Renewal of ePrice
BoD and Statutory Auditors

A Separate List of Candidates and a New Strategy for Better Results

8th of April 2019

The SPEF Separate List : Rationale and Main Reasons

About SPEF	Sator Private Equity Fund is owner of 20.8% of ePrice's shares through its vehicle Arepo BZ.
SPEF's proposal	SPEF presented a list of candidates for the renewal of ePrice Board of Directors and Board of Statutory Auditors.
SPEF's list	This list is an alternative to the list presented by the current chairman and CEO together with other historical shareholders (cumulatively owning 32% of the shares).
Rationale	Create a base for a strategic re-orientation of the Company and to focus on finding external growth options.
Previous Stand-alone strategy	The current «stand-alone» strategy is not viable anymore in today's intensifying competitive landscape and ongoing consolidation activity.
Current chairman and CEO	The alternative list is **not** proposing a replacement of the historical shareholder, chairman and CEO, Mr. Ainio. Our proposal to replace 7 out of the 11 board members leaves seats available to the current management.
Objectives of shareholder action	Strengthen the current management with an institutional chairman of international standing and experience to convey a new vision and mission to lift revenues, margins, and competitiveness.

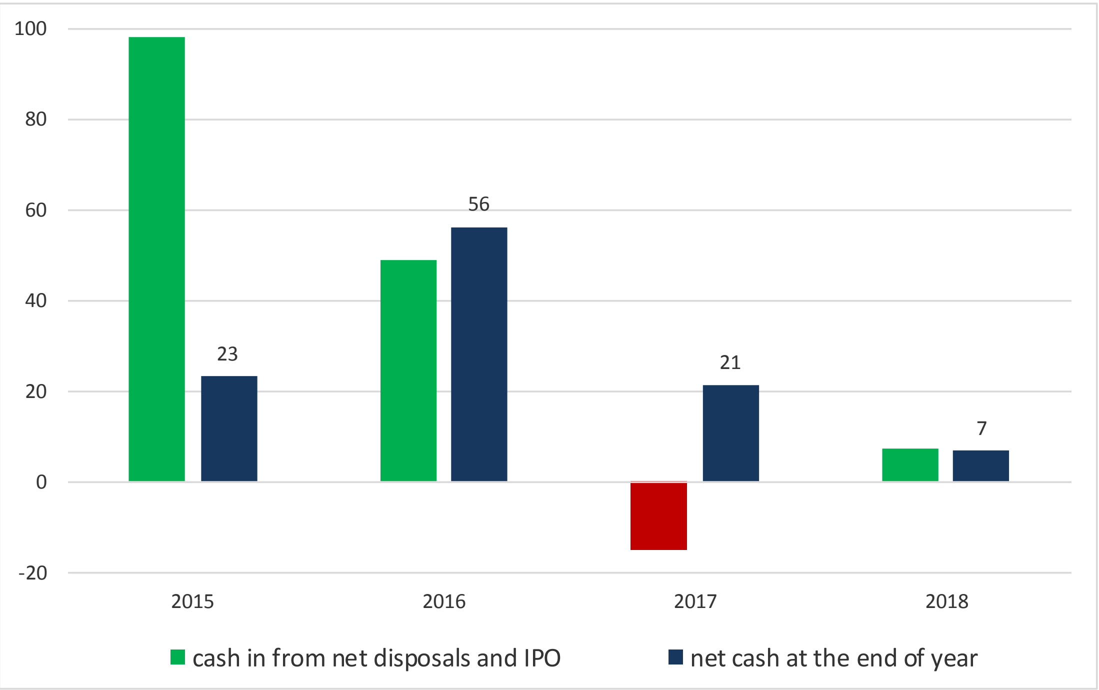
The Failure of ePrice's «Stand-Alone» Strategy in Numbers

Cash burn above €130M since ePrice IPO in 2015

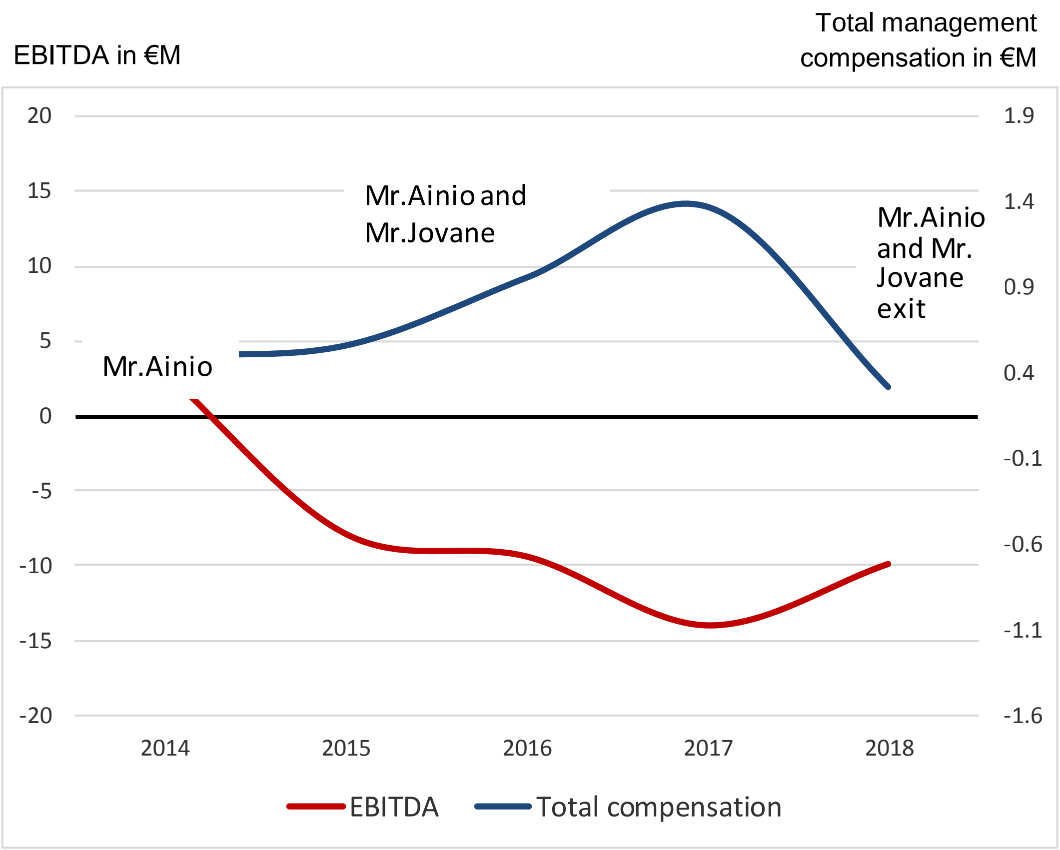
Divestiture of low growth but cash generative Banzai Media followed by the fashion onliner Saldi Privati generated about €100M in cash

However, cash on hand at the end of 2018 dropped to as low as €7M

In €M



Management Compensation vs. Performance



Bonus payments have always been granted to the top management

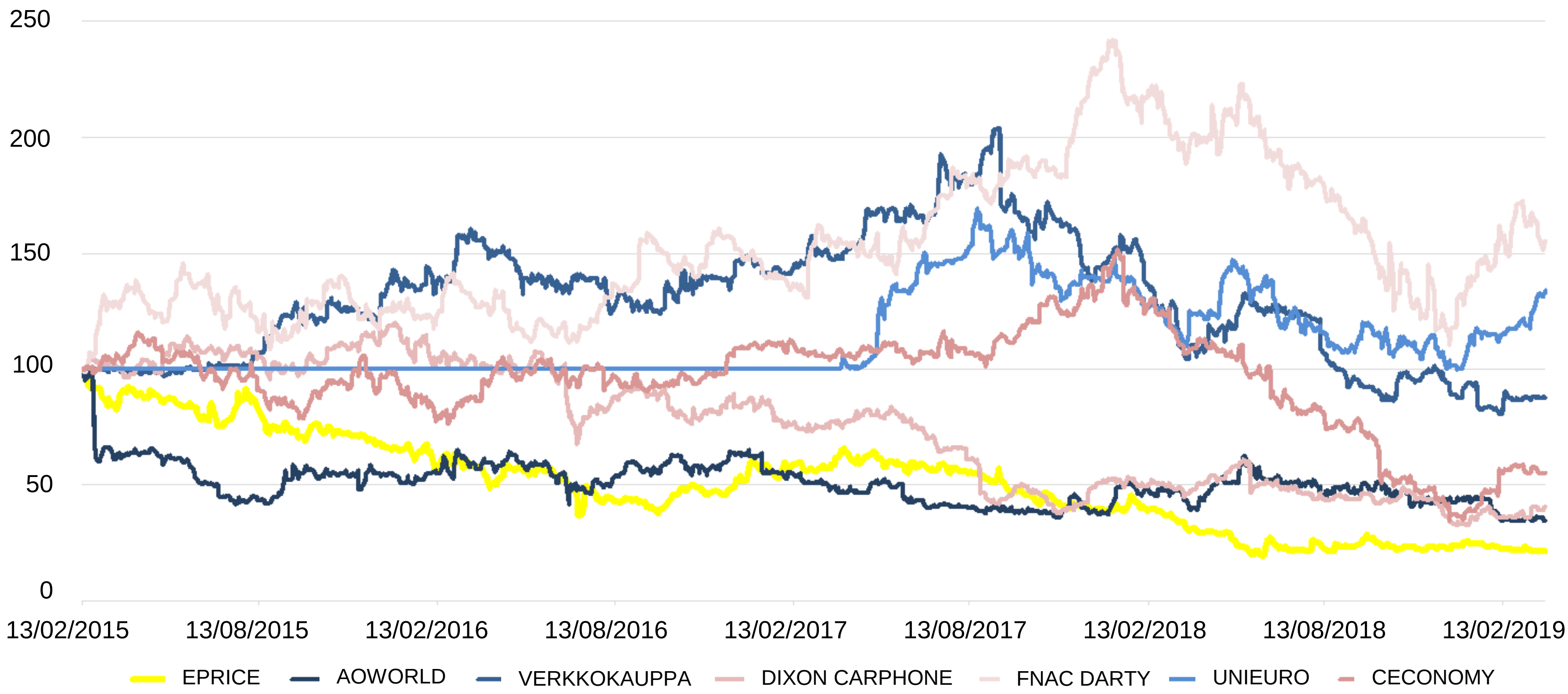
Top management bonus peaks as EBITDA drops to record low

Top management (Mr. Ainio and Mr. Jovane) received total compensation of ~€4M in 5 years

Stock (under) Performance

Stock price lost 80% since IPO

Persisting negative numbers pushed the stock price of ePrice since the IPO in 2015, from €6.75 to €1.40, i.e. double decline compared to best peers (pure onliners) and more than tenfold compared to European traditional retailers in the same sector.



ePrice Summary of Business Failures

5 business plans in 7 years	Since 2012 (year of SPEF investment) ePrice has approved 5 business plans never reaching its EBITDA targets. In 2018 EBITDA (adj) loss of €9.9mln was double the Company's budget of €4.4mln
EBIDTA goals never met	EBITDA breakeven, announced at IPO 2015 as a target of 2016, has never been reached
Declining market share	Amazon competition and renewed large traditional players putting in place omnichannel strategies have caused a loss in market shares
Cash burn above €130mln in 4 years	Since the IPO in 2015, the Company has divested first the low growth but cash-generative Media division, then the fashion eCommerce division, with cumulative proceeds of about €100M. As of end 2018, net cash precipitated to a low of €7M. The last strategic move was to exit from the less profitable categories (consumer electronics) to focus sales on white goods and MDAs
Bonus granted irrespective of Company performance	The top management (Mr. Ainio and Mr. Jovane) received total compensation of approx. €4mln in the past five years, unjustifiable by the Company results
Share price down 80% since IPO	Because of persisting negative results, the stock price has been relentlessly declining since ePrice listing in 2015, from €6.75 to current €1.4, reporting a market loss almost double than best peers (pure onliners) and more than tenfold compared to European traditional retailers active in the Tech&Appliances sector

Unsuccessful «stand-alone» strategy, intensifying competition and market consolidation

Competitors perform better

In the past three years, main listed rivals have showed higher sales growth and profitability than ePrice.

Onliners have reported double digit growth (>15% on average) of sales against stable turnover on average but significantly declining (-10%) since 2017 at ePrice, with an average EBITDA margin of 5% against a -6% at ePrice. In the same period, traditional retailers have experienced single digit growth (4% on average) of sales with an average EBITDA margin of 5%.

Market consolidation

In the past four years, there has been a significant consolidation process among European Tech&Appliances players in order to face a declining growth in the industry and intensifying competition. The numerous M&A deals have mostly concerned physical retailers acquiring eCommerce as a way to buy an option on the rapid and historical shift from traditional retailing to omnichannel.

New Strategy Proposal by the Chairman Candidate

Focus on Margins	**Audit supplier pricing and supplier relations,** refocus on higher margin products, and selected trimming of expenses
Revenue Growth	Organic revenues growth thru new advertising model, better lead conversion, bigger average order value, and partnerships with physical retailers
Strategic Transaction	Creation of a "Strategic Committee" in the board (under leadership of new Chairman) to find and execute a strategically transformative transaction within 12 to 18 months

New Strategy Proposal : Focus on margins

Focus on higher margin products	• **Audit and review all agreements with suppliers** • Fewer products per category with more purchasing power per product • Focus on white goods category
Stop margin erosion	• Offer price reductions instead of product returns for packaging and aesthetic blemishes • Disengage from margin destroyer products, except when part of a discount policy by an integrated company (i.e. Samsung, Philips, etc.)
Find new high margin opportunities	• Drive more no-name brands with higher margins • Foster stronger market place business

New Strategy Proposal : Revenue Growth

Optimized content

- Target study groups before launching new website content and landing pages
- Quantitative analysis of white goods buyer’s behavior with immersive studies
- Optimize traffic generation content (e.g. more video content)
- Focus more on digital marketing

Increase traffic

- Refreshed and revamped advertising concept
- More widely executed adverting campaigns
- Aggressively drive joint marketing campaigns with brand manufacturers
- Less spend on AdWords, and more links syndication with brand manufacturers

More conversion and bigger ticket size

- Use of machine learning and artificial intelligence for product recommendations to increase average order value
- Increase incoming lead quality thru pre-qualification
- More aggressive lead conversion to buyer

Partnerships with physical retailers

- Develop strategic cooperation with physical retailers
- Execute joint offering and marketing/advertising campaigns

New Strategy Proposal : Find and Execute a Strategic Transaction

Increase purchasing power	Find one or more European competitors with more purchasing power to combine, either thru a capital transaction or joint venture
Develop omnichannel offer	Find one or more natural partners in physical retailers in Europe
Consolidation	Merge with a bigger, non-public competitor
Pan-European presence	Merge with German or UK competitor to form a pan-European white goods specialist

Disclaimer

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