



*The Board of Directors has approved today the Q1 2002 Financial Results*

### **Q1 2002 Vitaminic revenues are rising**

*Q1 2002 consolidated revenues +38% increase over Q1 2001  
and +147% increase over Q4 2001.*

*Continues the strong growth in Business Services revenues, now up to 82% of total revenues.*

*Following the integration of the acquired companies,  
about 80% of total revenues are made abroad.*

*Mr. Pier Luigi Celli has been co-opted as independent director in the Board of Directors.*

Milan, May 14<sup>th</sup>, 2002 - Financial Results for first quarter 2002 have been approved today by the Board of Directors of Vitaminic SpA (Italy, Nuovo Mercato: VIT).

**Q1 2002 consolidated revenues totaled Euro 1,800K, +38% increased over those of Q1 2001 (Euro 1,308K) and +147% increased over those of Q4 2001 (Euro 730K).**

"The year has begun well and we expect to reach EBITDA break-even target within the end of the year", comments Gianluca Dettori, *Chief Executive Officer* of Vitaminic SpA. "Vitaminic will focus on Business Services area that represents Company's nowadays most important business area, developing its offering to mobile telecommunication operators. According to the latest analysis from Internet research firm Jupiter MMXI, in 2001, European consumers spent 590 million Euro for content mobile on mobile phones (i.e. ringtones, logos, sport and financial news...) and only 252 million Euro on PCs and by 2006, they will spend 3.3 billion Euro for content on wireless phones and only 1.7 billion Euro on PCs".

A breakdown of revenues shows an outstanding result coming from revenues from the Business Services area, the so called "*Content and infrastructure services*", equal to Euro 1,472K, four times increased over those of Q1 2001 (Euro 336K). Revenues coming from Business Services represent 82% of total revenues.

The growth of the *Business Services* area took advantage not only of the distribution of the **Vitaminic Music Club (VMC)** - the first European online digital music subscription service - to the corporate market in bundle with hardware and digital music software or as value added products and services targeted to young customers - as we have done i.e. with US Robotics, Waitec, Verbatim, Nokia, Siemens, Philips or banks such as Banca CRT (Unicredito Group) - but also of the first offering of *music application services* to mobile telephony operators. Vitaminic has already signed agreements with TIM, Omnitel-Vodafone, Wind, Dutchtone-Orange and it is coming into agreement with others to develop and market services for this rising industry.

"*E-commerce*" revenue amounted to Euro 165K, ten times increased over Q1 2001 one (Euro 17K), and represents 9% of total revenues.

Revenues coming from "*Advertising and direct promotion*", equal to Euro 163K, represent 9% of total revenues in Q1 2002, against 73% of the same period last year (equal to Euro 955K). Impressive growth of *Business Services* and *Commerce* areas have made up for the general downturn in advertising market, especially the online one.

A geographical breakdown shows that, following the internationalization of the Company during the year 2001, after acquisitions of Peoplesound.com Ltd. and Eurekan Multimedia S.A.-FranceMP3, about 80% of total revenues is made out of Italy.

**Consolidated gross operating margin** of Q1 2002 totalled Euro -3,762K, against Euro -2,644K in Q1 2001. This dynamic is mainly effected by the integration of Peoplesound Group in the Vitaminic Network - that is not yet completed - and by a different revenue mix.

**Consolidated operating result** amounted to Euro 5,502K and takes into account depreciation, amortization, write-downs, provisions and other operating costs equal to Euro 1,740K.

A **cost analysis** shows a growth in services expenses, equal to Euro 3,003K (Euro 2,704K in Q1 2001), mainly due to a development in Group's activities. In details, consulting expenses totalled Euro 0.5 millions, royalties and right Euro 0.5 millions, bandwidth and connectivity Euro 0.2 millions, largely compensated by advertising costs reduction.

**Overall personnel costs** were Euro 2,346K, with an increase over those of Q1 2001, equal to Euro 1,188K, in accordance with the average Group personnel. The average number of employees increased from 84 units in Q1 2001, to 148, in Q1 2002. This number includes Peoplesound Group employees. As of March 31<sup>st</sup>, 2002 the number of employees is equal to 133 units, against 163 as of December 31<sup>st</sup>, 2001.

Vitaminic registered in Q1 2002 a consolidated **pre-tax results** of Euro -5,424K and takes into account depreciations for Euro 1,699K.

**Net fixed assets** totalled Euro 26,460K (Euro 1,437K in Q1 2001), mainly due to acquisitions made during year 2001 (Eurekan Multimédia-FranceMP3 S.A., Peoplesound.com Ltd. and assets acquisition of IUMA Inc.).

Vitaminic **net cash** as of March, 31<sup>st</sup> 2002 was Euro 12,728K. The present net cash position, according to the more updated Company plans, is adequate to guarantee its development and activities, until it will break-even, as expected, within the end of fiscal year 2002.

"FY 2002 will see us focused on reaching business targets expected in terms of EBITDA break-even and, therefore, big attention in costs reductions and revenues increase. Musical contents and technological infrastructure distribution will be the most important theme of 2002 business strategy", comments Gianluca Dettori. "On the one hand, if piracy - not yet cut down to physiological level - and hard defensive reaction from the Majors are delaying the moment in which online music sales will be a valuable alternative to traditional retail for end users, on the other hand, B2B music sales show very interesting results, thanks to the use of innovative distribution channels as well (mobile, i-TV, satellite...)", comments Gianluca Dettori.

The Board of Directors of Vitaminic SpA has co-opted Mr. Pier Luigi Celli as independent director, hence replacing former independent director Mr. Maurizio Dècina, who resigned on April 18th, 2002. Mr. Pier Luigi Celli will bring to Vitaminic Board of Directors his know-how in media and telecommunications industries, developed during his important past experiences as a top manager in IPSE, RAI, ENEL and Omnitel.

\*\*\*

**About Vitaminic Music Network**

Founded in April 1999, Vitaminic SpA (Italy, Nuovo Mercato: VIT) is Europe's leading value added digital music solution provider, focused on new digital formats and innovative electronic distribution channels. Vitaminic operates in 10 countries through its local websites (Italy, the United Kingdom, Germany, France, Spain, the Netherlands, Sweden, Denmark, Ireland and the US).

The Vitaminic Group includes Peoplesound.com, the leading European website for high quality emerging music, Iuma (Internet Underground Music Archive), the pioneer Internet artists community, FranceMp3, leading French online music websites, and ZipMind, a music publishing company.

**For more information concerning Vitaminic:****Investor Relations**

Mrs Michaela Carboni

Tel. +39 02 433317.1

Email : michaela@vitaminic.it

**Public Relations**

Mrs Monica Montefusco

Tel. +39 02 433317.1

Email: monica@vitaminic.it