ESPRINET GROUP

Interim management statement as at 31 December 2016

Approved by the Board of Directors on 13 February 2017

Parent Company:

Esprinet S.p.A.
VAT number: IT 02999990969
Monza and Brianza Companies' Register and Tax number: 05091320159 Repository of financial and administrative information (R.E.A.) number: 1158694
Registered office and administrative HQ: Via Energy Park 20, 20871 Vimercate (MB), Italy
Subscribed and paid-in share capital as at 31/12/2016: Euro 7,860,651
www.esprinet.com - info@esprinet.com

Company Officers

Board of Directors:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

Chairman	Francesco Monti	(SC)
Deputy Chairman	Maurizio Rota	(SC)
Chief Executive Officer	Alessandro Cattani	(SC) (CSC)
Director	Valerio Casari	(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	Andrea Cavaliere	
Secretary	Manfredi Vianini Tolomei	Studio Chiomenti

Notes:

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

Board of Statutory Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

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

Independent Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2018

EY S.p.A.

Waiver of the obligations to provide information on extraordinary transactions

Pursuant to article 70, section 8, and article 71, section 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 obligations 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)	12 months							Q4					
	notes	2016	%	2015	notes	%	% var. 16/15	2016	%	2015	notes	%	% var. 16/15
Profit & Loss													
Sales		3,046,415	100.0%	2,694,054		100.0%	13%	1,120,604	100.0%	888,537		100.0%	26%
Gross profit		164,198	5.4%	156,864		5.8%	5%	57,571	5.1%	47,841		5.4%	20%
EBITDA	(1)	43,424	1.4%	50,558		1.9%	-14%	22,906	2.0%	19,218		2.2%	19%
Operating income (EBIT)		38,918	1.3%	46,499		1.7%	-16%	21,917	2.0%	18,143		2.0%	21%
Profit before income tax		35,128	1.2%	42,247		1.6%	-17%	20,270	1.8%	16,969		1.9%	19%
Net income		27,693	0.9%	30,041		1.1%	-8%	15,908	1.4%	12,285		1.4%	29%
Financial data													
Cash flow	(2)	31,643		33,378									
Gross investments		11,710		5,731									
Net working capital	(3)	102,877		21,905									
Operating net working capital	(4)	102,747		34,512									
Fixed assets	(5)	120,148		101,083									
Net capital employed	(6)	208,873		111,692									
Net equity		318,701		297,606									
Tangible net equity	(7)	227,027		221,695									
Net financial debt	(8)	(109,827)		(185,913)									
Main indicators													
Net financial debt / Net equity		(0.3)		(0.6)									
Net financial debt / Tangible net equity		(0.5)		(0.8)									
EBIT / Finance costs - net		10.3		11.0									
EBITDA / Finance costs - net		11.5		11.9									
Net financial debt/ EBITDA		(2.5)		(3.7)									
Operational data													
N. of employees at end-period		1,329		1,016									
Avarage number of employees	(9)	1,173		993									
Earnings per share (euro)													
- Basic		0.53		0.59			-10%	0.31		0.24			29%
- Diluted		0.53		0.58			-9%	0.30		0.24			25%

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation 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 current net financial debts.
(4) Sum of trade receivables, inventory and trade payables.
(5) Equal to non-current assets net of non-current financial assets for derivatives.
(6) 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.
(7) Equal to net equity less goodwill and intangible assets.
(8) Sum of financial debts, cash availability, assets/liabilities for financial derivatives and financial receivables from factoring.
(9) Calculated as the average of opening balance 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 Guidelines ESMA / 2015/1415 ESMA (European Securities and Market Authority) issued under Article 16 of the ESMA Regulation, updating the previous recommendation CESR / 05-178b of CESR (Committee of European Securities Regulators) and adopted by Consob with Communication no. 0092543 of 12/03/2015, basis of calculation adopted are 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.

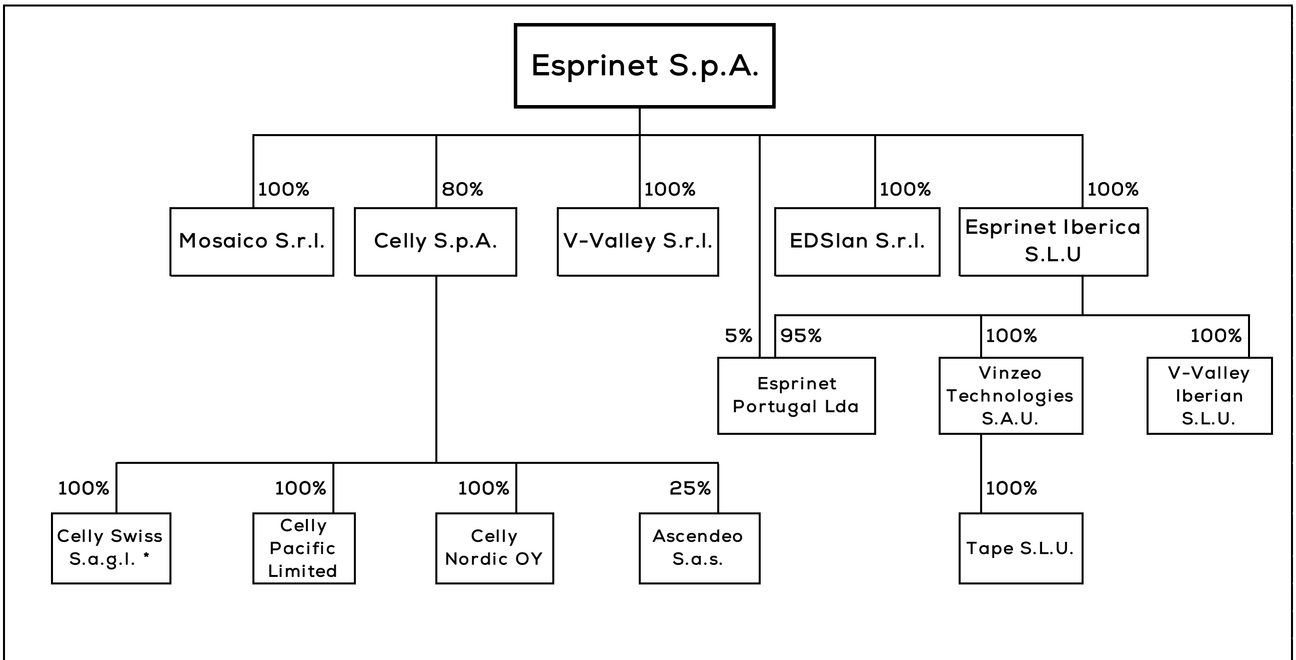
Due to this, the Esprinet Group consolidated interim management statement as at 31 December 2016, non-audited, has been drawn up in accordance with Article 2.2.3, paragraph 3 a), of the "*Regolamento dei mercati organizzati e gestiti da Borsa Italiana S.p.A.*" (market rules of Borsa Italiana S.p.A.), as well as 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 2015 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 31 December 2016:



Esprinet S.p.A. (hereafter 'Esprinet' or the 'parent company') and its subsidiaries (the 'Esprinet Group' or the 'Group') operate on the Italian, Spanish and Portuguese markets in the "business-to-business" (B2B) distribution of Information Technology (IT) and consumer electronics.
References to Subgroup Italy and Subgroup Iberica can be found in next comments and tables.

At period end, the Italian subgroup includes, along with the parent company Esprinet S.p.A., the all-directly controlled companies-Valley S.r.l., Celly S.p.A., EDSlan S.r.l , that started operating on 9 April 2016 through the acquisition of the business unit carrying out distribution activities in the industry of networking, cabling, Voip and UCC – Unified Communication & Collaboration from the pre-existing company EDSlan S.p.A. and Mosaico S.r.l. (established on 8 November 2016), that started operating on 1 December 2016 with the acquisition, occurred on the previous day, of the business unit IT 'VAD-Value Added Distribution', both hardware and software from Itway group.

It should be highlighted that on 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l..
For further information regarding the acquisition and disposal transactions please refer to the paragraph 'Subsequent events'.

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, includes also its wholly-owned subsidiaries:
- - Celly Nordic OY, a Finnish-law company;
- - Celly Pacific LTD, a Chinese-law company, completely owned by Celly Swiss SAGL;
- - Celly Swiss SAGL, a Helvetic-law company (in liquidation from 31 December 2016);

all of which are operating in the same segment as the Holding Company, as well as Celly's 25% share in Ascendeo SAS, a French-law company.

At the same date, the Iberian Subgroup is made up by the following companies:
- Esprinet Iberica S.L.U., a Spanish-law company, completely owned by Esprinet S.p.A.;
- Esprinet Portugal Lda, established on 29 April 2015 and operating since the beginning of June in the same year.
- Vinzeo Technologies S.A.U., whose acquisition and consolidation were effected on 1 July 2016;

- Tape S.L.U., directly owned by Vinzeo Technologies S.A.U. since 1 July 2016, not yet active at 31 December;
- V-Valley Iberian S.L.U. established on 7 November 2016, started operating and being consolidated from 1 December 2016 with the acquisition of the IT distribution activities - both hardware and software ('VAD' business) - of the Itway Group, in the Iberian Peninsula (Spain and Portugal).

Esprinet S.p.A. has its registered and administrative offices in Italy in Vimercate (Monza e Brianza), 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. as its specialist firm.

2.3 Consolidation area

The consolidated financial statement derives from the interim accounts of the parent company Esprinet S.p.A. and of its directly and/or indirectly 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 31 December 2016, all consolidated on a line-by-line basis except for the company Ascendeo SAS accounted for using the equity method.

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%
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.	Saragozza (Spain)	50,000	100.00%	Esprinet Iberica S.L.U.	100.00%
Associated company					
Ascendeo SAS	La Courneuve (France)	37,000	20.00%	Celly S.p.A.	25.00%

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

[1] Limited to companies under direct control.

As compared to 31 December 2015 the companies EDSlan S.r.l, Mosaico S.r.l., Vinzeo Technologies S.A.U., Tape S.L.U. and V-Valley Iberian S.L.U. entered into the consolidation area.
It should be highlighted that on 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l..

For further information please refer to the paragraph 'Significant events occurred 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 indicated otherwise.
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 2015, to which reference is made.

During the previous interim periods, as permitted by IAS 34, income taxes have been calculated based on the best estimate of the tax burden expected for the entire financial year. On the contrary, in the annual consolidated financial statements and in these interim financial statements and in the interim financial statements relating to fourth quarter 2015, current taxes have been calculated specifically based on the tax rates in force at the closing date of the financial statements.

Prepaid and deferred taxes have been instead estimated based on the tax rates considered to be in force at the time of realization of the assets or settlement of the liabilities to which they refer.
Figures in this document are expressed in thousands of euro, unless otherwise indicated.
In some cases, rounding differences may occur in the tables since figures are shown in euro 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.

3. Consolidated income statement and notes

3.1 Consolidated separate income statement

Below is the consolidated separate income statement, showing revenues by 'function' in accordance with the IFRS, complete with the additional information required under CONSOB decision number 15519 of 27 July 2006:

(euro/000)	Notes	12 months 2016	non - recurring	related parties*	12 months 2015	non - recurring	related parties*
Sales	33	**3,046,415**	-	14	**2,694,054**	-	25
Cost of sales		(2,882,217)	-	-	(2,537,190)	-	-
Gross profit	35	**164,198**	-		**156,864**	-	
Other income	50	2,677	2,677		-	-	
Sales and marketing costs	37	(49,841)	-	-	(43,974)	-	-
Overheads and administrative costs	38	(78,117)	(4,754)	(3,782)	(66,391)	(657)	(3,611)
Operating income (EBIT)		**38,917**	**(2,077)**		**46,499**	**(657)**	
Finance costs - net	42	(3,791)	-	2	(4,243)	-	7
Other investments expenses/(incomes)	43	1	-		(9)	-	
Profit before income tax		**35,127**	**(2,077)**		**42,247**	**(657)**	
Income tax expenses	45	(7,435)	1,411	-	(12,206)	292	-
Net income		**27,692**	**(666)**		**30,041**	**(365)**	
- of which attributable to non-controlling interests		212			(280)	(27)	
- of which attributable to Group		27,480	(666)		30,321	(338)	
Earnings per share - basic (euro)	46	0.53			0.59		
Earnings per share - diluted (euro)	46	0.53			0.58		

(euro/000)	Notes	Q4 2016	non - recurring	related parties*	Q4 2015	non - recurring	related parties*
Sales	33	**1,120,604**	-	7	**888,537**	-	11
Cost of sales		(1,063,033)	-	-	(840,696)	-	-
Gross profit	35	**57,571**	-		**47,841**	-	
Other income	50	-	-		-	-	
Sales and marketing costs	37	(14,161)	-	-	(11,898)	-	-
Overheads and administrative costs	38	(21,494)	(1698)	(950)	(17,800)	-	(938)
Operating income (EBIT)		**21,916**	**(1,698)**		**18,143**	-	
Finance costs - net	42	(1,647)	-	-	(1,172)	-	(2)
Other investments expenses/(incomes)	43	-	-		(2)	-	
Profit before income tax		**20,269**	**(1,698)**		**16,969**	-	
Income tax expenses	45	(4,362)	469	-	(4,684)	64	-
Net income		**15,907**	**(1,229)**		**12,285**	**64**	
- of which attributable to non-controlling interests		118	-		(44)	(27)	
- of which attributable to Group		15,789	(1,229)		12,329	91	
Earnings per share - basic (euro)	46	0.31			0.24		
Earnings per share - diluted (euro)	46	0.30			0.24		

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

3.2 Consolidated statement of comprehensive income

(euro/000)	12 months 2016	12 months 2015	Q4 2016	Q4 2015
Net income	**27,692**	**30,041**	**15,907**	**12,285**
Other comprehensive income:				
- Changes in 'cash flow hedge' equity reserve	(66)	(157)	246	1
- Taxes on changes in 'cash flow hedge' equity reserve	(0)	43	(19)	0
- Changes in translation adjustment reserve	0	(10)	(1)	-
Other comprehensive income not to be reclassified in the separate income statement				
- Changes in 'TFR' equity reserve	(170)	272	257	10
- Taxes on changes in 'TFR' equity reserve	37	(75)	(56)	(3)
Other comprehensive income	**(199)**	**73**	**426**	**8**
Total comprehensive income	**27,493**	**30,114**	**16,333**	**12,293**
- of which attributable to Group	27,284	30,371	16,207	12,334
- of which attributable to non-controlling interests	209	(257)	126	(41)

3.3 Notes on financial performance of the Group

The wholesaler distribution industry in Europe (source: Context, January 2017) grew by +1.4% in 2016, moving from 61.4 billion euro at 2015 to 62.3 billion euro at the end of 2016.
Notwithstanding the Brexit concerns, the United Kingdom showed the most significant increase rate (+8.7%), with an even better second half (+11.7%) compared to the first one. Germany highlights an opposite trend, turning negative in second half and closing at -0.6%. France improved in the second half, but not enough to record a positive result for the whole year (-1.2%).

Italy under-performed in respect of the total Context Panel, closing the year at +0.9%, mainly due to the second half performance. Spain on the contrary shows a +1.2%, due to a strongly negative fourth quarter (-4.7%).

Analysis by product category highlights a growth for notebooks (+6%), monitors (+18%) and consumables (+6%). On the contrary, performance is negative for both tablets (-13%) and desktops (-5%). Similarly to all countries analysed, smartphones performed lower than expected, mainly due to non-repeatable events penalizing one of the main international brand. Huawei and HP were some of the most performing brands, on the contrary, Apple and Microsoft were among the worst. Once again Esprinet ended 2016 as the first local distributor, with a market share equal to 31.5% - slightly decreasing compared to last year (-0.9%) - without considering the newly acquired companies EDSlan and ITway VAD contribution.

In Spain, phone and notebook categories were the most performing, while processors (-27%), desktops (-6%) and toners (-9%) slowed down the sector overall trend. Huawei is among the best brands followed by Asus, while Toshiba and Acer showed the worst performance. Esprinet Iberica market share increased to 17.9% (+0.9%); taking into consideration also the contribution of activities acquired from Vinzeo, which grew year on year, the Spanish group ranks first (source: management estimation).

A) Esprinet Group's financial highlights

The Group's main economic, financial and assets results as at 31 December 2016 are as follows:

(euro/000)	12 months 2016	%	12 months 2015	%	Var.	Var. %
Sales	**3,046,415**	**100.00%**	**2,694,054**	**100.00%**	**352,361**	***13%***
Cost of sales	(2,882,217)	-94.61%	(2,537,190)	-94.18%	(345,027)	*14%*
Gross profit	**164,198**	**5.39%**	**156,864**	**5.82%**	**7,334**	***5%***
Other income	2,677	0.09%	-	0.00%	2,677	*100%*
Sales and marketing costs	(49,841)	-1.64%	(43,974)	-1.63%	(5,867)	*13%*
Overheads and administrative costs	(78,117)	-2.56%	(66,391)	-2.46%	(11,726)	*18%*
Operating income (EBIT)	**38,917**	**1.28%**	**46,499**	**1.73%**	**(7,582)**	***-16%***
Finance costs - net	(3,791)	-0.12%	(4,243)	-0.16%	452	*-11%*
Other investments expenses / (incomes)	1	0.00%	(9)	0.00%	10	*-111%*
Profit before income taxes	**35,127**	**1.15%**	**42,247**	**1.57%**	**(7,120)**	***-17%***
Income tax expenses	(7,435)	-0.24%	(12,206)	-0.45%	4,771	*-39%*
Net income	**27,692**	**0.91%**	**30,041**	**1.12%**	**(2,349)**	***-8%***
Earnings per share - basic (euro)	0.53		0.59		(0.06)	-10%

(euro/000)	Q4 2016	%	Q4 2015	%	Var.	Var. %
Sales	**1,120,604**	**100.00%**	**888,537**	**100.00%**	**232,067**	***26%***
Cost of sales	(1,063,033)	-94.86%	(840,696)	-94.62%	(222,337)	*26%*
Gross profit	**57,571**	**5.14%**	**47,841**	**5.38%**	**9,730**	***20%***
Other income	-	0.00%	-	0.00%	-	*100%*
Sales and marketing costs	(14,161)	-1.26%	(11,898)	-1.34%	(2,263)	*19%*
Overheads and administrative costs	(21,494)	-1.92%	(17,800)	-2.00%	(3,694)	*21%*
Operating income (EBIT)	**21,916**	**1.96%**	**18,143**	**2.04%**	**3,773**	***21%***
Finance costs - net	(1,647)	-0.15%	(1,172)	-0.13%	(475)	*41%*
Other investments expenses / (incomes)	-	0.00%	(2)	0.00%	2	*-100%*
Profit before income taxes	**20,269**	**1.81%**	**16,969**	**1.91%**	**3,300**	***19%***
Income tax expenses	(4,362)	-0.39%	(4,684)	-0.53%	322	*-7%*
Net income	**15,907**	**1.42%**	**12,285**	**1.38%**	**3,622**	***29%***
Earnings per share - basic (euro)	0.31		0.24		0.07	*29%*

Consolidated sales equal to 3,046.4 million euro showed an increase of +13% (352.4 million euro) compared to 2,694.1 million euro as of 31 December 2015. In the fourth quarter, consolidated sales increased by +26% compared to the same period of the previous year (from 888.5 million euro to 1,120.6 million euro). With equal consolidation perimeter, estimated consolidated sales would have been equal to 2,654.3 million euro, decreased by -1.48% compared to the same period of 2015 (-1.09% in the fourth quarter).

The consolidated gross profit totalled 164.2 million euro and showed an increase of +5% (+7.3 million euro) compared to 2015 as a consequence of higher sales only partially counterbalanced by a decrease in gross profit margin. In the fourth quarter Gross profit, equal to 57.6 million euro, increased by +20% compared to the same period of previous year. With equal consolidation perimeter, estimated consolidated gross profit would have been equal to 145.0 million euro, decreased by -7.58% compared to the same period of 2015 (-2.18% in the fourth quarter).

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.

Operating income (EBIT), equal to 38.9 million euro at 31 December 2016, showed a reduction of -16% compared to 31 December 2015 (46.5 million euro) as consequence of higher operating costs, affected by 4.1 million euro of non-recurring costs sustained both in Italy and Spain mainly in business combinations and in warehouse expansions, which more than compensated the income realised by the subsidiary EDSlan S.r.l.. EBIT margin decreased to 1.28% from 1.73%, due to a lower consolidated gross profit margin, being the incidence of operating costs substantially in line (-4,11% in 2016 vs -4,09% in 2015). In the fourth quarter consolidated EBIT equal to 21.9 million euro, increased by +21% (3.8 million euro) compared to the fourth quarter 2015, with an EBIT margin decrease to 2.04% from 1.96%. With the same consolidation perimeter, net of business combinations non recurring costs and income, estimated EBIT would have been equal to 31.4 million euro (-32.48%) and in the fourth quarter would have been equal to 16.4 million euro (-9.41% in the fourth quarter 2015) due to, mainly, the EBIT margin decrease.

Profit before income taxes equal to 35.1 million euro, (-17% compared to 31 December 2015), showed a lower decrease than EBIT thanks to a 0.5 million euro improvement in financial charges. In the fourth quarter profit before income taxes increased by +19% (3.3 million euro) reaching the amount of 20.3 million euro.

Consolidated net income was equal to 27.7 million euro, showing a decrease of -8% (-2.3 million euro) compared to 31 December 2015. In the fourth quarter 2016 consolidated net income amounted to 15.9 million euro compared with 12.3 million euro of the fourth quarter 2015 (+29%).

Earnings per ordinary share as at 31 December 2016, equal to 0.53 euro, showed a decrease of -10% compared to 31 December 2015 (0.59 euro). In the fourth quarter, basic earnings per ordinary share equal to 0.31 euro compared to 0.24 euro of the corresponding quarter 2015 (+29%).

(euro/000)	31/12/2016	%	31/12/2015	%	Var.	*Var. %*
Fixed assets	120,148	57.52%	101,083	90.50%	19,066	*19%*
Operating net working capital	102,747	49.19%	34,512	30.90%	68,235	*198%*
Other current assets/liabilities	130	0.06%	(12,607)	-11.29%	12,737	*-101%*
Other non-current assets/liabilities	(14,152)	-6.78%	(11,296)	-10.11%	(2,856)	*25%*
Total uses	**208,873**	**100.00%**	**111,692**	**100.00%**	**97,182**	***87%***
Short-term financial liabilities	141,855	67.91%	29,314	26.25%	112,541	*384%*
Current financial (assets)/liabilities for derivatives	504	0.24%	195	0.17%	309	*158%*
Financial receivables from factoring companies	(1,492)	-0.71%	(2,714)	-2.43%	1,222	*-45%*
Other financial receivables	(6,293)	-3.01%	(507)	-0.45%	(5,786)	*1142%*
Cash and cash equivalents	(285,934)	-136.89%	(280,089)	-250.77%	(5,845)	*2%*
Net current financial debt	(151,360)	-72.46%	(253,801)	-227.23%	102,441	*-40%*
Borrowings	38,814	18.58%	65,138	58.32%	(26,324)	*-40%*
Debts for investments in subsidiaries	4,983	2.39%	5,222	4.68%	(239)	*-5%*
Non-current financial (assets)/liab. for derivatives	28	0.01%	224	0.20%	(196)	*-88%*
Other financial receivables	(2,292)	-1.10%	(2,696)	-2.41%	405	*-15%*
Net financial debt (A)	(109,827)	-52.58%	(185,913)	-166.45%	76,087	*-41%*
Net equity (B)	318,700	152.58%	297,605	266.45%	21,095	*7%*
Total sources of funds (C=A+B)	**208,873**	**100.00%**	**111,692**	**100.00%**	**97,182**	***87%***

Consolidated net working capital as at 31 December 2016 was equal to 102.7 million euro compared to 34.5 million euro as at 31 December 2015.

Consolidated net financial position as at 31 December 2016, was positive by 109.8 million euro, compared to a cash surplus of 185.9 million euro as at 31 December 2015.
The reduction of net cash surplus was due to both business combinations carried out during the year and the performance of consolidated net working capital as at 31 December 2016 which in turn is 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 programs referring to the trade receivables and of the corresponding securization program.

This program is 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 was approx. 400 million euro as at 31 December 2016 (approx. 287 million euro as at 31 December 2015).

Consolidated net equity as at 31 December 2016 equal to 318.7 million euro, showed an increase of 21.1 million euro compared to 297.6 million euro as at 31 December 2015.

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main economic, financial and asset results for the Italian subgroup (Esprinet, V-Valley, EDSlan[2], Mosaico[3] and Celly Group) as at 31 December 2016 are hereby summarised:

(euro/000)	12 months 2016	%	12 months 2015	%	Var.	Var. %
Sales to third parties	1,995,865		1,997,979		(2,114)	*0%*
Intercompany sales	46,506		42,871		3,635	*8%*
Sales	**2,042,371**		**2,040,850**		**1,521**	***0%***
Cost of sales	(1,916,288)		(1,914,761)		(1,527)	*0%*
Gross profit	**126,083**	**6.17%**	**126,089**	**6.18%**	**(6)**	***0%***
Other income	2,677	0.13%	-	0.00%	2,677	*100%*
Sales and marketing costs	(41,881)	-2.05%	(37,867)	-1.86%	(4,014)	*11%*
Overheads and administrative costs	(60,814)	-2.98%	(54,355)	-2.66%	(6,459)	*12%*
Operating income (EBIT)	**26,065**	**1.28%**	**33,867**	**1.66%**	**(7,802)**	***-23%***

[2] Company active since 9 April 2016.

[3] Company active since 1 December 2016.

(euro/000)	Q4 2016	%	Q4 2015	%	Var.	Var. %
Sales to third parties	669,727		637,675		32,052	*5%*
Intercompany sales	13,374		10,702		2,672	*25%*
Sales	**683,101**		**648,377**		**34,724**	***5%***
Cost of sales	(641,618)		(611,112)		(30,506)	*5%*
Gross profit	**41,483**	**6.07%**	**37,265**	**5.75%**	**4,218**	***11%***
Other income	-	0.00%	-	0.00%	-	*100%*
Sales and marketing costs	(11,706)	-1.71%	(10,271)	-1.58%	(1,435)	*14%*
Overheads and administrative costs	(15,471)	-2.26%	(14,592)	-2.25%	(879)	*6%*
Operating income (EBIT)	**14,306**	**2.09%**	**12,402**	**1.91%**	**1,904**	***15%***

Sales totalled 2,042.4 million euro, substantially in line with 2,040.8 million euro of 31 December 2015. In the fourth quarter 2016 sales showed an increase of +5% compared to the fourth quarter of 2015. Net of values from EDSlan S.r.l. and Mosaico S.r.l. acquisitions, sales would have been equal to 1.982,0 million euro, showing a decrease of -2.89% compared to the previous year (+0.82% in the fourth quarter 2015).

Gross profit, equal to 126.1 million euro, with a gross profit margin of 6.17%, is substantially unchanged from 2015. In the fourth quarter 2016, gross profit equal to 41.5 million euro, showed an increase of +11% compared to the fourth quarter of 2015. Net of values from EDSlan S.r.l. and Mosaico S.r.l. acquisitions, gross profit would have been equal to 117.1 million euro (-7.12% compared to 2015), and 37.3 million euro in the fourth quarter 2016 (unchanged compared to the fourth quarter 2015).

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.

Operating income (EBIT) equal to 26.1 million euro, showed a decrease of -23% compared to 2015 with an EBIT margin decreased from 1.66% to 1.28% mainly as consequence of higher operating costs affected by non-recurring costs related to business combinations and to the warehouses enlarging (3.5 million euro). EBIT in the fourth quarter 2016 registered an increase of +15% (14.3 million euro vs 12.4 million euro of 2015) with an EBIT margin increased to 2.09% from 1.91% of the same period of 2015. Net of business combinations and related non-recurring costs, estimated EBIT would have been equal to 23.6 million euro (-30.4% compared to 2015) and 12.6 million euro in the fourth quarter 2016 (+1.5 % compared to the fourth quarter 2015).

(euro/000)	31/12/2016	%	31/12/2015	%	Var.	*Var. %*
Fixed assets	114,653	53.21%	110,166	92.85%	4,488	*4%*
Operating net working capital	95,159	44.16%	18,333	15.45%	76,826	*419%*
Other current assets/liabilities	16,139	7.49%	(1,055)	-0.89%	17,194	*-1630%*
Other non-current assets/liabilities	(10,479)	-4.86%	(8,801)	-7.42%	(1,678)	*19%*
Total uses	**215,473**	**100.00%**	**118,643**	**100.00%**	**96,830**	***82%***
Short-term financial liabilities	112,434	52.18%	29,038	24.48%	83,396	*287%*
Current financial (assets)/liabilities for derivatives	449	0.21%	195	0.16%	254	*130%*
Financial receivables from factoring companies	(1,492)	-0.69%	(2,714)	-2.29%	1,222	*-45%*
Financial (assets)/liab. from/to Group companies	(126,500)	-58.71%	(50,000)	-42.14%	(76,500)	*153%*
Other financial receivables	(1,206)	-0.56%	(507)	-0.43%	(699)	*138%*
Cash and cash equivalents	(88,652)	-41.14%	(215,589)	-181.71%	126,937	*-59%*
Net current financial debt	(104,967)	-48.71%	(239,577)	-201.93%	134,610	*-56%*
Borrowings	15,849	7.36%	65,138	54.90%	(49,289)	*-76%*
Debts for investments in subsidiaries	4,983	2.31%	5,222	4.40%	(239)	*-5%*
Non-current financial (assets)/liab. for derivatives	-	0.00%	224	0.19%	(224)	*-100%*
Other financial receivables	(2,292)	-1.06%	(2,696)	-2.27%	405	*-15%*
Net Financial debt (A)	(86,426)	-40.11%	(171,689)	-144.71%	85,263	*-50%*
Net equity (B)	301,899	140.11%	290,332	244.71%	11,567	*4%*
Total sources of funds (C=A+B)	**215,473**	**100.00%**	**118,643**	**100.00%**	**96,830**	***82%***

Operating net working capital as at 31 December 2016 was equal to 95.2 million euro, compared to 18.3 million euro as at 31 December 2015.

Net financial position as at 31 December 2016 was positive by 86.4 million euro and influenced by the business combinations carried out during the period, compared to a cash surplus of € 171.7 million euro as at 31 December 2015. The impact of both 'without-recourse' sale and securization program of trade receivables as at 31 December 2016 was approx. 133 million euro (approx. 147 million euro as at 31 December 2015).

B.2) <u>Iberian subgroup</u>

The main economic, financial and asset results for the Iberian Subgroup (Esprinet Iberica, Esprinet Portugal, Tape[4], Vinzeo Technologies[5] and V-Valley Iberian[6]) as 31 December 2016 are hereby summarised:

(euro/000)	12 months 2016	%	12 months 2015	%	Var.	Var. %
Sales to third parties	1,050,550		696,075		354,475	*51%*
Intercompany sales	-		-		-	*100%*
Sales	**1,050,550**		**696,075**		354,475	***51%***
Cost of sales	(1,012,263)		(665,251)		(347,012)	*52%*
Gross profit	**38,287**	**3.64%**	**30,824**	**4.43%**	**7,463**	***24%***
Sales and marketing costs	(7,942)	-0.76%	(6,035)	-0.87%	(1,907)	*32%*
Overheads and administrative costs	(17,330)	-1.65%	(12,130)	-1.74%	(5,200)	*43%*
Operating income (EBIT)	**13,015**	**1.24%**	**12,659**	**1.82%**	**356**	***3%***

[4] Company not active as at 31 December 2016.
[5] Company acquired and active since 1 July 2016.
[6] Company active since 1 December 2016.

(euro/000)	Q4 2016	%	Q4 2015	%	Var.	Var. %
Sales to third parties	450,877		250,862		200,015	*80%*
Intercompany sales	-		-		-	*100%*
Sales	**450,877**		**250,862**		**200,015**	***80%***
Cost of sales	(434,694)		(240,270)		(194,424)	*81%*
Gross profit	**16,183**	**3.59%**	**10,592**	**4.22%**	**5,591**	***53%***
Sales and marketing costs	(2,455)	-0.54%	(1,608)	-0.64%	(847)	*53%*
Overheads and administrative costs	(6,027)	-1.34%	(3,236)	-1.29%	(2,791)	*86%*
Operating income (EBIT)	**7,701**	**1.71%**	**5,748**	**2.29%**	**1,953**	***34%***

Sales was equal to 1,050.6 million euro, showing an increase of +51% compared to 696.1 million euro of 31 December 2015. Net of values from Vinzeo Tecnologies S.A.U. and V-Valley S.L.U. acquisitions, the increase would have been equal to +3.3% (sales equal to 718.8 million euro). In the fourth quarter sales increased by +80% (equal to 200.0 million euro) compared to the same period of 2015 (-4.9% net of acquisitions).

Gross profit as at 31 December 2016 totalled 38.3 million euro, showing an increase of +24% compared to 30.8 million euro 2015 with a gross profit margin decreased from 4.43% to 3.64%. In the fourth quarter gross profit increased by +53% compared to the same period of the previous year, notwithstanding an EBIT margin decreased from 4.22% to 3.59%. Net of values from Vinzeo Tecnologies S.A.U. and V-Valley S.L.U. acquisitions, gross profit margin would have been equal to 28.0 million euro in the full year 2016 and equal to 9.6 million euro in the fourth quarter 2016, showing a decrease of -9.1% compared to the same periods of 2015.

Operating income (EBIT) equal to 13.0 million euro is in line with 2015 value, even if EBIT margin decreased from 1.82% to 1.24%. Net of values from Vinzeo Tecnologies S.A.U. and V-Valley S.L.U. 2016 acquisitions, EBIT would have been equal to 8.0 million euro (-37%). In the fourth quarter 2016 EBIT amounts to 7.7 million euro (3.9 million euro net of acquisitions) compared to 5.7 million euro of the same period of 2015, with an EBIT margin decreased from 2.29% to 1.71% (1.65% net of acquisitions).

(euro/000)	31/12/2016	%	31/12/2015	%	Var.	*Var. %*
Fixed assets	80,182	117.21%	65,562	96.63%	14,620	*22%*
Operating net working capital	7,907	11.56%	16,336	24.08%	(8,429)	*-52%*
Other current assets/liabilities	(16,007)	-23.40%	(11,554)	-17.03%	(4,453)	*39%*
Other non-current assets/liabilities	(3,673)	-5.37%	(2,495)	-3.68%	(1,178)	*47%*
Total uses	**68,409**	**100.00%**	**67,849**	**100.00%**	**560**	***1%***
Short-term financial liabilities	29,421	43.01%	276	0.41%	29,145	*10560%*
Current financial (assets)/liabilities for derivatives	55	0.08%	-	0.00%	55	*N.S.*
Financial (assets)/liab. from/to Group companies	126,500	184.92%	50,000	73.69%	76,500	*153%*
Other financial receivables	(5,087)	-7.44%	-	0.00%	(5,087)	*N.S.*
Cash and cash equivalents	(197,282)	-288.39%	(64,500)	-95.06%	(132,782)	*206%*
Net current financial debt	(46,393)	-67.82%	(14,224)	-20.96%	(32,169)	*226%*
Borrowings	22,965	33.57%	-	0.00%	22,965	*N.S.*
Non-current financial (assets)/liab. for derivatives	28	0.04%	-	0.00%	28	*N.S.*
Net Financial debt (A)	(23,400)	-34.21%	(14,224)	-20.96%	(9,176)	*65%*
Net equity (B)	91,809	134.21%	82,073	120.96%	9,736	*12%*
Total sources of funds (C=A+B)	**68,409**	**100.00%**	**67,849**	**100.00%**	**560**	***1%***

Operating net working capital as at 31 December 2016 was equal to 7.9 million euro compared to 16.3 million euro as at 31 December 2015.

Net financial position as at 31 December 2016, partially influenced by the business combinations occurred in the period, was positive by 23.4 million compared to a cash surplus of 14.2 million euro as at 31 December 2015. The impact of 'without-recourse' sale of both trade receivables and advancing cash-in of credits was approx. 267 million euro (approx. 140 million euro as at 31 December 2015).

C) <u>Separate income statement by legal entity</u>

Find below the separate income statement showing the contribution of each legal entities as considered significant.[7]
Should be highlighted that business combination effects started from 9 April 2016 with respect to EDSlan S.r.l., from 1 July 2016 with respect to Vinzeo Technologies S.A.U., from 1 December 2016 with respect to both Mosaico S.r.l. and V-Valley Iberian S.L.U.:

[7] V-Valley S.r.l. is not shown separately being just a 'commission sales agent' of Esprinet S.p.A. while Tape S.L.U. is not shown not being significant.

(euro/000)	12 months 2016													
	Italy						Iberian Pen.							
	E.Spa + V-Valley	Mosaico	Celly*	EDSlan	Elim. and other	Total	Esprinet Iberian	Esprinet Portugal	V-Valley Iberian	Vinzeo + Tapes	Elim. and other	Total	Elim. and other	Group
Sales to third parties	1,901,248	11,040	30,374	53,202	-	1,995,865	690,275	26,785	954	332,536	-	1,050,550	-	3,046,415
Intersegment sales	50,849	-	1,911	1,688	(7,942)	46,506	20,845	25	-	1,269	(22,139)	-	(46,506)	-
Sales	**1,952,097**	**11,040**	**32,285**	**54,890**	**(7,942)**	**2,042,371**	**711,120**	**26,810**	**954**	**333,805**	**(22,139)**	**1,050,550**	**(46,506)**	**3,046,415**
Cost of sales	(1,849,202)	(9,797)	(18,071)	(47,166)	7,948	(1,916,288)	(683,589)	(26,320)	(822)	(323,670)	22,139	(1,012,263)	46,334	(2,882,217)
Gross profit	**102,895**	**1,243**	**14,214**	**7,724**	**6**	**126,083**	**27,531**	**490**	**132**	**10,135**	**-**	**38,287**	**(172)**	**164,198**
Gross Profit %	*5.3%*	*11.3%*	*44.0%*	*14.1%*	*-0.1%*	*6.2%*	*3.9%*	*1.8%*	*13.8%*	*3.0%*		*3.6%*		*5.4%*
Other incomes	-	-	-	2,677	-	2,677	-	-	-	-	-	-	-	2,677
Sales and marketing costs	(28,757)	(104)	(8,872)	(4,155)	7	(41,881)	(5,916)	(310)	(63)	(1,654)	-	(7,942)	(18)	(49,841)
Overheads and admin. costs	(54,343)	(120)	(3,611)	(2,813)	73	(60,814)	(13,355)	(515)	(50)	(3,410)	-	(17,330)	27	(78,117)
Operating income (Ebit)	**19,795**	**1,019**	**1,731**	**3,433**	**86**	**26,065**	**8,260**	**(335)**	**19**	**5,071**	**-**	**13,015**	**(163)**	**38,917**
EBIT %	*1.0%*	*9.2%*	*5.4%*	*6.3%*	*-1.1%*	*1.3%*	*1.2%*	*-1.2%*	*2.0%*	*1.5%*		*1.2%*		*1.3%*
Finance costs - net														(3,791)
Share of profits of associates														1
Profit before income tax														**35,127**
Income tax expenses														(7,435)
Net income														**27,692**
- of which attributable to non-controlling interests														212
- of which attributable to Group														27,480

(euro/000)	12 months 2015									
	Italy				Iberian Peninsula					
	E.Spa + V-Valley	Celly*	Elim. and other	Total	Esprinet Iberica	Esprinet Portugal	Elim. and other	Total	Elim. and other	Group
Sales to third parties	1,972,531	25,448	-	1,997,979	677,912	18,162	-	696,075	-	2,694,054
Intersegment sales	42,829	2,276	(2,234)	42,871	17,736	9	(17,744)	-	(42,871)	-
Sales	**2,015,360**	**27,724**	**(2,234)**	**2,040,850**	**695,648**	**18,171**	**(17,744)**	**696,075**	**(42,871)**	**2,694,054**
Cost of sales	(1,901,630)	(15,224)	2,093	(1,914,761)	(664,964)	(18,022)	17,735	(665,251)	42,822	(2,537,190)
Gross profit	**113,730**	**12,500**	**(141)**	**126,089**	**30,684**	**149**	**(9)**	**30,824**	**(49)**	**156,864**
Gross Profit %	*5.6%*	*45.1%*	*6.3%*	*6.2%*	*4.4%*	*0.8%*		*4.4%*		*5.8%*
Other incomes	-	-	-	-	-	-	-	-	-	-
Sales and marketing costs	(28,128)	(9,777)	38	(37,867)	(5,862)	(176)	3	(6,035)	(72)	(43,974)
Overheads and admin. costs	(50,466)	(3,869)	(20)	(54,355)	(11,785)	(350)	6	(12,130)	94	(66,391)
Operating income (Ebit)	**35,136**	**(1,146)**	**(123)**	**33,867**	**13,037**	**(377)**	**-**	**12,659**	**(27)**	**46,499**
EBIT %	*1.7%*	*-4.1%*	*5.5%*	*1.7%*	*1.9%*	*-2.1%*		*1.8%*		*1.7%*
Finance costs - net										(4,243)
Share of profits of associates										(9)
Profit before income tax										**42,247**
Income tax expenses										(12,206)
Net income										**30,041**
- of which attributable to non-controlling interests										(280)
- of which attributable to Group										30,321

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)	12 months 2016	%	12 months 2015	%	% Var.	Q.4 2016	%	Q.4 2015	%	% Var.
Italy	1,963.3	64.4%	1,973.9	73.3%	-0.5%	658.5	58.8%	628.6	70.7%	4.8%
Spain	1,020.2	33.5%	664.1	24.7%	53.6%	437.5	39.0%	241.7	27.2%	81.0%
Other EU countries	40.0	1.3%	45.6	1.7%	-12.2%	17.0	1.5%	13.3	1.5%	28.1%
Extra EU countries	22.9	0.8%	10.5	0.4%	117.7%	7.6	0.7%	4.9	0.6%	54.2%
Group sales	**3,046.4**	**100.0%**	**2,694.1**	**100.0%**	**13.1%**	**1,120.6**	**100.0%**	**888.5**	**100.0%**	**26.1%**

Sales in other EU countries mainly refer to sales made by the Spanish subsidiary to customers resident in Portugal. Sales in non-EU countries refer mainly to sales to customers resident in the Republic of San Marino.

Sales by products and services

(euro/million)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Product sales	1,980.2	65.0%	1,989.6	73.9%	0%	664.9	59.3%	635.2	71.5%	5%
Services sales	15.7	0.5%	8.4	0.3%	*87%*	4.8	0.4%	2.4	0.3%	*100%*
Sales - Subgroup Italy	**1,995.9**	**65.5%**	**1,998.0**	**74.2%**	***0%***	**669.7**	**59.8%**	**637.6**	**71.8%**	***5%***
Product sales	1,049.5	34.5%	695.2	25.8%	*51%*	450.6	40.2%	250.0	28.1%	*80%*
Services sales	1.0	0.0%	0.9	0.0%	*11%*	0.3	0.0%	0.9	0.1%	*-67%*
Sales - Subgroup Spain	**1,050.5**	**34.5%**	**696.1**	**25.8%**	***51%***	**450.9**	**40.2%**	**250.9**	**28.2%**	***80%***
Group sales	**3,046.4**	**100.0%**	**2,694.1**	**100.0%**	***13%***	**1,120.6**	**100.0%**	**888.5**	**100.0%**	***26%***

Sales by product family and customer type

(milioni di euro)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Dealers	799.4	26.2%	753.0	0.3	6.2%	257.4	23.0%	235.8	26.5%	9.2%
GDO/GDS	868.7	28.5%	755.5	0.3	15.0%	371.1	33.1%	299.1	33.7%	24.1%
Vars	616.4	20.2%	410.2	0.2	50.3%	246.5	22.0%	98.8	11.1%	149.5%
Office/Consumables dealers	360.2	11.8%	428.6	0.2	-16.0%	102.6	9.2%	130.9	14.7%	-21.6%
Shop on-line	277.5	9.1%	208.6	0.1	33.0%	107.8	9.6%	68.6	7.7%	57.1%
Sub-distributors	124.2	4.1%	138.2	0.1	-10.1%	35.2	3.1%	55.3	6.2%	-36.3%
Group Sales	**3,046.4**	**100%**	**2,694.1**	**100%**	***13%***	**1,120.6**	**100%**	**888.5**	**100%**	***26%***

(euro/million)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
PCs - notebooks	715.9	23.5%	562.4	20.9%	*27%*	245.3	21.9%	193.1	21.7%	*27%*
TLC	678.5	22.3%	571.1	21.2%	*19%*	349.5	31.2%	220.6	24.8%	*58%*
Consumer electronics	274.5	9.0%	264.0	9.8%	*4%*	95.4	8.5%	87.7	9.9%	*9%*
PCs - desktops and monitors	268.7	8.8%	264.0	9.8%	*2%*	72.5	6.5%	86.1	9.7%	*-16%*
Consumables	222.8	7.3%	234.8	8.7%	*-5%*	56.1	5.0%	58.3	6.6%	*-4%*
PCs - tablets	182.1	6.0%	189.2	7.0%	*-4%*	48.0	4.3%	69.1	7.8%	*-31%*
Software	134.4	4.4%	110.2	4.1%	*22%*	50.4	4.5%	37.5	4.2%	*34%*
Peripherical devices	123.8	4.1%	121.8	4.5%	*2%*	36.6	3.3%	36.4	4.1%	*1%*
Storage	114.9	3.8%	113.7	4.2%	*1%*	27.7	2.5%	27.8	3.1%	*0%*
Networking	105.0	3.4%	58.0	2.2%	*81%*	59.0	5.3%	20.6	2.3%	*186%*
Servers	52.4	1.7%	47.3	1.8%	*11%*	12.5	1.1%	13.2	1.5%	*-6%*
Services	23.6	0.8%	19.6	0.7%	*20%*	6.0	0.5%	5.6	0.6%	*6%*
Other	149.7	4.9%	138.0	5.1%	*9%*	61.9	5.5%	32.5	3.7%	*90%*
Group sales	**3,046.4**	**100%**	**2,694.1**	**100%**	***13%***	**1,120.6**	**100%**	**888.5**	**100%**	***26%***

The sales analysis by customer type shows an improvement in the channels 'Shop on-line' (+33%) 'GDO/GDS' (+15%), as well as in large business customers ('VAR-Value Added Reseller', +50%) and in small-medium business customers ('Dealer', +6%) as compared to 2015. On the contrary 'Sub-distribution' and 'Office/consumables dealers' channel showed a decrease of -10% and -16% respectively.

In the fourth quarter, similar trends compared to the full year can be noticed, although sharper ('VAR-Value Added Reseller', +150%, 'Shop-on-line' +57%, 'GDO/GDS' +24%).
The analysis by product highlights a significant increase in 'PC-notebook' (+27%), 'TLC' (+19%) and 'Networking' (+81%) categories.
The categories 'Services' (+20%), 'Software' (+22%), 'Server' (+11%), and 'Pc-desktop and monitors' (+2%) show positive results, as opposed to the negative trend of 'Consumables' (-5%), and 'Pc-tablet' (-4%).

The fourth quarter analysis also shows good performance of the categories 'TLC' (+58%), 'Pc – notebook' (+27%), 'Networking' (+186%) and 'software' (+34%), while 'PC - desktop e monitor' and 'Server' highlight a trend reversal moving from a positive to a negative results in the fourth quarter.

35) Gross profit

(euro/000)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Sales	3,046,415	100.00%	2,694,054	100.00%	*13%*	1,120,604	100.00%	888,537	100.00%	*26%*
Cost of sales	2,882,217	94.61%	2,537,190	94.18%	*14%*	1,063,033	94.86%	840,696	94.62%	*26%*
Gross profit	**164,198**	**5.39%**	**156,864**	**5.82%**	***5%***	**57,571**	**5.14%**	**47,841**	**5.38%**	***20%***

The consolidated gross profit totalled 164.2 million euro and showed an increase of +5% (+7.3 million euro) compared to 2015 as a consequence of higher sales only partially counterbalanced by a decrease in gross profit margin. In the fourth quarter Gross profit, equal to 57.6 million euro, increased by +20% compared to the same period of previous year. With equal consolidation perimeter, consolidated gross profit would have been equal to 145.0 million euro, decreased by -7.58% compared to the same period of 2015 (-2.18% in the fourth quarter).

50) Other income

(euro/000)	12 months 2016	%	12 months 2015	%	% Var.
Sales	**3,046,415**		**2,694,054**		***13%***
Other income	(2,677)	-0.09%	0	0.00%	

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.

37-38) Operating costs

(euro/000)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Sales	**3,046,415**		**2,694,054**		***13%***	**1,120,604**		**888,537**		***26%***
Sales and marketing costs	49,841	1.64%	43,974	1.63%	*13%*	14,161	1.26%	11,898	1.34%	*19%*
Overheads and administrative costs	78,115	2.56%	66,391	2.46%	*18%*	21,492	1.92%	17,800	2.00%	*21%*
Operating costs	**127,956**	**4.20%**	**110,365**	**4.10%**	***16%***	**35,653**	**3.18%**	**29,698**	**3.34%**	***20%***
- of which non recurring	4,754	0.16%	657	0.02%	*624%*	7,809	0.70%	-	0.00%	*0%*
'Recurring' operating costs	**123,202**	**4.04%**	**109,708**	**4.07%**	***12%***	**27,844**	**2.48%**	**29,698**	**3.34%**	***-6%***

In 2016, operating costs, amounting to 128.0 million euro, increased by 17.6 million euro compared to 2015 although with an operating costs margin down from 4.10% in 2015 to 4.21% in 2016. Net of non recurring costs the operating cost margin shows a trend reversal decreasing from 4.07% to 4.04% as a consequence of higher sales.

In 2016 costs relating to business combinations implemented in Italy (EDSlan S.r.l. e Mosaico S.r.l.) and in Spain (Vinzeo Technologies S.A.U. e V-Valley Iberian S.L.U.) equal to 2.8 million euro, costs incurred by the parent company Esprinet S.p.A. for the enlargement of the logistic hub in Cavenago and by the subsidiary Esprinet Iberica S.L.U. for equipping the new warehouse in Saragoza equal to 1.1 million, as well as staff severance indemnities with respect to key personnel in the Group companies amounting to 0.8 million euro (0.6 million euro in 2015), were recognised as non-recurring item totalling 4.8 million euro.

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)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Sales	**3,046,415**		**2,694,054**		***13%***	**1,120,604**		**888,537**		***26%***
Wages and salaries	39,643	1.30%	33,767	1.25%	*17%*	10,631	0.95%	8,722	0.98%	*22%*
Social contributions	11,564	0.38%	10,012	0.37%	*16%*	3,039	0.27%	2,490	0.28%	*22%*
Pension obligations	2,187	0.07%	2,001	0.07%	*9%*	611	0.05%	494	0.06%	*24%*
Other personnel costs	991	0.03%	911	0.03%	*9%*	256	0.02%	259	0.03%	*-1%*
Employee termination incentives	1,079	0.04%	999	0.04%	*8%*	1,044	0.09%	83	0.01%	*1158%*
Share incentive plans	477	0.02%	381	0.01%	*25%*	15	0.00%	154	0.02%	*-90%*
Total labour costs (1)	**55,941**	**1.84%**	**48,071**	**1.78%**	***16%***	**15,596**	**1.39%**	**12,202**	**1.37%**	***28%***

(1) Cost of temporary workers excluded.

In 2016 the labour costs amounted to 55.9 million euro, increasing by +16% (+7.8 million euro) compared to the previous year substantially in line with the increase in the average headcount of the Group (+18%) mostly due to the perimeter extension. In fact in Italy the following companies were established: EDSlan S.r.l., acquiring a business unit with 95 employees from the pre-existing EDSlan S.p.A. on 8 April, and Mosaico S.r.l. acquiring a business unit with 29 employees from Itway S.p.A. on 30 November.
In Spain, Vinzeo Technologies S.A.U. was acquired together with its 157 employees on 1 July, and on 30 November the newly established V-Valley Iberian S.L.U., acquired from Itway Iberica S.L.U. a business unit with 16 employees.

Besides, the cost increase results from a staff expansion also in the other Group companies, partially offset by lower charges due to both business reorganisation and disposal of the 'Rosso Garibaldi' business by Celly group, which both occurred in 2015.

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

	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	17	660	2	**679**	
EDSlan S.r.l.	3	70	5	**78**	
Celly S.p.A.	1	44	-	**45**	
Mosaico S.r.l.	1	28	-	**29**	
Celly Nordic OY	-	3	-	**3**	
Celly Pacific LTD	-	3	-	**3**	
V-Valley S.r.l.	-	-	-	**-**	
Celly Swiss SAGL	-	-	-	**-**	
Subgroup Italy	**22**	**808**	**7**	**837**	**770**
Esprinet Iberica S.L.U.	-	262	52	**314**	
Vinzeo Technologies S.A.U.	-	129	24	**153**	
V-Valley Iberian S.L.U.	-	16	-	**16**	
Esprinet Portugal Lda	-	8	-	**8**	
Tapes S.L.U.	-	1	-	**1**	
Subgroup Spain	**-**	**416**	**76**	**492**	**403**
Group as at 31 December 2016	**22**	**1,224**	**83**	**1,329**	**1,173**
Group as at 31 December 2015	**19**	**945**	**52**	**1,016**	**993**
Var 31/12/2016 - 31/12/2015	3	279	31	313	180
Var %	16%	30%	60%	31%	18%

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

At period end the number of employees increased by No 313units, with an average headcount up by No 180units compared to 31 December 2015.

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	12 months 2016	%	12 months 2015	%	% *Var.*	Q4 2016	%	Q4 2015	%	% *Var.*
Sales	3,046,415		2,694,054		*13%*	1,120,604		888,537		*26%*
Depreciation of tangible assets	3,419	0.11%	2,844	0.11%	*20%*	930	0.08%	797	0.09%	*17%*
Amortisation of intangible assets	531	0.02%	493	0.02%	*8%*	141	0.01%	47	0.01%	*198%*
Amort . & depreciation	3,950	0.13%	3,337	0.12%	*18%*	1,071	0.10%	845	0.10%	*27%*
Write-downs of fixed assets	-	0.00%	-	0.00%	*0%*	-	0.00%	-	0.00%	*0%*
Amort. & depr., write-downs (A)	3,950	0.13%	3,337	0.12%	*18%*	1,071	0.10%	845	0.10%	*27%*
Accruals for risks and charges (B)	556	0.02%	722	0.03%	*-23%*	(82)	-0.01%	230	0.03%	*-136%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	4,506	0.15%	4,059	0.15%	*11%*	989	0.09%	1,075	0.12%	*-8%*

42) Finance costs – net

(euro/000)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Sales	**3,046,415**		**2,694,054**		***13%***	**1,120,604**		**888,537**		***26%***
Interest expenses on borrowings	2,308	0.08%	1,950	0.07%	*18%*	679	0.06%	520	0.06%	*31%*
Interest expenses to banks	610	0.02%	527	0.02%	*16%*	257	0.02%	123	0.01%	*>100%*
Other interest expenses	16	0.00%	21	0.00%	*-24%*	1	0.00%	-	0.00%	*NA*
Upfront fees amortisation	376	0.01%	410	0.02%	*-8%*	91	0.01%	105	0.01%	*-13%*
Interest on shareholdings acquired	-	0.00%	343	0.01%	*NA*	-	0.00%	253	0.03%	*NA*
Financial charges for actualization	83	0.00%	-	0.00%	*NA*	83	0.01%		0.00%	*NA*
IAS 19 expenses/losses	85	0.00%	66	0.00%	*30%*	22	0.00%	16	0.00%	*38%*
IFRS financial lease interest expenses	0	0.00%	1	0.00%	*-78%*	-	0.00%	-	0.00%	*NA*
Derivatives ineffectiveness	3	0.00%	-	0.00%	*NA*	(16)	0.00%	-	0.00%	*NA*
Total financial expenses (A)	**3,481**	**0.11%**	**3,317**	**0.12%**	***5%***	**1,117**	**0.10%**	**1,017**	**0.11%**	***10%***
Interest income from banks	(154)	-0.01%	(336)	-0.01%	*-54%*	(58)	-0.01%	(58)	-0.01%	*0%*
Interest income from others	(121)	0.00%	(156)	-0.01%	*-22%*	(29)	0.00%	(32)	0.00%	*-9%*
Changes in debts from investments in subsidiaries	(240)	-0.01%	-	0.00%	*NA*	(131)	-0.01%	-	0.00%	*NA*
Total financial income(B)	**(515)**	**-0.02%**	**(492)**	**-0.02%**	***5%***	**(218)**	**-0.02%**	**(90)**	**-0.01%**	***>100%***
Net financial exp. (C=A+B)	**2,966**	**0.10%**	**2,825**	**0.10%**	***5%***	**899**	**0.08%**	**927**	**0.10%**	***-3%***
Foreign exchange gains	(1,132)	-0.04%	(884)	-0.03%	*28%*	(472)	-0.04%	(136)	-0.02%	*>100%*
Foreign exchange losses	1,957	0.06%	2,302	0.09%	*-15%*	1,220	0.11%	381	0.04%	*>100%*
Net foreign exch. (profit)/losses (D)	**825**	**0.03%**	**1,418**	**0.05%**	***-42%***	**748**	**0.07%**	**245**	**0.03%**	***>100%***
Net financial (income)/costs (E=C+D)	**3,791**	**0.12%**	**4,243**	**0.16%**	***-11%***	**1,647**	**0.15%**	**1,172**	**0.13%**	***41%***

The negative balance of 3.8 million euro between financial income and charges shows an improvement (+0.4 million euro) compared to the same period of previous year.

The abovementioned trend was mainly due to the positive impact of the foreign exchange management (+0.6 million euro), which recorded a loss of 0.8 million euro in 2016 as compared to a loss of 1.4 million euro in the same period 2015.

As at 31 December 2016, net interest to banks, negative by 3.1 million euro, shows a worsening of 0.5 million euro compared to the same period of previous year (-2.6 million euro as at 31 December 2015) mainly as a consequence of an increase in the average debt levels to banks, only partially counterbalanced by a decline in rates as compared to the same period of previous year.

As at 31 December 2016, the amount of the item 'Changes in debts from investments in subsidiaries', equal to +240 thousand euro, relates to the discounting of the consideration referred to the potential acquisition of 20% in Celly shares.

45) Income tax expenses

(euro/000)	12 months 2016	%	12 months 2015	%	% Var.	Q4 2016	%	Q4 2015	%	% Var.
Sales	3,046,415		2,694,054		*13%*	1,120,604		888,537		*26%*
Current and deferred taxes	7,435	0.24%	12,206	0.45%	*-39%*	4,362	0.39%	4,684	0.53%	*-7%*
Profit before taxes	35,127		42,247			20,269		16,969		
Tax rate	21%		29%			22%		28%		

Income taxes, amounting to 7.4 million euro, decreased by 39% compared to the same period of 2015, mainly as a consequence of 2.7 million euro income arising from the asset deal executed by the subsidiary EDSlan S.r.l.. Net of the above mentioned event, the tax rate would amount to 23%, still decreasing compared to 2015, thanks to both a lower taxable income and higher share of income generated in the Iberian Peninsula, which is subject to a lower tax rate than in Italy and decreasing compared the 2015 (25% in 2016, 28% in 2015).

46) Net income and earnings per share

(euro/000)	12 months 2016	12 months 2015	Var.	% Var.	Q4 2016	Q4 2015	Var.	% Var.
Net income	**27,692**	**30,041**	**(2,349)**	***-8%***	**15,907**	**12,285**	**3,622**	***29%***
Weighed average no. of shares in circulation: basic	51,757,451	51,704,685			51,757,451	51,757,451		
Weighed average no. of shares in circulation: diluted	52,060,893	51,897,324			52,171,579	52,098,436		
Earnings per share in euro - basic	0.53	0.59	(0.06)	*-10%*	0.31	0.24	0.07	*29%*
Earnings per share in euro - diluted	0.53	0.58	(0.05)	*-9%*	0.30	0.24	0.06	*25%*

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)	31/12/2016	related parties	31/12/2015	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	15,284		12,130	
Goodwill	90,206		75,246	
Intangible assets	1,469		664	
Investments in associates	39		47	
Deferred income tax assets	8,544		8,347	
Derivative financial assets	38		-	
Receivables and other non-current assets	6,898	1,286	7,345	1,285
	122,478	**1,286**	**103,779**	**1,285**
Current assets				
Inventory	323,586		305,455	
Trade receivables	393,090	9	251,493	13
Income tax assets	6,339		3,490	
Other assets	32,850	-	17,509	-
Cash and cash equivalents	285,934		280,089	
	1,041,799	**9**	**858,036**	**13**
Disposal groups assets	-		-	
Total assets	**1,164,277**	**1,295**	**961,815**	**1,298**
EQUITY				
Share capital	7,861		7,861	
Reserves	282,351		258,626	
Group net income	27,480		30,321	
Group net equity	**317,692**		**296,808**	
Non-controlling interests	1,008		797	
Total equity	**318,700**		**297,605**	
LIABILITIES				
Non-current liabilities				
Borrowings	38,814		65,138	
Derivative financial liabilities	66		224	
Deferred income tax liabilities	5,839		4,757	
Retirement benefit obligations	5,219		4,044	
Debts for investments in subsidiaries	4,983		5,222	
Provisions and other liabilities	3,094		2,495	
	58,015		**81,880**	
Current liabilities				
Trade payables	613,929	12	522,436	-
Short-term financial liabilities	141,855		29,314	
Income tax liabilities	1,088		751	
Derivative financial liabilities	504		195	
Debiti per acquisto partecipazioni correnti	-		-	
Provisions and other liabilities	30,186	-	29,634	-
	787,562	**12**	**582,330**	**-**
Disposal groups liabilities	-		-	
Total liabilities	**845,577**	**12**	**664,210**	**-**
Total equity and liabilities	**1,164,277**	**12**	**961,815**	**-**

Further information on operation with Related Parties can be found in the relevant section in the 'Interim Directors' Report on Operations'.

4.2 Notes to the most significant statement of financial position items

4.2.1 Gross investments

(euro/000)	31/12/2016			31/12/2015
	Esprinet Group	Subgroup Italy	Subgroup Iberian	Esprinet Group
Plant and machinery	2,030	400	1,630	1,230
Ind. And comm. Equipment & Other assets	4,597	2,551	2,047	3,505
Assets under construction and advances	2,436	2,264	172	549
Total Property, plant and equipment	**9,063**	**5,215**	**3,849**	**5,285**
Start-up and expansion costs	-	-	-	-
Industrial patents and intellectual rights	1,879	700	1,179	447
Licences, concessions, brand names and similar rights	11	-	11	-
Assets under construction and advances	757	757	-	-
Total intangible asstes	**2,647**	**1,457**	**1,190**	**447**
Total gross investments	**11,710**	**6,672**	**5,039**	**5,731**

In 2016, the investments in 'plant and machinery' mainly refer (approx. 1 million euro) to Vinzeo Technologies S.A.U. first consolidation, and for the residual amount to new assets acquisition by the parent company Esprinet S.p.A. and by the subsidiary Esprinet Iberica S.L.U. due to the enlargement/building of the new logistic hubs in Cavenago and Saragoza respectively.

Investments in 'Industrial & commercial equipment & other assets' refer for 2.0 million euro to the first consolidation of EDSlan S.r.l. and Vinzeo Technologies S.A.U., as well as for 1.6 million euro to electronic office machinery purchases by the parent company Esprinet S.p.A. and for 0.9 million euro to the acquisition of both new equipments for the new warehouse in Saragoza and of office machinery by the subsidiary Esprinet Iberica S.L.U..

Investments in assets under construction refer for 0.2 million euro to the subsidiary Esprinet Iberica works already performed but not yet completed as at 31 December 2016 relating to the new warehouse in Saragoza and for 2.1 million euro to both new assets acquisition and works on assets not yet operating mainly for the logistic site enlargement of Cavenago by the parent company Esprinet S.p.A..

Investments in 'Industrial patents and intellectual rights' refer to the contribution generated by Vinzeo Technologies S.A.U. and EDSlan S.r.l. first consolidation.

4.2.2 Net financial position and covenants

(euro/000)	31/12/2016	31/12/2015	Var.	30/09/2016	Var.
Short-term financial liabilities	141,855	29,314	112,541	137,901	3,954
Current financial (assets)/liabilities for derivatives	504	195	309	389	115
Financial receivables from factoring companies	(1,492)	(2,714)	1,222	(3,400)	1,908
Other financial receivables	(6,293)	(507)	(5,786)	(25,539)	19,247
Cash and cash equivalents	(285,934)	(280,089)	(5,845)	(81,671)	(204,263)
Net current financial debt	**(151,360)**	**(253,801)**	**102,441**	**27,680**	**(179,039)**
Borrowings	38,814	65,138	(26,324)	69,053	(30,239)
Debts for investments in subsidiaries	4,983	5,222	(239)	6,434	(1,451)
Non-current financial (assets)/liabilities for derivatives	28	224	(196)	331	(303)
Other financial receivables	(2,292)	(2,696)	405	(2,292)	-
Net financial debt	**(109,827)**	**(185,913)**	**76,087**	**101,206**	**(211,032)**

For the definition of financial payables please see the paragraph 'Principal accounting definitions and estimates' in the consolidated accounts as at 31 December 2015.

The Group's net financial position, positive in the amount of 109.8 million euro, corresponds to a net balance of gross financial debts of 180.7 million euro, 'Financial receivables from factoring companies' totalling 1.5 million euro, Financial receivables toward others (Customer, time deposits, business combinations) for 8.6 million euro, 'Debts for investments' equal to 5.0 million euro, 'Cash and cash equivalents' equal to 285.9 million euro and 'Current financial liabilities for derivatives' of 0.5 million euro.

The liquid assets 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 non-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 without-recourse sale of account receivables revolving programme focusing on selected customer segments continued during 2016 both in Italy and in Spain as part of the processes aimed at the structural optimisation of the management of working capital. In addition, in July 2015 a securitization program of other trade receivables was started in Italy. This program is aimed at transferring risks and rewards to the buyer thus receivables sold are eliminated from balance sheet according to IAS 39. The overall effect on the levels of financial debt as at 31 December 2016 is approx. 400 million euro (approx. 287 million euro as at 31 December 2015).

The Group net financial indebtedness includes a five-year unsecured facility agreement granted by a pool of banks in July 2014 consisting of a Term Loan Facility and a Revolving Facility amounting to 63.7 million euro as at 31 December 2016. This facility agreement is supported by a usual set of financial covenants, whose breech allow the participating banks to claim for an immediate repayment of the outstanding amount.

As at 31 December 2016, according to management calculations, no. 2 covenants were breached. Accordingly, the outstanding was entirely classified under the 'current liabilities' following IFRSs standards.

As better detailed in the next paragraph named 'Subsequent events', between January and February of the this year the formal approval process for a new loan amounting to 210 million euro and aimed, among other things, at the repayment of the existing one, was finalized.

The lending banks had unanimously granted a waiver relating to this loan in July 2016 after the 40 million euro threshold in extraordinary transactions was exceeded, without formalising a prior consent by the 2/3 majority of them.

4.2.3 Goodwill

Goodwill amounts to 90.2 million euro and shows an increase of +15million euro compared to 75.2 million euro as at 31 December 2015. The variation refers for 7.5 million euro to the accounting of the goodwill deriving from the first consolidation of Vinzeo Technologies SAU by the subsidiary Esprinet Iberica S.L.U. and for 2.5 million euro from the contribution of the existing goodwill in Vinzeo accounts, as well as for 5 million euro from the acquisitions, equitably apportioned between Mosaico S.r.l. and V-Valley Iberian S.L.U., of the business unit IT 'VAD-Value Added Distribution', both hardware and software from Itway group in Italy and Spain.

The annual impairment test, required by IAS 36, was carried out in reference to the financial statements as at 31 December 2015 and no impairment loss emerged with reference to the goodwill values 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 2016 and the date this financial report was drafted, no other impairment tests were conducted as at 2016 September 31.
Similarly, no triggering events referring to the goodwill arising at the acquisition date of both Vinzeo Technology SAU and of the VAD business units from Mosaico S.r.l. and V-Valley Iberian S.L.U. appeared between their acquisition date (1 July 2016 and 30 November 2016 respectively) and the date of these financial statements.
In the light of above, the goodwill values booked as at 31 December 2015 and in these financial statements, together with the goodwill amount referring to Vinzeo Technologies SAU, Mosaico S.r.l. and V-Valley Iberian S.L.U. recorded during 2016, 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 2015 as well as to the half-yearly financial statements as at 30 June 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 2014	7,861	253,268	(13,070)	26,813	274,872	2,193	272,679
Total comprehensive income/(loss)	-	135	-	13,243	13,378	(335)	13,713
Allocation of last year net income/(loss)	-	20,410	-	(20,410)	-	-	-
Dividend payment	-	-	-	(6,403)	(6,403)	-	(6,403)
Transactions with owners	-	20,410	-	(26,813)	(6,403)	-	(6,403)
Increase/(decrease) in 'stock grant' plan reserve	-	304	-	-	304	-	304
Assignment of Esprinet own shares	-	(12,723)	12,723	-	-	-	-
Other variations	-	13	-	-	13	(22)	35
Balance at 31 December 2015	7,861	261,407	(347)	13,243	282,164	1,836	280,328
Balance at 31 December 2015	7,861	264,848	(5,145)	30,041	297,605	797	296,808
Total comprehensive income/(loss)	-	(199)	-	27,693	27,493	209	27,284
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)
Variation IAS / FTA reserve	-	(51)	-	-	(51)	-	(51)
Other variations	-	13	-	-	13	2	11
Variation in reserve on 20% Celly option	-	-	-	-	-	-	-
Balance at 31 December 2016	7,861	288,292	(5,145)	27,693	318,700	1,008	317,692

6. Consolidated statement of cash flows[8]

(euro/000)	12 months 2016	12 months 2015
Cash flow provided by (used in) operating activities (D=A+B+C)	**43,425**	**74,058**
Cash flow generated from operations (A)	**41,528**	**50,357**
Operating income (EBIT)	38,917	46,499
Income from business combinations	(2,677)	-
Depreciation, amortisation and other fixed assets write-downs	3,951	3,337
Net changes in provisions for risks and charges	133	(239)
Net changes in retirement benefit obligations	(200)	(316)
Stock option/grant costs	1,404	1,076
Cash flow provided by (used in) changes in working capital (B)	**13,210**	**39,034**
Inventory	43,010	(51,746)
Trade receivables	(32,415)	24,490
Other current assets	(12,507)	(7,385)
Trade payables	17,019	70,447
Other current liabilities	(1,897)	3,228
Other cash flow provided by (used in) operating activities (C)	**(11,313)**	**(15,333)**
Interests paid, net	(1,929)	(1,038)
Foreign exchange (losses)/gains	(768)	(1,469)
Net results from associated companies	9	(11)
Income taxes paid	(8,625)	(12,815)
Cash flow provided by (used in) investing activities (E)	**(110,943)**	**(14,695)**
Net investments in property, plant and equipment	(6,007)	(4,703)
Net investments in intangible assets	(1,098)	(136)
Changes in other non current assets and liabilities	178	(3,069)
Celly business combination	-	(1,990)
EDSlan business combination	(17,065)	-
Itway business combination	(3,310)	-
Vinzeo business combination	(83,641)	-
Own shares acquisition	-	(4,797)
Cash flow provided by (used in) financing activities (F)	**73,363**	**(4,448)**
Medium/long term borrowing	-	15,000
Repayment/renegotiation of medium/long-term borrowings	(23,078)	(1,707)
Net change in financial liabilities	108,103	(9,795)
Net change in financial assets and derivative instruments	(3,350)	(1,397)
Deferred price Celly acquisition	1	(4,536)
Deferred price Itway acquisition	(697)	-
Option on 40% Celly sharesd	-	4,879
Dividend payments	(7,764)	(6,403)
Increase/(decrease) in 'cash flow edge' equity reserve	(66)	(114)
Changes in third parties net equity	214	(456)
Other movements	-	81
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**5,845**	**54,915**
Cash and cash equivalents at year-beginning	**280,089**	**225,174**
Net increase/(decrease) in cash and cash equivalents	**5,845**	**54,915**
Cash and cash equivalents at year-end	**285,934**	**280,089**

The detailed figures of the acquisitions are displayed below, showing acquired assets and liabilities (measured at fair value at each transaction date, i.e. on 8 April with reference to EDSlan, on 1 July

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

2016 for Vinzeo and on 1 December for Mosaico and V-Valley Iberian), gain or goodwill arisen and consideration paid (spot and forward) for each transaction.

(euro/000)	EDSlan	Vinzeo	Mosaico	V-Valley Iberian
Fixed, intangible and financial assets	363	407		35
Goodwill	-	2,487		
Deferred income tax assets	14	2,126		
Derivative financial assets	-	41		
Receivables and other non-current assets	16	120		
Inventory	6,668	53,965	377	131
Trade receivables	29,006	76,493	2,322	1,361
Financial receivables	-	25,038		
Other current assets	130	989		
Cash and cash equivalents	3	18,620		
Borrowings	(1,229)	(25,317)		
Derivative financial liabilities (non-current)	-	(174)		
Deferred income tax liabilities	-	(1,755)		
Retirement benefit obligations	(632)	-	(352)	
Other non-current liabilities	(413)	-	(53)	
Trade payables	(13,286)	(55,870)	(4,183)	(1,078)
Short-term financial liabilities	(8,033)	(26,328)		
Derivative financial liabilities (current)	-	(55)		
Other current liabilities	(2,124)	(2,794)	(182)	(68)
Net assets fair value	**10,483**	**67,993**	**(2,071)**	**381**
Provisional icome from business combinations (1)	(2,677)	-	-	-
Provisional goodwill (1)	-	7,473	2,500	2,500
Deferred fee	-	(1,321)	697	-
Cash paid	**7,806**	**74,145**	**1,126**	**2,881**
Cash and cash equivalets	3	18,620	-	-
Financial receivables	-	25,038	-	-
Financial liabilities	(9,262)	(51,645)	-	-
Derivative financial assets/(liabilities)	-	(188)	-	-
Net financial debts acquired	**(9,259)**	**(8,175)**	**-**	**-**
Cash paid	(7,806)	(74,145)	(1,126)	(2,881)
Deferred cash paid	-	(1,321)	697	-
Net cash outflow on acquisition	**(17,065)**	**(83,641)**	**(429)**	**(2,881)**

The gain/goodwill from the business combination transaction may be revised within 12 months from the transaction date, as allowed by the IFRS3 accounting standard.

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

(euro/000)	12 months 2016	12 months 2015
Net financial debt at start of the year	**(185,913)**	**(130,284)**
Cash flow provided by (used in) operating activities	43,425	74,058
Cash flow provided by (used in) investing activities	(110,943)	(14,695)
Cash flow provided by (used in) changes in net equity	(7,616)	(2,013)
Total cash flow	**(75,135)**	**57,350**
Unpaid interests	(952)	(1,721)
Net financial position at end of year	**(109,827)**	**(185,913)**
Short-term financial liabilities	141,855	29,314
Customers financial receivables	(6,293)	(507)
Current financial (assets)/liabilities for derivatives	504	195
Financial receivables from factoring companies	(1,492)	(2,714)
Cash and cash equivalents	(285,934)	(280,089)
Net current financial debt	**(151,360)**	**(253,801)**
Borrowings	38,814	65,138
Debts for investments in subsidiaries	4,983	5,222
Non-current financial (assets)/liab. for derivatives	28	224
Customers financial receivables	(2,292)	(2,696)
Net financial debt at start of the year	**(109,827)**	**(185,913)**

7. Relationship with related parties

Group operations with related parties have been defined as per IAS 24 and were effected in compliance with current laws and according to mutual economic advantage.
Any products sold to individuals were done so under the same conditions as those usually applied to employees.
Operations among the parent company Esprinet S.p.A. and its subsidiaries included in the consolidation area were excluded from the interim consolidated financial statements and therefore they are not quoted in this section.

During the period, relationships with related parties consisted essentially in the sale of products and services at 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 at market conditions in previous years with the 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 the Cavenago (MB) logistics site, respectively.

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

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)	12 months 2016					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and other	Total	Distr. It & CE B2B		
Sales to third parties	1,995,865	-	1,995,865	1,050,550	-	3,046,415
Intersegment sales	46,506	-	46,506	-	(46,506)	-
Sales	**2,042,371**	**-**	**2,042,371**	**1,050,550**	**(46,506)**	**3,046,415**
Cost of sales	(1,916,374)	86	(1,916,288)	(1,012,263)	46,334	(2,882,217)
Gross profit	**125,997**	**86**	**126,083**	**38,287**	**(172)**	**164,198**
Gross Profit %	*6.17%*		*6.17%*	*3.64%*		*5.39%*
Other income	2,677	-	2,677	-	-	2,677
Sales and marketing costs	(41,881)	-	(41,881)	(7,942)	(18)	(49,841)
Overheads and admin. costs	(60,814)	-	(60,814)	(17,330)	27	(78,117)
Operating income (Ebit)	**25,979**	**86**	**26,065**	**13,015**	**(163)**	**38,917**
EBIT %	*1.27%*		*1.28%*	*1.24%*		*1.28%*
Finance costs - net						(3,791)
Share of profits of associates						1
Profit before income tax						**35,127**
Income tax expenses						(7,435)
Net income						**27,692**
- of which attributable to non-controlling interests						212
- of which attributable to Group						27,480
Depreciation and amortisation	3,068	-	**3,068**	**556**	326	**3,950**
Other non-cash items	4,027	-	**4,027**	**207**	-	**4,234**
Investments			**6,672**	**5,039**	-	**11,710**
Total assets			**875,741**	**496,196**	(207,660)	**1,164,277**

(euro/000)	12 months 2015					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and other	Total	Distr. It & CE B2B		
Sales to third parties	1,997,979	-	1,997,979	696,075	-	2,694,054
Intersegment sales	42,871	-	42,871	-	(42,871)	-
Sales	**2,040,850**	**-**	**2,040,850**	**696,075**	**(42,871)**	**2,694,054**
Cost of sales	(1,914,639)	(122)	(1,914,761)	(665,251)	42,822	(2,537,190)
Gross profit	**126,211**	**(122)**	**126,089**	**30,824**	**(49)**	**156,864**
Gross profit %	*6.2%*		*6.2%*	*4.4%*		*5.8%*
Other income	-	-	-	-	-	-
Sales and marketing costs	(37,867)	-	(37,867)	(6,035)	(72)	(43,974)
Overheads and admin. costs	(54,355)	-	(54,355)	(12,130)	94	(66,391)
Operating income (Ebit)	**33,989**	**(122)**	**33,867**	**12,659**	**(27)**	**46,499**
EBIT %	*1.7%*		*1.7%*	*1.8%*		*1.7%*
Finance costs - net						(4,243)
Share of profits of associates						(9)
Profit before income tax						**42,247**
Income tax expenses						(12,206)
Net income						**30,041**
- of which attributable to non-controlling interests						(280)
- of which attributable to Group						30,321
Depreciation and amortisation	2,713	-	**2,713**	**380**	244	**3,337**
Other non-cash items	3,113	-	**3,113**	**130**	-	**3,243**
Investments			**4,780**	**951**	-	**5,731**
Total assets			**812,345**	**277,017**	(127,547)	**961,815**

(euro/000)	Q4 2016					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and Other	Total	Distr. It & CE B2B		
Sales to third parties	669,727	-	669,727	450,877		1,120,604
Intersegment sales	13,374	-	13,374	-	(13,374)	-
Sales	**683,101**	**-**	**683,101**	**450,877**	**(13,374)**	**1,120,604**
Cost of sales	(641,642)	24	(641,618)	(434,694)	13,279	(1,063,033)
Gross profit	**41,459**	**24**	**41,483**	**16,183**	**(95)**	**57,571**
Gross Profit %	*6.07%*		*6.07%*	*3.59%*		*5.14%*
Other income	-	-	-	-	-	-
Sales and marketing costs	(11,706)	-	(11,706)	(2,455)	-	(14,161)
Overheads and admin. costs	(15,471)	-	(15,471)	(6,027)	4	(21,494)
Operating income (Ebit)	**14,282**	**24**	**14,306**	**7,701**	**(91)**	**21,916**
EBIT %	*2.09%*		*2.09%*	*1.71%*		*1.96%*
Finance costs - net						(1,647)
Share of profits of associates						-
Profit before income tax						**20,269**
Income tax expenses						(4,362)
Net income						**15,907**
- of which attributable to non-controlling interests						118
- of which attributable to Group						15,789
Depreciation and amortisation	801	-	801	**182**	88	**1,071**
Other non-cash items	712	-	712	**72**	-	**784**
Investments			3,707	**3,452**	-	**7,158**
Total assets			**875,741**	**496,196**	(207,660)	**1,164,277**

(euro/000)	Q4 2015					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and Other	Total	Distr. It & CE B2B		
Sales to third parties	637,675	-	637,675	250,862		888,537
Intersegment sales	10,702	-	10,702	-	(10,702)	-
Sales	**648,377**	**-**	**648,377**	**250,862**	**(10,702)**	**888,537**
Cost of sales	(611,135)	23	(611,112)	(240,270)	10,686	(840,696)
Gross profit	**37,242**	**23**	**37,265**	**10,592**	**(16)**	**47,841**
Gross profit %	*5.7%*		*5.7%*	*4.2%*		*5.4%*
Other income	-	-	-	-	-	-
Sales and marketing costs	(10,271)	-	(10,271)	(1,608)	(19)	(11,898)
Overheads and admin. costs	(14,589)	(3)	(14,592)	(3,236)	28	(17,800)
Operating income (Ebit)	**12,382**	**20**	**12,402**	**5,748**	**(7)**	**18,143**
EBIT %	*1.9%*		*1.9%*	*2.3%*		*2.0%*
Finance costs - net						(1,172)
Share of profits of associates						(2)
Profit before income tax						**16,969**
Income tax expenses						(4,684)
Net income						**12,285**
- of which attributable to non-controlling interests						(44)
- of which attributable to Group						12,329
Depreciation and amortisation	671	-	671	**112**	61	**844**
Other non-cash items	488	-	488	**19**	-	**507**
Investments			1,022	**109**	-	**1,131**
Total assets			**812,345**	**277,017**	(127,547)	**961,815**

Statement of financial position by operating segments

(euro/000)	31/12/2016					
	Italy			Iberian Pen.		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	12,076	-	12,076	3,208	-	15,284
Goodwill	13,126	5,020	18,146	71,020	1,040	90,206
Intangible assets	1,430	-	1,430	39	-	1,469
Investments in associates	39	-	39	-	-	39
Investments in others	92,420	(16,594)	75,826	-	(75,826)	-
Deferred income tax assets	2,819	65	2,884	5,561	99	8,544
Derivative financial assets	377	(377)	-	38	-	38
Receivables and other non-current assets	6,544	-	6,544	354	-	6,898
	128,831	**(11,886)**	**116,945**	**80,220**	**(74,687)**	**122,478**
Current assets						
Inventory	222,537	(125)	222,412	101,493	(319)	323,586
Trade receivables	284,156	-	284,156	108,934	-	393,090
Income tax assets	4,745	102	4,847	1,492	-	6,339
Other assets	158,729	-	158,729	6,775	(132,654)	32,850
Cash and cash equivalents	88,652	-	88,652	197,282	-	285,934
	758,819	**(23)**	**758,796**	**415,976**	**(132,973)**	**1,041,799**
Disposal groups assets	-	-	-	-	-	-
Total assets	**887,650**	**(11,909)**	**875,741**	**496,196**	**(207,660)**	**1,164,277**
EQUITY						
Share capital	9,331	(1,470)	7,861	54,693	(54,693)	7,861
Reserves	291,597	(16,469)	275,128	27,372	(20,149)	282,351
Group net income	17,863	-	17,863	9,724	(107)	27,480
Group net equity	**318,791**	**(17,939)**	**300,852**	**91,789**	**(74,949)**	**317,692**
Non-controlling interests	-	1,047	1,047	20	(59)	1,008
Total equity	**318,791**	**(16,892)**	**301,899**	**91,809**	**(75,008)**	**318,700**
LIABILITIES						
Non-current liabilities						
Borrowings	15,849	-	15,849	22,965	-	38,814
Derivative financial liabilities	-	-	-	66	-	66
Deferred income tax liabilities	2,663	-	2,663	3,176	-	5,839
Retirement benefit obligations	5,219	-	5,219	-	-	5,219
Debts for investments in subsidiaries	-	4,983	4,983	-	-	4,983
Provisions and other liabilities	2,597	-	2,597	497	-	3,094
	26,328	**4,983**	**31,311**	**26,704**	**-**	**58,015**
Current liabilities						
Trade payables	411,409	-	411,409	202,520	-	613,929
Short-term financial liabilities	112,434	-	112,434	155,921	(126,500)	141,855
Income tax liabilities	591	-	591	497	-	1,088
Derivative financial liabilities	449	-	449	55	-	504
Debiti per acquisto partecipazioni correnti	-	-	-	-	-	-
Provisions and other liabilities	17,648	-	17,648	18,690	(6,152)	30,186
	542,531	**-**	**542,531**	**377,683**	**(132,652)**	**787,562**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**568,859**	**4,983**	**573,842**	**404,387**	**(132,652)**	**845,577**
Total equity and liabilities	**887,650**	**(11,909)**	**875,741**	**496,196**	**(207,660)**	**1,164,277**

(euro/000)	31/12/2015					
	Italy			Iberian Pen.		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	10,494	-	10,494	1,636	-	12,130
Goodwill	10,626	5,020	15,646	58,561	1,039	75,246
Intangible assets	620	-	620	44	-	664
Investments in associates	47	-	47	-	-	47
Investments in others	85,688	(9,955)	75,733	-	(75,733)	-
Deferred income tax assets	3,027	148	3,175	5,123	49	8,347
Derivative financial assets	369	(369)	-	-	-	-
Receivables and other non-current assets	7,147	-	7,147	198	-	7,345
	118,018	(5,156)	112,862	65,562	(74,645)	103,779
Current assets						
Inventory	218,526	(210)	218,316	87,296	(157)	305,455
Trade receivables	192,271	-	192,271	59,222	-	251,493
Income tax assets	3,388	102	3,490	-	-	3,490
Other assets	69,817	-	69,817	437	(52,745)	17,509
Cash and cash equivalents	215,589	-	215,589	64,500	-	280,089
	699,591	(108)	699,483	211,455	(52,902)	858,036
Disposal groups assets	-	-	-	-	-	-
Total assets	817,609	(5,264)	812,345	277,017	(127,547)	961,815
EQUITY						
Share capital	9,131	(1,270)	7,861	54,693	(54,693)	7,861
Reserves	269,558	(9,703)	259,855	18,798	(20,027)	258,626
Group net income	22,129	(327)	21,802	8,547	(28)	30,321
Group net equity	300,818	(11,300)	289,518	82,038	(74,748)	296,808
Non-controlling interests	-	814	814	35	(52)	797
Total equity	300,818	(10,486)	290,332	82,073	(74,800)	297,605
LIABILITIES						
Non-current liabilities						
Borrowings	65,138	-	65,138	-	-	65,138
Derivative financial liabilities	224	-	224	-	-	224
Deferred income tax liabilities	2,517	-	2,517	2,240	-	4,757
Retirement benefit obligations	4,044	-	4,044	-	-	4,044
Debts for investments in subsidiaries	-	5,222	5,222	-	-	5,222
Provisions and other liabilities	2,240	-	2,240	255	-	2,495
	74,163	5,222	79,385	2,495	-	81,880
Current liabilities						
Trade payables	392,254	-	392,254	130,182	-	522,436
Short-term financial liabilities	29,038	-	29,038	50,276	(50,000)	29,314
Income tax liabilities	111	-	111	640	-	751
Derivative financial liabilities	195	-	195	-	-	195
Provisions and other liabilities	21,030	-	21,030	11,351	(2,747)	29,634
	442,628	-	442,628	192,449	(52,747)	582,330
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	516,791	5,222	522,013	194,944	(52,747)	664,210
Total equity and liabilities	817,609	(5,264)	812,345	277,017	(127,547)	961,815

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

In 2016 the following non-recurring items were identified:

- 2.7 million gain arising form 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 2.8 million euro for consultancy, commissions and registration fees relating to business combinations both in Italy (EDSlan S.r.l. and Mosaico S.r.l.) and in Spain (Vinzeo Technologies S.A.U. and V-Valley Iberian S.L.U.);
- expenses incurred in Italy relating to the enlargement of the logistic hub in Cavenago and to the new warehouse setting-up in Saragoza - Spain, totalling 1.1 million euro.
- key personnel termination indemnities in the Group companies (equal to 0.8 million euro).

During 2015, key personnel termination indemnities of Group companies (for 0.7 million euro) and the impact of the tax rate cuts on deferred tax assets and liabilities were displayed as non-recurring costs.

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

(euro/000)	Charge type	12 months 2016	12 months 2015	Var.	Q4 2016	Q4 2015	Var.
Other income	Income from business combinatios	2,677	-	2,677	-	-	-
		2,677	**-**	**2,677**	**-**	**-**	**-**
Overheads and administrative costs	Transaction costs from business combination	(2,824)	-	(2,824)	(720)	-	(720)
	Extension warehouse costs	(1,120)	-	(1,120)	(168)	-	(168)
	Employee termination incentives	(810)	(657)	(153)	(810)	-	(810)
Total SG&A		**(4,754)**	**(657)**	**(4,097)**	**(1,698)**	**-**	**(1,698)**
Operating income (EBIT)		**(2,077)**	**(657)**	**(1,420)**	**(1,698)**	**-**	**(1,698)**
Profit before income taxes		**(2,077)**	**(657)**	**(1,420)**	**(1,698)**	**-**	**(1,698)**
Income tax expenses	Changes in Spanish tax rate on initial losses	-	92	-	-	92	-
	Non -recurring events	1,411	200	1,211	469	(28)	497
Net income/(loss)		**(666)**	**(365)**	**(301)**	**(1,229)**	**64**	**(1,293)**
Of which attributable to non-controlling interests		-	(27)	-	-	(27)	-
Of which attributable to Group		**(666)**	**(338)**	**(328)**	**(1,229)**	**91**	**(1,320)**

11. Significant events occurred in the period

The significant events occurred during the period are hereby described:

Shareholders' agreement signed

On 23 February 2016 Francesco Monti, Paolo Stefanelli, Tommaso Stefanelli, Matteo Stefanelli, Maurizio Rota and Alessandro Cattani, disclosed that they entered into a shareholders' voting and blocking agreement (the 'Agreement'), in relation to no. 16,819,135 ordinary shares of Esprinet S.p.A. ('Esprinet' or the 'Company'), representing 32.095% of the entire share capital of the Company.
The abovementioned agreement, in its integral version, was communicated to Consob and filed with the Companies' Register of Monza and Brianza on 24 February 2016.

Purchase of EDSLan

On 24 March 2016, Esprinet S.p.A. created a new company, EDSlan S.r.l., which completed the acquisition of EDSLan S.p.A. on 8 April 2016.
EDSLan, the 11th largest Italian distributor in 2015[9], was founded in 1988, was headquartered in Vimercate (Italy), and had 8 branch offices, 94 employees, and around twenty sales agents and consultants.
It is well-known as a leading distributor in the networking, cabling, Voip and UCC-Unified Communication & Collaboration segments. Its main suppliers include Hewlett Packard Enterprise Networking, Aruba Networks, Huawei Enterprise, Brocade Networks, Alcatel-Lucent Enterprise, Watchguard, Allied Telesis Panduit, CommScope, Audiocodes and Panasonic.
In 2015, the acquired business served about 3,000 customers such as 'VAR-Value Added Resellers', system integrators, telco resellers and TelCos, as well as installers and technicians.
The deal gives a boost to the Esprinet Group strategy of focusing on the 'complex technologies' market managed through V-Valley S.r.l., thus reinforcing some segments the Group is already operating in (Networking and UCC - EDI) as well as penetrating new 'analog' markets such as cabling, phone control units, video-conference systems and measuring instruments.
In 2015 sales of the purchased business were about 72.1 million euro[10], with an EBITDA[11] of 2.2 million euro.

The price paid, amounting to 7.8 million euro, generated an income of 2.7 million euro.

Disposal of shares in Assocloud S.r.l.

On 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l., operating in the 'cloud computing' business, to the company SME UP S.p.A.. At the same date, the latter also acquired the shares from 8 of the 9 remaining shareholders. The disposal value was equal to the equity value as reported in the latest financial statements approved as at 31 December 2015.

Esprinet S.p.A. Annual Shareholders Meeting

On 4 May 2016 Esprinet Shareholders' meeting approved the separated financial statements for the fiscal year ended at 31 December 2015 and the distribution of a dividend of 0.150 euro per ordinary share, corresponding to a pay-out ratio of 26%.[12]

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[9] Source: Sirmi, January 2016

[10] Source: management estimates on preliminary 2015 data, net of the trading activities of the 'merchandising' division, which are not included in the deal.

[11] Source: management estimates on preliminary 2015 data, net of the trading activities of the 'merchandising' division, which are not included in the deal.

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

The dividend payment was scheduled from 11 May 2016, ex-coupon no. 11 on 9 May 2016 and record date on 10 May 2016.

Shareholders' Meeting also approved the first section of the report on remuneration pursuant to paragraph 6 art. 123-ter decree law 58/1998.

The Shareholders' Meeting finally resolved to authorise, subject to prior revocation of former authorization resolved on the Shareholder's Meeting of 30 April 2015, the acquisition and disposal of own shares, within 18 months since the resolution, provided that any such purchase does not exceed the maximum of 5,240,434 ordinary Esprinet shares (10% of the Company's share capital).

Acquisition 100% of Vinzeo Technologies

On 1 July 2016 Esprinet S.p.A., through its fully owned subsidiary Esprinet Iberica, completed the purchase of the entire capital of Vinzeo Technologies S.A.U., the fourth[13] largest ICT wholesaler in Spain.
Vinzeo operates many important distribution agreements both in the ICT 'volume' market (i.e. HP, Samsung, Acer, Asus, Toshiba, Lenovo) and in the 'value' one (mainly Hewlett-Packard Enterprise). Since 2009, Vinzeo has been a key distributor of Apple products, including iPhones (since 2014) and Apple Watch (since 2015).
The headquarter is in Madrid, while branch offices are located in Barcelona and Bilbao, with ~160 employees positively directed by a seasoned management team.
The transaction perimeter only includes the wholesale distribution activities. Based on this perimeter, 2015 pro-forma[14] accounts of the acquired perimeter showed sales of approx. 584.4 million euro (+19% compared to 2014) and EBITDA reported of 7.5 million euro.
Thanks to the transaction, Esprinet will become the leader in the Spanish distribution market, strengthen its smart-phone products and customers portfolio. Esprinet expects to generate significant synergies from the transaction mostly due to the doubling of scale of its Spanish operations.
Esprinet, that has recently entered the Portuguese market, is now the biggest distributor in Southern Europe bringing to completion a strategy fully focused on pure 'business-to-business' ICT distribution, specifically addressed to achieve the leadership in each country where the Group operates.

The total consideration agreed by the parties was 74.1 million euro for the entire Vinzeo corporate capital based on an enterprise value of 57.6 million euro and on the last 12-month average working capital.
The value could be adjusted based on the net financial position as at 30 June 2016.

Acquisition of the business unit 'VAD-Value Added Distributor' from Itway Group

On 30 November 2016 Esprinet S.p.A., completed the acquisition of the IT distribution activities of Itway Group in Italy, Spain and Portugal.
The transaction perimeter focused on the distribution of IT security software (dedicated software and hardware devices) networking (basic infrastructure for connecting PCs and other IT devices) and server software.
The main customers ('VAD' business) are represented by System Integrators, Value Added Reseller (VARs) and Tel.Co.. The offering includes ICT Security solutions, Enterprise Software, virtualization and OpenSource / Linux solutions as well as pre and post-sales technical services and training.

The overall 'pro-forma' sales of the 'VAD business' in FY 2014 and FY 2015 amounted respectively to 48.6 million euro and 57.2 million euro[15]. EBITDA amounted to 1.7 million euro.

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[13] Source: management, Channel Partner 2016 (www.channelpartner.es)
[14] Source: management
[15] Source: Esprinet management 'carve-out' from 2015-2014 figures provided by ITway management. Figures are net of intercompany sales, equal to 3.1 million euro

Total consideration agreed for the transaction is made up of the net asset value of the acquired business plus a total amount of up to € 10.8 million made up as follows: (i) a fixed amount of 5.0 million euro paid cash at closing data, (ii) variable amount up to a maximum of 5.8 million euro payable after 12 months from closing date conditional upon the achievement of economic and financial targets.

Breach of financial covenants on Facility Agreement

The Group net financial indebtedness includes a five-year unsecured facility agreement granted by a pool of banks in July 2014 consisting of a Term Loan Facility and a Revolving Facility amounting to 63.7 million euro as at 31 December 2016. This facility agreement is supported by a usual set of financial covenants, whose breech allow the participating banks to claim for an immediate repayment of the outstanding amount.

As at 31 December 2016, according to management calculations, no. 2 covenants were breached. Accordingly, the outstanding was entirely classified under the 'current liabilities' following IFRSs standards.
As better detailed in the next paragraph named 'Subsequent events', between January and February of the this year the formal approval process for a new loan amounting to 210 million euro and aimed, among other things, at the repayment of the existing one, was finalized.

12. Subsequent events

Relevant events occurred after 31 March 2016 are briefly described below:

Syndicated loan of 210.0 million euro

Between January and February of the current year a pool of Italian and Spanish banks has favourably ruled on a 5-year loan unsecured amortising facility agreement of up to 210.0 million euro split into a Term Loan Facility of up 145.0 million euro and a Revolving Facility of 65.0 million euro. This loan has a term of 5 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, final amount was fixed at the maximum level.

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 financial debt.
The date of signing has been scheduled by the end of February.

Vimercate, 13 February 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 31 December 2016

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 31 December 2016 agrees with the accounting documents, books and records.

Vimercate, 13 February 2017

The Officer in charge of drawing up
financial reports

(Pietro Aglianò)