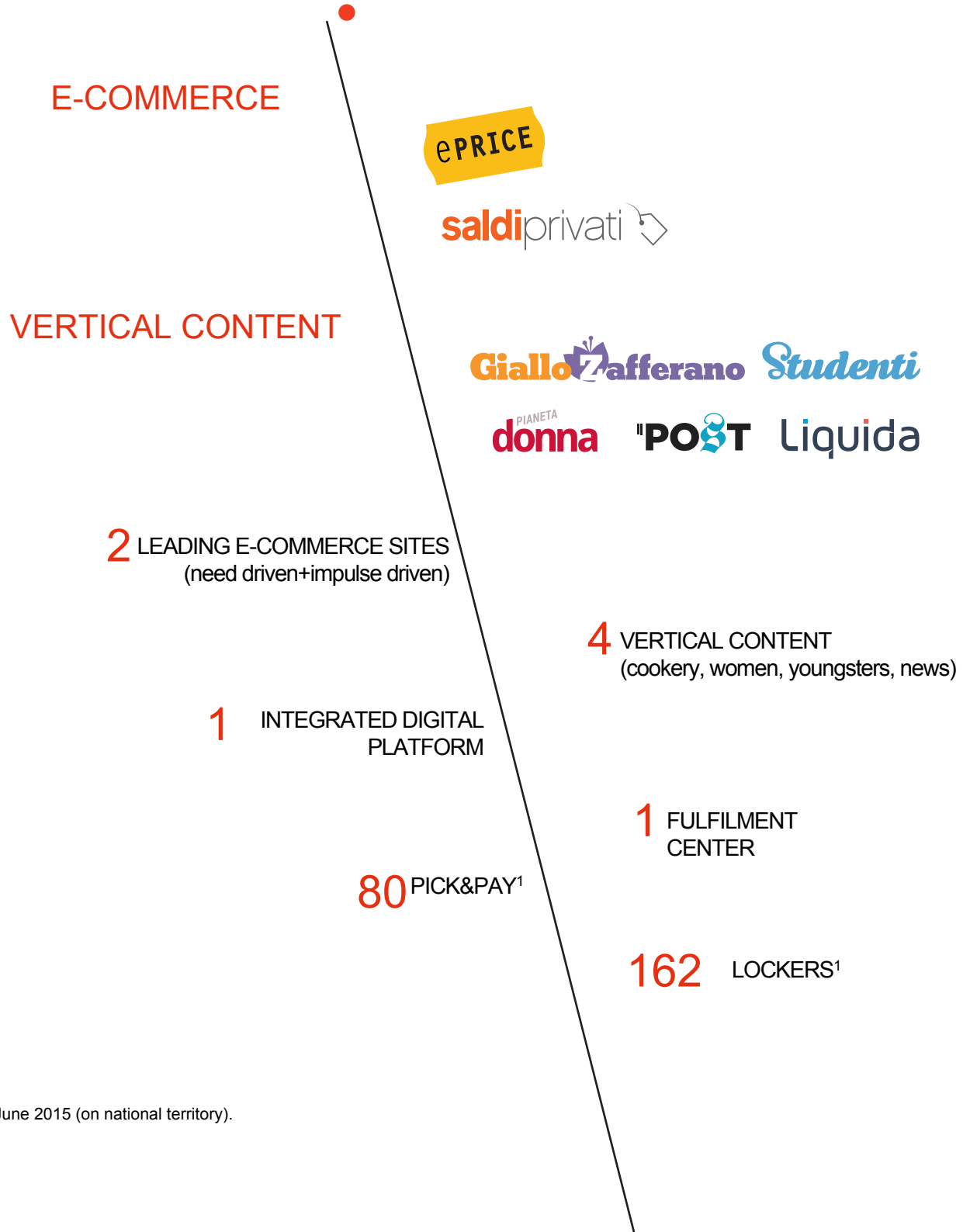
HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2015

banzai

THE LEADING ITALIAN E-COMMERCE OPERATOR AND THE MOST INNOVATIVE DIGITAL PUBLISHER IN THE COUNTRY



[1] At 30 June 2015 (on national territory).

CORPORATE
BOARDS

BOARD OF DIRECTORS

Chairman and Chief Executive Officer	Paolo Guglielmo Luigi Ainio
Non-executive directors	Andrea Biasco Pietro Boroli Ezilda Mariconda Matteo Renzulli
Independent directors	Anna Gatti Stefano Quintarelli

COMMITTEES

Control and Risks and Related-Parties Committee

Independent Director and Chairman	Anna Gatti
Independent Director	Stefano Quintarelli
Non-executive Director	Ezilda Mariconda

Remuneration Committee

Independent Director and Chairman	Stefano Quintarelli
Independent Director	Anna Gatti
Non-executive Director	Andrea Biasco

BOARD OF STATUTORY AUDITORS

Chairman	Francesco Perrini
Standing Auditors	Stefania Bettoni Giuliano Foglia
Alternate Auditors	Luca Zoani Beatrice Galli

SUPERVISORY BODY

Chairman	Jean-Paule Castagno
Members	Fabio Meda Giuliano Foglia

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A..

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DIRECTORS' REPORT ON OPERATIONS

COMMENT ON THE RESULTS FOR THE PERIOD

ANALYSIS OF KEY OPERATING RESULTS

Banzai is the major Italian e-Commerce platform and one of the main digital publishers in Italy, listed on the STAR segment of Borsa Italiana since 16 February 2015.

In the first half of 2015 too, the Group continued to grow in e-Commerce and digital publishing in Italy. The capital collected in the IPO will enable us to accelerate the growth of our revenue and reinforce our leadership position.

ANALYSIS OF REVENUE AND PROFITABILITY

Revenues

Total Revenue in the first half of 2015 stood at €99,730 thousand, a 22.9% increase compared with €81,171 thousand in the first half of 2014; growth for the period proved to be robust and accelerating taking into consideration the fact that in the first half of 2014 organic growth (net of the effects of the purchase of the Terashop business unit) was approximately 13% compared with the corresponding period of 2013. The acceleration in growth in the first half was confirmed by the excellent performance in the second quarter of 2015, when revenue increased by approximately 25.4% over the corresponding period in 2014, a demonstration of the effectiveness of the growth strategy announced during the IPO.

Revenues	*Q1 15*	*Q1 14*	*% Change*	*Q2 15*	*Q2 14*	*% Change*	*H1 15*	*H1 14*	*% Change*
e-Commerce	44,683	36,795	21.4%	43,615	33,772	29.1%	88,298	70,567	25.1%
Vertical Content	5,049	4,491	12.4%	6,383	6,113	4.4%	11,432	10,604	7.8%
Total Revenue	49,732	41,286	20.5%	49,998	39,885	25.4%	99,730	81,171	22.9%

The e-Commerce division, with revenues in the first half-year of €88,298 thousand, up 25.1%, represents the main growth driver of the Banzai Group, while the Vertical Content division, albeit in a very unfavourable advertising market context in Italy, recorded revenues of €11,432 thousand, a rise of 7.8%. In the first half-year, the Group over-performed in the fields of e-Commerce and digital advertising in Italy and increased its market share.

As far as the second quarter is concerned, the e-Commerce division recorded growth of 29.1% compared with the corresponding period of the previous year, demonstrating acceleration compared with the first quarter of 2015, confirming the strategy announced during the IPO.

As far as the Vertical Content division is concerned, growth of 4.4% was recorded in the second quarter over the second quarter of 2014, more contained than the first quarter both as a result of the worse performance in the reference market in April and June, and on account of the temporary decline in investments by two clients who made significant advertising investments in the same period of 2014.

The following table shows Revenue performance by category in the first half of 2015.

Revenues by category	First half-year		
(In thousands of Euro)	H1 2015	H1 2014	% Change
Electronics and Appliances	58,050	43,202	34.4%
Apparel & Other	23,115	19,271	19.9%
Services	7,133	8,094	-11.9%
e-Commerce revenue	**88,298**	**70,567**	**25.1%**
Vertical Content	11,432	10,604	7.8%
Vertical Content revenue	**11,432**	**10,604**	**7.8%**
Revenues	**99,730**	**81,171**	**22.9%**

The **e-Commerce** division recorded a significant revenue increase in core categories: specifically, Electronics and Household Electrical Appliances revenues of €58,050 thousand rose 34.4% following the extension of the product range and the development of the "premium" delivery, installation and used goods collection services, as well as the continued deployment of Pick&Pay points and Lockers, which at 30 June 2015, reached 80 and 162, respectively (at 31 March 2015, 70 and 100, respectively).

The Apparel/Other category also recorded growth of 20%, although it is more subject to impulse purchases and the unfavourable economic situation.

Overall, revenues in the core categories highlighted above increased in the first half of 2015 by approximately 30% compared with the first half of 2014, an acceleration compared with the growth in the first quarter of 2015 alone equal to approximately 26%.

As far as the services category is concerned, the 11.9% drop is mainly due to the negative performance of BtB activity by business partners; specifically, as far as the activity of Saldiprivati is concerned, the reseller Stilago that operates mainly in Eastern European countries, greatly reduced its turnover and in the second quarter it was zero.

The services category also recorded a fall in revenues for deliveries as a result of greater recourse to promotional free shipping, aimed at increasing sales volumes in core categories.

The following trends with regard to *Key Performance Indicators* should be noted:

e-Commerce	H1 2015	H1 2014	% Change
GMV[1]	*107.6*	*80.9*	*+33%*
Orders (thousands)	*681*	*540*	*+26%*
AOV (Euro) [2]	*130*	*124*	*+5%*
Buyers (thousands)[3]	*372*	*296*	*+26%*
Items per order (#)	*2.2*	*2.4*	*-8%*

With reference to e-Commerce the GMV (Gross Merchandise Value) reports growth of 33% also thanks to the good performance of volumes in the period through the *3Pmarketplace;* the total number of orders stood at 681 thousand, up 26%, the average order value (AOV) was €130, a rise of 5%, the number of customers was 372 thousand, an increase of 26%.

Vertical Content (average monthly data)	H1 2015	H1 2014	% Change
Unique Monthly Visitors (000's)	*18.2*	*17.4*	*+4%*
Time Spent per UMV (minutes, .000)[4]	*25*	*21*	*+20%*
Active Reach[5]	*63.1%*	*62.0%*	*+2%*

With regard to the Vertical Content division, note that, based on the data available at the end of May 2015, the trend was towards improvement: according to Audiweb figures, Unique Monthly Visitors stood at 18.2 million, further growth of 4% compared with the corresponding period in 2014; Time Spent per Unique Monthly Visitor was 25 minutes, up 20%, Active Reach stood at 63.1% (62.0% in May 2014).

1 Gross Merchandise Value: includes revenues from products, shipping and volumes generated by the 3PMarketplace, net of returns and including VAT.
2 Average order value (excluding VAT)
3 Customers with at least 1 order in the period
4 Time spent by each user on a specific web page.
5 % of active users who visited a site or used an application on total internet users in Italy.

Reclassified consolidated income statement

The table below illustrates the Reclassified Income Statement for the first half-year by destination according to the statements used by the Group's management.

€ thousand	30/06/2015	% of profits	30/06/2014	% of profits	% Change
Total revenue	**99,730**	100.0%	**81,171**	100.0%	22.9%
Cost of sales[6]	(78,621)	-78.8%	(61,312)	-75.5%	28.2%
Gross profit[7]	**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 costs [8]	(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, amortisation and write-downs	(2,668)	-2.7%	(2,370)	-2.9%	12.6%
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 associates	(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 (LOSS)	(3,649)	-3.7%	(866)	-1.1%	**n.m.**

Gross Profit

Gross profit stood at €21,109 thousand, an increase of €1,250 thousand, equal to 6.3% compared to the first half of 2014 (€19,859 thousand). In percentage terms, the ratio between Gross Profit and Revenue was equal to 21.2% a fall, as forecast, compared with the figure of 24.5% recorded in the first half of 2014 as a result of the different growth speeds in the e-Commerce and Vertical Content divisions and the greater recourse to free shipping promotion policies.

[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 commission and sales commission and external publishing costs

[7] **Gross Profit** is represented by net revenues minus cost of goods sold and is a management accounts indicator used by the Issuer 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 it should not be considered as an alternative method for evaluating the performance of the Group's gross margin. Since the composition of the Gross Profit is not regulated by reference accounting standards, the calculation criterion applied by the Group may not be standardised with the one adopted by others and, as such, not comparable. The percentage of Gross Profit over revenues is calculated by the Group as the ratio between Gross Profit and net Total Revenue

[8] **Banzai SpA 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.

The table below illustrates the comparison between the percentage of gross profit in the first half of 2014, the fourth quarter of 2014 and the first half of 2015 by business area and consolidated total.

Gross Profit %	H1 2014	Q4 2014	H1 2015
e-Commerce	17.2%	14.6%	14.7%
Vertical Content	72.7%	76.1%	70.6%
Consolidated	24.5%	21.0%	21.2%

Gross Profit for the e-Commerce division stood at 14.7% of revenue, the change compared with the first half of 2014 (17.2%) being attributable mainly to the effect of greater recourse to free shipping promotional policies aimed at accelerating the growth of revenue in core categories as confirmation of the strategy outlined in the IPO. Compared with the fourth quarter of 2014, an increase of 0.1 percentage points was recorded for gross profit, which is evidence of the stability of gross profit trend.

Gross Profit for the Vertical Content division amounted to 70.6%, a decrease compared with the figure of 72.7% recorded in the first half of 2014 and compared with 76.1% in the fourth quarter of 2014, due to the effect of the increase in sales commission paid to media centres for their negotiations supporting revenue growth.

Adjusted EBITDA

Adjusted EBITDA stood at -€1,494 thousand, a decline compared with €1,822 thousand in the first half of 2014.

The performance of adjusted EBITDA in the first half was affected by marketing policies supporting the growth strategy announced during the listing.

By analysing the individual cost items it can be seen that sales and marketing costs increased by 49.2% compared with the first half of 2014, mainly as a result of increased costs incurred in the acquisition of customers in the e-Commerce division. The rise in logistics costs of 30.8% over the first half of 2014 was in line with the greater sales volumes recorded in the period by the core categories in the e-Commerce division.

Other cost items, specifically content production costs, IT costs and general and administrative costs, rose overall by approximately 8% compared with the first half of the previous year, well below the increase in revenues confirming the scalability of the operational structure.

An increase is noted in Banzai S.p.A.'s general and administrative corporate costs of €380 thousand (+28.6%) compared with the first half of 2014, mainly due to greater expenses connected with the new corporate governance and control structure established following listing on the STAR segment of Borsa Italiana [Italian Stock Exchange].

The breakdown of adjusted EBITDA for the first half of 2015 and the first half of 2014 is provided below:

	First half-year			
(In thousands of Euro)	30/06/2015	% of revenues	30/06/2014	% of revenues
Operating result	(5,062)	-5.1%	(548)	-0.7%
+ Depreciation, amortisation and write-downs	2,668	2.7%	2,370	2.9%
Non-recurring costs and stock options	900	0.9%		
Adjusted EBITDA	(1,494)	**-1.5%**	1,822	**2.2%**

The adjusted EBITDA by business area is given below with an indication of the impact on the revenues of the business unit:

e-Commerce	First half-year			
(In thousands of Euro)	30/06/2015	% of revenues	30/06/2014	% of revenues
Operating result	(3,694)	-4.2%	30	0.0%
+ Depreciation, amortisation and write-downs	1,470	1.7%	1,147	1.6%
Non-recurring costs and stock options	452	0.5%		
Adjusted EBITDA	(1,772)	**-2.0%**	1,177	**1.7%**

Vertical Content	First half-year			
(In thousands of Euro)	30/06/2015	% of revenues	30/06/2014	% of revenues
Operating result	872	7.6%	852	8.0%
+ Depreciation, amortisation and write-downs	1,062	9.3%	1,122	10.6%
Non-recurring costs and stock options	51	0.4%		
Adjusted EBITDA	1,985	**17.4%**	1,974	**18.6%**

*Other**	First half-year			
(In thousands of Euro)	31/03/2015	% of revenues	March-31-14	% of revenues
Operating result	(2,240)	n.a.	(1,430)	n.a.
+ Depreciation, amortisation and write-downs	136	n.a.	101	n.a.
Non-recurring costs	397		0	
Adjusted EBITDA	(1,707)	**n.a.**	(1,329)	**n.a.**

* Includes the activity of the Holding

EBITDA for the first half of 2015 stood at -€2,394 thousand compared with €1,822 thousand for the first half of 2014 and includes non-recurring costs of €837 thousand relating to bonuses paid to employees and contract workers for achieving the goal of listing on the Italian Stock Exchange, and costs relating to Stock Option plans for approximately €63 thousand.

EBIT

EBIT stood at €-5,062 thousand, compared with -€548 thousand in the first half of 2014, mainly as a result of the lower EBIDTA as described above. Depreciation and amortisation stood at €2,668 thousand, a slight increase compared with the first half of 2014 (+2.9%) as a result of greater investments made in the period.

Earnings Before Tax (EBT)

Earnings before tax were €-5,192 thousand compared with €-824 thousand in the first half of 2014. Net financial expenses of €121 thousand were recorded compared with €276 thousand in the first half of 2014, a fall of €155 thousand (-56.2%); this reduction is due to the optimisation of the Group's financial structure following the income from the listing.

Net profit (loss)

The net profit (loss) was €-3,649 thousand compared with €-866 thousand in the first half of 2014. This result includes prepaid taxes of €1,569 thousand.

SUMMARY OF DATA FOR THE SECOND QUARTER

The table below illustrates the Reclassified Income Statement for the second quarter by destination according to the statements used by the Group's management.

€ thousand	Q2 2015	% of profits	Q2 2014	% of profits	% Change
Total revenue	49,998	100.0%	39,885	100.0%	25.4%
Cost of sales[9]	(39,110)	-78.2%	(29,534)	-74%	32.4%
Gross profit[10]	10,888	**21.8%**	10,351	**26%**	**5.2%**
Sales and marketing costs	(3,634)	-7.3%	(2,214)	-5.5%	64.1%
Content production costs	(1,557)	-3.1%	(1,381)	-3.5%	12.8%
Logistics costs	(2,866)	-5.8%	(2,098)	-5.3%	36.7%
IT costs	(803)	-1.6%	(899)	-2.3%	-10.7%
General and administrative expenses	(1,747)	-3.5%	(1,668)	-4.2%	4.7%
Banzai S.p.A. general and administrative costs [11]	(883)	-1.8%	(665)	-1.6%	32.8%
Adjusted EBITDA	(603)	**-1.2%**	1,426	**3.5%**	**n.m.**
Non-recurring costs and Stock Option plan	(116)	-0.2%	0	0.0%	n.a.
EBITDA	(719)	**-1.4%**	1,426	**3.5%**	**n.m.**
Depreciation, amortisation and write-downs	(1,464)	-2.9%	(1,141)	-2.8%	28.3%
EBIT	(2,183)	**-4.4%**	285	**0.7%**	**n.m.**
Net financial expenses	(2)	0.0%	(112)	-0.3%	-98.2%
Share of the result pertaining to associates	18	0.0%	0	0.0%	n.a.
EARNINGS BEFORE TAX (EBT)	(2,168)	**-4.4%**	173	**0.4%**	**n.m.**

In the second quarter, consolidated revenues stood at €49,998 thousand, a 25.4% rise compared with the second quarter of 2014 (€39,885 thousand), accelerating further compared with the growth of 20.5% recorded in the first quarter.

Gross profit totalled €10,888 thousand, up 5.2% compared with €10,351 thousand in the second quarter of 2014. The percentage incidence on revenues was 21.8% compared with 20.6% recorded in the first quarter mainly as a result of the different mix of revenues.

Adjusted EBITDA was equal to €-603 thousand compared with €1,426 thousand in the second quarter of 2014, a slight recovery compared with the first quarter of 2015 (€-891 thousand) mainly through the effect of the greater gross profit recorded.

[9] 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

[10] **Gross Profit** is represented by net revenues minus cost of goods sold and is a management accounts indicator used by the Issuer 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 it should not be considered as an alternative method for evaluating the performance of the Group's gross margin. Since the composition of the Gross Profit is not regulated by reference accounting standards, the calculation criterion applied by the Group may not be standardised with the one adopted by others and, as such, not comparable. The percentage of Gross Profit over revenues is calculated by the Group as the ratio between Gross Profit and net Total Revenue

[11] **Banzai SpA 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.

EBIT stood at €-2,183 thousand, after depreciation and amortisation of €1,464 thousand, compared with €285 thousand in the second quarter of 2014, an improvement of €696 thousand compared with the figure of €-2,879 thousand recorded in the first quarter of 2015.

Earnings before tax (EBT) stood at €-2,186 thousand, compared with €173 thousand for the second quarter of 2014, an improvement of €856 thousand compared with the figure of €-3,024 thousand recorded in the first quarter of 2015.

ANALYSIS OF KEY RESULTS FROM THE STATEMENT OF FINANCIAL POSITION

The table below gives the reclassified statement for sources and uses of the statement of financial position.

Statement of financial position

(In thousands of Euro)	30 June 2015	31 December 2014
USES		
Net working capital[12]	(3,308)	(5,746)
Fixed assets[13]	49,598	43,548
Long-term assets[14]	10,835	7,837
Personnel fund	(3,613)	(3,315)
Long-term liabilities[15]	(450)	0
Net Invested Capital[16]	**53,062**	**42,324**
SOURCES		
Net Financial Liquidity / Debt[17]	36,551	790
Shareholders' Equity	(89,613)	(43,114)
FUNDING SOURCES TOTAL	**(53,062)**	**(42,324)**

Net working capital

Net working capital increased by €2,438 thousand mainly through the effect of the increase in Inventories which went from €13,027 thousand at 31 December 2014 to €15,974 through an increase of €2,947 thousand partly offset by a fall in trade payables of €643 thousand. The change in inventories was due, in the main, to the growth in revenues and to the greater acquisitions that the Group made on an opportunistic basis and to complement its virtual reseller model to seize a greater

[12] **Net Working Capital** is calculated as the sum of inventories, trade receivables and other non-financial current assets excluding trade payables and other current liabilities with the exception of financial assets and liabilities. Net working capital is not identified as an accounting method either under the scope of Italian Accounting Principles or IFRS (International Financial Reporting Standards).

[13] **Fixed assets** are the total of plant and machinery, intangible assets, equity investments in associate companies and non-current financial assets.

[14] **Long-term assets** are composed of other non-current assets and deferred tax assets. Long-term liabilities are composed of liabilities for deferred taxes and provision for risks and charges.

[15] **Long-term liabilities** are composed of liabilities for deferred taxes and provision for risks and charges.

[16] **Net Invested Capital**is calculated from the sum of net working capital, fixed assets and other long-term assets excluding personnel funds, provision for risks and charges and liabilities for deferred taxes. Net invested capital is not identified as an accounting method either under the scope of Italian Accounting Principles or IFRS (International Financial Reporting Standards).

[17] Pursuant to CONSOB communication EM/6064293 of 28 July 2006, **Net Financial Debt** is calculated as the sum of cash and cash equivalents, current and non-current financial liabilities, the fair value of hedging financial instruments and has been determined in accordance with the requirements of ESMA Recommendation /2013/319 of 20 March 2013.

number of advantageous opportunities and improve service levels relating to products where procurement may take a long time.

The table below provides a breakdown of Net working capital:

Net working capital

(In thousands of Euro)	30/06/2015	31/12/2014	Change
Inventories	15,974	13,027	2,947
Trade and other receivables	12,438	13,081	(644)
Trade payables and other payables	(28,825)	(28,781)	(44)
Trade working capital	**(413)**	**(2,673)**	**2,259**
Other current receivables and payables	(2,895)	(3,073)	179
Net working capital	**(3,308)**	**(5,746)**	**2,438**

Fixed assets

Fixed assets increased at 30 June 2015 by €6,050 thousand compared with 31 December 2014 mainly in the light of net investments of €861 thousand to purchase hardware and equipment for our operational sites and our logistics centre, of €1,657 thousand for investments in the marketplace platform, for €1,293 thousand for the development of the new ERP accounting and management system and €2,274 thousand related to the accounting of intangible fixed assets and goodwill through the acquisition of MyTrainerCommunity S.r.l.. Fixed assets mainly fell as a result of amortisation and depreciation of €2,667,000 recorded in the period.

Shareholders' Equity

Shareholders' equity increased in the period by €46,499 thousand due to the effect of resources which came in at the time of the listing of the Company on the Star segment of Borsa Italiana totalling €54,000 thousand, minus expenses related to the collection and net of the tax effect of €1,476 thousand, net of the loss for the period.

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 Recommendation.

Net financial position

(In thousands of Euro)	30 June 2015	31 December 2014
(A) Cash	(233)	(128)
(B) Other cash and cash equivalents	**(45,087)**	(9,250)
(C) Stocks 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) Net current financial liquidity / debt (D)+(E)+(I)	**(43,892)**	**(942)**
(K) Non-current bank payables	7,241	23
(L) Bonds issued	-	-
(H) Other non-current payables	100	129
(N) Non-current financial debt (K)+(L)+(M)	**7,341**	**152**
(O) Net Financial (Liquidity) / Debt (J)+(N)	**(36,551)**	**(790)**

At 30 June 2015, the Group reported net liquidity of €36,551 thousand, a significant increase compared to December 31, 2014. The net increase stems from the resources collected through the listing operation, net of financial resources absorbed by the investing activities described previously equal to €8,298 thousand and the absorption of financial resources with regard to operational management of €4,572 thousand The absorption generated by operations is partly due to the group strategy announced at the time of the listing which involves a strong acceleration in revenues and market share also thanks to greater investments in marketing and partly due to non-recurring expenses related to the IPO process of €837 thousand.

During the half year, the Group repaid both a loan of €2.5 million which became due, and it repaid two loans, for a total of €1.3 million early. It also reduced the use of short-term lines of credit. At the same time, in the interest of a more efficient financial structure, new medium-/long-term loan agreements were signed for a total of €8.5 million, specifically a €6 million loan which is guaranteed by liquidity of the same amount.

RESEARCH, DEVELOPMENT AND INNOVATION

Development is particularly important for the Company: it is aimed at conceiving new solutions, new products and services to be integrated in the range offered by Banzai as well as the continuous innovation of existing ones, also with regard to the introduction of new technologies and new business development models (for example, in relation to the use of mobile devices or social networks). The Group adopts an interdisciplinary approach whose greatest strength 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.

In the first half of 2015, the Group continued to invest in the improvement of the quality of services offered to customers, in existing processes and in platform components to make them scalable for increasing volumes. The company continued with the development of the technological 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 main investments of the e-Commerce branch involved the completion of the development of an online platform (3P marketplace) in which the third-party suppliers - typically other online stores and retailers - promote or sell their own products directly to customers. The service came into operation in April 2015 following the installation of the definitive software release. The search for new foreign sellers then began.

New developments were made in the back office systems, specifically the customer order tracking and goods status systems, enabling a significant improvement in delivery forecasts and customer estimate monitoring and communication. New functionalities were developed which enable users to access their timeline of activities on the ePrice and SaldiPrivati websites: users can find their searches and browsing, even remotely through cross-device tracking (switching from mobile apps to desktop browsing). Consolidation of the catalogues systems and development of business intelligence also continued.

The Company has created new flash sales and stock portals “Vico42” and “Mami”, the former entirely dedicated to a male target audience, the latter to mothers and children. It involved creating two new front-end sites which included a themed sales instrument that can be replicated for new vertical channels. A specific new framework used by both has been developed.

The development of a platform for the management of specialist local services related to the world of appliances (MDA), the construction/activation of the premium delivery network and professional installation has been launched.

The 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 have been launched and a rental agreement has been defined for the new fulfilment centre, which will be operational at the start of the second half of 2016.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

On 20 January 2015, the subsidiary Banzai Media S.r.l. completed the acquisition of MyTrainerCommunity S.r.l, which owns the www.my-personaltrainer.it, www.vivailfitness.it and www.abodybuliding.it websites and is considered a strategic and complementary asset for the Banzai Group. The transaction value, fully paid in cash on acquisition, amounted to €1.7 million. Based on the acquisition agreement, an earn-out is to be paid by 31 March 2017.

In January 2015, My Personal Trainer (www.my-personaltrainer.it), the largest website on the Italian Internet covering issues of health and well-being with 3.9 million unique monthly users (Audiweb View data - Total Audience November 2014), posted a new record with over 37 million monthly page views, a 98% increase over January 2014 (Google Analytics data). My Personal Trainer is a part of the Pianeta Donna portal, the absolute leader in content targeting women with over 10 million unique monthly users and 920,000 daily users (Audiweb View data - Total Audience November 2014).

On 12 February 2015, Banzai S.p.A. concluded the placement of its ordinary shares for listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. - STAR segment. The Stock Exchange capitalisation of the Issuer, calculated according to the Offer Price (€6.75 per share) amounted to €274 million. On 16 February 2015, trading of the stock began with the entire placement of the 8,000 thousand shares in the capital increase, worth a total of €54 million.

On 14 May 2015, the Board of Directors, on the proposal of the Remuneration Committee, approved the Regulation of the Banzai 2015-2019 Stock Option Plan (the "Plan") whose guidelines were approved at the meeting of 22 December 2014.

The Plan is an instrument capable of aligning the interests of management with those of the Company and shareholders, promoting loyalty and providing an incentive to remain within the Group.

The beneficiaries of the Plan are contract workers, directors and employees (senior managers and not) of the Company and Subsidiaries (the "Beneficiaries") identified at various times by the Board of Directors, on the proposal of the Remuneration Committee from key personnel of the Company and Subsidiaries with a view to retention and the creation of value for the Company.

The Plan includes the granting, free of charge, of stock options (the "Options") which, at conditions established by the Regulation, enable the subscribing of new issue Banzai shares. Every Option granted (one) confers the right on the Beneficiary to subscribe 1 (one) share, with regular dividend rights, on payment of the strike price to the Company.

The Plan includes the granting of a maximum of 2,750 thousand Options, in two tranches: the first for 1,100 thousand Options, was granted in May 2015, the second tranche for 1,650 thousand Options will be granted in May 2016. The Options granted can also be exercised by the Beneficiaries in several tranches, subject to reaching the performance targets set by the Board of Directors within the deadline for each tranche indicated in the Regulation.

The Banzai 2015-2019 Stock Option Plan expires on 31 July 2019, the deadline for subscribing the share capital increase for servicing this Plan.

The right for exercising the Options is dependent on the existence of relationship between the Beneficiaries and the Company.

RELATED-PARTY TRANSACTIONS

The relations entertained by the Banzai Group with associated companies over the period consist mainly of business transactions regulated under normal market conditions.

The effects of related-party transactions are shown in the statement of assets and liabilities, in the income statement and in the related explanatory notes.

SUBSEQUENT EVENTS

Between the closing date of the first half-year and the approval of this interim report on operations, there have been no significant events.

OUTLOOK

The Group predicts increasing revenues for 2015 in both business areas and an increase in its share in the reference markets. Income from the share capital increase following listing will allow us to accelerate our growth process enabling us to achieve our strategic objectives. With regard to the e-Commerce business area, growth in the reference product categories such as appliances and electronics is expected to accelerate. The development of "3P Marketplace" will expand the range of products offered capable of satisfying an increasingly wider range of customers.

Rapid expansion of our Pick and Pay points and Lockers network is also expected in order to reach an increasingly larger section of the national population.

A further boost to growth will come from the new "vertical" in the context of private sales dedicated to Men (Vico42, launched in March) and from the new "vertical" in the context of private sales dedicated to Mothers.

As regards the Vertical Content business area, lower growth is expected due to the general conditions of the advertising market, whilst, however, the market share is expected to increase thanks to the strategy of focusing on the vertical segments of Cookery, Women, Young People and News.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT AT 30 JUNE 2015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)	Notes	30 June 2015	Of which related parties	31 December 2014	Of which related parties
NON-CURRENT ASSETS	1	2,971		2,540	
Plant and Machinery	2	43,700		38,547	
Intangible assets	3	1,139	1,139	779	779
Equity investments in associates	4	1,788	735	1,682	498
Non-current financial assets	5	208		125	
Other non-current assets	6	10,627		7,712	
Assets for deferred taxes		**60,433**		**51,385**	
NON-CURRENT ASSETS TOTAL					
CURRENT ASSETS	7	15,974		13,027	
Inventories	8	12,438	177	13,081	242
Trade receivables and other receivables	9	5,350		5,634	
Other current assets	10	45,320	31,183	9,379	-
Cash and cash equivalents		**79,082**		**41,121**	
TOTAL CURRENT ASSETS		**139,515**		**92,506**	
TOTAL ASSETS					
SHAREHOLDERS' EQUITY AND LIABILITIES					
NET EQUITY					
Share capital		807		647	
Reserves		92,455		44,543	
Result for the period	11	(3,649)		(2,076)	
TOTAL SHAREHOLDERS' EQUITY		**89,613**		**43,114**	
NON-CURRENT LIABILITIES	12				
Payables to banks and other lenders	13	7,341		152	
Personnel funds	15	3,613		3,315	
Other non-current liabilities		450		-	
TOTAL NON-CURRENT LIABILITIES		**11,404**		**3,467**	
CURRENT LIABILITIES	14				257
Trade payables and other payables	12	28,825	218	28,781	
Payables to banks and other lenders	15	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**	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT/(OR LOSS)

(In thousands of Euro)	Notes	30 June 2015	Of which related parties	30 June 2014	Of which related parties
Revenues	16	99,730	1,146	81,171	1,487
Other income	17	154		190	
Costs for raw materials and goods	18	(70,924)		(55,399)	
Cost of services	19	(22,978)	596	(17,036)	380
Of which non-recurring		53			
Personnel expenses	20	(7,853)		(6,721)	
Of which non-recurring		784			
Depreciation, amortisation and write-downs	21	(2,668)		(2,370)	
Other fees	22	(523)		(383)	
Operating result		**(5,062)**		**(548)**	
Financial expense	23	(239)		(313)	
Financial income	23	118		37	
Share of the result pertaining to associates	24	(9)		-	
Profit before tax		**(5,192)**		**(824)**	
Income taxes	25	1,543		(42)	
Profit (loss) for the year		**(3,649)**		**(866)**	
Other comprehensive income components:					
Which will not later be reclassified in the result for the period					
Employee benefits		(30)		(184)	
Tax effect		**8**		50	
Total		**(22)**		**(134)**	
Which will later be reclassified in the result for the period					
Result for the comprehensive period		**(3,671)**		**(1,000)**	
Earnings per share	26	*(0.10)*		*(0.03)*	
Diluted earnings per share	26	*(0.09)*		*(0.03)*	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of Euro)	30 June 2015	Of which related parties	30 June 2014	Of which related parties
NET CASH FLOW FROM OPERATIONS				
Net Result from operations	(3,649)		(866)	
Net Profit/(Loss) from assets held for divestment	0		0	
Result for the year	(3,649)		(866)	
Adjustments to reconcile profit for the year with cash flow generated by operating activities:				
Depreciation and Amortisation	2,668		2,272	
Bad debt provision	0		99	
Employee benefit fund provision	413		408	
Warehouse write-down	43		62	
Employee benefit fund change	(150)		(72)	
Change in deferred tax assets and liabilities	(1,565)		(280)	
Share of the result pertaining to associated companies	9		0	
Other non-monetary items	63		0	
Changes in working capital				
Change in inventories	(2,990)		(190)	
Change in trade receivables	767	(65)	355	(143)
Change in other current assets	742		(964)	
Change in trade payables	(3)	39	(5,950)	53
Change in other payables	(920)		480	
NET CASH FLOW GENERATED FROM (ABSORBED BY) OPERATIONS	**(4,572)**		**(4,646)**	
NET CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of tangible assets	(860)		(807)	
Change in other non-current assets	(74)		(71)	
Acquisition of intangible assets	(5,117)		(3,097)	
Provision of financial assets	(300)	(300)	0	
Purchase of associates	(305)	(305)	(131)	(131)
Acquisition of subsidiaries	(1,642)		0	
NET CASH FLOW GENERATED FROM (ABSORBED BY) INVESTMENT ACTIVITIES	**(8,298)**		**(4,106)**	
CASH FLOW FROM FINANCING ACTIVITIES				
Financial payables	637		3,246	
Share 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 rate 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**	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal reserve	Stock Option reserve	Other capital reserves	Retaining earnings/(losses)	FTA Reserve	Att. Employee benefits	Total
Balance at 31 December 2014	**647**	**74,822**	**1**	**-**	**538**	**(31,193)**	**(1,350)**	**(351)**	**43,114**
Result for the year						(3,649)			(3,649)
Other comprehensive income components: that will subsequently not be reclassified into profit (loss) for the year that will subsequently be reclassified into profit (loss) for the year								(22)	(22)
Total income	**-**	**-**	**-**		**-**	**(3,649)**	**-**	**(22)**	**(3,671)**
Share capital increase	160	49,948							50,108
Other share capital operations					-				-
Share-based payment				63					63
Destination of the result		(2,660)				2,660			-
Balance at 30 June 2015	**807**	**122,110**	**1**	**63**	**538**	**(32,182)**	**(1,350)**	**(373)**	**89,614**

	Share capital	Share premium	Legal reserve	Other capital reserves	Retaining earnings/(losses)	Reserve	FTA Reserve	Att. Employee benefits	Total
Balance at 31 December 2013	**608**	**67,593**	**1**	**387**	**(29,117)**	**(1,350)**		**(144)**	**37,978**
Result for the year					(866)				(886)
Other comprehensive income components: that will subsequently not be reclassified into profit (loss) for the year that will subsequently be reclassified into profit (loss) for the year								(134)	(134)
Total income	**-**	**-**	**-**	**-**	**(866)**	**-**	**-**	**(134)**	**(1,000)**
Balance at 30 June 2014	**608**	**67,593**	**1**	**387**	**(29,983)**	**(1,350)**	**-**	**(278)**	**37,121**

EXPLANATORY NOTES

Accounting principles and measurement criteria used to prepare the condensed half-year consolidated financial statements at 30 June 2015

The condensed half-year consolidated financial statements of the Banzai Group at 30 June 2015 were approved by the Board of Directors on 4 August 2015.

The interim condensed consolidated financial statements at 30 June 2015 were prepared in conformity with IAS 34 concerning interim financial information. IAS 34 allows the preparation of the financial statements in a "summary" format, i.e. based on a minimum level of information significantly less than required by the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union. The condensed interim financial statements at 30 June 2015 have been prepared in "summary" format and should therefore be read together with the consolidated financial statements for the Group for the year ended at 31 December 2014.

Criteria and scope of consolidation

The interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position, interim condensed consolidated income statement of profit or loss, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity. The Group has chosen to prepare the statement of comprehensive income, which includes profit (loss) for the period as well as changes in shareholders' equity relevant to income statement items which, by express provision of the international accounting standards, are recognised as components of shareholders' equity.

The half-yearly positions of subsidiaries, used in the preparation of this Consolidated Interim Report on Operations, were prepared by the respective administrative structures and possibly reclassified to make them consistent with those of the Parent Company.

The scope of consolidation at 30 June 2015, adjusted in relation to 31 December 2014 for the inclusion of MyTrainerCommunity S.r.l. purchased during the period, is represented below:

SUBSIDIARIES

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

Name	Activity	Registered offices	Ownership percentage
Banzai Media Holding S.r.l.	Vertical Content branch subholding	Italy	100
Banzai Commerce S.r.l.	e-Commerce branch subholding	Italy	100
Banzai Ventures S.r.l.	Equity investment branch subholding	Italy	100
Banzai Media S.r.l.	Vertical Content branch	Italy	100
Banzai Direct S.r.l.	Vertical Content branch	Italy	100
MyTrainerCommunity S.r.l.	Vertical Content branch	Italy	100
ePRICE S.r.l.	e-Commerce branch	Italy	100
BNK4 Saldi Privati S.r.l.	e-Commerce branch	Italy	100

Seasonality

The e-Commerce market in which the Group operates is characterised by the seasonal trends typical of retail sales. Specifically, sales are typically higher in the second half of each year compared with the first half, with effects which are more than proportional on margin trends.

Accounting principles

The accounting principles adopted for the preparation of the condensed half-year consolidated financial statements conform to those used for the preparation of the consolidated financial statements at 31 December 2014, with the exception of the adoption of IRFS 2 because the allocation of stock options took place for the first time during 2015 and the new principles, amendments and interpretations took effect from 1 January 2015. The Group did not opt for the early adoption of any of the new principles, interpretations or amendments issued but not yet in force.

The nature and effects of these changes are illustrated below. Although these new principles and amendments apply for the first time in 2015, they do not have a significant impact on the Group's condensed half-year consolidated financial statements. The nature and impact of every new principle/amendment is listed below:

- **IFRS 2 Share-based payment**

The Banzai Group pays additional benefits to several directors, senior managers, clerical workers, consultants and employees through capital participation schemes (stock option plans). According to IFRS2 - Share-based payment - they are considered as equity settlements; therefore the total amount of the current value of the stock options at the grant date is recorded in the income statement at cost. Changes in the current value after the grant date do not have an effect on the initial valuation. The cost of compensations, corresponding to the current value of the options at the grant date, is recorded under personnel costs

on a straight-line basis for the period between the grant date and the maturity date, with the matching entry recorded under shareholders' equity.

- **Amendments to IAS 19 Defined contribution plans: employee contributions**

IAS 19 requires an entity to consider employee or third-party contributions in the accounting of defined benefit plans. When the contributions are related to the service provided, they should be allocated to the periods of service as a negative benefit. This change clarifies that, if the amount of the contributions is independent of the number of years of service, the entity is allowed to record these contributions as a reduction in the cost of the service in the period in which the service is provided, rather than allocate the contribution to the periods of service. This change is in force for the financial years from 1 July 2014 onwards. This change is not significant for the Group, given that none of the entities which are part of the Group have plans which involve contributions from employees or third-parties.

Annual improvements to the IRFS

- **IFRS 3 Business combinations**

The change applies prospectively and clarifies that all agreements regarding potential fees classified as liabilities (or assets) which result from a business combination should later be measured at fair value with the matching entry in the income statement, whether or not they come under the scope of IRFS 9 (or IAS 39, depending on the case). This is consistent with the accounting principles applied by the Group, and therefore this change has not had any impact.

- **IFRS 8 Operating segments**

The change applies retrospectively and clarifies that:

An entity should provide information about valuations made by management in applying the combination criteria in paragraph 12 of IFRS 8, including a brief description of the operating segments which are combined and the economic characteristics used for defining whether the segments are "similar".

The reconciliation of the segment assets with the total assets only need be presented if the reconciliation is presented at the highest decision-making level, as required for segment liabilities.

The Group has not applied the combination criteria required by IRFS 8.12.

- **IAS 16 Property, plant and equipment and IAS 38 Intangible assets**

The change applies retrospectively and clarifies that in IAS 16 and IAS 38 an asset can be revalued with reference to observable data either by adapting the gross carrying amount of the asset to the market value or by determining the market value of the carrying value and adapting the gross carrying value proportionally so that the carrying value is equal to the market value. In addition, the accumulated depreciation is the difference between the gross carrying value and the carrying value of the asset. The Group has not accounted any revaluation adjustment during the intermediate reference period.

- **IAS 24 Related-party disclosures**

The change applies retrospectively and clarifies that a management organisation (an entity that provides services relating to senior managers with key responsibilities) is a related party subject to information on related party transactions. In addition, an entity that has recourse to a management organisation should give information about the expenses incurred for management services. This change is not significant for the Group because it is does not receive management services from other organisations.

- **IFRS 13 Fair value measurement**

The change applies prospectively and clarifies that the portfolio exception required by IRFS 13 can be applied not only to financial assets and liabilities, but also to other agreements under the scope of IFRS 9 (or IAS 39, depending on the case). The Group does not apply the portfolio exception required by IFRS 13.

- **IAS 40 Investment property**

The description of additional services in IAS 40 differentiates between property investments and property for the use of the owner (e.g.: property, plant and equipment). The change applies prospectively and clarifies that in defining whether an operation represents the purchase of an asset or a business combination, IFRS 3 should be used and not the description of additional services in IAS 40. In previous periods the Group, in defining whether an operation represented the purchase of an asset or a business combination, relied on IFRS 3 and not IAS 40. This change therefore has no impact on the accounting principles of the Group.

Information by operating segment

IFRS 8 defines an operating segment as a component:

- that engages in business activities which generate revenue and costs;
- for which operating results are reviewed regularly by the chief operating decision maker;
- for which separate financial information is available.

For the purposes of IFRS 8 – Operating Segments, and following the disposal of operating subsidiaries in the Consulting business unit, the Group's activities can be separated into two operating segments, namely:

- e-Commerce;
- Vertical content.

Carrying amounts that cannot be allocated to the two afore-mentioned business units refer mainly to the Issuer's costs and to eliminations between the different operating segments.

No operating segments have been combined to determine the reportable segments.

The directors observe the results of the operating segments separately in order to decide on the allocation of resources and to assess performance. In addition, the Group's financial income and expenses (including costs and revenue on loans) and income taxes are managed at Group level and are not allocated to operating segments.

Transfer pricing between operating segments is negotiated internally with methods similar to those used in transactions with third parties.

NOTES TO THE KEY ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Plant and machinery

The "plant and machinery" was equal to €2,971 thousand at 30 June 2015 (€2,540 thousand at 31 December 2014). The change is due to investments of €861 thousand and depreciation and amortisation for the period of €430 thousand.

The investments refer mainly to the purchase of hardware and equipment for the operational offices and for the logistics centre.

2. Intangible assets

Intangible assets stood at €43,700 thousand (€38,547 thousand at 31 December 2014) and break down as indicated below.

Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life break down into €29,649 thousand for goodwill and €1,373 thousand for the "Soldionline" trademark.

The increase in goodwill relates to the purchase in January 2015 of MyTrainerCommunity S.r.l.. The Group, in accordance with the provisions of IFRS 3, has carried out a provisional allocation of the cost of the business combination to the fair value of the acquired assets and of the liabilities assumed. The provisional allocation is shown in the table below:

(In thousands of Euro)	Fair value measured at purchase
FIXED ASSETS	
Intangible Fixed Assets	464
CURRENT ASSETS	
Receivables	124
Cash and cash equivalents	88
TOTAL ASSETS	**676**
Personnel funds	(12)
Deferred taxes	(127)
Payables	(47)
TOTAL LIABILITIES	**(186)**
Total net assets identified at fair value	490
Goodwill from the acquisition	1,810
FEES	**2,300**

The fees paid on the purchase date were equal to €1,730 thousand; the cost incurred in the previous year of €120 thousand for the purchase of the call option was also taken into account and the best estimate of the liabilities related to the earn-out to be paid at 31 March 2017 equal to €450 thousand.

The cash flows related to the acquisition are illustrated below:

(In thousands of Euro)	Cash flows from the acquisition
Net cash and cash equivalents	88
Payments made	1,730
Net cash flows from the acquisition	**(1,642)**

The distribution of the goodwill for the cash generating unit (CGU) is given in the table below:

Carrying amount of goodwill	At 30 June 2015
e-Commerce CGU	20,899
CGU Vertical Content	8,750
Total carrying amount of goodwill	**29,649**

At 30 June 2015 there were no impairment indicators compared with the year-end at 31 December 2014, all supported by the sensitivity analysis in the latest plan.

The Group's directors therefore verified the existence of the conditions to confirm the value of the goodwill and trademark at 30 June 2015.

Intangible assets with a finite useful life

Intangible assets with a finite useful life stood at €12,678 thousand at 30 June 2015 (€9,334 thousand at 31 December 2014). The change is due to increases of €5,581 thousand and depreciation and amortisation for the period of €2,237 thousand.

The main investments made by the Group in the period involve specific projects with the aim of developing innovative solutions for the creation and management of online platforms for both of the core business areas. They include internal employee costs and costs for services rendered by third parties. Expenses for research undertaken to obtain new knowledge and make discoveries are recognised in the income statement at the time that they are incurred.

Fixed assets under development, equal to €1,737 thousand (€2,270 thousand at 31 December 2014) relate to projects under development specifically regarding the implementation of the new Group ERP. Fixed assets relating to the Marketplace channel came into operation during the year.

3. Equity investments in associates

The changes in the period in investments in associates are indicated in the table below:

(In thousands of Euro)	At 31 December 2014	Share of profit (loss)	Increases due to purchases	Net decreases	Reclassifications	At 30 June 2015
Equity investments in associates	779	(9)	354		15	1,139
Total equity investments in associates	**779**	**(9)**	**354**		**15**	**1,139**

The breakdown of the item at 30 June 2015 is as follows:

At 30 June 2015	Registered offices	% shareholding held directly	Carrying amount
Il Post S.r.l.	Milan	24.01%	518
Uollet S.r.l.	Milan	41.00%	0
Good Morning Italia S.r.l.	Trieste	30.00%	59
Gold 5 S.r.l.	Milan	20.00%	71
Ecommerce Outsourcing S.r.l.	Rho	20.00%	200
Installo S.r.l.	Rovigo	39.00%	291
Total equity investments in associates			**1,139**

The increases for the period refer mainly to the purchase of a 39% stake in the company Installo S.r.l. operating in the sector or the installation of household appliances and electronic equipment at, the fee of €302 thousand.

4. Non-current financial assets

The breakdown of other non-current financial assets is as follows:

Non-current financial assets	At 30 June 2015	At 31 December 2014	Change
Investments in other companies	1,013	1,024	(11)
Loans to associates	735	498	237
Financial instruments	40	160	(120)
Total non-current assets	**1,788**	**1,682**	**106**

Equity investments in other companies have been measured at cost, in accordance with IAS 39, paragraph 46c, in the case of investments in equity instruments that do not have a quoted market price in an active market and for which the fair value cannot be reliably measured.

The balance of €1,031 thousand of equity investments in other companies at 30 June 2015 was reduced by €11 thousand through the sale of the 10% investment in Webperformance S.r.l. made in the period with a positive effect on the income statement of €73 thousand.

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Webperformance S.r.l.	-	11
Quadrante S.r.l. in liquidation	-	-
Interactive Thinking S.r.l.	1,005	1,005
Credit guarantee and other consortia	8	8
Total equity investments in other companies	**1,013**	**1,024**

Based on the available information, management believed that at 30 June 2015 there were no impairment indicators or objective evidence that the equity investments in other companies were impaired.

Quadrante S.r.l. in liquidation was entirely written-down in previous years; it is not considered necessary to record the liabilities in the accounts because Banzai has no legal obligations nor the intention to provide support for this subsidiary.

Financial receivables totalling €735 thousand were for non-interest bearing loans provided to associates and repayable on demand, specifically the increase in the period refers to the provision of a further loan to Uollet of €300 thousand net of the partial waiver and write-down to take into account the result of the associate.

Financial instruments refer to call options on two companies that own websites with the content and growth potential to create advertising revenue synergies with the Group's own websites. The decrease in the period of €120 thousand refers to the exercising of the purchase option for MyTrainerCommunity S.r.l.. As it is impossible to reliably measure the fair value of the two options and there is no active market for them, the measurement was carried out using the acquisition cost as a reference, and the options were recognised as non-current financial assets.

5. Other non-current assets

Other non-current assets are equal to €208 thousand (€125 thousand at 31 December 2014) mainly include guarantee deposits for rentals, utilities and purchasing consortia; the increase compared with 31 December relates specifically to increased deposits to purchasing consortia in the light of more goods moved.

6. Assets for deferred taxes

This item incorporates the balance of prepaid taxes on tax losses which can be reported in future years and on the temporary differences between the value attributed to an asset or a liability in the financial statements and the tax value of the same asset or liability.

Deferred tax assets at 30 June 2015 amount to €10,627 thousand (€7,712 thousand at 31 December 2014).

At 30 June 2015 deferred tax assets increased by €2,915 thousand, compared with 31 December 2014, mainly as a result of €1,476 thousand relating to the tax effect of expenses from the collection associated with the share capital increase and accounted as a deduction of the shareholders' equity and approximately €1,569 thousand as the tax effect on tax losses in the period by Group companies, net of the reversal of some temporary differences.

The portion of prepaid taxes, including those relating to previous tax losses, which is not offset by deferred tax liabilities is recognised to the extent to which it is likely that future taxable income will be available against which such assets can be recovered, according to the plans prepared by the Group.

7. Inventories

The breakdown of inventories is as follows:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Goods	15,974	13,027
Total inventories	**15,974**	**13,027**

The gross and net amounts of goods inventories break down as follows:

Inventories	At 30 June 2015	At 31 December 2014	Change
Goods inventories	16,474	13,484	2,990
Provision for obsolete inventory	(500)	(457)	(43)
Total inventories	**15,974**	**13,027**	**2,947**

Goods inventories comprise assets acquired for subsequent resale on the e-commerce platforms. The increase in question was due largely to the growth in transaction volumes and operating assets, and was also due partly to the Group's business model, which provided for early procurement for some product segments.

8. Trade receivables and other receivables

Trade and other receivables totalled €12,438 thousand compared to €13,082 thousand at the end of the previous year as indicated below:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Trade receivables	9,427	11,727
Invoices to be issued	3,707	2,096
Provision for bad debts	(696)	(741)
Total trade and other receivables	**12,438**	**13,082**

Receivables are recognised net of the relative provision for bad debts, which represents a reasonable estimate of long-term impairment identified for the specific risk of the unrecoverability of receivables recognised in the financial statements. Please note that there are no receivables due in more than five years.

Allocations to the provision for bad debts are made for specific credit positions which present specific risks in order to reflect their presumed realisable value. The provision for bad debts takes account of both specific measurements of credit risk relating

to individual credit positions and the actions taken by the Group to recover "difficult" credit positions. The table below shows changes in the provision for bad debts during the period:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Opening provision	741	484
Increases	-	302
Uses/Releases	(45)	(45)
Provision for bad debts	**696**	**741**

The following table shows the clients' bill book before the provision for bad debts

Amounts (in € 000s)	At 30 June 2015	At 31 December 2014
To become due	**9,363**	**10,054**
Due for <30 days	1,690	2,033
Due for 30-90 days	830	540
Due for 90-180 days	480	233
Due for >180 days	771	962
Total due	**3,771**	**3,768**
Total	**13,134**	**13,822**

9. Other current assets

The breakdown of other current assets is as follows:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Tax credits	1,690	1,342
Receivables for credit cards	745	288
Other receivables	1,045	1,231
Advances to suppliers	1,136	885
Accruals and deferrals	733	1,887
Total other current assets	**5,349**	**5,633**

Tax credits consist mainly of VAT credits and IRAP (regional production tax) advances, and the increase compared with 31 December is attributable mainly to higher VAT credits.

Receivables for credit cards refer to collections arising from sales made near the end of the period and not yet credited at the reporting date, as they were completed in the early days of 2015.

Prepayments and accrued income include insurance premiums and the provision of professional services either before or after the actual collection or payment. The decrease in the period is mainly due to the fact that the entry at 31 December 2014 included listing costs incurred to the date equal to €1,358 thousand.

There are no prepayments and accrued income extending for more than five years.

10. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Bank and postal deposits	45,087	9,250
Cash	233	129
Total cash and cash equivalents	**45,320**	**9,379**

Cash and cash equivalents, denominated entirely in euros, represents cash and cash equivalents at the reporting dates.

Cash and cash equivalents are free from any constraints or restrictions on their use except for €6,000 thousand which was pledged to guarantee a loan of the same amount and €43,000 held as collateral for a refund in VAT credit.

The increase in cash and cash equivalents in the period is mainly due to the cash from the listing operation net of outflows for the period. For more details, please refer to the cash flow statement.

11. Shareholders' equity

Shareholders' equity increased in the period by €46,499 thousand, due to the effect of resources which came in at the time of the listing of the Company on the Star segment of Borsa Italiana totalling €54 million, minus expenses related to the collection and net of the tax effect of €3,892 thousand.

The extraordinary shareholders' meeting held on 22 December 2014, resolved, subject to the start of trading of the Company's shares on the MTA, the adoption of a stock option plan for executive directors, contract workers and Group company employees (the "Plan"). The plan involves the allocation of a maximum number of 2,750 thousand options, each of them giving the right to subscription of a newly issued ordinary share; With regard to this Plan, on 14 May 2015, the Company's Board of Directors resolved the approval of the Plan Regulation and granted a maximum of 1,100 thousand options which give the right to subscribe to one newly issued ordinary share at the price of €6. The actual number of options for each beneficiary will be defined when given targets from the 2015 financial statements are reached and they can be exercised over the next 4 half-year periods. The valuation pursuant to the requirements of IFRS 2 for the stock options granted has involved the recording of a cost of €63 thousand with a matching stock option reserve entry.

12. Current and non-current payables due to banks and other lenders

The breakdown of non-current payables due to banks and other lenders at 30 June 2015 is as follows:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Due to banks	7,241	23
Due to other lenders	100	129
Total non-current payables due to banks and other lenders	**7,341**	**152**

The breakdown of current payables due to banks and other lenders at 30 June 2015 is as follows:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Due to banks	2,127	8,669
Due to other lenders	46	56
Total current payables due to banks and other lenders	**2,173**	**8,725**

Current payables due to banks include amounts relating to the use of credit lines against future invoices, current account overdrafts and the current portion of loans.

Payables due to other lenders refers exclusively to payables due to leasing companies.

During the period, the Group changed its debt structure by signing 2 new medium-term loans for a total of €8.5 million and it repaid a €2.5 million loan due as well as significantly reducing the use of short-term lines of credit and paying in advance two loans characterised by higher financial costs.

The following table provides a breakdown of the agreements in place for bank loans issued to the Group at 30 June 2015:

(In thousands of Euro)			At 30 June 2015						
Lending institution	Loan type	Interest rate	Amount disbursed	Year taken out	Year of expiry	Accounting balance	Within 1 year	From 1 to 5 years	More than 5 years
UBI Banca Commercio e Industria	Soft	3-month Euribor + spread	6,000	2015	2017	5,989	0	5,989	-
UBI Banca Commercio e Industria	Unsecured	3-month Euribor + spread	2,500	2015	2017	2,494	1,242	1,252	-
Total bank loans			**8,500**			**8,483**	**1,242**	**7,241**	**-**

The following table provides a breakdown of the agreements in place for bank loans issued to the Group at 31 December 2014:

(In thousands of Euro)			At 31 December 2014						
Lending institution	Loan type	Interest rate	Amount disbursed	Year taken out	Year of expiry	Accounting balance	Within 1 year	From 1 to 5 years	More than 5 years
UBI Banca Commercio e Industria	Soft	3-month Euribor + spread	2,500	2013	2015	2,500	2,500	-	-
UniCredit	Unsecured	3-month Euribor + spread	200	2009	2016	53	30	23	-
Banca Popolare di Milano (BPM)	Unsecured	3-month Euribor + spread	1,000	2012	2015	129	129	-	-
Total bank loans			**3,700**			**2,682**	**2,659**	**23**	-

During the period, the Group did not take out any loans in any currency other than euros. Loans that matured during the period were duly repaid.

Liquidity/net financial debt

The breakdown of net financial debt at 30 June 2015 is reported below, in accordance with the Consob Communication of 28 July 2006 and in compliance with the ESMA/2011/81 Recommendations:

Net financial position

(In thousands of Euro)	30 June 2015	31 December 2014
(A) Cash	-233	-129
(B) Other cash and cash equivalents	-45,087	-9,250
(C) Stocks 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) Net current financial liquidity / debt (D)+(E)+(I)	**-43,892**	**-942**
(K) Non-current bank payables	7,241	23
(L) Bonds issued	-	-
(H) Other non-current payables	100	129
(N) Non-current financial debt (K)+(L)+(M)	**7,341**	**152**
(O) Net Financial (Liquidity) / Debt (J)+(N)	**-36,551**	**-790**

13. Personnel funds

This item includes the recognition of severance pay related to employees of the Group companies, as provided for in Article 2120 of the Italian Civil Code, discounted according to the procedures governed by IAS 19; during the period, the TFR was increased by €3,315 thousand to €3,613 thousand.

The main assumptions used to determine the current value of employee benefits at the time of retirement in accordance with IAS 19 were unchanged compared with those used at 31 December 2014.

14. Trade and other payables

Trade payables stood at €28,825 thousand (€28,781 thousand at 31 December 2014) and are recorded at their nominal value. All payables mature within the next year, so there are no payables to be discounted. Trade payables include both payables due to suppliers of finished goods and raw materials and suppliers of services. All payables for significant amounts are denominated in euros.

The following table provides a breakdown of trade payables by maturity:

Amounts (in € 000s)	At 30 June 2015	At 31 December 2014
To become due	**22,149**	**20,545**
Due for <30 days	4,506	5,353
Due for 30-90 days	985	2,174
Due for 90-180 days	742	389
Due for >180 days	443	320
Total due	**6,676**	**8,236**
Total trade payables and other receivables	**28,825**	**28,781**

15. Other liabilities

Other non-current liabilities total €450 thousand and are the best estimate of the earn-out debt to be paid in 2017 to MyTrainerCommunity S.r.l.

Other current liabilities stand at €7,500 thousand and break down as follows:

(In thousands of Euro)	At 30 June 2015	At 31 December 2014
Due to employees/directors	2,144	2,090
Due to social security bodies	956	813
Advances from customers	2,198	2,811
Tax payables	1,052	1,364
Accruals and deferrals	971	1,120
Other payables	179	221
Total other current liabilities	**7,500**	**8,419**

Other payables to employees/directors include liabilities for pay, unused leave and the relative contributions.

Advances from customers are related to the e-Commerce sales process.

Notes on the main items of the consolidated income statement

16. Revenues

The breakdown of revenue is as follows:

	For the period ended 30 June	
(In thousands of Euro)	2015	2014
e-Commerce revenue	88,298	70,567
Vertical Content revenue	11,432	10,604
Revenues	**99,730**	**81,171**

As the table shows, the e-Commerce segment represented 88% of Group revenue, showing more than proportional growth in relation to Group revenue.

Revenue is recognised net of refunds on sales. Refunds on sales for the period to 30 June 2015 and 2014 amounted to €3,207 thousand and €2,194 thousand, respectively.

In terms of the breakdown of revenue by region, most revenue was generated in Italy. The following table shows the breakdown of revenue by region:

	For the period to 30 June	
(In thousands of Euro)	2015	2014
Italy	98,811	79,026
EU	909	2,093
Non-EU	10	52
Total Revenue	**99,730**	**81,171**

17. Other income

Other income totalled €154 thousand (€190 thousand at 30 June 2014) and is mainly composed of insurance payments relating to damage caused by transporters to products sold by the e-Commerce division and marketing contributions.

18. Costs for raw materials and goods for resale

The breakdown of the item costs for raw materials and goods for resale is as follows:

	For the period to 30 June	
(In thousands of Euro)	2015	2014
Raw materials and goods for resale	(73,871)	(55,527)
Change in inventories	2,947	128
Total costs for raw materials and goods for resale	**(70,924)**	(55,399)

The increase in purchases of goods relates mainly to the growth in turnover in the e-Commerce segment.

19. Cost of services

The breakdown of costs for services is as follows:

Cost of services	At 30 June 2015	At 30 June 2014
Sales and marketing costs	6,042	3,458
Transport and logistics	7,144	5,046
Consulting and contract workers	1,780	1,426
IT services and technical consulting	1,076	1,296
Rentals and leases	1,419	1,134
External publisher costs	1,407	1,306
Deposit fees and bank expenses	1,193	917
Content purchase costs	776	673
Travel expenses	217	186
Utilities	238	212
Directors' remuneration	633	579
Photographic services costs	358	333
Others	695	470
Total costs for services	**22,978**	**17,036**

Costs for services totalled €22,978 thousand compared to €17,036 thousand for the previous year.

During the year, due mainly to increased revenue, particularly from the e-commerce segment, a proportional increase in costs for related services was recorded, particularly for transport, marketing, logistics and deposit fees.

Sales and marketing costs relate in particular to customer acquisition costs and customer retention promotional activities in the e-Commerce segment, as well as negotiating fees and commissions in the vertical content segment. The increase compared with the corresponding period in the previous year is mainly due to the decision to accelerate the acquisition of customers in line with the strategy announced after listing.

Content purchase costs relate to purchases of videos, photos, comments, articles and images to populate the hosted websites. The increase is strictly correlated to the higher number of pages managed and viewed by users, with a consequent increase in related advertising revenue.

The costs of rentals and leases mainly reflect lease agreements for offices and warehouses; the increase relates to the need for more space for administrative and logistics departments.

Costs for transport and logistics refer exclusively to the e-Commerce segment, and relate to transport expenses incurred to send products to customers and costs incurred to transport products from suppliers to Group warehouses and from these to pick-and-pay outlets. Handling, packaging and preparation costs are also included.

Costs for services include €53 thousand in non-recurring costs related to consulting fees for the IPO process.

20. Personnel expenses

The breakdown of employee costs is as follows:

	At 30 June 2015	At 30 June 2014
Salaries and wages	7,096	6,054
Social security charges	2,096	1,860
Severance pay	413	408
Capitalised costs	(1,851)	(1,621)
Other costs	36	20
Stock option	63	-
Employee costs	**7,853**	**6,721**

Employee costs increased in the period compared with the corresponding period in the previous year due purely to the growth in activity. They also include non-recurring costs of €784 thousand for premiums paid to employees and contract workers relating to achieving the goal of listing on the Italian Stock Exchange.

Employee costs are shown net of internal costs capitalised in intangible fixed assets for development projects relating to the Group's businesses.

Workforce

The following table shows the average and actual number of employees by category for the financial years ended 31 December 2014 and 2013:

	At and for the period to 30 June 2015		At and for the period to 30 June 2014	
	Average	Actual	Average	Actual
Senior managers	7	7	7	7
Middle managers	37	38	34	37
Clerical workers	269	276	253	260
Manual workers	3	3	4	4
Total		**324**		**308**

21. Depreciation, amortisation and write-downs

The breakdown of depreciation, amortisation and write-downs is as follows:

Depreciation, amortisation and write-downs	At 30 June 2015	At 30 June 2014
Amortisation of intangible assets	2,238	1,873
Amortisation of tangible assets	430	399
Bad debt provision	-	98
Total amortisation and impairments	**2,668**	**2,370**

The increase in amortisation is related to investments made.

No further bad debt provision was required in the period than already made the previous year.

22. Other expenses

Other expenses stood at €524 thousand and mainly included losses incurred for various reasons, fines, subscriptions and membership fees.

23. Financial income and expenses

Financial expenses, net of income, stood at €121 thousand, a net improvement over the corresponding period of the previous year (€276 thousand). Specifically, expenses fell by €313 thousand to €238 thousand thanks to a more efficient debt structure at lower average rates; income increased by €37 thousand to €118 thousand including the positive effect of the sale of investments in Webperformance of approximately €73 thousand.

24. Share of the result pertaining to associates

The entry stood at €9 thousand (€0 at 30 June 2014) and includes the Group's share pertaining to associates; specifically Uollet and Installo made a negative contribution, Gold5 and Post Hanno recorded positive results.

25. Income taxes

The breakdown of income taxes is as follows:

Tax	At 30 June 2015	At 30 June 2014
Current taxes	(26)	(272)
Deferred taxes	1,569	230
Total taxes	**1,543**	**(42)**

Current taxes involve IRAP for the period; the reduction is mainly due to the change in the taxable base for IRAP introduced through the 2015 budget. Deferred tax provisions were made for the tax loss for the period in consideration of the probable recoverability with expected profits forecast in the business plan for future years.

26. Earnings per share

Basic earnings per share is calculated by dividing the profit (loss) for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit (loss) attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, in addition to potential shares that would be generated by the exercise of warrants existing at the reporting date and in the money.

The table below shows earnings and the share information used to calculate basic and diluted earnings per share, taking into account the aforementioned split:

(In thousands of Euro)	At 31 December 2014	At 31 December 2013
Profit (loss) attributable to the parent company's ordinary shareholders (In thousands of Euro)	(3,649)	(866)
Average number of shares outstanding	38,252,252	30,417,100
Dilution effect	3,462,500	365,450
Average number of outstanding shares for the purposes of calculating diluted earnings	41,714,752	30,782,550
Earnings per share (euros)	*(0.10)*	*(0.03)*
Diluted earnings per share (euros)	*(0.09)*	*(0.03)*

The weighted average number of treasury shares used for basic earnings per share takes into account the weighted average effect of changes due to transactions on treasury shares that took place during the year.

Diluted earnings per share were determined taking into account the potential diluting effect from the exercise of:

- an option for the subscription of 525 thousand A shares

- 235 Banzai 2014-2018 warrants entitling holders to the subscription of 2,937,500 A shares

Primary and secondary reporting formats

For the purposes of analysis by management, the activity carried out by the Group is divided into two operating segments, namely:

- e-Commerce;

- Vertical Content.

Management monitors the operating results of the segments so that it can take decisions on the allocation of resources and assess Group performance. Performance is assessed based on operating results, and is measured in the same way as the operating results in the consolidated financial statements. Meanwhile, Group financial and tax management is monitored at Group level and not allocated to the individual operating segments.

Information on the Group's results and assets and liabilities allocated by segment, is shown below. Unallocated balances are included in the holding and eliminations column, since these are managed at Group level.

The following table shows the consolidated statement of financial position broken down by business segment at 30 June 2015:

(In thousands of Euro)	e-Commerce	Vertical Content	Holding and eliminations	Total
Non-current assets				
Plant and machinery	2,234	446	291	2,971
Intangible assets	28,998	13,210	1,492	43,700
Other non-current assets			13,762	13,762
Total non-current assets				**60,433**
Current assets	15,974	0	0	15,974
Inventories	4,227	8,292	-81	12,438
Trade receivables and other receivables	3,433	565	1,352	5,350
Other current assets	3,531	430	41,359	45,320
Cash and cash equivalents				**79,082**
Total current assets				**139,515**
Assets held for sale				
Total assets				
			89,613	**89,613**
Shareholders' equity and liabilities			**11,404**	**11,404**
Shareholders' equity				
Shareholders' equity attributable to the Group	24,193	4,254	378	28,825
Total Shareholders' equity			2,173	2,173
	5,227	2,025	248	7,500
Non-current liabilities				**38,498**
Non-current liabilities				**49,902**
Total non-current liabilities				**139,515**

The following table shows the consolidated statement of financial position broken down by business segment at 31 December 2014:

(In thousands of Euro)	At 31 December 2014			
	e-Commerce	Vertical Content	Other	Total
NON-CURRENT ASSETS				
Plant and Machinery	1,762	454	324	2,540
Intangible assets	26,781	10,855	911	38,547
Other non-current assets			10,061	10,298
NON-CURRENT ASSETS TOTAL				**51,385**
CURRENT ASSETS				
Inventories	13,027	0	0	13,027
Trade receivables and other receivables	4,787	8,784	-490	13,081
Other current assets	2,860	759	2,015	5,634
Cash and cash equivalents			9,379	9,379
CURRENT ASSETS TOTAL				**41,121**
ASSETS TOTAL				**92,506**
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY			**43,114**	**43,114**
NON-CURRENT LIABILITIES			**3,467**	**3,467**
CURRENT LIABILITIES				
Trade payables and other payables	23,483	4,405	893	28,781
Payables to banks and other lenders			8,725	8,725
Other current liabilities	5,799	2,429	191	8,419
TOTAL CURRENT LIABILITIES				**45,925**
TOTAL LIABILITIES				**49,392**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				**92,506**

The following table shows the consolidated income statement broken down by business segment at 30 June 2015:

(In thousands of Euro)	*e-Commerce*	*Vertical Content*	Holding and eliminations	Total
Revenues	88,298	11,432	0	99,730
Intra-segment revenue	148	29	(177)	0
Other income	126	27	1	154
Costs for raw materials and goods for resale	(70,907)	(19)	2	(70,924)
Cost of services	(15,289)	(6,717)	(972)	(22,978)
Personnel expenses	(4,191)	(2,776)	(886)	(7,853)
Depreciation, amortisation and write-downs	(1,470)	(1,062)	(136)	(2,668)
Impairment losses on non-current assets	(409)	(42)	(72)	(523)
Operating profits	**(3,694)**	**872**	**(2,240)**	**(5,062)**
Financial expenses			(239)	(239)
Financial income			118	118
Share of the result pertaining to associates			(9)	(9)
Profit (loss) before tax from continuing operations				**(5,192)**
Income taxes			1,543	1,543
Income taxes				**(3,649)**

The following table shows the consolidated income statement broken down by business segment at 30 June 2014:

30 June 2014	E-commerce	Vertical Content	Holding and eliminations	Total
Revenues	70,567	10,604		81,171
Intra-segment revenue	236		(236)	
Other income	160	30	-	190
Costs for raw materials and goods for resale	(55,407)	(13)	21	(55,399)
Cost of services	(10,584)	(6,014)	(438)	(17,036)
Personnel expenses	(3,519)	(2,573)	(629)	(6,721)
Depreciation, amortisation and write-downs	(1,146)	(1,122)	(102)	(2,370)
Impairment losses on non-current assets	-	-	-	-
Other fees	(277)	(60)	(46)	(383)
Operating result	**30**	**852**	**(1,430)**	**(548)**
Financial expense			(313)	(313)
Financial income			37	37
Share of the result pertaining to associates				
Profit (loss) before tax from continuing operations				**(824)**
Income taxes			(42)	(42)
Profit (loss) for the year from continuing operations				**(866)**
Assets held for sale				
Net profit (loss) from assets held for sale			-	-
Profit (loss) for the year				**(866)**

Other information

Related-party transactions

The following table shows details of related-party transactions.

In thousands of Euro	at 30 June 2015						
	Trade receivables	Investments in associates	Non-current financial assets	Cash and cash equivalents	Trade payables	Costs for services	Revenues
Banca Profilo S.p.A.				31,183			
Il Post S.r.l.	125	518	35		153	486	98
Uollett S.r.l.	4		500				11
Good Morning Italia S.r.l.		59					
Gold 5 S.r.l.	48	71	200				44
Ecommerce Outsourcing S.r.l.		200					993
Installo S.r.l.		291			65	110	
Total	**177**	**1,139**	**735**	**31,183**	**218**	**596**	**1,146**
Total balance sheet item	**12,438**	**1,139**	**1,788**	**45,320**	**28,825**	**22,978**	**99,730**
Weight %	**1.4%**	**100.0%**	**41.1%**	**68.8%**	**0.8%**	**2.6%**	**1.1%**

Banca Profilo is a related-party of Banzai from the time that Sator Fund indirectly controlled Banca Profilo and indirectly held a stake in the share capital of the company, over which it exercises considerable influence. In addition, Banca Profilo is a related-party of Arepo BZ S.à r.l., a company indirectly controlled by Sator Fund, through which Sator Fund holds the above-mentioned stake in the Issuer. The other companies are related-parties because there is a shareholding relationship connecting them with Banzai Group companies. In addition to what is shown in the table, Banca Profilo performed activities as Joint Global Coordinator in the IPO process for a total amount of €630 thousand recorded as funding charges against net shareholders' equity.

Below is the breakdown of related-party transactions at 31 December 2014 as regards equity items and at 30 June 2014 as regards costs and revenues:

In thousands of Euro	At 31 December 2014			
	Trade receivables	Investments in associates	Non-current financial assets	Trade payables
Il Post S.r.l.	15	501	35	238
Uollett S.r.l.			263	
Good Morning Italia S.r.l.		59		
Gold 5 S.r.l.	2	19	200	
Ecommerce Outsourcing S.r.l.	224	200		
Installo S.r.l.	1			19
Total	**242**	**779**	**498**	**257**
Total balance sheet item	**13,081**	**779**	**1,682**	**28,781**
Weight %	**1.9%**	**100.0%**	**29.6%**	**0.9%**

In thousands of Euro	At 30 June 2014	
	Costs for services	Revenues
Il Post S.r.l.	339	90
Ecommerce Outsourcing S.r.l.		1,397
Installo S.r.l.	41	
Total	**380**	**1,487**
Total balance sheet item	**17,036**	**81,171**
Weight %	**2.2%**	**1.8%**

Commitments and guarantees given by the Group

There were no commitments or guarantees given by Group companies in favour of third parties in the financial year ended 31 December 2014.

Financial risk management policy

The Group's objective is to maximise the return on net invested capital while retaining its ability to operate over time, and guaranteeing adequate shareholder returns and benefits for other stakeholders, with a sustainable financial structure.

To achieve these objectives, as well as generating cash flows and solid results, the Group may take measures concerning the dividend policy and the capital configuration.

Types of financial risk

The Group is primarily exposed to financial risks linked to the ability of its customers to meet their obligations to the Group (credit risk), obtaining financial resources on the market (liquidity risk), and interest rate and exchange rate fluctuations (market risk).

Financial risk management is an integral part of Group business management and is carried out centrally based on guidelines developed by the Finance Department as part of the more general risk management strategies defined by the Board of Directors.

- **Liquidity risk**

Liquidity risk refers to the failure to obtain the financial resources needed for the business to function and for the development of operations.

The two main factors that impact the Group's liquidity are the resources generated or absorbed by operations and investment activities, and the contractual maturity of debt or financial investments and market conditions.

- **Credit risk**

Credit risk is exposure to potential losses arising from default by trade counter-parties on their obligations.

The Group closely monitors its credit exposure using an internal reporting system. Since receipts for sales are generally obtained in advance in the e-commerce segment, credit risk is marginal with respect to the size of the business.

- **Market risk**

With regard to financial assets and liabilities, the Group is primarily exposed to market risk linked to fluctuations in interest rates on floating-rate loans and cash investments, which may affect the cost of borrowing and the return on investments.

- **Currency risk**

As regards currency risk, the Group operates primarily in the euro area.

Disclosure of the carrying amount and fair value of financial instruments

The carrying amount and fair value of financial instruments in the period ended 30 June 2015 is shown below:

	At 30 June 2015					
(In thousands of Euro)	Financial instruments at fair value held for trading	Held-to-maturity assets	Receivables and loans	AFS financial instruments	Fair value	Fair value hierarchy
Other financial assets						
Equity investments	-	-	-	1,013	**1,013**	Level 3
Other financial assets	-	40	735	-	**775**	Level 3
Other assets			208		**208**	Level 3
Trade receivables						
Trade receivables	-	-	12,438	-	**12,438**	Level 3
Cash and cash equivalents						
Bank and postal deposits	-	-	45,320	-	**45,320**	Level 1

	At 30 June 2015			
(In thousands of Euro)	Financial instruments at fair value held for trading	Liabilities at amortised cost	Fair value	Fair value hierarchy
Non-current financial payables and liabilities				
Payables to banks and other lenders	-	7,341	**7,341**	Level 3
Current liabilities				
Due to banks	-	2,173	**2,173**	Level 3
Due to suppliers	-	28,825	**28,825**	Level 3

The carrying amount of financial instruments in the financial year ended 31 December 2014 is shown below:

	At 31 December 2014					
(In thousands of Euro)	Financial instruments at fair value held for trading	Held-to-maturity assets	Receivables and loans	AFS financial instruments	Fair value	Fair value hierarchy
Other financial assets						
Equity investments	-	-	-	1,024	**1,024**	Level 3
Other financial assets	-	160	498	-	**658**	Level 3
Other assets			125		**125**	Level 3
Trade receivables						
Trade receivables	-	-	13,081	-	**13,081**	Level 3
Cash and cash equivalents						
Bank and postal deposits	-	-	9,379	-	**9,379**	Level 1

	At 31 December 2014			
(In thousands of Euro)	Financial instruments at fair value held for trading	Liabilities at amortised cost	Fair value	Fair value hierarchy
Non-current financial payables and liabilities				
Payables to banks and other lenders	-	152	**152**	Level 3
Current liabilities				
Due to banks	-	8,725	**8,725**	Level 3
Due to suppliers	-	28,781	**28,781**	Level 3

Contingent liabilities

No contingent liabilities requiring the allocation of provisions for risks or a mention in these explanatory notes were identified.

Atypical or unusual transactions

In compliance with the provisions of the Consob Communication of 28 July 2006, in the period to 30 June 2015, there were no atypical and/or unusual transactions as defined in that Communication.

Independent auditor compensation

The table below, prepared in accordance with Art. 149-*duodecies* of the Consob Issuer Regulations, shows the fees for auditing and other non-auditing services provided by the independent auditors or by companies belonging to the Ernst & Young network.

Service	Entity providing the service	Beneficiary	Amount
Limited audit of the half-year report	Reconta Ernst & Young S.p.A.	Banzai S.p.A.	42
Activities associated with the listing process	Reconta Ernst & Young S.p.A.	Banzai S.p.A.	123
Other services	Ernst & Young Business Advisor S.p.A.	Banzai S.p.A.	47
Other services	Reconta Ernst & Young S.p.A.	Banzai S.p.A.	49
Banzai S.p.A. Total			**261**
Banzai Group Total			**261**

Chairman and Chief Executive Officer
Paolo Ainio

Certification of the consolidated financial statements in accordance with Art. 81-ter of Consob Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented.

1. We the undersigned, Paolo Ainio, in the capacity as Chairman and CEO, and Emanuele Romussi in the capacity as Manager Responsible for Preparing the Financial Reports, of Banzai S.p.A., hereby certify, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, the appropriateness of the description of the company and the effective application of administrative and accounting procedures for the preparation of the Condensed Half-Year Consolidated Financial Statements for the period from 1 January 2015 - 30 June 2015.

2. We further certify that:

   2.1. The Condensed Half-Year Consolidated Financial Statements

   - have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   - accurately reflect the accounting books and records;
   - provide a true and accurate representation of the balance sheet, income statement and financial position of the issuer and of all the companies included in the consolidation.

   2.2. the interim report on operations includes a reliable analysis of the references to the significant events that took place in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months. The interim report on operations also includes a reliable analysis of the information about significant transactions with related-parties.

Milan, 4 August 2015

Chairman and Chief Executive Officer	*The Manager Responsible for Preparing the Financial Reports*
Paolo Ainio	Emanuele Romussi

REPORT OF THE INDEPENDENT AUDITORS

Building a better working world

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Banzai S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and the related explanatory notes of Banzai S.p.A. and its subsidiaries (Banzai Group) as of 30 June 2015. The Directors of Banzai S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Banzai Group as of June 30, 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, August 5, 2015

Reconta Ernst & Young S.p.A.
Signed by: Paolo Zocchi, Partner

This report has been translated into the English language solely for the convenience of international readers

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