	56
(I) Current financial debt (F)+(G)+(H)	**2,173**	**8,725**
(J) Liquidity/current net financial debt (D)+(E)+(I)	**(43,892)**	**(942)**
(K) Non-current bank borrowings	7,241	23
(L) Bonds issued	-	-
(M) Other non-current payables	100	129
(N) Non-current financial debt (K)+(L)+(M)	**7,341**	**152**
(O) (Liquidity)/net financial debt (J)+(N)	**(36,551)**	**(790)**

PRESS RELEASE

Banzai Group Financial Statement

(€ thousand)	30 June 2015	30 June 2014
Net profit (loss) from continuing operations	(3,649)	(866)
Net profit (loss) from assets held for sale	0	0
Profit (loss) for the year	(3,649)	(866)
Adjustments to reconcile profit (loss) with cash flow from operations		
Depreciation and amortisation	2,668	2,272
Provision for bad debts	0	99
Increase in provision for employee benefits	413	408
Provision for obsolete inventory	43	62
Change in provision for employee benefits	(150)	(72)
Change in prepaid and deferred taxes	(1,565)	(280)
Share of profit (loss) for the year of associates	9	0
Other non-monetary items	63	0
Change in working capital		
Change in inventories	(2,990)	(190)
Change in trade receivables	767	355
Change in other current assets	742	(964)
Change in trade payables	(3)	(5,950)
Change in other payables	(920)	480
NET CASH FLOW GENERATED FROM (ABSORBED BY) OPERATIONS	**(4,572)**	**(4,646)**
Purchase of property, plant and equipment	(860)	(807)
Change in other non-current assets	(74)	(71)
Purchase of intangible assets	(5,117)	(3,097)
Disbursement of loans	(300)	0
Purchase of subsidiaries	(305)	(131)
Purchase of subsidiaries	(1,642)	0
NET CASH FLOW GENERATED FROM (ABSORBED BY) INVESTMENT ACTIVITIES	**(8,298)**	**(4,106)**
Financial payables	637	3,246
Capital increase	48,631	143
Current financial receivables	(458)	0
NET CASH FLOW ABSORBED BY FINANCING ACTIVITIES	**48,810**	**3,389**
(Decrease)/increase in cash and cash equivalents	35,941	(5,363)
Net exchange differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**9,379**	**13,690**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**45,320**	**8,327**