# Esprinet Group

# Interim management statement as at 30 September 2017

**Approved by the Board of Directors on 13 November 2017**

**Parent Company:**

*Esprinet S.p.A.*
VAT Number: IT 02999990969
Monza e Brianza Companies' Register and Tax Number: 05091320159 R.E.A. 1158694
Registered Office and Administrative HQ: Via Energy Park, 20 - 20871 Vimercate (MB)
Subscribed and paid-in share capital as at 30/09/2017: Euro 7,860,651
*www.esprinet.com - info@esprinet.com*

# Company Officers

## Board of Directors:

*(Term of office expiring with the approval of the annual financial statements as at 31 December 2017)*

| | | |
|---|---|---|
| Chairman | Francesco Monti | (SC) |
| Deputy Chairman & Chief Executive Officer | Maurizio Rota | (SC) (CSC) |
| Chief Executive Officer | Alessandro Cattani | (SC) (CSC) |
| Director | Valerio Casari | (SC) (CSC) |
| Director | Marco Monti | (SC) |
| Director | Matteo Stefanelli | (SC) (CSC) |
| Director | Tommaso Stefanelli | (SC) (CSC) |
| Director | Cristina Galbusera | (InD) (CRC) (RAC) |
| Director | Mario Massari | (InD) (CRC) (RAC) |
| Director | Chiara Mauri | (InD) (CRC) (RAC) |
| Director | Emanuela Prandelli | (InD) |
| Director | Ariela Caglio (1) | (InD) |
| Secretary | Manfredi Vianini Tolomei | Studio Chiomenti |

(1) from 4 May substituting Mr. Andrea Cavaliere

Notes:
(InD): Independent Director
(CRC): Control and Risk Committee
(RAC): Remuneration and Nomination Committee
(SC): Strategy Committee
(CSC): Competitiveness and Sustainability Committee

## Board of Statutory Auditor:

*(Term of office expiring with the approval of the annual financial statements as at 31 December 2017)*

| | |
|---|---|
| Chairman | Giorgio Razzoli |
| Permanent Auditor | Bettina Solimando |
| Permanent Auditor | Patrizia Paleologo Oriundi |
| Alternate Auditor | Antonella Koenig |
| Alternate Auditor | Bruno Ziosi |

## Independent Auditor:

*(Term of office expiring with the approval of the annual financial statements as at 31 December 2018)*

EY S.p.A.

## Waiver of obligation to provide information on extraordinary transactions

Pursuant to Art. 70, paragraph 8, and Art. 71, paragraph 1-bis, of the Issuers' Regulations issued by Consob, on 21 December 2012 the Board of Directors of Esprinet S.p.A. resolved to make use of the right to waive the obligation to publish the information documents stipulated for significant transactions relating to mergers, demergers, increases in capital by the contribution of goods in kind, acquisitions and transfers.

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# 1. Notes on financial performance for the period

| (euro/000) | 9 months | | | | | | | Q3 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | notes | 2017 | % | 2016 | notes | % | % var. 17/16 | 2017 | % | 2016 | notes | % | % var. 17/16 |
| **Profit & Loss** | | | | | | | | | | | | | |
| Sales | | 2,127,597 | 100.0% | 1,925,811 | | 100.0% | 10% | 690,755 | 100.0% | 680,836 | | 100.0% | 1% |
| Gross profit | | 115,430 | 5.4% | 106,627 | | 5.5% | 8% | 35,671 | 5.2% | 35,865 | | 5.3% | -1% |
| EBITDA | (1) | 18,244 | 0.9% | 20,518 | | 1.1% | -11% | 5,909 | 0.9% | 4,060 | | 0.6% | 46% |
| Operating income (EBIT) | | 14,647 | 0.7% | 17,001 | | 0.9% | -14% | 4,817 | 0.7% | 2,690 | | 0.4% | 79% |
| Profit before income tax | | 11,669 | 0.5% | 14,858 | | 0.8% | -21% | 3,722 | 0.5% | 1,647 | | 0.2% | 126% |
| Net income | | 8,926 | 0.4% | 11,785 | | 0.6% | -24% | 2,659 | 0.4% | 1,427 | | 0.2% | 86% |
| **Financial data** | | | | | | | | | | | | | |
| Cash flow | (2) | 12,425 | | 14,664 | | | | | | | | | |
| Gross investments | | 3,620 | | 4,552 | | | | | | | | | |
| Net working capital | (3) | 353,361 | | 102,322 | (4) | | | | | | | | |
| Operating net working capital | (5) | 357,708 | | 102,046 | (4) | | | | | | | | |
| Fixed assets | (6) | 124,146 | | 124,516 | (4) | | | | | | | | |
| Net capital employed | (7) | 462,798 | | 212,535 | (4) | | | | | | | | |
| Net equity | | 320,911 | | 317,957 | (4) | | | | | | | | |
| Tangible net equity | (8) | 228,501 | | 225,299 | (4) | | | | | | | | |
| Net financial debt | (9) | 141,884 | | (105,424) | (4) | | | | | | | | |
| **Main indicators** | | | | | | | | | | | | | |
| Net financial debt / Net equity | | 0.4 | | (0.3) | | | | | | | | | |
| Net financial debt / Tangible net equity | | 0.6 | | (0.5) | | | | | | | | | |
| EBIT / Finance costs - net | | 4.9 | | 7.9 | | | | | | | | | |
| EBITDA / Finance costs - net | | 6.1 | | 9.6 | | | | | | | | | |
| Net financial debt/ EBITDA | | 7.8 | | (2.4) | (4) | | | | | | | | |
| **Operational data** | | | | | | | | | | | | | |
| N. of employees at end-period | | 1,302 | | 1,304 | | | | | | | | | |
| Avarage number of employees | (10) | 1,315 | | 1,160 | | | | | | | | | |
| **Earnings per share (euro)** | | | | | | | | | | | | | |
| - Basic | | 0.17 | | 0.23 | | | -26% | 0.05 | | 0.03 | | | 67% |
| - Diluted | | 0.17 | | 0.22 | | | -23% | 0.05 | | 0.03 | | | 67% |

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation and write-downs and accruals for risks and charges.
(2) Sum of consolidated net profit and amortisations.
(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of net current financial debts.
(4) Figures as at 31 December 2016.
(5) Sum of trade receivables, inventory and trade payables.
(6) Equal to non-current assets net of non-current derivative financial assets.
(7) Equal to capital employed as of period end, calculated as the sum of net working capital plus fixed assets net of non-current non-financial liabilities.
(8) Equal to net equity less goodwill and intangible assets.
(9) Sum of financial debts, cash and cash equivalents, assets/liabilities for financial derivatives and financial receivables from factoring.
(10) Calculated as the average between opening and closing balance of consolidated companies.

The economic and financial results of this period and of the relative period of comparison have been measured by applying the International Financial Reporting Standards ('IFRSs'), adopted by the EU in force in the reference period.
In the chart above, in addition to the conventional economic and financial indicators laid down by IFRSs, some 'alternative performance indicators', although not defined by the IFRSs, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute IFRSs indicators; they are used internally by the Management for measuring and controlling the Group's profitability, performance, capital structure and financial position.

As required by the ESMA/2015/1415 Guidelines issued by ESMA (European Securities and Market Authority) under Article 16 of the ESMA Regulation, updating the previous recommendation CESR/05-178b of the CESR (Committee of European Securities Regulators) and adopted by Consob with Communication no. 0092543 of 12/03/2015, the basis of calculation adopted is defined below the table.

# 2. Contents and format of the interim management statement

## 2.1 Consolidation policies, accounting principles and valuation criteria

Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the STAR segment of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange since July 27, 2001.

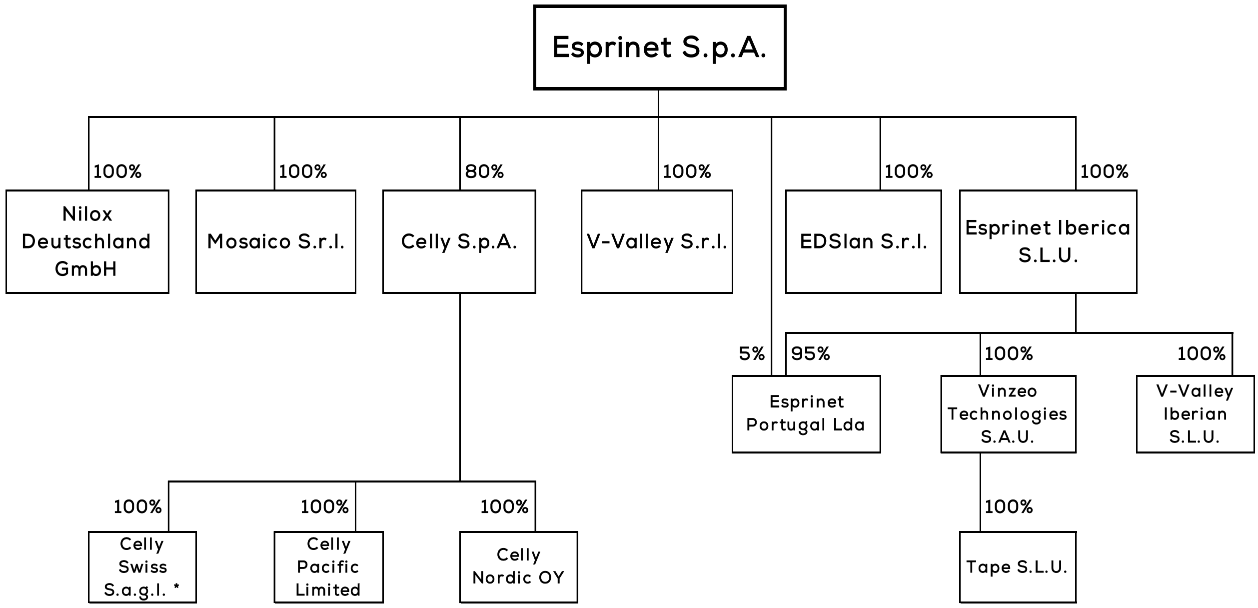
Due to this, the Esprinet Group consolidated interim management statement as at 30 September 2017, non-audited, has been drawn up as per Article 154-ter, paragraph 5 (Financial reports), of the Legislative Decree No. 58/1998 (T.U.F. - Finance Consolidation Act).

Financial data presented in this document result from the application of the same accounting principles (IFRSs - International Financial Reporting Standards), consolidation principles and methods, valuation criteria, conventional definitions and accounting estimates used in previous consolidated financial statements for interim and annual periods, unless otherwise indicated.

Pursuant to Consob Communication No. DEM/8041082 of 30 April 2008 ('Interim financial report of companies listed in Italy') the financial data in said report are comparable with that shown in previous reports and are in line with the financial statements published in the annual report as at 31 December 2016 to which reference should be made for all the explanatory notes to the annual report.

## 2.2 General information about the Esprinet Group

The chart below illustrates the structure of the Esprinet Group as at 30 September 2017:




* In liquidation as at 30/09/2017

In legal terms, the parent company, Esprinet S.p.A., was formed in September 2000 following the merger of the two leading distributors operating in Italy: Comprel S.p.A. and Celomax S.p.A..
The Esprinet Group later assumed its current composition as a result of the carve-out of micro-electronic components from the parent company and of various business combination and establishment of new companies carried out in 2005.

References to 'Subgroup Italy' and 'Subgroup Iberica' can be found below.
At period-end, 'Subgroup Italy' included parent company Esprinet S.p.A., its directly controlled subsidiaries, V-Valley S.r.l., Celly S.p.A., EDSlan S.r.l. and Mosaico S.r.l., the last two of which were consolidated from 9 April and 1 December 2016 respectively, as well as Nilox Deutschland Gmbh established on 11 July 2017 but still inactive.

When referring to the Subgroup Italy, the subsidiary Celly S.p.A., a company operating in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics, and more specifically in the wholesale distribution of accessories for mobile devices, also includes its wholly owned subsidiaries:
- Celly Nordic OY, a Finnish-law company;
- Celly Pacific LTD, a Chinese-law company;
- Celly Swiss SAGL, a Swiss-law company (in liquidation as at 30 September 2017);

all of which are operating in the same segment as the Holding Company.

At the same date, Subgroup Iberica is made up of the Spanish-law and Portuguese-law subsidiaries operating in the Iberian Peninsula, i.e. Esprinet Iberica S.L.U. as well as its subsidiaries, Esprinet Portugal Lda, V-Valley Iberian S.L.U., consolidated from 1 December 2016, and Vinzeo Technologies S.A.U.. This was acquired and consolidated from 1 July 2016 with its wholly owned subsidiary, Tape S.L.U..

Esprinet S.p.A. has its registered office and administrative headquarters in Vimercate (Monza e Brianza) in Italy, while warehouses and logistics centres are located in Cambiago (Milan) and Cavenago (Monza e Brianza).
Esprinet S.p.A. uses Banca IMI S.p.A. for specialist activities.

## 2.3 Consolidation scope

The consolidated financial statements derive from the interim accounts of the parent company Esprinet S.p.A. and its direct and/or indirect subsidiaries or associated companies, approved by their respective Boards of Directors.[1]
Wherever necessary, the interim accounts of subsidiaries have been suitably adjusted to ensure consistency with the accounting principles used by the parent company.

The table below lists companies included in the consolidation perimeter as at 30 September 2017, all consolidated on a line-by-line basis.

| Company name | Head Office | Share capital (euro) * | Group Interest | Shareholder | Interest held |
|---|---|---|---|---|---|
| **Holding company:** | | | | | |
| Esprinet S.p.A. | Vimercate (MB) | 7.860.651 | | | |
| **Subsidiaries directly controlled:** | | | | | |
| Celly S.p.A. | Vimercate (MB) | 1.250.000 | 80,00% | Esprinet S.p.A. | 80,00% |
| EDSlan S.r.l. | Vimercate (MB) | 100.000 | 100,00% | Esprinet S.p.A. | 100,00% |
| Esprinet Iberica S.L.U. | Saragozza (Spain) | 55.203.010 | 100,00% | Esprinet S.p.A. | 100,00% |
| Mosaico S.r.l. | Vimercate (MB) | 100.000 | 100,00% | Esprinet S.p.A. | 100,00% |
| Nilox Deutschland GmbH | Düsseldorf (Germany) | 100.000 | 100,00% | Esprinet S.p.A. | 100,00% |
| V-Valley S.r.l. | Vimercate (MB) | 20.000 | 100,00% | Esprinet S.p.A. | 100,00% |
| **Subsidiaries indirectly controlled:** | | | | | |
| Celly Nordic OY | Helsinki (Finland) | 2.500 | 80,00% | Celly S.p.A. | 100,00% |
| Celly Swiss SAGL | Lugano (Switzerland) | 16.296 | 80,00% | Celly S.p.A. | 100,00% |
| Celly Pacific LTD | Honk Kong (China) | 935 | 80,00% | Celly Swiss SAGL | 100,00% |
| Esprinet Portugal Lda | Porto (Portugal) | 1.000.000 | 100,00% | Esprinet Iberica S.L.U. | 95,00% |
| | | | | Esprinet S.p.A. | 5,00% |
| Tape S.L.U. | Madrid (Spain) | 3.000 | 100,00% | Vinzeo Technologies S.A.U. | 100,00% |
| Vinzeo Technologies S.A.U. | Madrid (Spain) | 30.704.180 | 100,00% | Esprinet Iberica S.L.U. | 100,00% |
| V-Valley Iberian S.L.U. | Zaragozza (Spain) | 50.000 | 100,00% | Esprinet Iberica S.L.U. | 100,00% |

(*) Share capital values, with reference to the companies publishing financial statements in a currency other than euro, are displayed at historical value.

As compared to 31 December 2016 we remark the first consolidation of the German law company Nilox Deutschland GmbH, established on 11 July 2017 and the disposal on 2 August 2017 of 25% share in the associate company Ascendeo S.A.S. by Celly S.p.A..

For further information please refer to the paragraph 'Significant events occurring in the period'.

## 2.4 Principal assumptions, estimates and rounding

Within the scope of preparing these interim consolidated financial statements, several estimates and assumptions have been made on the values of revenue, costs, assets and liabilities in the financial statements and on the information relating to potential assets and liabilities at the date of the interim financial statements. These have been applied uniformly to all the financial years presented in this document, unless otherwise indicated.

[1] Limited to companies under direct control.

If these estimates and assumptions, which are based on the best valuation by the management, should differ from actual circumstances in the future, they will be suitably amended during the period in which those circumstances arise.

A detailed description of the assumptions and estimates adopted can be found in the Notes to the Consolidated Financial Statements of the Esprinet Group as at 31 December 2016, to which reference is made.

In this interim period, as permitted by IAS 34, income taxes were calculated based on the best estimate of the tax burden expected for the entire financial year. On the contrary, in the annual consolidated financial statement, current taxes have been calculated specifically based on the tax rates in force at the closing date of the financial statement.
Prepaid and deferred taxes have been instead estimated based on the tax rates expected to be in force at the time when the relevant assets or liabilities will be realised or settled.
Figures in this document are expressed in thousands of euro, unless otherwise indicated.
Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

### 2.5 Restatements of previous published financial statements

No reclassification or changes in the critical accounting estimates regarding previous periods, pursuant to IAS 8, have been made in this interim management statement.

### 2.6 Business combination

No mergers were carried out during the first nine months of 2017.

In 2016 the following transactions were effected:

- business unit acquisition by the newly established EDSlan S.r.l. on 8 April 2016;
- acquisition of Vinzeo Technologies S.A.U. and its wholly-owned subsidiary Tape S.L.U. on 1 July 2016;
- business unit acquisitions by the newly established Mosaico S.r.l. and V-Valley Iberian S.L.U. on 30 November 2016.

For further information related to the abovementioned transactions please refer to the same paragraph in the Consolidated Financial Statements as at 31 December 2016.

## 3. Consolidated income statement and notes

### 3.1 Consolidated income statement

Below is the consolidated income statement, showing revenues by ‘function’ in accordance with the IFRS, along with the additional information required under CONSOB Resolution No. 15519 of 27 July 2006:

| (euro/000) | Notes | 9 months 2017 | non - recurring | related parties* | 9 months 2016 | non - recurring | related parties* |
|---|---|---|---|---|---|---|---|
| **Sales** | 33 | **2,127,597** | - | 7 | **1,925,811** | - | 7 |
| Cost of sales | | (2,012,167) | - | - | (1,819,184) | - | - |
| **Gross profit** | 35 | **115,430** | - | | **106,627** | - | |
| Other income | 50 | - | - | | 2,677 | 2,677 | |
| Sales and marketing costs | 37 | (41,196) | - | - | (35,680) | - | - |
| Overheads and administrative costs | 38 | (59,587) | (1369) | (3,646) | (56,623) | (3,056) | (2,832) |
| **Operating income (EBIT)** | | **14,647** | **(1,369)** | | **17,001** | **(379)** | |
| Finance costs - net | 42 | (3,016) | - | 2 | (2,144) | - | 2 |
| Other investments expenses / (incomes) | 43 | 36 | - | | 1 | - | |
| **Profit before income taxes** | | **11,667** | **(1,369)** | | **14,858** | **(379)** | |
| Income tax expenses | 45 | (2,743) | 356 | - | (3,073) | 941 | - |
| **Net income** | | **8,924** | **(1,013)** | | **11,785** | **563** | |
| - of which attributable to non-controlling interests | | (42) | | | 94 | | |
| - of which attributable to Group | | 8,966 | (1,013) | | 11,691 | 563 | |
| Earnings per share - basic (euro) | 46 | 0.17 | | | 0.23 | | |
| Earnings per share - diluted (euro) | 46 | 0.17 | | | 0.22 | | |

| (euro/000) | Notes | Q3 2017 | non - recurring | related parties* | Q3 2016 | non - recurring | related parties* |
|---|---|---|---|---|---|---|---|
| **Sales** | 33 | **690,755** | - | (11) | **680,836** | - | 3 |
| Cost of sales | | (655,084) | - | - | (644,971) | - | - |
| **Gross profit** | 35 | **35,671** | - | | **35,865** | - | |
| Other income | 50 | - | - | | - | - | |
| Sales and marketing costs | 37 | (12,711) | - | - | (12,816) | - | - |
| Overheads and administrative costs | 38 | (18,143) | (236) | (1,221) | (20,359) | (1,801) | (939) |
| **Operating income (EBIT)** | | **4,817** | **(236)** | | **2,690** | **(1,801)** | |
| Finance costs - net | 42 | (1,149) | - | 2 | (1,043) | - | - |
| Other investments expenses / (incomes) | 43 | 52 | - | | - | - | |
| **Profit before income taxes** | | **3,720** | **(236)** | | **1,647** | **(1,801)** | |
| Income tax expenses | 45 | (1,063) | 212 | - | (220) | 1,199 | - |
| **Net income** | | **2,657** | **(24)** | | **1,427** | **(601)** | |
| - of which attributable to non-controlling interests | | 71 | - | | 5 | - | |
| - of which attributable to Group | | 2,586 | (24) | | 1,422 | (601) | |
| Earnings per share - basic (euro) | 46 | 0.05 | | | 0.03 | | |
| Earnings per share - diluted (euro) | 46 | 0.05 | | | 0.03 | | |

(*) Excludes fees paid to executives with strategic responsibilities.

## 3.2 Consolidated statement of comprehensive income

| (euro/000) | 9 months 2017 | 9 months 2016 | Q3 2017 | Q3 2016 |
|---|---|---|---|---|
| **Net income** | **8,924** | **11,785** | **2,657** | **1,427** |
| *Other comprehensive income:* | | | | |
| - Changes in 'cash flow hedge' equity reserve | (267) | (312) | (20) | (192) |
| - Taxes on changes in 'cash flow hedge' equity reserve | 103 | 19 | 32 | (14) |
| - Changes in translation adjustment reserve | 2 | 1 | - | (1) |
| *Other comprehensive income not to be reclassified in the separate income statement* | | | | |
| - Changes in 'TFR' equity reserve | 113 | (427) | (23) | (182) |
| - Taxes on changes in 'TFR' equity reserve | (25) | 93 | 5 | 46 |
| **Other comprehensive income** | **(74)** | **(626)** | **(6)** | **(343)** |
| **Total comprehensive income** | **8,850** | **11,159** | **2,651** | **1,084** |
| - of which attributable to Group | 8,889 | 11,076 | 2,579 | 1,086 |
| - of which attributable to non-controlling interests | (39) | 83 | 72 | (2) |

## 3.3 Notes on financial performance of the Group

According to the European distribution market data as of September 30th 2017 (provided by Context), nine month sales were up +4%, compared with the same period of 2016.
Germany and United Kingdom, the two country with the highest volumes in the panel, strongly contributed to the positive result with +6% and +4%, although they showed an opposite trend in the third quarter. In the last quarter United Kingdom decreased by -1% while Germany grew by +5.5%. In the third quarter the European distribution increased revenues by +4%. With reference to the figures above, Italy underperformed with +3% (+1% year to date compared with the first 9 months of 2016) while Spain recorded a strong +9% (+9% from the beginning of the year).

In the Italian market, smartphones (+12%) still drive sales, while SSDs (Solid State Drives +37%) and TVs (+29%) show extremely positive results; on the contrary desktops (-14%) were the worst category, with tablets and notebooks dragging down the market. In Spain, smartphones also show the highest revenue growth rate in absolute value (+9%), followed by notebooks and desktops, while printers cartridges (-7%) and Data Management Software (-13%) remain negative.

Looking at the financial targets set out in the strategic plan published in October 2016, the management recognizes a stronger than expected difficulty in achieving profitable sales of PCs and smartphones in the consumer segment (so called 'fulfilment consumer').
As a matter of fact, current market competitive dynamics are driving unsatisfactory returns on capital employed in some deals of this business area, thus the Group has decided to waive volume growth. In the light of above, the cost structure of this area was further rationalised while the management will continue to monitor the profitability achievable in this area.
There will be an increased focus on the sales re-mix shifting towards higher-margin product/customer combinations, mainly in the segments of data centre solutions ('IT Value'), accessories and certain specific product categories in peripherals and consumer electronics segments.
Similarly the Group will put more efforts in own-brand sales - namely Nilox and Celly - as well as in the development of services and enabling tools dedicated to the 'business' customer segment.
Furthermore, the Group plans to keep on pushing on the cost structure reduction so as to better exploit expected growth in product margins.

In 2018 the Group expects a low-single digit revenue growth thanks to the contribution coming from Italian activities whereas sales in Spain are expected to decrease due to volume reduction in

'fulfilment consumer' area which will be partially offset by increased sales in other business segments. EBIT is expected in the range 39-41 million euro.
For the upcoming years, the Group foresees a constant improvement in profitability due to the business re-mix towards more profitable combinations of products/customers at the expense of 'fulfilment consumer' business, unless market competitive dynamics, as well as the on-going process of adjusting operating costs, also drive sales recovery in this segment.

### *A) Esprinet Group financial highlights*

The Group's main economic, financial and asset results as at 30 September 2017 are hereby summarised:

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| **Sales** | **2,127,597** | **100.00%** | **1,925,811** | **100.00%** | **201,786** | ***10%*** |
| Cost of sales | (2,012,167) | -94.57% | (1,819,184) | -94.46% | (192,983) | *11%* |
| **Gross profit** | **115,430** | **5.43%** | **106,627** | **5.54%** | **8,803** | ***8%*** |
| Other income | - | 0.00% | 2,677 | 0.14% | (2,677) | *-100%* |
| Sales and marketing costs | (41,196) | -1.94% | (35,680) | -1.85% | (5,516) | *15%* |
| Overheads and administrative costs | (59,587) | -2.80% | (56,623) | -2.94% | (2,964) | *5%* |
| **Operating income (EBIT)** | **14,647** | **0.69%** | **17,001** | **0.88%** | **(2,354)** | ***-14%*** |
| Finance costs - net | (3,016) | -0.14% | (2,144) | -0.11% | (872) | *41%* |
| Other investments expenses / (incomes) | 36 | 0.00% | 1 | 0.00% | 35 | *3500%* |
| **Profit before income taxes** | **11,667** | **0.55%** | **14,858** | **0.77%** | **(3,191)** | ***-21%*** |
| Income tax expenses | (2,743) | -0.13% | (3,073) | -0.16% | 330 | *-11%* |
| **Net income** | **8,924** | **0.42%** | **11,785** | **0.61%** | **(2,861)** | ***-24%*** |
| Earnings per share - basic (euro) | 0.17 | | 0.23 | | (0.06) | -26% |

| (euro/000) | Q3 2017 | % | Q3 2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| **Sales** | **690,755** | **100.00%** | **680,836** | **100.00%** | **9,919** | ***1%*** |
| Cost of sales | (655,084) | -94.84% | (644,971) | -94.73% | (10,113) | *2%* |
| **Gross profit** | **35,671** | **5.16%** | **35,865** | **5.27%** | **(194)** | ***-1%*** |
| Sales and marketing costs | (12,711) | -1.84% | (12,816) | -1.88% | 105 | *-1%* |
| Overheads and administrative costs | (18,143) | -2.63% | (20,359) | -2.99% | 2,216 | *-11%* |
| **Operating income (EBIT)** | **4,817** | **0.70%** | **2,690** | **0.40%** | **2,127** | ***79%*** |
| Finance costs - net | (1,149) | -0.17% | (1,043) | -0.15% | (106) | *10%* |
| Other investments expenses / (incomes) | 52 | 0.01% | - | 0.00% | 52 | *100%* |
| **Profit before income taxes** | **3,720** | **0.54%** | **1,647** | **0.24%** | **2,073** | ***126%*** |
| Income tax expenses | (1,063) | -0.15% | (220) | -0.03% | (843) | *383%* |
| **Net income** | **2,657** | **0.38%** | **1,427** | **0.21%** | **1,230** | ***86%*** |
| Earnings per share - basic (euro) | 0.05 | | 0.03 | | 0.02 | 67% |

Consolidated Sales, equal to 2,127.6 million euro, showed an increase of +10% (201.8 million euro) compared with 1,925.8 million euro of the first nine months 2016. The third quarter highlighted an increase of +1% compared to the same period of the previous year (from 680.8 million euro to 690.8 million euro). With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, consolidated sales of the first nine months 2017 would have been equal to 1,721.7 million euro (1,775.4 million euro in the same period of 2016).

Consolidated Gross profit, equal to 115.4 million euro, showed an increase of +8% (8.8 million euro) compared with the same period of 2016 as a consequence of higher sales only partially offset by a decrease in the gross profit margin. In the third quarter Gross profit, equal to 35.7 million euro, decreased by -1% compared with the same period of previous year. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, consolidated gross profit of the first nine months 2017 would have been equal to 95.1 million euro, decreased by -3% compared to the same period of 2016 (98.2 million euro);

Other income, recorded only in the first nine months of 2016, amounted to 2.7 million euro and referred entirely to the gain realized from the newly established company EDSlan S.r.l. for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC – unified communication sectors, from the former EDSlan S.p.A..

Operating income (EBIT) in the first nine months of 2017, equal to 14.6 million euro, showed a change of -14% compared with the first nine months 2016, with an EBIT margin decreased to 0.69% from 0.88%, mainly due to a reduction in the gross profit margin. In the third quarter EBIT, equal to 4.8 million euro, increased by +79% (2.1 million euro) compared with the third quarter 2016, with an EBIT margin increase from 0.40% to 0.70%. Even net of non-recurring income items, EBIT for the quarter shows an improvement of +12% from 0.66% to 0.73%. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, EBIT of the first nine months 2017 would have been equal to 10.7 million euro compared to 13.1 million euro in the same period of 2016.

Consolidated Profit before income taxes, equal to 11.7 million euro, showed a reduction of -21% compared to the first nine months of 2016, more pronounced than the EBIT reduction due to greater financial charges as a consequence of the higher level of medium/long term indebtedness as a result of the new loan obtained by the Parent Company on 28 February 2017 and of on-going loans in the subsidiary Vinzeo Technologies S.A.U. acquired on 1 July 2016. In the third quarter profit before income taxes showed a decrease equal to 2.1 million euro reaching the amount of 3.7 million euro.

Consolidated Net income, equal to 8.9 million euro, showed a reduction of -24% (-2.9 million euro) compared with the first nine months of 2016. In the third quarter 2017 consolidated net income amounted to 2.7 million euro compared with 1.4 million euro of the first nine months of 2016 (+86%).

Basic earnings per ordinary share as at 30 September 2017, equal to 0.17 euro, showed a decrease of -26% compared to the first nine months of 2016 (0.23 euro). In the third quarter basic earnings per ordinary share was equal to 0.05 euro, compared with 0.03 euro of the corresponding quarter of 2016 (+67%).

| (euro/000) | 30/09/2017 | % | 31/12/2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| Fixed assets | 124,146 | 26.83% | 124,516 | 58.59% | (370) | 0% |
| Operating net working capital | 357,708 | 77.29% | 102,046 | 48.01% | 255,662 | 251% |
| Other current assets/liabilities | (4,347) | -0.94% | 276 | 0.13% | (4,622) | -1676% |
| Other non-current assets/liabilities | (14,711) | -3.18% | (14,305) | -6.73% | (406) | 3% |
| **Total uses** | **462,796** | **100.00%** | **212,533** | **100.00%** | **250,263** | **118%** |
| Short-term financial liabilities | 61,439 | 13.28% | 151,885 | 71.46% | (90,446) | -60% |
| Current financial (assets)/liabilities for derivatives | 488 | 0.11% | 483 | 0.23% | 5 | 1% |
| Financial receivables from factoring companies | (7,813) | -1.69% | (1,492) | -0.70% | (6,321) | 424% |
| Current debts for investments in subsidiaries | 5,086 | 1.10% | 4,719 | 2.22% | 367 | 8% |
| Other current financial receivables | (486) | -0.10% | (5,596) | -2.63% | 5,111 | -91% |
| Cash and cash equivalents | (44,353) | -9.58% | (285,933) | -134.54% | 241,580 | -84% |
| Net current financial debt | 14,361 | 3.10% | (135,934) | -63.96% | 150,296 | -111% |
| Borrowings | 125,344 | 27.08% | 28,833 | 13.57% | 96,511 | 335% |
| Non - current debts for investments in subsidiaries | 3,939 | 0.85% | 3,941 | 1.85% | (2) | 0% |
| Non-current financial (assets)/liab. for derivatives | 111 | 0.02% | 28 | 0.01% | 83 | 296% |
| Other non - current financial receivables | (1,870) | -0.40% | (2,292) | -1.08% | 422 | -18% |
| Net financial debt (A) | 141,885 | 30.66% | (105,424) | -49.60% | 247,309 | -235% |
| Net equity (B) | 320,911 | 69.34% | 317,957 | 149.60% | 2,954 | 1% |
| **Total sources of funds (C=A+B)** | **462,796** | **100.00%** | **212,533** | **100.00%** | **250,263** | **118%** |

Operating net working capital as at 30 September 2017 was equal to 357.7 million euro, compared to 102.0 million euro as at 31 December 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution from the results as at 30 September 2017, consolidated net working capital would have been equal to 239.2 million euro;

Consolidated Net financial position as at 30 September 2017, was negative by 141.9 million euro, compared with a cash surplus of 105.4 million euro at 31 December 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution from the results as at 30 September 2017, net financial position would have been equal to 20.5 million euro.
The worsening of the spot net financial position was mainly due to the level of consolidated net working capital as at 30 September 2017 which in turn was influenced by technical events often not related to the average level of working capital and by the level of utilisation of both 'without-recourse' factoring programmes referring to the trade receivables and by the relevant securitization programme.

These programmes are aimed at transferring risks and rewards to the buyer, thus receivables sold are eliminated from balance sheet according to IAS 39.

Taking into account other technical forms of cash advances other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on financial debt at 30 September 2017 was approx. 189 million euro (approx. 400 million euro as at 31 December 2016).

Consolidated net equity as at 30 September 2017, equal to 320.9 million euro, showed an increase of 3.0 million euro compared to 318.0 million euro as at 31 December 2016.

## *B) Financial highlights by geographical area*

### *B.1) Subgroup Italy*

The main economic, financial and asset results for Subgroup Italy (Esprinet, V-Valley, EDSlan, Mosaico and Celly Group) as at 30 September 2017 are summarised below:[2][3]

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| Sales to third parties | 1,345,929 | | 1,326,138 | | 19,791 | *1%* |
| Intercompany sales | 33,260 | | 33,132 | | 128 | *0%* |
| **Sales** | **1,379,189** | | **1,359,270** | | **19,919** | ***1%*** |
| Cost of sales | (1,293,423) | -93.78% | (1,274,670) | -92.42% | (18,753) | *1%* |
| **Gross profit** | **85,766** | **6.22%** | **84,600** | **6.22%** | **1,166** | ***1%*** |
| Other income | - | 0.00% | 2,677 | 0.20% | (2,677) | *-100%* |
| Sales and marketing costs | (32,819) | -2.38% | (30,175) | -2.22% | (2,644) | *9%* |
| Overheads and administrative costs | (43,803) | -3.18% | (45,343) | -3.34% | 1,540 | *-3%* |
| **Operating income (EBIT)** | **9,144** | **0.66%** | **11,759** | **0.87%** | **(2,615)** | ***-22%*** |

| (euro/000) | Q3 2017 | % | Q3 2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| Sales to third parties | 415,514 | | 398,672 | | 16,842 | *4%* |
| Intercompany sales | 9,489 | | 8,925 | | 564 | *6%* |
| **Sales** | **425,003** | | **407,597** | | **17,406** | ***4%*** |
| Cost of sales | (398,660) | -93.80% | (381,367) | -93.56% | (17,293) | *5%* |
| **Gross profit** | **26,343** | **6.20%** | **26,230** | **6.44%** | **113** | ***0%*** |
| Sales and marketing costs | (10,069) | -2.37% | (10,518) | -2.58% | 449 | *-4%* |
| Overheads and administrative costs | (13,281) | -3.12% | (15,588) | -3.82% | 2,307 | *-15%* |
| **Operating income (EBIT)** | **2,993** | **0.70%** | **124** | **0.03%** | **2,869** | ***2314%*** |

Sales, equal to 1,379.2 million euro, showed an increase of +1% compared with 1,359.3 million euro of the first nine months of 2016. In the third quarter 2017, sales showed an increase of + 4% compared with the third quarter 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, sales would have been equal to 1,282.2 million euro in the first nine months (1,295.1 million euro in the same period of 2016).

Gross profit, equal to 85.8 million euro, showed an increase of +1% compared to 84.6 million euro in the first nine months of 2016, with a gross profit margin unchanged compared with the same period of the previous year; the third quarter Gross profit is also substantially unchanged, at 26.3 million euro in both fiscal years. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, gross profit would have been equal to 77.5 million euro in the first nine months, showing a decrease of -3% compared with the same period of the previous year (79.9 million euro).

In 2016, other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors, from the original EDSlan S.p.A..

[2] Company operating from 9 April 2016.

[3] Company operating since 1 December 2016.

Operating income (EBIT), equal to 9.1 million in the first nine months of 2017, showed a decrease compared with the same period of 2016 (-22%) with an EBIT margin reduction from 0.87% to 0.66%. The reduction is due to both the abovementioned non-recurring income in 2016 and to an increase in operating costs. In the third quarter 2017, EBIT, totalling 2.9 million euro, shows an increase vs the third quarter 2016 as a consequence of higher performance in 2017, as well as non-recurring costs due to acquisitions and to the new logistic hub amounting to 1.7 million euro recorded in the same period of 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, EBIT in the first nine months of 2017 would have been equal to 8.3 million euro compared with 9.2 million euro in the same period of 2016.

| (euro/000) | 30/09/2017 | % | 31/12/2016 | % | Var. | *Var. %* |
|---|---|---|---|---|---|---|
| Fixed assets | 118,162 | 34.24% | 119,337 | 54.32% | (1,175) | *-1%* |
| Operating net working capital | 228,641 | 66.25% | 94,709 | 43.11% | 133,932 | *141%* |
| Other current assets/liabilities | 8,508 | 2.47% | 16,261 | 7.40% | (7,753) | *-48%* |
| Other non-current assets/liabilities | (10,170) | -2.95% | (10,612) | -4.83% | 442 | *-4%* |
| **Total uses** | **345,141** | **100.00%** | **219,695** | **100.00%** | **125,446** | ***57%*** |
| Short-term financial liabilities | 51,934 | 15.05% | 122,466 | 55.74% | (70,532) | *-58%* |
| Current debts for investments in subsidiaries | 3,984 | 1.15% | 3,959 | 1.80% | 25 | *1%* |
| Current financial (assets)/liabilities for derivatives | 464 | 0.13% | 428 | 0.19% | 36 | *8%* |
| Financial receivables from factoring companies | (7,813) | -2.26% | (1,492) | -0.68% | (6,321) | *424%* |
| Financial (assets)/liab. from/to Group companies | (112,500) | -32.60% | (126,500) | -57.58% | 14,000 | *-11%* |
| Other financial receivables | (486) | -0.14% | (509) | -0.23% | 23 | *-5%* |
| Cash and cash equivalents | (14,514) | -4.21% | (88,651) | -40.35% | 74,137 | *-84%* |
| Net current financial debt | (78,931) | -22.87% | (90,299) | -41.10% | 11,368 | *-13%* |
| Borrowings | 120,297 | 34.85% | 5,849 | 2.66% | 114,448 | *1957%* |
| Non - current debts for investments in subsidiaries | 3,940 | 1.14% | 3,942 | 1.79% | (2) | *0%* |
| Non-current financial (assets)/liab. for derivatives | 151 | 0.04% | - | 0.00% | 151 | *N.S.* |
| Other financial receivables | (1,870) | -0.54% | (2,292) | -1.04% | 422 | *-18%* |
| Net Financial debt (A) | 43,587 | 12.63% | (82,800) | -37.69% | 126,387 | *-153%* |
| Net equity (B) | 301,554 | 87.37% | 302,495 | 137.69% | (941) | *0%* |
| **Total sources of funds (C=A+B)** | **345,141** | **100.00%** | **219,695** | **100.00%** | **125,446** | ***57%*** |

Operating net working capital as at 30 September 2017 was equal to 228.6 million euro, compared to 94.7 million euro as at 31 December 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution from the results as at 30 September 2017, consolidated net working capital as at 30 September 2017 would have been equal to 180.0 million euro.

Net financial position as at 30 September 2017, was negative by 43.6 million euro, compared with a cash surplus of 82.8 million euro as at 31 December 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution from the results as at 30 September 2017, net financial position would have been equal to 4.3 million euro. The impact of both 'without-recourse' sale and securization program of trade receivables as at 30 September 2017 was approx. 82 million euro (approx. 133 million euro as at 31 December 2016).

## *B.2) Iberian subgroup*

The main economic, financial and asset results for the Subgroup Iberica (Esprinet Iberica, Esprinet Portugal, Tape, Vinzeo Technologies and V-Valley Iberian) as 30 September 2017 are summarised below:[456]

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| Sales to third parties | 781,668 | | 599,673 | | 181,995 | *30%* |
| Intercompany sales | - | | - | | - | *100%* |
| **Sales** | **781,668** | | **599,673** | | 181,995 | ***30%*** |
| Cost of sales | (751,875) | -96.19% | (577,569) | -96.31% | (174,306) | *30%* |
| **Gross profit** | **29,793** | **3.81%** | **22,104** | **3.69%** | **7,689** | ***35%*** |
| Sales and marketing costs | (8,322) | -1.06% | (5,487) | -0.91% | (2,835) | *52%* |
| Overheads and administrative costs | (15,848) | -2.03% | (11,303) | -1.88% | (4,545) | *40%* |
| **Operating income (EBIT)** | **5,623** | **0.72%** | **5,314** | **0.89%** | **309** | ***6%*** |

| (euro/000) | Q3 2017 | % | Q3 2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| Sales to third parties | 275,241 | | 282,164 | | (6,923) | *-2%* |
| Intercompany sales | - | | - | | - | *100%* |
| **Sales** | **275,241** | | **282,164** | | **(6,923)** | ***-2%*** |
| Cost of sales | (265,795) | -96.57% | (272,742) | -96.66% | 6,947 | *-3%* |
| **Gross profit** | **9,446** | **3.43%** | **9,422** | **3.34%** | **24** | ***0%*** |
| Sales and marketing costs | (2,632) | -0.96% | (2,297) | -0.81% | (335) | *15%* |
| Overheads and administrative costs | (4,874) | -1.77% | (4,773) | -1.69% | (101) | *2%* |
| **Operating income (EBIT)** | **1,940** | **0.70%** | **2,352** | **0.83%** | **(412)** | ***-18%*** |

Sales, equal to 781.7 million euro, showed an increase of +30% compared with 599.7 million euro of the first nine months of 2016. In the third quarter 2017, sales showed a decrease of -2% (equal to -6.9 million euro) compared with the same period of the previous year. With the same consolidation scope, i.e. excluding 2016 acquired companies contribution in both fiscal years, sales would have been equal to 439.5 million euro in the first nine months (480.3 million euro in the same period of 2016), although this figure is affected by a reorganisation of both market and customer segments managed by the Iberian companies after the business combinations occurred.

Gross profit as at 30 September 2017 totalled 29.8 million euro, showing an increase of +35% compared with 22.1 million euro of the same period of 2016 with a gross profit margin increased from 3.69% to 3.81%. In the third quarter gross profit is substantially in line compared with the same period of the previous year, with an EBIT margin improvement from 3.34% to 3.43%. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution in both fiscal years, gross profit would have been equal to 17.8 million euro in the first nine months, showing a decrease of -3% compared with the same period of the previous year (18.4 million euro).

Operating income (EBIT) equal to 5.6 million euro, showing a slight increase of +0.3 million euro compared to the value of first nine months of 2016, with an EBIT margin decreased from 0.89% to 0.72%. In the third quarter 2017, Ebit was equal to 1.9 million euro, compared with 2.4 million euro in the third quarter 2016, with an EBIT margin decreased from 0.83% to 0.70%. With the same

[4] Company not active as at 31 December 2016.

[5] Company acquired and active since 1 July 2016.

[6] Company operating since 1 December 2016.

consolidation scope, i.e. excluding 2016 acquired companies contribution in both fiscal years, EBIT in the first nine months would have been equal to 2.5 million euro compared with 3.9 million euro in the same period of 2016, still considering that this figure is affected by a reorganisation of both market and customer segments managed by the Iberian companies after the business combinations occurred.

| (euro/000) | 30/09/2017 | % | 31/12/2016 | % | Var. | Var. % |
|---|---|---|---|---|---|---|
| Fixed assets | 80,707 | 41.86% | 79,866 | 117.72% | 841 | *1%* |
| Operating net working capital | 129,507 | 67.17% | 7,656 | 11.28% | 121,851 | *1592%* |
| Other current assets/liabilities | (12,855) | -6.67% | (15,986) | -23.56% | 3,131 | *-20%* |
| Other non-current assets/liabilities | (4,541) | -2.36% | (3,693) | -5.44% | (848) | *23%* |
| **Total uses** | **192,818** | **100.00%** | **67,843** | **100.00%** | **124,975** | ***184%*** |
| Short-term financial liabilities | 9,505 | 4.93% | 29,419 | 43.36% | (19,914) | *-68%* |
| Current financial (assets)/liabilities for derivatives | 24 | 0.01% | 55 | 0.08% | (31) | *-56%* |
| Current debts for investments in subsidiaries | 1,101 | 0.57% | 759 | 1.12% | 342 | *45%* |
| Financial (assets)/liab. from/to Group companies | 112,500 | 58.35% | 126,500 | 186.46% | (14,000) | *-11%* |
| Other financial receivables | (0) | 0.00% | (5,087) | -7.50% | 5,087 | *-100%* |
| Cash and cash equivalents | (29,839) | -15.48% | (197,282) | -290.79% | 167,443 | *-85%* |
| Net current financial debt | 93,291 | 48.38% | (45,636) | -67.27% | 138,927 | *-304%* |
| Borrowings | 5,047 | 2.62% | 22,984 | 33.88% | (17,937) | *-78%* |
| Non-current financial (assets)/liab. for derivatives | (40) | -0.02% | 28 | 0.04% | (68) | *-243%* |
| Net Financial debt (A) | 98,298 | 50.98% | (22,624) | -33.35% | 120,922 | *-534%* |
| Net equity (B) | 94,520 | 49.02% | 90,467 | 133.35% | 4,053 | *4%* |
| **Total sources of funds (C=A+B)** | **192,818** | **100.00%** | **67,843** | **100.00%** | **124,975** | ***184%*** |

Operating net working capital as at 30 September 2017 was equal to 129.5 million euro, compared with 7.7 million euro as at 31 December 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution from the results as at 30 September 2017, consolidated net working capital as at 30 September 2017 would have been equal to 59.6 million euro.

Net financial position as at 30 September 2017, was negative by 98.3 million euro, compared with a cash surplus of 22.6 million euro as at 31 December 2016. With the same consolidation scope, i.e. excluding the 2016 acquired companies contribution from the results as at 30 September 2017, net financial position would have been negative and equal to 24.8 million euro. The impact of 'without-recourse' sale of both trade receivables and advancing cash-in of credits was around 107 million euro (around 268 million euro as at 31 December 2016).

### *C) Separate income statement by legal entity*

Please find below the separate income statement showing the contribution of the individual group companies regarded as significant:[7]

[7] V-Valley S.r.l., Tape S.L.U. and Nilox Deutschland Gmbh are not shown separately, because they are respectively a mere 'commission sales agent' of Esprinet S.p.A., not significant and non-active.

| (euro/000) | 9 months 2017 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Italy | | | | | | Iberian Peninsula | | | | | | | |
| | E.Spa + V-Valley + Nilox GmbH | Mosaico | Celly* | EDSlan | Elim. and other | Total | Esprinet Iberian | Esprinet Portugal | V-Valley Iberian | Vinzeo + Tape | Elim. and other | Total | Elim. and other | Group |
| Sales to third parties | 1,251,571 | 34,073 | 19,066 | 41,219 | - | 1,345,929 | 416,398 | 20,419 | 5,096 | 339,755 | - | 781,668 | - | 2,127,597 |
| Intersegment sales | 44,710 | 945 | 471 | 1,203 | (14,069) | 33,260 | 14,749 | 11 | - | 2,649 | (17,409) | - | (33,260) | - |
| **Sales** | **1,296,281** | **35,018** | **19,537** | **42,422** | **(14,069)** | **1,379,189** | **431,147** | **20,430** | **5,096** | **342,404** | **(17,409)** | **781,668** | **(33,260)** | **2,127,597** |
| Cost of sales | (1,227,353) | (31,796) | (11,012) | (37,345) | 14,083 | (1,293,423) | (413,946) | (19,877) | (4,630) | (330,830) | 17,407 | (751,875) | 33,131 | (2,012,167) |
| **Gross profit** | **68,928** | **3,222** | **8,525** | **5,077** | **14** | **85,766** | **17,201** | **553** | **466** | **11,574** | **(2)** | **29,793** | **(129)** | **115,430** |
| *Gross Profit %* | *5.32%* | *9.20%* | *43.64%* | *11.97%* | *-0.10%* | *6.22%* | *3.99%* | *2.71%* | *9.14%* | *3.38%* | | *3.81%* | | *5.43%* |
| Sales and marketing costs | (21,908) | (1,070) | (6,543) | (3,308) | 10 | (32,819) | (4,651) | (261) | (716) | (2,700) | 5 | (8,322) | (55) | (41,196) |
| Overheads and admin. costs | (38,411) | (652) | (2,270) | (2,473) | 3 | (43,803) | (9,997) | (392) | (202) | (5,254) | (3) | (15,848) | 64 | (59,587) |
| **Operating income (Ebit)** | **8,609** | **1,500** | **(288)** | **(704)** | **27** | **9,144** | **2,553** | **(100)** | **(452)** | **3,620** | **-** | **5,623** | **(120)** | **14,647** |
| *EBIT %* | *0.66%* | *4.28%* | *-1.47%* | *-1.66%* | *-0.19%* | *0.66%* | *0.59%* | *-0.49%* | *-8.87%* | *1.06%* | | *0.72%* | | *0.69%* |
| Finance costs - net | | | | | | | | | | | | | | (3,016) |
| Share of profits of associates | | | | | | | | | | | | | | 36 |
| **Profit before income tax** | | | | | | | | | | | | | | **11,667** |
| Income tax expenses | | | | | | | | | | | | | | (2,743) |
| **Net income** | | | | | | | | | | | | | | **8,924** |
| - of which attributable to non-controlling interests | | | | | | | | | | | | | | (42) |
| - of which attributable to Group | | | | | | | | | | | | | | 8,966 |

| (euro/000) | 9 months 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Italy | | | | | Iberian Peninsula | | | | | | |
| | E.Spa + V-Valley | Celly* | EDSlan | Elim. and other | Total | Esprinet Iberica | Esprinet Portugal | Vinzeo + Tape | Elim. and other | Total | Elim. and other | Group |
| Sales to third parties | 1,275,024 | 19,423 | 31,691 | - | 1,326,138 | 464,824 | 14,861 | 119,988 | - | 599,673 | - | 1,925,811 |
| Intersegment sales | 34,241 | 1,170 | 817 | (3,096) | 33,132 | 11,615 | 10 | 238 | (11,863) | - | (33,132) | - |
| **Sales** | **1,309,265** | **20,593** | **32,508** | **(3,096)** | **1,359,270** | **476,439** | **14,871** | **120,226** | **(11,863)** | **599,673** | **(33,132)** | **1,925,811** |
| Cost of sales | (1,238,853) | (11,206) | (27,763) | 3,152 | (1,274,670) | (458,318) | (14,602) | (116,512) | 11,863 | (577,569) | 33,055 | (1,819,184) |
| **Gross profit** | **70,412** | **9,387** | **4,745** | **56** | **84,600** | **18,121** | **269** | **3,714** | **-** | **22,104** | **(77)** | **106,627** |
| *Gross Profit %* | *5.38%* | *45.58%* | *14.60%* | *-1.81%* | *6.22%* | *3.80%* | *1.81%* | *3.09%* | | *3.69%* | | *5.54%* |
| Other incomes | - | - | 2,677 | - | 2,677 | - | - | - | - | - | - | 2,677 |
| Sales and marketing costs | (21,532) | (6,031) | (2,617) | 5 | (30,175) | (4,399) | (253) | (835) | - | (5,487) | (18) | (35,680) |
| Overheads and admin. costs | (40,474) | (2,651) | (2,218) | - | (45,343) | (9,393) | (355) | (1,554) | - | (11,303) | 23 | (56,623) |
| **Operating income (Ebit)** | **8,406** | **705** | **2,587** | **61** | **11,759** | **4,329** | **(339)** | **1,325** | **-** | **5,314** | **(72)** | **17,001** |
| *EBIT %* | *0.64%* | *3.42%* | *7.96%* | *-1.97%* | *0.87%* | *0.91%* | *-2.28%* | *1.10%* | | *0.89%* | | *0.88%* |
| Finance costs - net | | | | | | | | | | | | (2,144) |
| Share of profits of associates | | | | | | | | | | | | 1 |
| **Profit before income tax** | | | | | | | | | | | | **14,858** |
| Income tax expenses | | | | | | | | | | | | (3,073) |
| **Net income** | | | | | | | | | | | | **11,785** |
| - of which attributable to non-controlling interests | | | | | | | | | | | | 94 |
| - of which attributable to Group | | | | | | | | | | | | 11691 |

* Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

# 3.4 Notes to consolidated income statement items.

In this section the paragraph numbers refer to the corresponding 'Note' in the consolidated separate income statement.

## 33) Sales

The following provides a breakdown of the Group's sales performance during the period.

### Sales by geographical segment.

| (euro/million) | 9 months 2017 | % | 9 months 2016 | % | Var. | *% Var.* | Q3 2017 | % | Q3 2016 | % | *% Var.* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Italy | 1,334.0 | 62.7% | 1,304.8 | 67.8% | 29.2 | 2.2% | 412.1 | 59.7% | 392.0 | 57.6% | 5.1% |
| Spain | 758.4 | 35.6% | 582.7 | 30.3% | 175.7 | 30.2% | 267.0 | 38.7% | 274.0 | 40.2% | -2.6% |
| Other EU countries | 30.8 | 1.4% | 23.0 | 1.2% | 7.8 | 33.9% | 11.1 | 1.6% | 10.0 | 1.5% | 11.0% |
| Extra EU countries | 4.4 | 0.2% | 15.3 | 0.8% | (10.9) | -71.2% | 0.6 | 0.1% | 4.8 | 0.7% | -87.5% |
| **Group sales** | **2,127.6** | **100.0%** | **1,925.8** | **100.0%** | **201.8** | **10.5%** | **690.8** | **100.0%** | **680.8** | **100.0%** | **1.5%** |

Sales in other EU countries mainly refer (20.5 million euro) to sales made by the Portuguese subsidiary to local customers. The remaining portion mainly refers to sales to customers resident in Germany, Malta and Greece.

Sales in non-EU countries refer mainly to sales to customers resident in San Marino, Switzerland, Turkey and Andorra.

**Sales by products and services.**

| (euro/million) | 9 months 2017 | % | 9 months 2016 | % | % Var. | Q3 2017 | % | Q3 2016 | % | % Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| Product sales | 1,332.2 | 62.6% | 1,315.2 | 68.3% | 1% | 411.1 | 59.5% | 395.3 | 58.1% | 4% |
| Services sales | 13.7 | 0.6% | 10.9 | 0.6% | *26%* | 4.4 | 0.6% | 3.4 | 0.5% | *29%* |
| **Sales - Subgroup Italy** | **1,345.9** | **63.3%** | **1,326.1** | **68.9%** | ***1%*** | **415.5** | **60.1%** | **398.7** | **58.6%** | ***4%*** |
| Product sales | 780.5 | 36.7% | 599.0 | 31.1% | *30%* | 274.6 | 39.8% | 281.7 | 41.4% | *-3%* |
| Services sales | 1.2 | 0.1% | 0.7 | 0.0% | *71%* | 0.7 | 0.1% | 0.4 | 0.1% | *75%* |
| **Sales - Subgroup Spain** | **781.7** | **36.7%** | **599.7** | **31.1%** | ***30%*** | **275.3** | **39.9%** | **282.1** | **41.4%** | ***-2%*** |
| **Group sales** | **2,127.6** | **100.0%** | **1,925.8** | **100.0%** | ***10%*** | **690.8** | **100.0%** | **680.8** | **100.0%** | ***1%*** |

**Sales by product family and customer type.**

| (euro/million) | 9 months 2017 | % | 9 months 2016 | % | % Var. | Q3 2017 | % | Q3 2016 | % | % Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| GDO/GDS | 580.2 | 27.3% | 497.5 | 25.8% | 16.6% | 213.1 | 30.8% | 204.8 | 30.1% | 4.1% |
| Dealers | 570.0 | 26.8% | 542.0 | 28.1% | 5.2% | 173.1 | 25.1% | 185.5 | 27.2% | -6.7% |
| Vars | 488.5 | 23.0% | 369.9 | 19.2% | 32.1% | 152.8 | 22.1% | 130.3 | 19.1% | 17.3% |
| Office/Consumables dealers | 214.6 | 10.1% | 257.6 | 13.4% | -16.7% | 68.5 | 9.9% | 76.4 | 11.2% | -10.3% |
| Shops on-line | 196.5 | 9.2% | 169.7 | 8.8% | 15.8% | 58.9 | 8.5% | 58.4 | 8.6% | 0.9% |
| Sub-distributors | 77.8 | 3.7% | 89.1 | 4.6% | -12.7% | 24.4 | 3.5% | 25.4 | 3.7% | -3.9% |
| **Group Sales** | **2,127.6** | **100%** | **1,925.8** | **100%** | ***10%*** | **690.8** | **100%** | **680.8** | **100%** | ***1%*** |

| (euro/million) | 9 months 2017 | % | 9 months 2016 | % | % Var. | Q3 2017 | % | Q3 2016 | % | % Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| TLC | 493.8 | 23.2% | 329.0 | 17.1% | *50%* | 180.2 | 26.1% | 135.0 | 19.8% | *33%* |
| PCs - notebooks | 440.7 | 20.7% | 470.6 | 24.4% | *-6%* | 141.6 | 20.5% | 199.2 | 29.3% | *-29%* |
| PCs - tablets | 199.3 | 9.4% | 134.2 | 7.0% | *49%* | 68.9 | 10.0% | 43.4 | 6.4% | *59%* |
| Consumer electronics | 183.4 | 8.6% | 179.1 | 9.3% | *2%* | 58.0 | 8.4% | 60.3 | 8.9% | *-4%* |
| PCs - desktops and monitors | 158.0 | 7.4% | 196.2 | 10.2% | *-19%* | 48.3 | 7.0% | 59.0 | 8.7% | *-18%* |
| Consumables | 154.8 | 7.3% | 166.7 | 8.7% | *-7%* | 45.8 | 6.6% | 50.0 | 7.3% | *-8%* |
| Software | 108.9 | 5.1% | 84.0 | 4.4% | *30%* | 30.0 | 4.3% | 25.6 | 3.8% | *17%* |
| Networking | 86.0 | 4.0% | 46.1 | 2.4% | *87%* | 31.0 | 4.5% | 4.3 | 0.6% | *621%* |
| Storage | 83.4 | 3.9% | 87.2 | 4.5% | *-4%* | 23.1 | 3.3% | 28.9 | 4.2% | *-20%* |
| Peripherical devices | 81.0 | 3.8% | 87.2 | 4.5% | *-7%* | 24.7 | 3.6% | 26.5 | 3.9% | *-7%* |
| Servers | 37.0 | 1.7% | 40.0 | 2.1% | *-8%* | 9.9 | 1.4% | 13.0 | 1.9% | *-24%* |
| Services | 18.5 | 0.9% | 17.6 | 0.9% | *5%* | 5.8 | 0.8% | 5.2 | 0.8% | *12%* |
| Other | 82.8 | 3.9% | 87.9 | 4.6% | *-6%* | 23.5 | 3.4% | 30.4 | 4.5% | *-23%* |
| **Group sales** | **2,127.6** | **77%** | **1,925.8** | **83%** | ***10%*** | **690.8** | **74%** | **680.8** | **80%** | ***1%*** |

The analyses by customer type highlights an improvement compared with the first nine months of 2016, in the channels Large Business Customer (''VAR - Value Added Resellers' +32%) and Small-Medium Business ('Dealers', +5%), as well as 'GDO/GDS' channel (+17%) and 'Shop on-line' (+16%). 'Office/consumables dealers' channel and 'Sub-distribution' channel showed instead a decrease of -17% and -13% respectively.

The third quarter shows similar trends, with the exception of 'Dealers' which refer to small-medium business customers, showing a decrease of -7%.

The breakdown of sales by product categories highlights a pick growth in 'TLC' (+50%), and also a significant increase in the categories 'Networking' (+87%), 'PC-tablet' (+49%) and 'Software' (+30%). Positive results were also achieved by 'Services' (+5%) and 'Consumer Electronics' (+2%), as opposed to the negative performance of 'PCs- Desktops and Monitors' (-19%), 'Servers' (-8%), 'Peripheral devices' (-7%), 'Consumables' (-7%), 'PCs-notebooks' (-6%) and 'Storage' (-4%).

The third quarter substantially shows the same trend changes in each segment even if to a more limited extent, except for 'Consumer electronics' (-4%) that shows a trend reversal.

### 35) Gross profit

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | % *Var.* | Q3 2017 | % | Q3 2016 | % | % *Var.* |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 2,127,597 | 100.00% | 1,925,811 | 100.00% | *10%* | 690,755 | 100.00% | 680,836 | 100.00% | *1%* |
| Cost of sales | 2,012,167 | 94.57% | 1,819,184 | 94.46% | *11%* | 655,084 | 94.84% | 644,971 | 94.73% | *2%* |
| **Gross profit** | **115,430** | **5.43%** | **106,627** | **5.54%** | ***8%*** | **35,671** | **5.16%** | **35,865** | **5.27%** | ***-1%*** |

The consolidated gross profit totalled 115.4 million euro, +8% (8.8 million euro) compared with 2016 as a consequence of higher sales, only partially offset by a decrease in the gross profit margin. In the third quarter Gross profit, equal to 35.7 million euro, decreased by -1% compared with the same period of previous year.

### 50) Other income

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | % *Var.* |
|---|---|---|---|---|---|
| **Sales** | **2,127,596** | | **1,925,811** | | ***10%*** |
| **Other income** | - | 0.00% | 2,677 | 0.14% | |

Other income, recorded only in 2016, amounted to 2.7 million euro and referred entirely to the gain realized from the newly established company EDSlan S.r.l. for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC – unified communication sectors, from the former EDSlan S.p.A..

### 37-38) Operating costs

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | % *Var.* | Q3 2017 | % | Q3 2016 | % | % *Var.* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **2,127,597** | | **1,925,811** | | ***10%*** | **690,755** | | **680,836** | | ***1%*** |
| Sales and marketing costs | 41,196 | 1.94% | 35,680 | 1.85% | *15%* | 12,711 | 1.84% | 12,816 | 1.88% | *-1%* |
| Overheads and administrative costs | 59,587 | 2.80% | 56,623 | 2.94% | *5%* | 18,143 | 2.63% | 20,359 | 2.99% | *-11%* |
| **Operating costs** | **100,783** | **4.74%** | **92,303** | **4.79%** | ***9%*** | **30,854** | **4.47%** | **33,175** | **4.87%** | ***-7%*** |
| - of which non recurring | 1,369 | 0.06% | 3,056 | 0.16% | *-55%* | 2,502 | 0.36% | 4,311 | 0.63% | *-42%* |
| **'Recurring' operating costs** | **99,414** | **4.67%** | **89,247** | **4.63%** | ***11%*** | **28,352** | **4.10%** | **28,864** | **4.24%** | ***-2%*** |

During the first nine months of 2017, operating costs, amounting to 100.8 million euro, increased by 8.5 million euro compared to the same period of 2016.
The increase, in absolute terms, follows the Group expansion due to the business combinations occurred in 2016; indeed, the operating costs margin is approx. unchanged also net of the amounts from the non-recurring items referring to consultancy, commissions and registration fees relating to business combinations for the first nine months of 2016, and referring to personnel termination indemnities due to the business reorganisation of the acquired companies for the first nine months of 2017.

## Reclassification by nature of some categories of operating costs

For the purposes of providing more information, some categories of operating costs allocated by 'function' have been reclassified by 'nature'.

## Labour costs and number of employees

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | *% Var.* | Q3 2017 | % | Q3 2016 | % | *% Var.* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **2,127,597** | | **1,925,811** | | ***10%*** | **690,750** | | **680,836** | | ***1%*** |
| Wages and salaries | 32,942 | 1.55% | 29,012 | 1.51% | *14%* | 9,992 | 1.45% | 9,840 | 1.45% | *2%* |
| Social contributions | 9,709 | 0.46% | 8,525 | 0.44% | *14%* | 2,964 | 0.43% | 3,012 | 0.44% | *-2%* |
| Pension obligations | 1,787 | 0.08% | 1,576 | 0.08% | *13%* | 597 | 0.09% | 523 | 0.08% | *14%* |
| Other personnel costs | 773 | 0.04% | 735 | 0.04% | *5%* | 246 | 0.04% | 253 | 0.04% | *-3%* |
| Oneri risoluz. rapporto | 1,448 | 0.07% | 35 | 0.00% | *4037%* | 266 | 0.04% | 24 | 0.00% | *1008%* |
| Share incentive plans | 393 | 0.02% | 462 | 0.02% | *-15%* | 131 | 0.02% | 154 | 0.02% | *-15%* |
| **Total labour costs [1]** | **47,052** | **2.21%** | **40,345** | **2.09%** | ***17%*** | **14,196** | **2.06%** | **13,806** | **2.03%** | ***3%*** |

[1] Cost of temporary workers excluded.

During the first nine months of 2017, labour costs amounted to 47.1 million euro, increasing by +17% (+6.7 million euro) compared to the same period of the previous year. Net of non-recurring costs of personnel termination indemnities occurred during the Group restructuring as a result of function synergies from the integration of the 2016 acquired companies, the labour cost growth is equal to 13%, in line with the average staff increase in the Group due to the above-mentioned business combinations.

The employees number of the Group - split by qualification - is shown in the table below:

| Increase | Executives | Clerks and middle manager | Workers | Total | Average* |
|---|---|---|---|---|---|
| Esprinet S.p.A. | 17 | 672 | 2 | **691** | |
| EDSlan S.r.l. | 2 | 61 | - | **63** | |
| Celly S.p.A. | 1 | 50 | - | **51** | |
| Mosaico S.r.l. | 1 | 29 | - | **30** | |
| Celly Pacific LTD | - | 2 | - | **2** | |
| Celly Nordic OY | - | 1 | - | **1** | |
| Celly Swiss SAGL | - | - | - | **-** | |
| Nilox Deutschland GmbH | - | - | - | **-** | |
| V-Valley S.r.l. | - | - | - | **-** | |
| **Subgroup Italy** | **21** | **815** | **2** | **838** | **838** |
| Esprinet Iberica S.L.U. | - | 245 | 50 | **295** | |
| Vinzeo Technologies S.A.U. | - | 139 | 9 | **148** | |
| V-Valley Iberian S.L.U. | - | 12 | - | **12** | |
| Esprinet Portugal Lda | - | 8 | - | **8** | |
| Tape S.L.U. | - | 1 | - | **1** | |
| **Subgroup Spain** | **-** | **405** | **59** | **464** | **477** |
| **Group as at 30 September 2017** | **21** | **1,220** | **61** | **1,302** | **1,315** |
| **Group as at 31 December 2016** | **24** | **1,211** | **92** | **1,327** | **1,172** |
| Var 30/09/2017 - 31/12/2016 | (3) | 9 | (31) | (25) | 143 |
| Var % | -13% | 1% | -34% | -2% | 12% |
| **Group as at 30 September 2016** | **23** | **1,197** | **84** | **1,304** | **1,160** |
| Var 30/09/2017 - 30/09/2016 | (2) | 23 | (23) | (2) | 155 |
| Var % | -9% | 2% | -27% | 0% | 13% |

(*) Average of the balance at period-beginning and period-end.

Compared with the 30 September 2016, the number of employees at the end of the period decreased by 2, notwithstanding 42 employees entering from the newly acquired companies in December 2016, as a consequence of the above-mentioned business reorganisation. On the contrary, in the first nine months, the average number of employees increased by 155, compared with the same period of the previous year, due to the 2016 business combinations.

## Amortisation, depreciation, write-downs and accruals for risks

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | % Var. | Q3 2017 | % | Q3 2016 | % | % Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **2,127,597** | | **1,925,811** | | ***10%*** | **690,755** | | **680,836** | | ***1%*** |
| Depreciation of tangible assets | 2,995 | 0.14% | 2,489 | 0.13% | *20%* | 1,041 | 0.15% | 899 | 0.13% | *16%* |
| Amortisation of intangible assets | 504 | 0.02% | 390 | 0.02% | *29%* | 171 | 0.02% | 144 | 0.02% | *19%* |
| **Amort . & depreciation** | **3,499** | **0.16%** | **2,879** | **0.15%** | ***22%*** | **1,212** | **0.18%** | **1,043** | **0.15%** | ***16%*** |
| Write-downs of fixed assets | - | 0.00% | - | 0.00% | *0%* | - | 0.00% | - | 0.00% | ***0%*** |
| **Amort. & depr., write-downs (A)** | **3,499** | **0.16%** | **2,879** | **0.15%** | ***22%*** | **1,212** | **0.18%** | **1,043** | **0.15%** | ***16%*** |
| Accruals for risks and charges (B) | 98 | 0.00% | 638 | 0.03% | *-85%* | (120) | -0.02% | 327 | 0.05% | *-137%* |
| **Amort. & depr., write-downs, accruals for risks (C=A+B)** | **3,597** | **0.17%** | **3,517** | **0.18%** | ***2%*** | **1,092** | **0.16%** | **1,370** | **0.20%** | ***-20%*** |

## 42) Finance costs – net

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | % Var. | Q3 2017 | % | Q3 2016 | % | % Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **2,127,597** | | **1,925,811** | | ***10%*** | **690,755** | | **680,836** | | ***1%*** |
| Interest expenses on borrowings | 2,588 | 0.1% | 1,629 | 0.08% | *59%* | 910 | 0.13% | 621 | 0.09% | *47%* |
| Interest expenses to banks | 257 | 0.0% | 353 | 0.02% | *-27%* | 50 | 0.01% | 244 | 0.04% | *-80%* |
| Other interest expenses | 6 | 0.0% | 15 | 0.00% | *-60%* | 1 | 0.00% | - | 0.00% | *NA* |
| Upfront fees amortisation | 501 | 0.0% | 285 | 0.01% | *76%* | 210 | 0.03% | 92 | 0.01% | *>100%* |
| Financial charges for actualization | 3 | 0.0% | - | 0.00% | *NA* | - | 0.00% | - | 0.00% | *NA* |
| IAS 19 expenses/losses | 47 | 0.0% | 63 | 0.00% | *-25%* | 15 | 0.00% | 22 | 0.00% | *-32%* |
| Expenses from business combination | 32 | 0.0% | - | 0.00% | *NA* | 14 | 0.00% | - | 0.00% | *NA* |
| Derivatives ineffectiveness | 222 | 0.0% | 19 | 0.00% | *>100%* | 149 | 0.02% | 19 | 0.00% | *>100%* |
| **Total financial expenses (A)** | **3,656** | **0.2%** | **2,364** | **0.12%** | ***55%*** | **1,349** | **0.20%** | **998** | **0.15%** | ***35%*** |
| Interest income from banks | (65) | 0.0% | (96) | -0.01% | *-33%* | (11) | 0.00% | (36) | -0.01% | *-69%* |
| Changes in debts from investments in subsidiari | - | 0.0% | (109) | -0.01% | *NA* | - | 0.00% | 23 | 0.00% | *NA* |
| Interest income from others | (143) | 0.0% | (92) | 0.00% | *55%* | (27) | 0.00% | (30) | 0.00% | *-10%* |
| Interest income on business combination | (2) | 0.0% | - | 0.00% | *NA* | 8 | 0.00% | - | 0.00% | *NA* |
| Derivatives ineffectiveness | 15 | 0.0% | - | 0.00% | *NA* | 12 | 0.00% | - | 0.00% | *NA* |
| **Total financial income(B)** | **(195)** | **0.0%** | **(297)** | **-0.02%** | ***-35%*** | **(18)** | **0.00%** | **(43)** | **-0.01%** | ***-58%*** |
| **Net financial exp. (C=A+B)** | **3,461** | **0.2%** | **2,067** | **0.11%** | ***67%*** | **1,331** | **0.19%** | **955** | **0.14%** | ***39%*** |
| Foreign exchange gains | (1,429) | -0.1% | (660) | -0.03% | *>100%* | (428) | -0.06% | (61) | -0.01% | *>100%* |
| Foreign exchange losses | 983 | 0.0% | 737 | 0.04% | *33%* | 245 | 0.04% | 149 | 0.02% | *65%* |
| **Net foreign exch. (profit)/losses (D)** | **(446)** | **0.0%** | **77** | **0.00%** | *<-100%* | **(183)** | **-0.03%** | **88** | **0.01%** | *<-100%* |
| **Net financial (income)/costs (E=C+D)** | **3,015** | **0.1%** | **2,144** | **0.11%** | *41%* | **1,148** | **0.17%** | **1,043** | **0.15%** | *10%* |

The negative balance of 3.0 million euro between financial income and expenses shows a worsening equal to 0.9 million euro compared with the same period of previous year.
This trend is mainly due to higher net interest payable to banks of 0.9 million euro, higher derivatives ineffectiveness and upfront fees amortisation for 0.4 million euro only partially offset by a foreign exchange management positive by 0.4 million euro mainly due to a positive trend in the euro-dollar fluctuation.

The higher cost of indebtedness is mainly due to the increase in the average debt levels to banks, while the average mix of financing sources shows more favourable interest rate conditions, even though with a longer average duration compared with the previous year. The increase in the average level of indebtedness is mostly due to the financing of the extraordinary transactions finalised in the second half of the year: acquisition of both Vinzeo Technologies and the business unit 'VAD-Value Added Distributor', in Italy and Spain, from Itway.

## 45) Income tax expenses

| (euro/000) | 9 months 2017 | % | 9 months 2016 | % | % Var. | Q3 2017 | % | Q3 2016 | % | % Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **2,127,597** | | **1,925,811** | | ***10%*** | **690,755** | | **680,836** | | ***1%*** |
| **Current and deferred taxes** | **2,743** | **0.13%** | **3,073** | **0.16%** | ***-11%*** | **1,063** | **0.15%** | **220** | **0.03%** | ***383%*** |
| *Profit before taxes* | 11,667 | | 14,858 | | | 3,720 | | 1,647 | | |
| *Tax rate* | **24%** | | **21%** | | | **29%** | | **13%** | | |

Income tax expenses, equal to 2.7 million euro, decreased by -11% compared with the same period of 2016 mainly due to a lower taxable income.
On the contrary, the incidence on profit before income taxes grows as a consequence of the 2016 gain, subject to a different tax regime, recorded for the acquisition of the distribution business in the networking industry from the pre-existing company EDSlan S.p.A..

## 46) Net income and earnings per share

| (euro/000) | 9 months 2017 | 9 months 2016 | Var. | % Var. | Q3 2017 | Q3 2016 | Var. | % Var. |
|---|---|---|---|---|---|---|---|---|
| **Net income** | **8,924** | **11,785** | **(2,861)** | ***-24%*** | **2,657** | **1,427** | **1,230** | ***86%*** |
| Weighed average no. of shares in circulation: basic | 51,757,451 | 51,757,451 | | | 51,757,451 | 51,757,451 | | |
| Weighed average no. of shares in circulation: diluted | 52,228,505 | 52,023,592 | | | 52,308,123 | 52,070,376 | | |
| Earnings per share in euro - basic | 0.17 | 0.23 | (0.06) | *-26%* | 0.05 | 0.03 | 0.02 | *67%* |
| Earnings per share in euro - diluted | 0.17 | 0.22 | (0.05) | *-23%* | 0.05 | 0.03 | 0.02 | *67%* |

No own shares held in portfolio were used to calculate the 'basic' earnings per share.
The potential shares involved in the stock grant plan approved on 30 April 2015 by the Esprinet S.p.A. Shareholders' Meeting, resulting in the free assignment of 646,889 rights to receive Esprinet S.p.A. ordinary shares, were used in the calculation of the 'diluted' profit per share.

# 4. Consolidated statement of financial position and notes

## 4.1 Consolidated statement of financial position

The table below shows the consolidated statement of financial position drawn up according to IFRS principles, together with the information required pursuant to Consob Resolution No. 15519 of 27 July 2006:

| (euro/000) | 30/09/2017 | related parties | 31/12/2016 | related parties |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 15,571 | | 15,284 | |
| Goodwill | 91,189 | | 91,189 | |
| Intangible assets | 1,221 | | 1,469 | |
| Investments in associates | - | | 39 | |
| Deferred income tax assets | 12,030 | | 11,931 | |
| Derivative financial assets | 40 | | 38 | |
| Receivables and other non-current assets | 6,005 | 1,552 | 6,896 | 1,286 |
| | **126,056** | **1,552** | **126,846** | **1,286** |
| **Current assets** | | | | |
| Inventory | 459,364 | | 328,886 | |
| Trade receivables | 295,835 | 9 | 388,672 | 9 |
| Income tax assets | 5,483 | | 6,175 | |
| Other assets | 28,044 | 1,117 | 32,091 | - |
| Cash and cash equivalents | 44,353 | | 285,933 | |
| | **833,079** | **1,126** | **1,041,757** | **9** |
| **Disposal groups assets** | - | | - | |
| **Total assets** | **959,135** | **2,678** | **1,168,603** | **1,295** |
| **EQUITY** | | | | |
| Share capital | 7,861 | | 7,861 | |
| Reserves | 303,123 | | 282,430 | |
| Group net income | 8,966 | | 26,667 | |
| **Group net equity** | **319,950** | | **316,958** | |
| **Non-controlling interests** | 961 | | 999 | |
| **Total equity** | **320,911** | | **317,957** | |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 125,344 | | 28,833 | |
| Derivative financial liabilities | 151 | | 66 | |
| Deferred income tax liabilities | 7,353 | | 6,100 | |
| Retirement benefit obligations | 4,738 | | 5,185 | |
| Debts for investments in subsidiaries | 3,940 | | 3,942 | |
| Provisions and other liabilities | 2,620 | | 3,020 | |
| | **144,146** | | **47,146** | |
| **Current liabilities** | | | | |
| Trade payables | 397,491 | - | 615,512 | 12 |
| Short-term financial liabilities | 61,439 | | 151,885 | |
| Income tax liabilities | 583 | | 740 | |
| Derivative financial liabilities | 488 | | 483 | |
| Debts for investments in subsidiaries | 5,085 | | 4,718 | |
| Provisions and other liabilities | 28,992 | 1,373 | 30,162 | - |
| | **494,078** | **1,373** | **803,500** | **12** |
| **Disposal groups liabilities** | - | | - | |
| **Total liabilities** | **638,224** | **1,373** | **850,646** | **12** |
| **Total equity and liabilities** | **959,135** | **1,373** | **1,168,603** | **12** |

(*) For further details on operations with related parties, see the related section in the 'Interim Management Statement'.

## 4.2 Notes to the most significant statement of financial position items

### 4.2.1 Gross investments

| (euro/000) | 30/09/2017 | | | 31/12/2016 |
|---|---|---|---|---|
| | Esprinet Group | Subgroup Italy | Subgroup Iberian | Esprinet Group |
| Plant and machinery | 310 | 248 | 62 | 2,030 |
| Ind. And comm. Equipment & Other assets | 1,911 | 1,607 | 304 | 4,597 |
| Assets under construction and advances | 1,142 | 265 | 877 | 2,436 |
| **Total Property, plant and equipment** | **3,363** | **2,120** | **1,243** | **9,063** |
| Industrial patents and intellectual rights | 230 | 208 | 22 | 1,879 |
| Licenses, concessions, brand names and similar rights | 3 | 1 | 2 | 11 |
| Others | 24 | 24 | - | - |
| Assets under construction and advances | - | - | | 757 |
| **Total intangible assets** | **257** | **233** | **24** | **2,647** |
| **Total gross investments** | **3,620** | **2,353** | **1,267** | **11,710** |

Investments as at 30 September 2017 in ‘plant and machinery’ amount to 0.3 million euro and mainly refer to the purchase of new assets by the parent company Esprinet S.p.A. for the expansion of the new logistics hub of Cavenago.

Investments in 'Industrial & commercial equipment & other assets' refer to the purchase of electronic office equipment, office furniture and fittings by the parent company Esprinet S.p.A. and by the Spanish subsidiaries.

Investments in ‘Assets under construction’, totalling 1.1 million euro, refer for 0.9 million euro to work done and not yet terminated for outfitting a new Cash & Carry in Barcelona, whose official opening is planned for October 2017, and for the residual amount to costs incurred for building a company canteen for Zaragoza logistics hub.

There are no other temporarily unused tangible fixed assets intended for sale.

The increase in the item ‘Industrial and other patent rights’ mostly refers to the costs incurred by the parent company Esprinet S.p.A. for the purchase and upgrade of software.

The depreciation rates applied to each asset category are unchanged compared with the fiscal year closed at 31 December 2016.

### 4.2.2 Net financial position and covenants

| (euro/000) | 30/09/2017 | 31/12/2016 | Var. | 30/09/2016 | Var. |
|---|---|---|---|---|---|
| | | | | | Var. |
| Short-term financial liabilities | 61,439 | 151,885 | (90,446) | 137,901 | (76,462) |
| Current debts for investments in subsidiaries | 5,086 | 4,719 | 367 | 1,321 | 3,765 |
| Current financial (assets)/liabilities for derivatives | 488 | 483 | 5 | 389 | 99 |
| Financial receivables from factoring companies | (7,813) | (1,492) | (6,321) | (3,400) | (4,413) |
| Other financial receivables | (486) | (5,596) | 5,111 | (25,539) | 25,054 |
| Cash and cash equivalents | (44,353) | (285,933) | 241,580 | (81,671) | 37,318 |
| **Net current financial debt** | **14,361** | **(135,934)** | **150,295** | **29,000** | **(14,639)** |
| Borrowings | 125,344 | 28,833 | 96,511 | 69,053 | 56,291 |
| Non - current debts for investments in subsidiaries | 3,939 | 3,941 | (2) | 5,113 | (1,174) |
| Non-current financial (assets)/liabilities for derivatives | 111 | 28 | 83 | 331 | (220) |
| Other financial receivables | (1,870) | (2,292) | 422 | (2,292) | 422 |
| **Net financial debt** | **141,885** | **(105,424)** | **247,309** | **101,206** | **40,679** |

For the definition of financial payables please see the paragraph 'Principal accounting definitions and estimates' in the consolidated accounts as at 31 December 2016.

The Group's net financial position, negative in the amount of 141.9 million euro, corresponds to a net balance of gross financial debts of 186.8 million euro, financial receivables equal to 10.2 million euro, debts for investments in subsidiaries equal to 9.0 million euro, cash and cash equivalents equal to 44.3 million euro and financial liabilities for derivatives of 0.6 million euro.

Cash and cash equivalents mainly consist of free and unrestricted bank deposits of a transitional nature as they are formed temporarily at the end of the month as a result of the Group's distinctive financial cycle.
A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the without-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the spot figure at the end of a period does not represent the net financial borrowings or the average treasury resources for the same period.

The revolving programme for without-recourse sale of account receivables, focusing on selected customer segments, particularly in the large-scale distribution sector, continued during the first nine months of 2017 both in Italy and in Spain as part of the processes aimed at the structural optimisation of the management of working capital. In addition, a securitisation programme of further trade receivables, that started in Italy in July 2015, continued during the first half. This programme is aimed at transferring risks and rewards to the buyer: the receivables sold are therefore de-recognized in the statement of financial position according to IAS 39. The overall effect on the levels of financial debt as at 30 September 2017 is approx. 221 million euro (approx. 400 million euro as at 31 December 2016).

### 4.2.3 Goodwill

Goodwill amounts to 91.2 million euro with no changes compared to 31 December 2016.

The following table summarises the goodwill allocations to the 3 CGUs (Cash Generating Units), in accordance with the operating segments identified in the Segment Information required by IFRS, and relationships between these operating segments and the legal entities which form the Group:

| (euro/000) | 30/09/2017 | 31/12/2016 | Var. | | |
|---|---|---|---|---|---|
| Esprinet S.p.A. | 18,738 | 18,738 | - | CGU 1 | B2B distribution of Information Technology and Consumer Electronics (Italy) |
| Celly S.p.A. | 4,153 | 4,153 | - | CGU 2 | B2C phone accessories (Italy) |
| Esprinet Iberica S.l.u. | 68,298 | 68,298 | - | CGU 3 | B2B distribution of Information Technology and Consumer Electronics (Spain) |
| **Total** | **91,189** | **91,189** | **-** | | |

The annual impairment test, required by IAS 36, was carried out in reference to the financial statements as at 31 December 2016 and no impairment loss emerged with reference to the above-mentioned CGUs existing at that date.

IAS 36 also requires the goodwill impairment test to be effected more frequently whenever 'triggering events' occur (i.e. indications of loss of value). However, as no such indicators appeared in the period between the annual impairment test in March 2017 and the date this financial report was drafted, no other impairment tests were conducted as at 30 September 2017.

In the light of above, the goodwill values booked as at 31 December 2016 and still outstanding in this Interim Management Statement are confirmed.

Further information regarding 'Goodwill' and the impairment test methods used can be found in the notes to the consolidated financial statements as at 31 December 2016.

# 5. Consolidated statement of changes in net equity

| (euro/000) | Share capital | Reserves | Own shares | Profit for the period | Total net equity | Minority interest | Group net equity |
|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2015** | 7,861 | 264,848 | (5,145) | 30,041 | 297,605 | 797 | 296,808 |
| **Total comprehensive income/(loss)** | - | (626) | - | 11,786 | 11,160 | 83 | 11,077 |
| Allocation of last year net income/(loss) | - | 22,277 | - | (22,277) | - | - | - |
| Dividend payment | - | - | - | (7,764) | (7,764) | - | (7,764) |
| **Transactions with owners** | - | 22,277 | - | (30,041) | (7,764) | - | (7,764) |
| Increase/(decrease) in 'stock grant' plan reserve | - | 1,157 | - | - | 1,157 | - | 1,157 |
| Other variations | - | (9) | - | - | (9) | (2) | (7) |
| **Balance at 30 September 2016** | 7,861 | 287,647 | (5,145) | 11,786 | 302,149 | 878 | 301,271 |
| **Balance at 31 December 2016** | 7,861 | 288,371 | (5,145) | 26,870 | 317,957 | 999 | 316,958 |
| **Total comprehensive income/(loss)** | - | (74) | - | 8,924 | 8,850 | (39) | 8,889 |
| Allocation of last year net income/(loss) | - | 19,883 | - | (19,883) | - | - | - |
| Dividend payment | - | - | - | (6,987) | (6,987) | - | (6,987) |
| **Transactions with owners** | - | 19,883 | - | (26,870) | (6,987) | - | (6,987) |
| Change in 'stock grant' plan reserve | - | 1,088 | - | - | 1,088 | - | 1,088 |
| Other variations | - | 3 | - | - | 3 | 1 | 2 |
| **Balance at 30 September 2017** | 7,861 | 309,271 | (5,145) | 8,924 | 320,911 | 961 | 319,950 |

# 6. Consolidated statement of cash flows[8]

| (euro/000) | 9 months 2017 | 9 months 2016 |
|---|---|---|
| **Cash flow provided by (used in) operating activities (D=A+B+C)** | **(236,209)** | **(174,069)** |
| **Cash flow generated from operations (A)** | **18,462** | **18,425** |
| Operating income (EBIT) | 14,647 | 17,001 |
| Income from business combinations | - | (2,677) |
| Depreciation, amortisation and other fixed assets write-downs | 3,499 | 2,879 |
| Net changes in provisions for risks and charges | (400) | 225 |
| Net changes in retirement benefit obligations | (372) | (160) |
| Stock option/grant costs | 1,088 | 1,157 |
| **Cash flow provided by (used in) changes in working capital (B)** | **(251,872)** | **(189,303)** |
| Inventory | (130,478) | 7,244 |
| Trade receivables | 92,837 | 56,087 |
| Other current assets | 5,949 | (4,213) |
| Trade payables | (218,140) | (245,634) |
| Other current liabilities | (2,040) | (2,787) |
| **Other cash flow provided by (used in) operating activities (C)** | **(2,799)** | **(3,191)** |
| Interests paid, net | (2,544) | (1,086) |
| Foreign exchange (losses)/gains | 565 | (29) |
| Net results from associated companies | 75 | 9 |
| Income taxes paid | (895) | (2,085) |
| **Cash flow provided by (used in) investing activities (E)** | **(3,044)** | **(104,167)** |
| Net investments in property, plant and equipment | (3,282) | (3,945) |
| Net investments in intangible assets | (256) | (519) |
| Changes in other non current assets and liabilities | 494 | 1,003 |
| EDSlan business combination | - | (17,065) |
| Vinzeo business combination | - | (83,641) |
| **Cash flow provided by (used in) financing activities (F)** | **(2,327)** | **79,818** |
| Medium/long term borrowing | 165,000 | - |
| Repayment/renegotiation of medium/long-term borrowings | (104,647) | (21,060) |
| Net change in financial liabilities | (55,144) | 132,535 |
| Net change in financial assets and derivative instruments | (700) | (25,013) |
| Deferred price Celly acquisition | (17) | - |
| Deferred price Vinzeo acquisition | 367 | 1,321 |
| Dividend payments | (6,987) | (7,764) |
| Increase/(decrease) in 'cash flow edge' equity reserve | (164) | (293) |
| Changes in third parties net equity | (35) | 92 |
| **Net increase/(decrease) in cash and cash equivalents (G=D+E+F)** | **(241,580)** | **(198,418)** |
| **Cash and cash equivalents at year-beginning** | **285,933** | **280,089** |
| **Net increase/(decrease) in cash and cash equivalents** | **(241,580)** | **(198,418)** |
| **Cash and cash equivalents at year-end** | **44,353** | **81,671** |

[8] Effects of relationships with related parties are omitted as non-significant.

The table below shows the changes during the period and the reconciliation with the net final position at the end of that period:

| (euro/000) | 9 months 2017 | 9 months 2016 |
|---|---|---|
| **Net financial debt at start of the year** | **(105,424)** | **(185,913)** |
| Cash flow provided by (used in) operating activities | (236,209) | (174,069) |
| Cash flow provided by (used in) investing activities | (3,044) | (104,167) |
| Cash flow provided by (used in) changes in net equity | (7,186) | (7,965) |
| **Total cash flow** | **(246,439)** | **(286,201)** |
| Unpaid interests | (870) | (918) |
| **Net financial position at end of year** | **141,885** | **101,206** |
| Short-term financial liabilities | 61,439 | 137,901 |
| Customers financial receivables | (486) | (25,539) |
| Current financial (assets)/liabilities for derivatives | 488 | 389 |
| Financial receivables from factoring companies | (7,813) | (3,400) |
| Debiti per acquisto partecipazioni correnti | 5,086 | 1,321 |
| Cash and cash equivalents | (44,353) | (81,671) |
| **Net current financial debt** | **14,361** | **29,001** |
| Borrowings | 125,344 | 69,053 |
| Non current Debts for investments in subsidiaries | 3,939 | 5,113 |
| Non-current financial (assets)/liab. for derivatives | 111 | 331 |
| Customers financial receivables | (1,870) | (2,292) |
| **Net financial debt at start of the year** | **141,885** | **101,206** |

## 7. Relationships with related parties

Group operations with related parties, as defined by IAS 24, were effected in compliance with current laws and according to mutual economic advantage.
Any products sold to individuals were sold under the same conditions as those usually applied to employees.
Transactions between the parent company Esprinet S.p.A. and its subsidiaries included in the consolidation scope were de-recognized in the interim consolidated financial statements and therefore do not appear in this section.

During the period, relationships with related parties consisted essentially in the sale of products and services under market conditions between Group's entities and companies where the key management personnel or shareholders of Esprinet S.p.A. play important roles.
Relationships with key managers consisted in the compensation awarded for services rendered by the same.
Achieved sales are related to the sales of consumer electronic products to business and private customers at market condition.

Services received mainly refer to leasing agreements entered into under market conditions in previous years with real estate companies Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site and M.B. Immobiliare S.r.l. in the case of Cavenago (MB) logistics site.

As shown in the table above, however, the total value of the aforementioned transactions is not material compared with the total volume of the Company's activities.

# 8. Segment information

## 8.1 Introduction

The Esprinet Group is organised in the geographical business areas of Italy and the Iberian Peninsula (operating segments) where it performs the business-to-business (B2B) distribution of Information Technology (IT) and consumer electronics.

A 'geographical segment' is involved in investments and transactions aimed at providing products or services within a particular economic environment that is subject to risks and returns that are different from those achievable in other geographical segments.

A 'business segment' is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Although the organisation by geographical segments is the main way of managing and analysing the Group's results, the next tables also provide a fuller picture of the operating results and asset balances of the business segments where the Group operates in Italy.

## 8.2 Segment results

The separate income statement, statement of financial position and other significant information regarding each of the Esprinet Group's operating segments are as follows:

## Separate income statement and other significant information by operating segment

| (euro/000) | 9 months 2017 | | | |
|---|---|---|---|---|
| | Italy | Iberian Pen. | Elim. and other | Group |
| | Distr. IT & CE B2B | Distr. It & CE B2B | | |
| Sales to third parties | 1,345,929 | 781,668 | - | 2,127,597 |
| Intersegment sales | 33,260 | - | (33,260) | - |
| **Sales** | **1,379,189** | **781,668** | **(33,260)** | **2,127,597** |
| Cost of sales | (1,293,423) | (751,875) | 33,131 | (2,012,167) |
| **Gross profit** | **85,766** | **29,793** | **(129)** | **115,430** |
| *Gross Profit %* | *6.22%* | *3.81%* | | *5.43%* |
| Sales and marketing costs | (32,819) | (8,322) | (55) | (41,196) |
| Overheads and admin. costs | (43,803) | (15,848) | 64 | (59,587) |
| **Operating income (Ebit)** | **9,144** | **5,623** | **(120)** | **14,647** |
| *EBIT %* | *0.66%* | *0.72%* | | *0.69%* |
| Finance costs - net | | | | (3,016) |
| Share of profits of associates | | | | 36 |
| **Profit before income tax** | | | | **11,667** |
| Income tax expenses | | | | (2,743) |
| **Net income** | | | | **8,924** |
| - of which attributable to non-controlling interests | | | | (42) |
| - of which attributable to Group | | | | 8,966 |
| **Depreciation and amortisation** | **2,661** | **519** | 319 | **3,499** |
| **Other non-cash items** | **2,929** | **97** | - | **3,026** |
| **Investments** | **2,353** | **1,267** | - | **3,620** |
| **Total assets** | **790,384** | **360,291** | (191,540) | **959,135** |

| (euro/000) | 9 months 2016 | | | |
|---|---|---|---|---|
| | Italy | Iberian Pen. | Elim. and other | Group |
| | Distr. IT & CE B2B | Distr. IT & CE B2B | | |
| Sales to third parties | 1,326,138 | 599,673 | - | 1,925,811 |
| Intersegment sales | 33,132 | - | (33,132) | - |
| **Sales** | **1,359,270** | **599,673** | **(33,132)** | **1,925,811** |
| Cost of sales | (1,274,670) | (577,569) | 33,055 | (1,819,184) |
| **Gross profit** | **84,600** | **22,104** | **(77)** | **106,627** |
| *Gross profit %* | *6.22%* | *3.69%* | | *5.54%* |
| Other income | 2,677 | - | - | 2,677 |
| Sales and marketing costs | (30,175) | (5,487) | (18) | (35,680) |
| Overheads and admin. costs | (45,343) | (11,303) | 23 | (56,623) |
| **Operating income (Ebit)** | **11,759** | **5,314** | **(72)** | **17,001** |
| *EBIT %* | *0.87%* | *0.89%* | | *0.88%* |
| Finance costs - net | | | | (2,144) |
| Share of profits of associates | | | | 1 |
| **Profit before income tax** | | | | **14,858** |
| Income tax expenses | | | | (3,073) |
| **Net income** | | | | **11,785** |
| - of which attributable to non-controlling interests | | | | 94 |
| - of which attributable to Group | | | | 11,691 |
| **Depreciation and amortisation** | **2,267** | **373** | 239 | **2,879** |
| **Other non-cash items** | **3,315** | **135** | - | **3,450** |
| **Investments** | **2,965** | **1,587** | - | **4,552** |
| **Total assets** | **738,079** | **372,358** | (199,889) | **910,548** |

| (euro/000) | Q3 2017 | | | |
|---|---|---|---|---|
| | Italy | Iberian Pen. | | |
| | Distr. IT & CE B2B | Distr. It & CE B2B | Elim. and other | Group |
| Sales to third parties | 415,514 | 275,241 | | 690,755 |
| Intersegment sales | 9,489 | - | (9,489) | - |
| **Sales** | **425,003** | **275,241** | **(9,489)** | **690,755** |
| Cost of sales | (398,660) | (265,795) | 9,371 | (655,084) |
| **Gross profit** | **26,343** | **9,446** | **(118)** | **35,671** |
| *Gross Profit %* | *6.20%* | *3.43%* | | *5.16%* |
| Sales and marketing costs | (10,069) | (2,632) | (10) | (12,711) |
| Overheads and admin. costs | (13,281) | (4,874) | 12 | (18,143) |
| **Operating income (Ebit)** | **2,993** | **1,940** | **(116)** | **4,817** |
| *EBIT %* | *0.70%* | *0.70%* | | *0.70%* |
| Finance costs - net | | | | (1,149) |
| Share of profits of associates | | | | 52 |
| **Profit before income tax** | | | | **3,720** |
| Income tax expenses | | | | (1,063) |
| **Net income** | | | | **2,657** |
| - of which attributable to non-controlling interests | | | | 71 |
| - of which attributable to Group | | | | 2,586 |
| **Depreciation and amortisation** | 915 | **176** | 121 | **1,212** |
| **Other non-cash items** | 766 | **31** | - | **797** |
| **Investments** | 690 | **803** | - | **1,493** |
| **Total assets** | **790,384** | **360,291** | (191,540) | **959,135** |

| (euro/000) | Q3 2016 | | | |
|---|---|---|---|---|
| | Italy | Iberian Pen. | | |
| | Distr. IT & CE B2B | Distr. It & CE B2B | Elim. and other | Group |
| Sales to third parties | 398,672 | 282,164 | | 680,836 |
| Intersegment sales | 8,925 | - | (8,925) | - |
| **Sales** | **407,597** | **282,164** | **(8,925)** | **680,836** |
| Cost of sales | (381,367) | (272,742) | 9,138 | (644,971) |
| **Gross profit** | **26,230** | **9,422** | **213** | **35,865** |
| *Gross profit %* | *6.44%* | *3.34%* | | *5.27%* |
| Other income | - | - | - | - |
| Sales and marketing costs | (10,518) | (2,297) | (1) | (12,816) |
| Overheads and admin. costs | (15,588) | (4,773) | 2 | (20,359) |
| **Operating income (Ebit)** | **124** | **2,352** | **214** | **2,690** |
| *EBIT %* | *0.03%* | *0.83%* | | *0.40%* |
| Finance costs - net | | | | (1,043) |
| Share of profits of associates | | | | - |
| **Profit before income tax** | | | | **1,647** |
| Income tax expenses | | | | (220) |
| **Net income** | | | | **1,427** |
| - of which attributable to non-controlling interests | | | | 5 |
| - of which attributable to Group | | | | 1,422 |
| **Depreciation and amortisation** | 806 | **147** | 90 | **1,043** |
| **Other non-cash items** | 1,220 | **25** | - | **1,245** |
| **Investments** | 883 | **479** | - | **1,362** |
| **Total assets** | **738,079** | **372,358** | (199,889) | **910,548** |

## Statement of financial position by operating segments

| (euro/000) | 30/09/2017 | | | |
|---|---|---|---|---|
| | Italy | Iberian Pen. | | |
| | Distr. IT & CE B2B | Distr. IT & CE B2B | Elim. and other | Group |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 11,666 | 3,905 | - | 15,571 |
| Goodwill | 22,891 | 67,259 | 1,039 | 91,189 |
| Intangible assets | 1,171 | 50 | - | 1,221 |
| Investments in associates | - | - | - | - |
| Investments in others | 75,895 | - | (75,895) | - |
| Deferred income tax assets | 2,768 | 9,129 | 133 | 12,030 |
| Derivative financial assets | - | 40 | - | 40 |
| Receivables and other non-current assets | 5,641 | 364 | - | 6,005 |
| | **120,032** | **80,747** | **(74,723)** | **126,056** |
| **Current assets** | | | | |
| Inventory | 294,579 | 165,225 | (440) | 459,364 |
| Trade receivables | 213,921 | 81,914 | - | 295,835 |
| Income tax assets | 3,981 | 1,502 | - | 5,483 |
| Other assets | 143,357 | 1,064 | (116,377) | 28,044 |
| Cash and cash equivalents | 14,514 | 29,839 | - | 44,353 |
| | **670,352** | **279,544** | **(116,817)** | **833,079** |
| **Disposal groups assets** | - | - | - | - |
| **Total assets** | **790,384** | **360,291** | **(191,540)** | **959,135** |
| **EQUITY** | | | | |
| Share capital | 7,861 | 54,693 | (54,693) | 7,861 |
| Reserves | 287,538 | 35,909 | (20,324) | 303,123 |
| Group net income | 5,140 | 3,903 | (77) | 8,966 |
| **Group net equity** | **300,539** | **94,505** | **(75,094)** | **319,950** |
| **Non-controlling interests** | 1,015 | 15 | (69) | 961 |
| **Total equity** | **301,554** | **94,520** | **(75,163)** | **320,911** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 120,297 | 5,047 | - | 125,344 |
| Derivative financial liabilities | 151 | - | - | 151 |
| Deferred income tax liabilities | 3,424 | 3,929 | - | 7,353 |
| Retirement benefit obligations | 4,738 | - | - | 4,738 |
| Debts for investments in subsidiaries | 3,940 | - | - | 3,940 |
| Provisions and other liabilities | 2,008 | 612 | - | 2,620 |
| | **134,558** | **9,588** | **-** | **144,146** |
| **Current liabilities** | | | | |
| Trade payables | 279,859 | 117,632 | - | 397,491 |
| Short-term financial liabilities | 51,934 | 122,005 | (112,500) | 61,439 |
| Income tax liabilities | 440 | 143 | - | 583 |
| Derivative financial liabilities | 464 | 24 | - | 488 |
| Debts for investments in subsidiaries | 3,984 | 1,101 | - | 5,085 |
| Provisions and other liabilities | 17,591 | 15,278 | (3,877) | 28,992 |
| | **354,272** | **256,183** | **(116,377)** | **494,078** |
| **Disposal groups liabilities** | - | - | - | - |
| **Total liabilities** | **488,830** | **265,771** | **(116,377)** | **638,224** |
| **Total equity and liabilities** | **790,384** | **360,291** | **(191,540)** | **959,135** |

| (euro/000) | 31/12/2016 | | | |
|---|---|---|---|---|
| | Italy | Iberian Pen. | | |
| | Distr. IT & CE B2B | Distr. IT & CE B2B | Elim. and other | Group |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 12,076 | 3,208 | - | 15,284 |
| Goodwill | 22,891 | 67,259 | 1,039 | 91,189 |
| Intangible assets | 1,430 | 39 | - | 1,469 |
| Investments in associates | 39 | - | - | 39 |
| Investments in others | 75,826 | - | (75,826) | - |
| Deferred income tax assets | 2,825 | 9,006 | 100 | 11,931 |
| Derivative financial assets | - | 38 | - | 38 |
| Receivables and other non-current assets | 6,542 | 354 | - | 6,896 |
| | **121,629** | **79,904** | **(74,687)** | **126,846** |
| **Current assets** | | | | |
| Inventory | 224,075 | 105,130 | (319) | 328,886 |
| Trade receivables | 283,980 | 104,692 | - | 388,672 |
| Income tax assets | 4,683 | 1,492 | - | 6,175 |
| Other assets | 157,924 | 6,820 | (132,653) | 32,091 |
| Cash and cash equivalents | 88,651 | 197,282 | - | 285,933 |
| | **759,313** | **415,416** | **(132,972)** | **1,041,757** |
| **Disposal groups assets** | - | - | - | - |
| **Total assets** | **880,942** | **495,320** | **(207,659)** | **1,168,603** |
| **EQUITY** | | | | |
| Share capital | 7,861 | 54,693 | (54,693) | 7,861 |
| Reserves | 275,206 | 27,372 | (20,148) | 282,430 |
| Group net income | 18,391 | 8,382 | (106) | 26,667 |
| **Group net equity** | **301,458** | **90,447** | **(74,947)** | **316,958** |
| **Non-controlling interests** | 1,037 | 20 | (58) | 999 |
| **Total equity** | **302,495** | **90,467** | **(75,005)** | **317,957** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 5,849 | 22,984 | - | 28,833 |
| Derivative financial liabilities | - | 66 | - | 66 |
| Deferred income tax liabilities | 2,904 | 3,196 | - | 6,100 |
| Retirement benefit obligations | 5,185 | - | - | 5,185 |
| Debts for investments in subsidiaries | 3,942 | - | - | 3,942 |
| Provisions and other liabilities | 2,523 | 497 | - | 3,020 |
| | **20,403** | **26,743** | **-** | **47,146** |
| **Current liabilities** | | | | |
| Trade payables | 413,346 | 202,166 | - | 615,512 |
| Short-term financial liabilities | 122,466 | 155,919 | (126,500) | 151,885 |
| Income tax liabilities | 244 | 496 | - | 740 |
| Derivative financial liabilities | 428 | 55 | - | 483 |
| Debiti per acquisto partecipazioni correnti | 3,959 | 759 | - | 4,718 |
| Provisions and other liabilities | 17,601 | 18,715 | (6,154) | 30,162 |
| | **558,044** | **378,110** | **(132,654)** | **803,500** |
| **Disposal groups liabilities** | - | - | - | - |
| **Total liabilities** | **578,447** | **404,853** | **(132,654)** | **850,646** |
| **Total equity and liabilities** | **880,942** | **495,320** | **(207,659)** | **1,168,603** |

## 9. Atypical and/or unusual operations

No atypical and/or unusual events or operations according to the definition as per Consob Communication No. DEM 6064293 of 28 July 2006 occurred during the period.

## 10. Non-recurring significant events and operations

During the first nine months of 2017, restructuring activities in Spanish subsidiaries, referring to a total of 68 employees, were displayed as non-recurring costs. The total amount of indemnities is equal to 1.4 million euro.

In the same period of 2016 the following non-recurring items were identified:
- 2.7 million gain arising from the asset deal relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors by the newly established company, EDSlan S.r.l., from the pre-existing company EDSlan S.p.A.
- Miscellaneous costs amounting to 2.1 million euro for consultancy, commissions and registration fees relating to business combinations in both Italy (EDSlan S.r.l.) and Spain (Vinzeo Technologies S.A.U., acquired on 1 July 2016), as well as to 1 million euro referred to the expenses occurred in Italy relating to the extension of the logistic hub in Cavenago and to the new warehouse setting-up in Zaragoza - Spain.

The following table shows the impact of the above events and transactions on the income statement (including the related tax effects):

| (euro/000) | Charge type | 9 months 2017 | 9 months 2016 | Var. |
|---|---|---|---|---|
| Other income | Income from business combinatios | - | 2,677 | (2,677) |
| | **Other Income** | **-** | **2,677** | **(2,677)** |
| Overheads and administrative costs | Transaction costs from business combination | - | (2,104) | 2,104 |
| Overheads and administrative costs | Extension warehouse costs | - | (952) | 952 |
| Overheads and administrative costs | Employee termination incentives | (1,369) | - | (1,369) |
| **Total SG&A** | | **(1,369)** | **(3,056)** | **1,687** |
| **Operating income (EBIT)** | | **(1,369)** | **(379)** | **(990)** |
| **Profit before income taxes** | | **(1,369)** | **(379)** | **(990)** |
| Income tax expenses | Non -recurring events impact | 356 | 941 | (585) |
| **Profit for the period** | | **(1,013)** | **562** | **(1,575)** |
| **Net income / (loss)** | | **(1,013)** | **562** | **(1,575)** |

## 11. Significant events occurring in the period

The significant events that occurred during the period are briefly described as follows:

**Syndicated loan of 210.0 million euro**

On 28 February 2017, Esprinet S.p.A. signed an unsecured amortising facility agreement with a pool of Italian and Spanish banks for an amount up to 210.0 million euro, consisting of a Term Loan Facility of up to 145.0 million euro and a Revolving Facility of 65.0 million euro. This loan has a term of five years and is supported by a set of ordinary financial covenants.
The minimum amount for the successful completion of the syndication was set at 175.0 million euro. Although the total amount of participation requests was more than the maximum amount of 210.0 million euro, the final amount was fixed at the maximum level.

The main purpose of the facility is to re-finance existing outstanding debt in relation to the existing syndicated loan signed on 31 July 2014 - 40.6 million euro of Term Loan facility and 65.0 million euro of Revolving Facility - and to further consolidate financial structure by lengthening the average maturity of the financial debt.

Following the signing of the new syndicated facility agreement, Esprinet S.p.A. initiated negotiations with the lending banks having the purpose of executing a number of bilateral 'IRS - Interest Rate Swap' contracts in order to hedge the interest rate risk on the Term Loan Facility. On 7 April 2017, aforementioned negotiations led to the subscription of such IRS contracts with six out of the eight lending banks on a pro-rata basis for a total notional value of 105.6 million euro effective from the date of the second instalment, i.e. 31 August 2017. Simultaneously, in March IRS contracts covering the terminated term loan facility agreement were extinguished. The aforementioned repayment was effected at fair value at the termination date for 0.3 million euro.

**Withdrawal by Giuseppe Calì and Stefania Caterina Calì of their challenge of some 2015 resolutions of the Shareholders' Meeting and the Board of Directors of Esprinet S.p.A..**

Mr. Giuseppe Calì and Mrs. Stefania Caterina Calì, who had challenged certain resolutions of the Shareholders' Meeting of the Company adopted on 30 April 2015, as well as Board member Andrea Cavaliere, appointed by the above-mentioned minority shareholders, who had challenged certain Board resolutions adopted on 4 May 2015 and on 14 May 2015, agreed to withdraw the challenge brought.

The above-mentioned shareholders and Board member took said decision after having examined with the Company, in the context of the judicial proceedings, the respective positions on juridical grounds. Thereafter, these shareholders and the Board member acknowledged the fairness of the said resolutions adopted by the Shareholders' Meeting and by the Board of Directors of the Company.

At the same time, Mr. Cavaliere resigned from the Esprinet S.p.A. Board of Directors. The Esprinet S.p.A. Board of Directors therefore referred any subsequent decisions to the Shareholders' Meeting.

**Esprinet S.p.A. Annual Shareholders Meeting**

On 4 May 2017 Esprinet Shareholders' meeting, held in second call, approved the separate financial statements for the fiscal year ended at 31 December 2016 and the distribution of a dividend of 0.135 euro per ordinary share, corresponding to a pay-out ratio of 26%.[9]
The dividend payment was scheduled from 10 May 2017, with an ex-coupon date (no. 12) on 8 May 2017 and a record date of 9 May 2017.

The Annual Shareholders' Meeting has also:

- approved the first section of the Report on Remuneration Art.123 – ter, paragraph. 6 of the Legislative Decree 58/1998;
- resolved upon the integration of the number of directors of Esprinet S.p.A. determined in the number of twelve by the Shareholders' Meeting held on 30 April, 2015, appointing Prof. Ariela Caglio as new director in substitution of Mr. Andrea Cavaliere who resigned from his office on 20 February 2017;
- resolved to authorize the acquisition and disposal of own shares, within 18 months since the resolution, provided that any such purchase does not exceed the maximum of 2,620,217 ordinary shares of Esprinet (5% of the Company's share capital), simultaneously revoking, with respect to

[9] Based on Esprinet Group's consolidated net profit

the unused portion of it, the former authorization resolved by the Shareholder's Meeting of 4 May 2016;
- authorized the Company to update the economic conditions of the statutory auditing mandate, assigned to EY S.p.A. to the extent of 12,000 euro for the financial years 2016, 2017 and 2018 each, for recurrent additional activities concerning the consolidated financial statements following the perimeter expansion and of 5,000 euro for the auditory activity concerning the PPA (Purchase Price Allocation) to be executed only with reference to the financial statement as of 31 December 2016.

The Shareholders' Meeting passed special resolution amending articles 4, 5, 8, 11, 13, 16, 19 of Esprinet S.p.A. by-Laws.

**Nilox Deutschland GmbH establishment**

On 11 July 2017 the new legal entity Nilox Deutschland GmbH with operating office in Düsseldorf, was established, in order to expand selling and distribution activities of Nilox products (brand owned by Esprinet S.p.A.) in Germany.

The Company, having a share capital equal to 100,000 thousand euro, entirely paid-up as at establishment date, is 100% owned by Esprinet S.p.A..
At the date of approval of this Interim Management Statement, the company was still non-operating.

**Disposal of Ascendeo S.A.S. shareholding**

On 2 August 2017, Celly S.p.A. completed the disposal of its share in the associate company Ascendeo S.A.S..
The shareholding, consisting of 9,250 shares with a nominal value of 1 euro each representing 25% of the capital of the associate company which aims to promote and manage Muvit branded products, was transferred for a price equal to 75,000 thousand euro to the majority shareholder Ascendeo France S.A.S..

## 12. Subsequent events

Relevant events occurred after period end are briefly described below:

**Developments in tax disputes**

On 2 October 2017 Esprinet S.p.A. was served an assessment notice claiming VAT recovery for 3.1 million euro (plus penalties and interest) in relation to 2012 taxable transactions entered into with three customers whose purchases benefited from tax exemption as frequent exporters which eventually proved to be false.
Esprinet will appeal against the notice of assessment.

Vimercate, 13 November 2017

Of behalf of the Board of Directors
*The Chairman*
Francesco Monti

# 13. Declaration of the officer responsible for financial reports

Declaration under article 154-bis, par. 2 of the Financial Consolidation Act.

SUBJECT: Interim management statement as at 30 September 2017

The undersigned Pietro Aglianò, the manager responsible for preparing the accounting documents of

**ESPRINET S.p.A.**

in accordance with the provisions of in article 154 bis, par. 2 of the Finance Consolidation Act

**HEREBY DECLARES**

that the Interim management statement as at 30 September 2017 agrees with the accounting documents, books and records.

Vimercate, 13 November 2017

The Officer in charge of drawing up
financial reports

(Pietro Aglianò)