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ANNUAL FINANCIAL REPORT FINANCIAL YEAR 2021

Parent Company: Esprinet S.p.A.

VAT Number: IT 02999990969

Companies' Register of Milan, Monza e Brianza, Lodi and Tax Number: 05091320159
R.E.A. (economic and administrative index) 1158694

Registered Office and Administrative HQ: Via Energy Park, 20 - 20871 Vimercate (MB)

Subscribed and paid-in share capital as at 31/12/2021: Euro 7.860.651

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(*) This document constitutes a copy, in Pdf format, of the Annual Financial Report of Esprinet S.p.A. as at 31 December 2021 and does not constitute the document in ESEF format required by the ESEF Technical Standards referred to in the Delegated Regulation (EU) 2019/815 (so-called 'ESEF Regulation'). The 2021 Annual Financial Report in ESEF format is available in the Investors - Shareholders' Meeting - 2022 section of the Company's website (www.esprinet.com).

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DIRECTORS' REPORT ON OPERATIONS

[1] Each section has a separate table of contents for easy reference by the reader

[2] Esprinet S.p.A. Separate Financial Statements, as defined by the IFRS international accounting standards

* The version of the 2021 Annual Report, accompanied by the reports of the Board of Statutory Auditors and the Independent Auditors, is published in the Investors - Shareholders' Meeting - 2022 section of the Company's website (www.esprinet.com).

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DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR 2021

GROUP'S CONSOLIDATED RESULTS OVERVIEW

1. LETTER FROM THE CHAIRMAN

Dear Shareholders,

The Esprinet Group ended 2021 with a consolidated net income, including the share attributable to minority interests, of 44.1 million euro, up by 39% on 31.8 million euro in 2020, with sales up 4% to roughly 4.7 billion euro.

Despite a second part of 2021 characterised by a major crisis in the global supply chains of electronic components, also in this year all the main economic and equity indicators have improved and the Group recorded the best ever net profit attributable to shareholders.

A YEAR OF ADAPTATION

If 2020 can be looked upon as the year of surprises, 2021 was probably the year of adaptation.

Over time, the procedures and behavioural attitudes for managing the pandemic developed in 2020 have been refined and have become a part of the daily lives of people and businesses.

The launch of vaccination campaigns during the year just ended has allowed countries and businesses to face the health challenge posed by COVID-19 with ever greater peace-of-mind.

The complex situation faced in 2020 continued to influence the markets and the business scenario for 2021, with significant consequences on global supply chains and, in particular, on those relating to electronic products.

Starting from the summer of 2021, reduced product availability began to have a notable impact on our industry, causing a drastic slowdown in sales despite the presence of a high level of demand.

Our team, once again this year, has been able to adapt to this umpteenth challenge, managing to ensure excellent levels of customer service, even in the presence of major supply difficulties.

TECHNOLOGY DISTRIBUTION

The distribution segment, measured by the British research company Context (January 2022) through a panel of distributors largely representative of the general trend, recorded sales of approximately 87.4 billion euro in 2021, an increase (+3.5%) compared to 84.4 billion euro in 2020. In particular, the trend by quarter highlights the following: +11.7% Q1 2021 vs Q1 2020, +8.7% Q2 2021 vs Q2 2020, -0.1% Q3 2021 vs Q3 2020, -3.6% Q4 2021 vs Q4 2020.

Although Germany remains the largest market in Europe with a turnover of 18.5 billion euro, it is the only country to have recorded a drop (-2.2%), while the market comprising the United Kingdom and Ireland, the second largest with sales of 14.9 billion euro, recorded an increase of +3.9%.

With an increase of 5.2% compared to last year at 9.5 billion euro, Italy consolidated its weight in the panel of European countries at 11.3%.

The growth in France was less sustained (+1.3%), reaching 7.7 billion euro in sales.

In the Iberian Peninsula, Spain and Portugal showed respectively +4.6% (with a market at 6.6 billion euro) and +10.0% (with a market at 1.6 billion euro) compared to 2020.

Sales from southern European countries (Italy, Spain and Portugal) grew by 5.4%, compared to 3.5% of the total of the European panel, confirming that these three countries, especially as a result of the pandemic, are trying to fill the gap in terms of the incidence of ICT expenditure on total GDP.

Finally, it is worth noting the growth of Poland

(+13.7%), which, with a turnover that reached 5.3 billion euro in 2021, consolidated its share in the panel of European countries, overtaking the Netherlands.

In this context, the Esprinet Group is once again confirmed as the top distributor in the southern European market.

MARKET EVOLUTION

In 2021, we witnessed a further acceleration of the technological trends already described in 2020.

The demand for notebooks and tablets continued to be very strong, not only due to the constant support provided by the greater use of remote working and distance learning, but also due to a now mature awareness of the centrality of technology in companies' operational processes.

The demand for broadband connectivity and, therefore, for network equipment, has become increasingly widespread, bringing with it a significant increase in cloud applications and investments in cybersecurity.

The demand for video-conferencing equipment and services continues to grow, and the market connected to professional and private printing is also recovering.

Companies are investing in the redesign of operational processes and, therefore, in software and consultancy, with a special focus on data analysis and Business Intelligence applications in general.

The first devices and solutions for augmented reality are starting to appear on the market, also thanks to the progressive spread of 5G networks.

Producers, consumers, businesses, retailers are constantly looking for the best way to disseminate or use information technology and Esprinet is engaged in a major process of migration from a pure role of distributor to that of a genuine enabler of the technological experience for all players in the supply chain.

Governments are also ramping up investments in the transition to a more sustainable economy, and this further fuels the opportunities for those like Esprinet who are at the heart of these expansionary trends rarely seen in the past.

ACTIVITIES IN ITALY

During 2021, Italian businesses recorded an increase in sales mainly driven by the excellent performance of the high-margin segments such as Advanced Solutions, peripherals and the Nilox and Celly brands owned by the Group. The market share of Business customers also grew, while the low-margin business lines, such as PCs and Phones and the Retail customers, more demanding in terms of discounts, posted less stellar performances in line with the strategic objectives of increasing value-added activities and in defence of the more undifferentiated and therefore less profitable ones.

With satisfaction, we recorded an increase in the gross product margin deriving both from the shift of the mix described above, but also from the stabilisation or increase substantially on all business lines, testifying to the gradual materialisation of the effects of the Customer Satisfaction improvement policy launched a couple of years ago.

In January 2021, the acquisitions of Dacom S.p.A. and IdMAINT S.r.l. were completed, which recorded excellent performances during the year, further bolstering our presence in the strategic Advanced Solutions segment.

The human capital enhancement activities, which are developed within the 'Together is Better' (TIB) programme, continue to produce excellent results and, the company was not only awarded the prestigious 'Great Place to Work' certification for the second year running, but received the 'Top Employer' certification for the first time.

Following the renewal of the Board of Directors, the Group further improved its Governance standards and, in November, presented the market with an ambitious new business plan for the 2022-2024 period which includes multiple initiatives, including the entry into the operating rental market and the start of the expansion programme in other Western European countries, also through targeted acquisitions in the Advanced Solutions segment.

ACTIVITIES IN THE IBERIAN PENINSULA

The activities of the Esprinet Group in the Iberian Peninsula also recorded extremely high growth rates in the high-margin segments, fully consistently with the strategy described above.

The integration of operations in the Advanced Solutions segment, and in particular of the latest acquired entity GTI, resulted in the grouping of all the business units pertaining to this market segment into GTI, subsequently renamed V-Valley Advanced Solutions Espana.

The restructuring also involved the closure of the Group's old offices in the Madrid area and their transfer to a new, extremely modern headquarters in a more central area, with the simultaneous change of information systems, making them uniform with the Group's standards and allowing the level of customer service to be improved.

Similar activities have been implemented in Portugal, with the creation of V-Valley Advanced Solutions Portugal, which works alongside Esprinet Portugal to guarantee excellent levels of commercial assistance to customers.

Thanks to these activities, the Group surpassed 100 million euro in sales in Portugal, finally achieving notable profitability levels.

CONCLUSIONS

During 2021, the Covid-19 pandemic continued to influence the international macroeconomic scenario; however, thanks to the positive evolution of global vaccination campaigns, there has been a growing feeling of confidence, which has led to a lively recovery in economic growth, so much so that international equity indices reacted positively, registering overall increases which, in Europe, were able to recover the pre-pandemic levels.

This climate of confidence fuelled by these prospects of a significant recovery has been, we hope only temporarily, stalled by the international crisis that exploded in Ukraine, with images of war on the borders of the European Union.

Our Group does not have a direct presence in Eastern European countries, it exports virtually nothing to those areas, has a negligible fraction of its sales dependent on products imported from Russia and therefore, has not observed any significant impacts on its business performance linked to these events.

The composition and geographic diversification of the supplier network, the consistent pipeline of sales initiatives, years of shrewd risk planning management, an extremely solid balance sheet, human resources of the highest quality combined with a long-established network of relationships with customers, suppliers and banking institutions enable us to look to the future with optimism.

The demand for technology continues to be high, supported both by the increasing importance attributed by businesses and households to digitalisation processes and by the highly expansionary fiscal policies implemented by governments thanks to European funds.

As always, the future is mainly in the hands of our associates who, with professionalism, self-sacrifice and a spirit of enterprise, have helped us overcome major difficulties in the past and I am sure they will do the same in the future.

To them, to our customers and suppliers, to our shareholders and to all our stakeholders in general, I extend my heartfelt thanks and best wishes for a healthy, successful and peaceful 2022.

Thank you for investing in our Company.

Maurizio Rota

Chairman of the Board of Directors

2. SUMMARY OF THE GROUP'S ECONOMIC AND FINANCIAL RESULTS

The 2021 economic and financial results and those of the periods of comparison have been drawn up according to International Financial Reporting Standards ('IFRS') endorsed by the European Union and in force during the period. In the chart displayed below, in addition to the conventional financial indicators laid down by IFRS, some 'alternative performance indicators', although not defined by the IFRS, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute conventional IFRS indicators; they are used internally by the management for measuring and controlling the Group's profitability, performance, capital structure and financial position, as they considered particularly relevant. As required by the ESMA/2015/1415 Guidelines issued by ESMA (European Securities and Market Authority) under Art. 16 of the ESMA Regulation, updating the previous recommendation CESR/05-178b of the CESR (Committee of European Securities Regulators) and adopted by CONSOB with Communication No. 0092543 of 03/12/2015, the basis of calculation adopted is defined below the table.

(€/000)	notes	2021	%	2020	%	% Var. 21/20	2019	%
Profit & Loss								
Sales from contracts with customers		4,690,947	100.0%	4,491,613	100.0%	4%	3,945,371	100.0%
Gross profit		231,890	4.9%	193,667	4.3%	20%	175,344	4.4%
EBITDA	(1)	84,726	1.8%	64,184	1.4%	32%	55,728	1.4%
Operating income (EBIT)		68,411	1.5%	47,648	1.1%	44%	41,068	1.0%
Profit before income tax		60,774	1.3%	42,549	0.9%	43%	31,657	0.8%
Net income		44,080	0.9%	31,792	0.7%	39%	23,553	0.6%
Financial data								
Cash flow	(2)	60,395		48,328			38,213	
Gross investments		6,182		4,940			2,852	
Net working capital	(3)	(63,728)		(130,921)			(122,381)	
Operating net working capital	(4)	(75,832)		(121,034)			(121,027)	
Fixed assets	(5)	245,222		236,965			226,007	
Net capital employed	(6)	158,941		86,186			86,747	
Net equity		386,118		388,963			359,022	
Tangible net equity	(7)	275,390		279,799			267,826	
Net financial debt	(8)	(227,177)		(302,777)			(272,275)	
Main indicators								
Net financial debt / Net equity		(0.6)		(0.8)			(0.8)	
Net financial debt / Tangible net equity		(0.8)		(1.1)			(1.0)	
EBIT / Finance costs - net		9.0		9.3			4.4	
EBITDA / Finance costs - net		11.1		12.6			5.9	
Net financial debt/ EBITDA		(2.7)		(4.7)			(4.9)	
ROCE	(9)	20.5%		25.1%			9.8%	
Operational data							1,317	
N. of employees at end-period		1,720		1,598			1,290	
Avarage number of employees	(10)	1,659		1,458				
Earnings per share (euro)							0.46	
Basic		0.89		0.63		41%	0.45	
Diluted		0.88		0.62		42%	0,45	

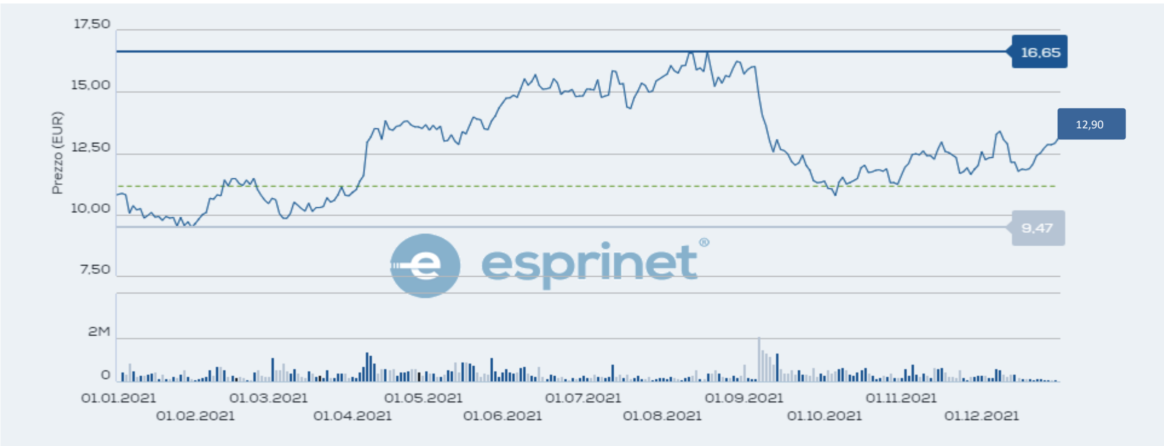
(1) EBITDA is equal to the operating profit (EBIT) gross of amortisation, depreciation and write-downs.
(2) Sum of consolidated net income and amortisation/depreciation.
(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of net current financial debts.
(4) Sum of trade receivables, inventory and trade payables.

(5) Equal to non-current assets net of non-current derivative financial assets.
(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 shareholders' equity less goodwill and intangible assets.
(8) Sum of financial payables, lease financial liabilities, cash and cash equivalents, assets/liabilities for derivative instruments receivables from factoring compani
(9) Calculated as the ratio of (i) EBIT, net of non-recurring items, the effects of IFRS 16 and taxes calculated at the effective tax rate of the latest issued consolidated financial statements, to (ii) average invested capital (calculated as the sum of net working capital and fixed capital) at the closing date of the period under review and the four preceding quarters.
(10) Calculated as the average of opening balance and closing balance of consolidated companies.

3. SHARE PERFORMANCE

The ordinary shares of Esprinet S.p.A. (ticker: PRT.MI) have been listed on the STAR Milan (Euronext STAR Milan) segment of the EXM (Euronext Milan) market of the Italian Stock Exchange since 27 July 2001.

The graph below illustrates the share performance from 1 January to 31 December 2021:



The Esprinet share closed 2021 at an official price of 12.90 euro, an increase of +19.67% compared to the closing price on 31 December 2020 (10.78 euro).

Compared with a placement price of 1.4 euro per share in July 2001, taking into account the 1:10 share split-up effected during 2005, there is a share appreciation of +821%, which does not take into account dividends distributed and the related reinvestment.

During the course of the year, the share price fell back to a low of 9.51 euro in January, and then showed an upward trend, reaching a high of 16.67 euro on 12 August 2021.

The average price for the year was 12.80 euro.

The average daily volumes traded in 2021 were 396,519 (+36%) compared to 290,629 in 2020. Volumes peaked at 2,072,520 shares traded on 7 September 2021 and on the same month the maximum average daily volume traded peaked as well, equal to 665,830 shares.

On 7 March 2022, the Esprinet share price was 8.84 euro (-31% compared to the closing price). Average daily trading up to the same date was 202,337 shares per day.

[1] simple arithmetic mean (source: Bloomberg)

CORPORATE GOVERNANCE

1. COMPANY OFFICERS

BOARD OF DIRECTORS:

(Mandate expiring with approval of the financial statements for the year ending 31 December 2023)

Chairman	Maurizio Rota	
Deputy Chairman	Marco Monti	
Chief Executive Officer	Alessandro Cattani	(CSC)
Director	Chiara Mauri	(InD) (CSC)
Director	Angelo Miglietta	(InD) (RNC) (CRC)
Director	Lorenza Morandini	(InD) (CSC)
Director	Emanuela Prandelli	(InD) (RNC)
Director	Renata Maria Ricotti	(InD) (RNC) (CRC)
Director	Angela Sanarico	(InD) (CRC)
Secretary	Manfredi Vianini Tolomei	Studio Chiomenti

Key:

InD: Independent Director
CRC: Member of the Control and Risks Committee
RNC: Member of the Remuneration and Nomination Committee
CCS: Member of the Competitiveness and Sustainability Committee

BOARD OF STATUTORY AUDITORS:

(Mandate expiring with approval of the financial statements for the year ending 31 December 2023)

Chairman	Maurizio Dallocchio
Permanent Auditor	Maria Luisa Mosconi
Permanent Auditor	Silvia Muzi
Alternate Auditor	Vieri Chimenti
Alternate Auditor	Riccardo Garbagnati

INDEPENDENT AUDITORS:

(Mandate expiring with approval of the financial statements for the year ending 31 December 2027)

PricewaterhouseCoopers S.p.A.

2. WAIVER OF OBLIGATION TO PROVIDE INFORMATION ON EXTRAORDINARY TRANSACTIONS

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

3. CORPORATE GOVERNANCE

Esprinet S.p.A. subscribes and conforms to the Corporate Governance Code for Italian Listed Companies (the 'Code'), which is adapted according to its characteristics.

To comply with requirements on transparency in the sector regulations, a 'Report on Corporate Governance and Ownership Structure' is drawn up each year, containing a general description of the governance system adopted by the Group as well as information on the ownership structure, on the organisational model adopted pursuant to Legislative Decree No. 231 of 2001, and on the extent to which the Group complies with the Corporate Governance Code, including therein the main governance practices applied and the characteristics of the risk management and internal control system in relation to the financial reporting process.

The 'Report on Corporate Governance and ownership structure' is available under Investors - 2022 Shareholders' Meeting section on the Company website (www.esprinet.com).

The Code is available for consultation on the website of Borsa Italiana S.p.A. www.borsaitaliana.it.

ACTIVITIES AND STRUCTURE OF THE ESPRINET GROUP

1. DESCRIPTION OF THE ACTIVITIES

Esprinet S.p.A. (hereinafter also 'Esprinet' or the 'parent company') and its subsidiaries (collectively the 'Esprinet Group' or the 'Group') operate in Italy, Spain and Portugal.

The Group is active in the business-to-business (B2B) distribution of Information Technology (IT) and consumer electronics, and is today the largest distributor in Southern Europe and the 4th European operator.

Its main markets in geographical terms are Italy and the Iberian peninsula.

The main activity consists in the distribution of IT products (hardware, software and services) and consumer electronics products. The products range marketed by the Group consists of over 650 brands from leading technology manufacturers (vendors), including, to name a few, the world's leading technology manufacturers HP, Apple, Samsung, Asus, Lenovo, Dell, Microsoft, Acer, Xiaomi, Epson.

In addition to providing traditional wholesaling services (bulk breaking and credit), Esprinet fulfils the role of enabler of the technological eco-system. The Group offers, for example, a turnkey e-commerce platform to hundreds of resellers, in-shop management for thousands of retail sales points, and specialised payment and financing solutions for the resellers community, by also offering the generation of demand by end users and big data analysis to the main technology manufacturers and resellers which outsource marketing activities increasingly more frequently.

Cloud services, collaboration and cybersecurity software, video-conference systems, advanced IT infrastructures and specialised consumer electronics solutions, such as connected household appliances or gaming platforms, are the new areas of growth with added value that fuel further future growth in sales for the sector, while logistics and financial services, as well as the 'pay-per-use' sales model, offer increased opportunities for margin growth.

These are supported by the 'traditional' wholesale distribution of branded IT products (hardware and software), mobile telephony equipment, accessories for the latter, aimed at retailers who target both 'consumer' and 'business' type end-users, and the distribution of own brand products made by third parties to order: NILOX, a brand under which electric mobility products, sports entertainment and PC accessories are made, and CELLY, a brand under which mobile phone accessories are produced.

The 'sales by product family and customer type' section provides a more detailed description of the main product categories marketed.

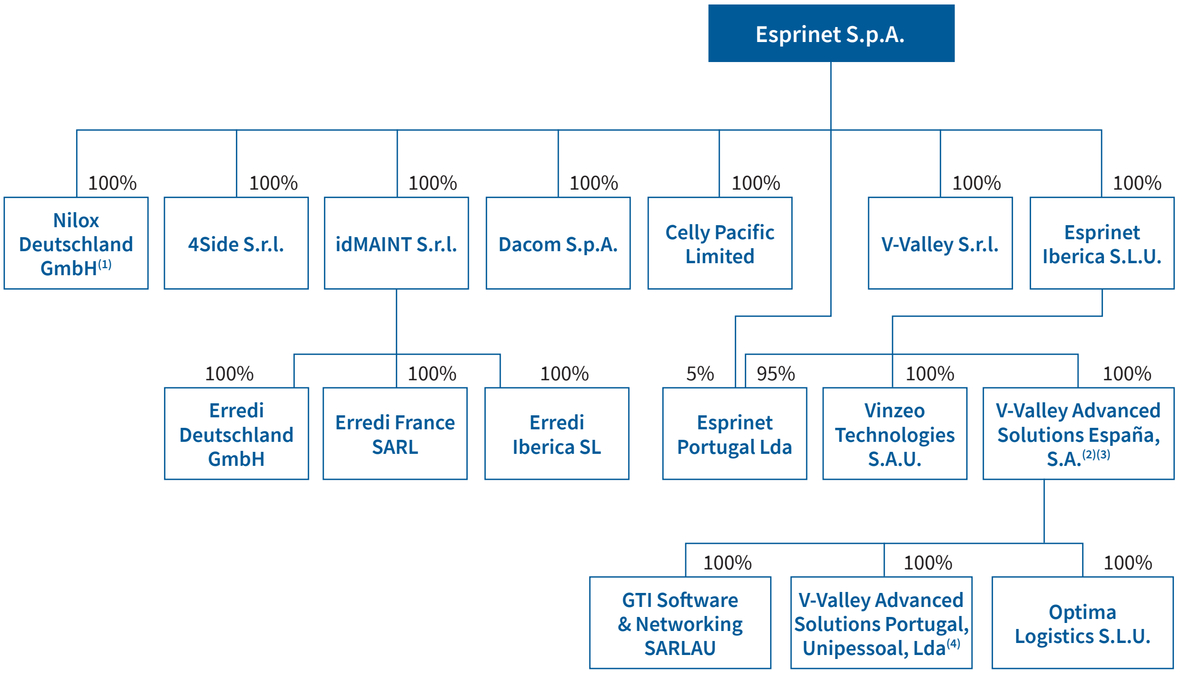
Customers served in the two territories, made up of the various types of IT resellers present in the Italian and Iberians markets, range from value-added resellers (VAR) to system integrators/corporate resellers, from dealers to shops (independent and/or affiliated stores), from major general and/or specialist retailers to sub-distributors.

Professional clients served in the B2B area in 2021 totalled approximately 31,000, of which approximately 20,000 were in Italy and roughly 11,000 in Spain.

Logistics activities are carried out at the main logistics centres at Cambiago (MI), Cavenago (MB), Pregnana Milanese (MI) and Zaragoza (Spain) all leased premises, totalling approx. 155,000 sqm (approx. 112,000 sqm in Italy and 43,000 sqm in Spain).

2. GROUP STRUCTURE

The chart below illustrates the structure of the Esprinet Group as at 31 December 2021:



(1) Discontinued on 31 December 2021
(2) GTI Software Y Networking S.A. till 21 September 2021
(3) 100% of which 9,58% of own shares owned by V-Valley Advanced Solutions España, S.A.
(4) Getix Companhia de Distribuição de Software Unipessoal Lda till 31 December 2020

From a legal standpoint, the parent company Esprinet S.p.A. was founded in September 2000 following the merger of two leading Italian distributors, Comprel S.p.A. and Celomax S.p.A..

The Esprinet Group later assumed its current composition as a result of the carve-out of micro-electronic components from the parent company and of various business combinations and establishment of new companies.

This report will refer to the 'Italian Subgroup' and the 'Iberian Subgroup'.

At period end, the Italian Subgroup includes not only the parent company Esprinet S.p.A., but also the companies it directly controls, V-Valley S.r.l., Celly Pacific LTD., Nilox Deutschland GmbH (in liquidation since 16 September 2019), 4Side S.r.l., Dacom S.p.A. and idMAINT S.r.l. (acquired on 22 January 2021).

For the purposes of the representation under the Italian Subgroup, the subsidiary idMAINT S.r.l. is also understood to include its wholly-owned subsidiaries Erredi Deutschland GmbH, Erredi France SARL, Erredi Iberica S.L. (collectively the 'idMAINT Group'), merely companies for procuring sales in service of Dacom S.p.A..

At the same date, the Iberian Subgroup is made up of the Spanish and Portuguese subsidiaries operating in the Iberian Peninsula, i.e. Esprinet Iberica S.L.U. and its subsidiaries Esprinet Portugal Lda, Vinzeo Technologies S.A.U. e V-Valley Advanced Solutions España, S.A. (formerly GTI Software Y Networking S.A.) acquired and consolidated as at 1 October 2020. For the purposes of representation within the Iberian Subgroup, the subsidiary V-Valley Advanced Solutions España, S.A. is understood to also include its wholly-owned subsidiaries V-Valley Advanced Solutions Portugal Unipessoal Lda, GTI Software & Networking SARLAU, Optima Logistics S.L.U..

Esprinet S.p.A. has its legal and administrative headquarters in Vimercate, Italy (Monza and Brianza) and has its own logistic sites in Cambiago (Milan) and Cavenago (Monza and Brianza).

Esprinet S.p.A. uses Intesa Sanpaolo S.p.A. for specialist activities..

ITALIAN SUBGROUP

V-Valley S.r.l.

Established in June 2010 as Master Team S.r.l. and named V-Valley S.r.l. in September of the same year, the company is headquartered in Vimercate (MB), and is 100%-owned by Esprinet S.p.A..

This company, which has been operational since December 2010, includes the distribution activities of 'value' products (essentially servers, high-end storage and networking, virtualisation, cybersecurity, bar-code scanning).

4Side S.r.l.

On 20 March 2019, Esprinet S.p.A. acquired 51% of the shares of 4Side S.r.l., a company whose purpose is the marketing and distribution in Italy of gaming products, with the exclusive distribution in Italy for Activision Blizzard branded gaming products. On 15 November 2021 Esprinet S.p.A. acquired the residual 49% of the share capital of 4Side S.r.l..

Dacom S.p.A.

On 22 January 2021, Esprinet S.p.A. purchased the entire share capital of Dacom S.p.A., leader in the specialised distribution of products and solutions for Automatic Identification and Data Capture (AIDC).

idMAINT S.r.l. and its subsidiaries

On 22 January 2021, Esprinet S.p.A. purchased the entire share capital of idMAINT S.r.l., a company specialised in pre- and post-sales maintenance and technical support services on Auto-ID products.

idMAINT S.r.l. holds 100% equity interests in the German subsidiary Erredi Deutschland GmbH, in the French subsidiary Erredi France SARL and in the Spanish subsidiary Erredi Iberica S.L..

Celly Pacific LTD

Previously held by Celly S.p.A. merged into Esprinet S.p.A. in 2021, it is a Chinese company specialising in the design, production and distribution of accessories for mobile telephony.

Nilox Deutschland GmbH

Established on 11 July 2017 with operating offices in Düsseldorf, Germany, deemed necessary to expand the selling of Nilox branded products also in the German market, a brand owned by Esprinet S.p.A., in liquidation from 16 September 2019.

IBERIAN SUBGROUP

Esprinet Iberica S.L.U.

Originally established by the Group to aid in the Spanish acquisitions effected between the end of 2005 and the end of 2006, due to the mergers through incorporations made in 2007, Esprinet Iberica S.L.U. is now the third distributor in Spain from a stand-alone point of view. By contrast, taking into account the consolidated values, as a result of the business combinations, Esprinet Iberica S.L.U. is the market leader.

Esprinet Iberica's offices and warehouses are in Zaragoza, only approx. 300 km from all the main cities in Spain (Madrid, Barcelona, Bilbao and Valencia) which together account for more than 80% of Spain 's IT consumption.

Esprinet Portugal Lda

On 29 April 2015, Esprinet Portugal Lda, a company incorporated under Portuguese law, was established with the aim of further developing the Group's distribution activities on Portuguese territory, until that date carried out by the Spanish subsidiary Esprinet Iberica S.L.U.

Vinzeo Technologies S.A.U.

Full ownership acquired on 1 July 2016 when it represented the fourth largest IT and telephony distributor in Spain.

Distributing Apple products since 2009, Vinzeo operates many important distribution agreements both in the ICT 'volume' market (i.e. HP, Samsung, Acer, Asus, Toshiba, Lenovo) and in the 'value' segment (mainly Hewlett-Packard Enterprise).

The headquarters is in Madrid, while branch offices are located in Barcelona and Bilbao.

V-Valley Advanced Solutions España, S.A. and its subsidiaries

On 1 October 2020, 100% of the capital of GTI Software Y Networking S.A. was acquired (renamed V-Valley Advanced Solutions España, S.A. on 1 October 2021 SA in conjunction with the merger by incorporation of V-Valley Iberian S.L.U., it also wholly-owned by Esprinet Iberica S.L.U., which followed the previous merger by incorporation on 31 March 2021 of the wholly-owned subsidiary DIODE España S.A.U), the leading distributor in Spain in of software and 'cloud' solutions to Value-Added Resellers and System Integrators.

V-Valley Advanced Solutions España, S.A. wholly owns the Spanish subsidiary Optima Logistics S.L.U., the Portuguese subsidiary V-Valley Advanced Solutions Portugal Unipessoal Lda (formerly Getix Companhia de Distribuição de Software Unipessoal Lda) and the Moroccan subsidiary GTI Software & Networking SARLAU.

STRUCTURE AND TARGET MARKET TRENDS

B2B DISTRIBUTION OF IT AND CONSUMER ELECTRONICS

THE IT DISTRIBUTION CHAIN

Generally speaking, IT and electronic products are distributed in two different ways: direct (Direct Channel) and indirect (Tier 1 and Tier 2).

The former enables producers to directly reach the end user of technology, while the latter involve the use of first-level intermediaries, or 'resellers', and second level intermediaries, the 'distributors'. Very briefly the subjects making up the distribution chain are:

- 'vendors': producers of Information Technology technologies and/or products operating under their own brand;
- 'distributors': operators providing logistics, storage, credit and marketing services. In turn, distributors can be classified into:
  - (i) 'wide-range' distributors, identified by their wide range and high turnover volumes;
  - (ii) 'specialised' distributors, which are the reference point for specific technologies and disciplines, such as intermediate systems, networking, the internet and advisory, training and support services.
- 'resellers': operators of heterogeneous size, profitability and organisational structures, business models and type of end-user approach.

In general, a distinction is made between the following categories of resellers:

- 'Professional Resellers': VARs (Value Added Resellers), Corporate Resellers, System Integrators, Dealers;
- 'Specialized Resellers': Telco Specialists, Photo Shops, Videogame Specialists, Furniture Specialists;
- 'Retailers & E-tailers': GDO/GDS (Large Organised/Specialised Distribution), Online Shops.

The individual sectors of the business model described above can be further defined in two different ways:

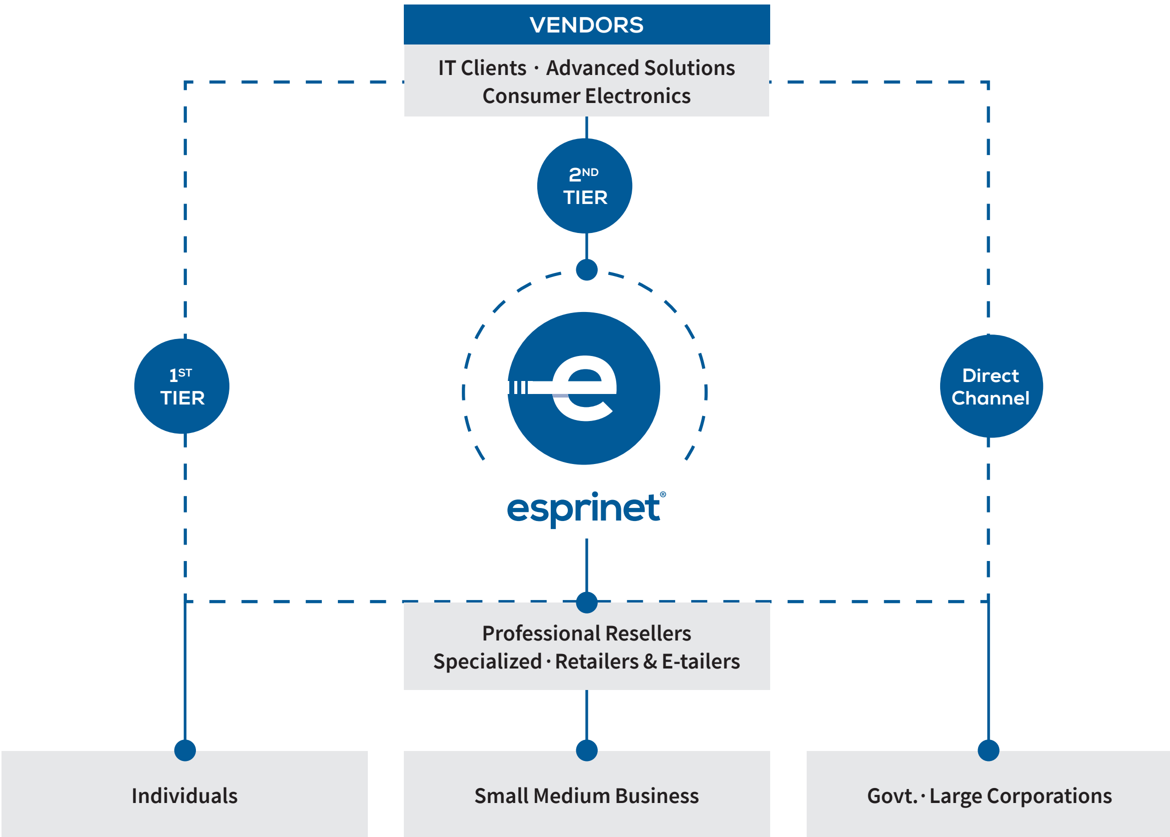
a) the so-called 'addressed' market, which is the total volume of IT product sales made by distributors or effectively passing through the so-called 'indirect channel' (that is, the sales flow that does not pass directly from the producer to the retailer or from the producer to the IT end-user);

b) the so-called 'addressable' market, which is the volume of IT product sales, which can be made by distributors or effectively moved through the so-called 'indirect channel' (with the sole exclusion of hardware equipment such as mainframes or application software such as ERP etc., which by their very nature cannot be intercepted by distributors).

It follows that the size of the sector must therefore be considered by analysing:

- IT demand (end-user consumption);
- the size of the distribution sector (that is the actual value of the sales effected by distributors or the value of the sales that can be guided by distributors according to the intrinsic nature of the products themselves).

The chart below illustrates the typical IT products distribution chain:



Europe

The distribution segment, measured by the British research company Context (January 2022) through a panel of distributors largely representative of the general trend, recorded sales of approximately 87.4 billion euro in 2021, an increase (+3.5%) compared to 84.4 billion euro in 2020. In particular, the trend by quarter highlights the following: +11.7% Q1 2021 vs Q1 2020, +8.7% Q2 2021 vs Q2 2020, -0.1% Q3 2021 vs Q3 2020, -3.6% Q4 2021 vs Q4 2020.

Although Germany remains the largest market in Europe with a turnover of 18.5 billion euro, it is the only country to have recorded a drop (-2.2%), while the market comprising the United Kingdom and Ireland, the second largest with sales of 14.9 billion euro, recorded an increase of +3.9%.

With an increase of 5.2% compared to last year at 9.5 billion euro, Italy consolidated its weight in the panel of European countries at 11.3%.

The growth in France was less sustained (+1.3%), reaching 7.7 billion euro in sales.

In the Iberian Peninsula, Spain and Portugal showed respectively +4.6% (with a market at 6.6 billion euro) and +10.0% (with a market at 1.6 billion euro) compared to 2020.

Finally, it is worth noting the growth of Poland (+13.7%), which, with a turnover that reached 5.3 billion euro in 2021, consolidated its share in the panel of European countries, overtaking the Netherlands.

The following table summarises the distribution trend in each country in 2020 and 2021 (values are in billion euro), the development in the last two quarters, in the second half of the year and in 2020 as a whole, compared with the same periods in the previous year:

Country	2020 YTD (€/MLD)	2021 YTD (€/MLD)	2021 YTD vs 2020 YTD	Q3-21 vs Q3-20	Q4-21 vs Q4-20	2H 2021 vs 2H 2020
Total	84.4	87.4	3.5%	-0.1%	-3.6%	-2.1%
Germany	18.9	18.5	-2.2%	-3.2%	-10.1%	-7.2%
UK-Ireland	14.4	14.9	3.9%	2.4%	-2.8%	-0.5%
Italy	9.1	9.5	5.2%	-5.8%	-1.1%	-3.1%
France	7.6	7.7	1.3%	-2.8%	-1.9%	-2.3%
Spain	6.3	6.6	4.6%	-3.8%	-5.8%	-5.0%
Poland	4.7	5.3	13.7%	8.6%	0.7%	3.9%
Netherlands	5.0	5.0	0.8%	-2.0%	-3.1%	-2.6%
Switzerland	3.6	3.7	2.0%	-1.8%	-6.9%	-4.7%
Sweden	2.5	2.8	11.8%	13.6%	5.1%	8.6%
Austria	2.0	2.1	3.7%	-1.0%	-2.2%	-1.7%
Belgium	2.0	2.0	7.6%	4.7%	-4.2%	-0.8%
Czech Republic	1.9	2.0	2.6%	-3.0%	-3.5%	-3.3%
Denmark	1.5	1.7	17.2%	9.3%	3.9%	6.1%
Portugal	1.5	1.6	10.0%	6.3%	6.0%	6.1%
Finland	1.2	1.3	5.6%	13.1%	3.8%	7.8%
Norway	1.1	1.1	2.6%	2.5%	1.1%	1.7%
Baltics	0.8	0.9	16.8%	17.1%	10.5%	13.4%
Slovakia	0.4	0.5	2.0%	8.7%	5.4%	6.6%

Source: Context, January 2022.

Italy

IT, electronics consumption and distribution sector

In 2021, the Italian Information & Communication Technology ('ICT')2 market measured through IDC data (December 2021), which monitors the purchases of end users in different European countries, recorded an increase of +9.7%, going from 22.9 billion euro to 25.1 billion euro of sales.

Going into the detail of the product categories, among devices, 'PCs' recorded significant growth: +14.2%, reaching 4.0 billion euro in 2021. This result is attributable to both 'Portable PCs' (+15.2%, passing from 2.8 billion euro to 3.2 billion euro) and 'Desktop PCs', which grew by 10.3% to 752 million euro. The 'Tablets' segment, whose turnover in 2021 amounted to 825 million euro, fell by 10.4%.

The 'Mobile Phone' market reached 6.2 billion euro, showing a considerable growth of 19.3%.

Also note the 'Wearable Devices' category, which saw its sales increase by 10.1% to 814 million euro.

In the peripherals category, the 'Hardcopy' segment showed a 2% drop in turnover, while 'PC Monitors' grew by 26.1%, bringing the market to 417 million euro.

In the infrastructure area, 'Servers' and 'Storage' remained mainly unchanged, showing the following trends respectively: +0.8% to 567 million euro and -0.1% to 325 million euro.

Spending in the 'IaaS' category went decidedly against the trend: +28.5%, passing from 513 million euro to 659 million euro in turnover. The 'Enterprise Network' category instead grew by 5.0% (512 million euro).

Lastly in the 'Software' area, the market reached 9.0 billion euro with an increase of 8.2%.

In this context, in 2021 the Italian distribution market (source: Context, January 2022) recorded a growth of 5.2% compared to 2020. Analysing the trend by semester, the first half-year recorded +15.9%, while the second saw a slowdown (-3.1%) compared to the same period of the previous year (-5.8% Q3 2021 vs Q3 2020 and -1.1% Q4 2021 vs Q4 2020).

[1] Excluding IT Services and Carrier Services segments. The following markets are therefore monitored: Hardware (Devices & Infrastructure) and Software.

According to Context data, Esprinet Italia remains the top distributor in the Italian market, keeping its market share almost unchanged.

Spain

IT, electronics consumption and distribution sector

In 2021, the Italian Information & Communication Technology ('ICT')3 market measured through IDC data (December 2021), which monitors the purchases of end users in different European countries, recorded an increase of +10.9%, going from 15.7 billion euro to 17.4 billion euro of sales.

'PCs' also showed significant growth by 18.7% in 2021, reaching 3.4 billion euro. It should be noted that the aforementioned growth is entirely attributable to 'Portable PCs' (+24.1%, going from 2.4 billion euro to 2.9 billion euro); in fact, 'Desktop PCs' decreased by 6.1%.

Even the 'Tablets' segment, whose turnover reached 709 million euro in 2021, recorded a decrease of -4.8%.

The 'Mobile Phone' market at 5.2 billion euro reported considerable growth of 16.3%.

Among the peripherals, unlike the Italian market, the 'Hardcopy' segment closed 2021 with a positive result: +19.6%; 'PC Monitors' also grew by +6.4%.

In the infrastructure area, 'Servers' and 'Storage' have considerably slowed down, with the following trends, respectively: -15.7%, bringing the market to 327 million euro, and -3.3% at 205 million euro. In Spain, spending in the 'IaaS' category also jumped significantly (+26.8%, passing from 349 million euro to 443 million euro). The 'Enterprise Network' category also performed well, with a growth of 3.1% (321 million euro).

In the 'Software' area, the increase of 7.9% brought turnover to 5.2 billion euro.

In this scenario, in 2021 the Spanish distribution market (source: Context, January 2022) grew by 4.6% compared to 2020, while the Esprinet Group grew by 1.3%.

Portugal

IT, electronics consumption and distribution sector

In 2021, the Portuguese Information & Communication Technology ('ICT') market3 measured through IDC data (December 2021), which monitors the purchases of end users in different European countries, recorded a substantial increase of 16.2%, settling at 3.4 billion euro.

Among the devices, 'PCs' recorded a significant increase of 44.6%, reaching 849 million euro in 2021. This growth is exclusively attributable to 'Portable PCs' (+51.1%) in the Portuguese market as well; 'Desktop PCs' had a small increase of 4.4%, 'Tablets' instead closed in negative area (-8.5%).

The 'Mobile Phone' market reached 855 million euro in turnover, with a considerable growth of 15.5%.

The peripherals, both in the 'Hardcopy' segment and in the 'PC Monitor' segment, recorded an increase of 16.6% and 14.0%. respectively.

In the infrastructure area, the 'IaaS' segment grew in 2021 (+28.9%) as did 'Storage' (+12.3%), while the 'Servers' component declined (-3.4%) and the 'Enterprise Network' category remained largely unchanged (+0.2%).

As in Italy and Spain, the 'Software' area jumped (+8.7%) and the market amounted to 959 million euro.

In 2021, the Portuguese distribution market (source: Context, January 2022) grew by 10.0% compared to 2020 and Esprinet's market share recorded a significant increase: +2.5 percentage points.

[3] Excluding IT Services and Carrier Services segments. The following markets are therefore monitored: Hardware (Devices & Infrastructure) and Software.

GROUP AND ESPRINET S.P.A. ECONOMIC AND FINANCIAL RESULTS

Please note that the economic and financial results and those of the relative period of comparison have been drawn up according to IFRS.

1. INCOME TREND

A) ESPRINET GROUP'S FINANCIAL HIGHLIGHTS

The Group's financial highlights as at 31 December 2021 are hereby summarised:

(€/000)	2021	2020	% Var.
Sales from contracts with customers	**4,690,947**	**4,491,613**	**4%**
Cost of goods sold excl. factoring/securitisation	4,454,299	4,292,896	4%
Financial cost of factoring/secursation [1]	3,755	4,207	-11%
Gross Profit[2]	**232,893**	**194,510**	**20%**
Gross Profit %	*4.96%*	*4.33%*	
Personnel costs	83,295	69,072	21%
Other operating costs	63,456	56,361	13%
EBITDA adjusted [3]	**86,142**	**69,077**	**25%**
EBITDA adjusted %	*1.84%*	*1.54%*	
Depreciation e amortisation	5,289	4,345	22%
IFRS 16 Right of Use depreciation	11,026	9,891	11%
Goodwill impairment	-	-	n/s
EBIT adjusted [3]	**69,827**	**54,841**	**27%**
EBIT adjusted %	*1.49%*	*1.22%*	
Non recurring costs [4]	1,416	7,193	-80%
EBIT	**68,411**	**47,648**	**44%**
EBIT %	*1.46%*	*1.06%*	
IFRS 16 interest expenses on leases	3,183	3,336	-5%
Other financial (income) expenses	2,745	2,225	23%
Foreign exchange (gains) losses	1,709	(462)	<100%
Profit before income taxes	**60,774**	**42,549**	**43%**
Income taxes	16,694	10,757	55%
Net income	**44,080**	**31,792**	**39%**
- of which attributable to non-controlling interests	(103)	386	<100%
- of which attributable to the Group	**44,183**	**31,406**	**41%**

[1] Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.
[2] Gross of amortisation/depreciation that, by function, would be included in the cost of sales.
[3] Adjusted given gross of non-recurring items.
[4] Of which 1.4 million euro otherwise included in 'Other operating costs' and, with reference to 2020, of which 4.9 million euro otherwise included in 'Other operating costs' and 2.3 million euro otherwise included the item 'Impairment of Goodwill'.

Sales from contracts with customers, equal to 4,690.9 million euro, showed an increase of +4% compared with 4,491.6 million euro realised in 2020. Contributions to this result were provided by both organic growth (+1%) and the 153.6 million euro contribution from the new acquisitions: the companies of the former 'GTI Group' consolidated in Spain from 1 October 2020, Dacom S.p.A. and idMAINT Group acquired in Italy in January 2021.

Gross profit amounted to 232.9 million euro, marking an increase of +20% compared to 2020 (194.5 million euro), due to both higher sales and the significant improvement in the percentage margin, which went from 4.33% to 4.96%, thanks also to the greater incidence of high margin business lines. Deducting the positive contribution of 19.5 million euro from acquisitions in 2021, the change in gross profit is estimated to be around +10%, with an improved percentage margin from 4.33% to 4.70%.

EBITDA Adjusted, equal to 86.1 million euro, + 25% compared to 69.1 million euro in 2020, is calculated gross of non-recurring costs equal to 1.4 million euro incurred for the expansion of the warehouses in Italy and for the preparation of the new headquarters in Madrid in which the personnel taken on as a result of the various acquisitions and previously located in different areas of the city were concentrated. The incidence on sales rose to 1.84% from 1.54% in 2020. Also excluding from the 2021 result the contribution of 6.0 million euro of the aforementioned acquisitions, the Adjusted EBTIDA would have been estimated at 80.2 million euro (+ 16% compared to the previous year).

EBIT Adjusted, gross of the aforementioned non-recurring expenses, amounted to 69.8 million euro, up + 27% compared to 2020 (+17% excluding the positive contribution of 5.5 million euro relating to the acquisitions). The incidence on sales rose to 1.49% from 1.22% in the previous period.

EBIT, equal to 68.4 million euro, recorded an increase of +44% compared to the 2020 financial year.

Profit before income taxes amounted to 60.8 million euro, up by +43% compared to 42.5 million euro in 2020.

Net income amounted to 44.1 million euro, +39% compared to 31.8 million euro in 2020.

Group net income amounted to 44.2 million euro, +41% compared to 31.4 million euro in 2020..

The Group's main financial and equity position as at 31 December 2021 are hereby summarised:

(euro/000)	31/12/2021	31/12/2020
Fixed assets	245,222	236,965
Operating net working capital	(75,832)	(121,034)
Other current assets/liabilities	12,104	(9,887)
Other non-current assets/liabilities	(22,553)	(19,858)
Total uses	**158,941**	**86,186**
Short-term financial liabilities	55,195	56,049
Lease liabilities	9,829	8,867
Current financial (assets)/liabilities for derivatives	2	(27)
Financial receivables from factoring companies	(3,128)	(147)
Current debts for investments in subsidiaries	1,854	220
Other financial receivables	(9,857)	(9,617)
Cash and cash equivalents	(491,471)	(558,928)
Net current financial debt	(437,576)	(503,583)
Borrowings	106,531	107,069
Lease liabilities	102,253	93,999
Non-current debts for investments in subsidiaries	1,615	230
Other financial receivables	-	(492)
Net Financial debt	(227,177)	(302,777)
Net equity	386,118	388,963
Total sources of funds	**158,941**	**86,186**

Net Invested Capital as at 31 December 2021 amounted to 158.9 million euro and was financed by:

- shareholders' equity, including minority interests, amounting to 386.1 million euro (389.0 million euro as at 31 December 2020);
- the net financial position amounted to a positive 227.2 million euro (positive 302.8 million euro as at 31 December 2020).

The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in 'non-recourse' factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned factoring and securitisation programmes, which define the complete transfer of risks and benefits to the assignees and therefore involve the derecognition of receivables from the statement of financial position assets in compliance with IFRS 9, determine an overall effect on the level of consolidated net financial payables as at 31 December of 561.0 million euro (536.6 million euro as at 31 December 2020).

The aforementioned ordinary business trends, compared to 31 December 2020, are augmented by the purchases of treasury shares, the distribution of the dividend to shareholders (not distributed in 2020) and the payments of the prices of the acquisitions (Dacom S.p.A., idMAINT Group and the residual 49% of the subsidiary 4Side S.r.l.).

Equity totalled 386.1 million euro, a slight reduction compared with 389.0 million euro as at 31 December 2020.

Equity and financial indicators confirm the strength of the Group.

B) FINANCIAL HIGHLIGHTS BY GEOGRAPHICAL AREA

B.1) ITALIAN SUBGROUP

The Italian Subgroup's financial highlights as at 31 December 2021 are hereby summarised:

(€/000)	2021	2020	% Var.
Sales from contracts with customers	**2,929,470**	**2,778,730**	**5%**
Cost of goods sold excl. factoring/securitisation	2,776,240	2,645,436	5%
Financial cost of factoring/securisation (1)	2,093	2,254	-7%
Gross Profit (2)	**151,137**	**131,040**	**15%**
Gross Profit %	*5.16%*	*4.72%*	
Personnel costs	52,580	47,361	11%
Other operating costs	49,397	44,464	11%
EBITDA adjusted (3)	**49,160**	**39,215**	**25%**
EBITDA adjusted %	*1.68%*	*1.41%*	
Depreciation e amortisation	3,448	3,169	9%
IFRS 16 Right of Use depreciation	8,103	7,548	7%
Goodwill impairment	-	-	n/s
EBIT adjusted (3)	**37,609**	**28,498**	**32%**
EBIT adjusted %	*1.28%*	*1.03%*	
Non recurring costs (4)	1,109	7,193	-85%
EBIT	**36,500**	**21,305**	**71%**
EBIT %	*1.25%*	*0.77%*	

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.
(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.
(3) Adjusted given gross of non-recurring items.
(4) Of which 1.1 million euro otherwise included in 'Other operating costs' and, with reference to 2020, of which 4.9 million euro otherwise included in 'Other operating costs' and 2.3 million euro otherwise included the item 'Impairment of Goodwill'.

Sales from contracts with customers amounted to 2,929.5 million euro, up by +5% compared to 2,778.7 million euro in 2020. Contributions to this result were provided by both organic growth (+2%) and the 89.2 million euro contribution from Dacom S.p.A. and the idMAINT Group, acquired in January 2021.

Gross profit amounted to 151.1 million euro, marking an increase of +15% compared to 131.0 million euro in 2020, due to both higher sales and the improvement in the percentage margin, which went from 4.72% to 5.16%, thanks also to the greater incidence of high margin business lines. Deducting the positive contribution of 9.7 million euro from acquisitions which occurred in Q1 2021 from the 2021 result, the change in gross profit is estimated to be around +8%, with an improved percentage margin from 4.72% to 4.98%.

EBITDA Adjusted, equal to 49.2 million euro, + 25% compared to 39.2 million euro in 2020, is calculated gross of non-recurring costs of 1.1 million euro incurred by the parent company for warehouse expansion activities. Also excluding from the 2021 result the contribution of 4.4 million euro of the companies acquired in the first quarter of 2021, the Adjusted EBTIDA would have been estimated at 44.7 million euro (+14% compared to the corresponding period of the previous year).

EBIT Adjusted, before the aforementioned non-recurring expenses, amounted to 37.6 million euro, up +32% compared to the corresponding period of 2020 (+17% net of the positive contribution of 4.2 million euro, relating to the companies acquired after 31 December 2020). The incidence on sales increased to 1.28% (1.18% without considering the contribution of the aforementioned acquisitions) from 1.03% in the previous period.

EBIT, equal to 36.5 million euro, recorded an increase of +71% compared to the corresponding period of 2020.

The Italian Subgroup's main financial and equity position as at 31 December 2021 are hereby summarised:

(euro/000)	31/12/2021	31/12/2020
Fixed assets	199,337	193,600
Operating net working capital	(61,426)	(63,302)
Other current assets/liabilities	30,725	7,022
Other non-current assets/liabilities	(10,800)	(10,136)
Total uses	**157,836**	**127,184**
Short-term financial liabilities	33,950	32,596
Lease liabilities	7,184	6,581
Current debts for investments in subsidiaries	1,854	220
Financial receivables from factoring companies	(3,128)	(147)
Financial (assets)/liab. from/to Group companies	(40,000)	-
Other current financial receivables	(9,857)	(9,617)
Cash and cash equivalents	(253,463)	(331,980)
Net current financial debt	(263,460)	(302,347)
Borrowings	48,515	39,715
Lease liabilities	82,931	76,851
Non - current debts for investments in subsidiaries	1,615	230
Other non - current financial receivables	-	(492)
Net Financial debt (A)	(130,399)	(186,043)
Net equity (B)	288,235	313,227
Total sources of funds (C=A+B)	**157,836**	**127,184**

The net financial position was a positive 130.4 million euro, a deterioration compared to the liquidity surplus of 186.0 million euro as at 31 December 2021.

The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in 'non-recourse' factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned programmes for the factoring and securitisation of trade receivables, which define the complete transfer of risks and benefits to assignees and therefore allow the derecognition from statement of financial position assets, determine an overall effect on the level of consolidated net financial payables as at 31 December of 319.6 million euro (288.2 million euro as at 31 December 2020).

The aforementioned ordinary business trends, compared to 31 December 2020, are augmented by the payments of the prices of the acquisitions of Dacom S.p.A., of the idMAINT Group and the residual 49% of the subsidiary 4Side S.r.l., purchases of treasury shares and the distribution of the dividend to shareholders (not distributed in 2020).

B.2) IBERIAN SUBGROUP[4]

The Iberian Subgroup's financial highlights as at 31 December 2021 are hereby summarised:

(€/000)	2021	2020	% Var.
Sales from contracts with customers	**1,795,499**	**1,746,045**	**3%**
Cost of goods sold excl. factoring/securitisation	1,712,061	1,680,748	2%
Financial cost of factoring/securisation (1)	1,662	1,952	-15%
Gross Profit (2)	**81,776**	**63,345**	**29%**
Gross Profit %	*4.55%*	*3.63%*	
Personnel costs	30,715	21,711	41%
Other operating costs	14,377	12,250	17%
EBITDA adjusted (3)	**36,684**	**29,384**	**25%**
EBITDA adjusted %	*2.04%*	*1.68%*	
Depreciation e amortisation	1,551	842	84%
IFRS 16 Right of Use depreciation	2,923	2,343	25%
Goodwill impairment	-	-	n/s
EBIT adjusted (3)	**32,210**	**26,199**	**23%**
EBIT adjusted %	*1.79%*	*1.50%*	
Non recurring costs (4)	307	-	n/s
EBIT	**31,903**	**26,199**	**22%**
EBIT %	*1.78%*	*1.50%*	

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.
(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.
(3) Adjusted given gross of non-recurring items.
(4) Of which 0.3 otherwise included in 'Other operating costs'.

Sales from contracts with customers totalled 1,795.5 million euro, +3% compared to 1,746.0 million in 2020 (-1% excluding sales realised by the former GTI Group companies acquired in Q4 2020).

Gross profit as at 31 December 2021 totalled 81.8 million euro, an improvement of +29% compared with 63.3 million euro in the same period of 2020, with growth in the incidence on sales, up from 3.63% to 4.55%. Deducting the positive contribution of 9.8 million euro in the first nine months by the companies of the GTI Group acquired from the 2021 result, the change in gross profit is estimated nonetheless to be +14%.

EBITDA Adjusted, equal to 36.7 million euro, +25% compared to 29.4 million euro in 2020, is calculated gross of non-recurring costs of 0.3 million euro incurred for the setting up the new Madrid office where the staff taken on as a result of the various acquisitions and previously located in several areas of the city were concentrated. The incidence on sales rose to 2.04% from 1.68% in 2020. Also excluding from the 2021 result the contribution of 1.6 million euro of the aforementioned acquisitions for the first nine months, EBITDA Adjusted is estimated to have been 35.1 million euro (+20% compared to the previous year).

EBIT Adjusted, before the aforementioned non-recurring expenses, amounted to 32.2 million euro, an improvement of +23% compared to the corresponding period of 2020 (+18% net of the acquisitions). The incidence on sales rose to 1.79% (1.78% excluding the acquisitions) from 1.50% in the previous period.

EBIT, equal to 31.9 million euro, recorded an increase of +22% compared to 2020.

[4] It includes the V-Valley Advanced Solutions España, S.A. Group, acquired on 1 October 2020 and formed by the companies Optima Logistics S.L.U., V-Valley Advanced Solutions Portugal, Unipessoal, Lda; GTI Software & Networking SARLAU.

The Iberian Subgroup's main financial and equity position as at 31 December 2021 are hereby summarised:

(euro/000)	31/12/2021	31/12/2020
Fixed assets	120,490	118,106
Operating net working capital	(14,151)	(57,470)
Other current assets/liabilities	(18,622)	(16,909)
Other non-current assets/liabilities	(11,753)	(9,722)
Total uses	**75,964**	**34,005**
Short-term financial liabilities	21,245	23,453
Lease liabilities	2,645	2,286
Current financial (assets)/liabilities for derivatives	2	(27)
Financial (assets)/liab. from/to Group companies	40,000	-
Cash and cash equivalents	(238,008)	(226,948)
Net current financial debt	(174,116)	(201,236)
Borrowings	58,016	67,354
Lease liabilities	19,322	17,148
Net Financial debt (A)	(96,778)	(116,734)
Net equity (B)	172,742	150,739
Total sources of funds (C=A+B)	**75,964**	**34,005**

The net financial position was a positive 96.8 million euro, a reduction compared to the liquidity surplus of 116.7 million euro as at 31 December 2020.

The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in 'non-recourse' factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned programmes for the factoring and securitisation of trade receivables, which define the complete transfer of risks and benefits to assignees and therefore allow the derecognition from statement of financial position assets, determine an overall effect on the level of consolidated net financial payables as at 31 December of 241.4 million euro (248.4 million euro as at 31 December 2020).

ESPRINET S.P.A.

The main economic, financial and equity position of the parent company Esprinet S.p.A. as at 31 December 2021 are hereby summarised:

(€/000)	2021	2020	% Var.
Sales from contracts with customers	**2,830,090**	**2,744,368**	**3%**
Cost of goods sold excl. factoring/securitisation	2,688,794	2,619,704	3%
Financial cost of factoring/securisation [1]	1,888	2,134	-12%
Gross Profit [2]	**139,408**	**122,530**	**14%**
Gross Profit %	*4.93%*	*4.46%*	
Personnel costs	47,541	42,917	11%
Other operating costs	48,966	40,447	21%
EBITDA adjusted [3]	**42,901**	**39,166**	**10%**
EBITDA adjusted %	*1.52%*	*1.43%*	
Depreciation, amortisation, impairment	3,288	3,058	8%
IFRS 16 Right of Use depreciation	7,859	7,361	7%
Goodwill impairment	-	-	n/s
EBIT adjusted [3]	**31,754**	**28,747**	**10%**
EBIT adjusted %	*1.12%*	*1.05%*	
Non recurring costs [4]	1,109	4,893	-77%
EBIT	**30,645**	**23,854**	**28%**
EBIT %	*1.08%*	*0.87%*	
IFRS 16 interest expenses on leases	2,576	2,720	-5%
Other financial (income) expenses	2,678	1,953	37%
Foreign exchange (gains) losses	(681)	(411)	66%
Cost (income) from investments	(465)	4,755	<100%
Profit before income taxes	**26,537**	**14,837**	**79%**
Income taxes	8,077	5,467	48%
Net income	**18,460**	**9,370**	**97%**

[1] Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.
[2] Gross of amortisation/depreciation that, by function, would be included in the cost of sales.
[3] Adjusted given gross of non-recurring items.
[4] Of which 1.1 million euro otherwise included in 'Other operating costs' and, with reference to 2020, of which 4.9 million euro otherwise included in 'Other operating costs'.

Sales from contracts with customers amounted to 2,830.1 million euro, up by +3% compared to 2,744.4 million euro in 2020.

The Gross profit amounted to 139.4 million euro, marking an increase of +14% compared to 2020 (+26.9 million euro) due to the higher sales and percentage margin, which went from 4.46% in 2020 to 4.93% in 2021. These growth trends are also confirmed by eliminating the estimated contribution of approx. 6.0 million euro of the divisions incorporated through the merger of Celly S.p.A. which took effect from 1 January 2021.

EBITDA Adjusted, equal to 42.9 million euro and calculated gross of non-recurring costs of 1.1 million euro incurred for the expansion of warehouses, shows an improvement of +10% compared to 39.2 million euro of 2020, while discounting the absorption of the structural costs of the incorporated Celly S.p.A..

EBIT Adjusted, gross of the above-mentioned non-recurring costs of 1.1 million euro, amounted to 31.8 million euro, +10% compared to 28.7 million euro in 2020; the incidence on sales increased to 1.12% compared to 1.05% in 2020.

EBIT came to 30.6 million euro, marking an increase of +28% compared to 23.9 million euro in 2020.

Profit before income taxes amounted to 26.5 million euro, +79% compared to 14.8 million euro in 2020.

Net income amounted to 18.5 million euro, +97% compared to 9.4 million euro in 2020.

The main financial and net asset position of the parent company Esprinet S.p.A. as at 31 December 2021 are hereby summarised:

(euro/000)	31/12/2021	31/12/2020
Fixed assets	210,534	194,420
Operating net working capital	(134,976)	(110,511)
Other current assets/liabilities	86,442	59,528
Other non-current assets/liabilities	(10,422)	(8,965)
Total uses	**151,578**	**134,472**
Short-term financial liabilities	31,319	32,020
Lease liabilities	6,905	6,400
Financial receivables from factoring companies	(3,128)	(147)
Debts for investments in subsidiaries (current)	1,854	220
Financial (assets)/liab. From/to Group companies	(41,077)	11,945
Other current financial receivables	(9,857)	(9,617)
Cash and cash equivalents	(242,784)	(327,090)
Net current financial debt	(256,768)	(286,269)
Borrowings	48,014	39,715
Lease liabilities	81,162	76,382
Debts for investments in subsidiaries (non-current)	1,615	230
Non-current financial (assets)/liab. for derivatives	-	620
Other non - current financial receivables	-	(492)
Net Financial debt (A)	(125,977)	(169,814)
Net equity (B)	277,555	304,286
Total sources of funds (C=A+B)	**151,578**	**134,472**

The net financial position was a positive 126.0 million euro, compared to a liquidity surplus of 169.8 million euro as at 31 December 2020.

The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in 'non-recourse' factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned programmes for the factoring and securitisation of trade receivables, which define the complete transfer of risks and benefits to assignees and therefore allow the derecognition from statement of financial position assets, determine an overall effect on the level of consolidated net financial payables as at 31 December of 299.2 million euro (276.7 million euro as at 31 December 2020).

The aforementioned ordinary business trends, compared to 31 December 2020, are augmented by the payments of the prices of the acquisitions of Dacom S.p.A., of the idMAINT Group and the residual 49% of the subsidiary 4Side S.r.l., purchases of treasury shares and the distribution of the dividend to shareholders (not distributed in 2020), which would improve the result when compared with the previous year.

Equity totalled 277.6 million euro (304.3 million euro as at 31 December 2020).

C) GROUP'S FINANCIAL HIGHLIGHTS PRE-IFRS 16

The Group's main financial results are shown below using the adjusted figures according to IFRS 16, which was applied for the first time to the financial statements as at 31 December 2019:

(€/000)	2021	2020	% Var.
	Pre-IFRS16	Pre-IFRS16	
Sales from contracts with customers	**4,690,947**	**4,491,613**	**4%**
Cost of goods sold excl. factoring/securitisation	4,454,299	4,292,896	4%
Financial cost of factoring/securisation [1]	3,755	4,207	-11%
Gross Profit [2]	**232,893**	**194,510**	**20%**
Gross Profit %	*4.96%*	*4.33%*	
Personnel costs	83,295	69,072	21%
Other operating costs	75,808	68,195	11%
EBITDA adjusted [3]	**73,790**	**57,243**	**29%**
EBITDA adjusted %	*1.57%*	*1.27%*	
Depreciation e amortisation	5,289	4,345	22%
IFRS 16 Right of Use depreciation	-	-	n/s
Goodwill impairment	-	-	n/s
EBIT adjusted [3]	**68,501**	**52,898**	**29%**
EBIT adjusted %	*1.46%*	*1.18%*	
Non recurring costs [4]	1,416	7,193	-80%
EBIT	**67,085**	**45,705**	**47%**
EBIT %	*1.43%*	*1.02%*	
IFRS 16 interest expenses on leases	-	-	n/s
Other financial (income) expenses	2,745	2,225	23%
Foreign exchange (gains) losses	1,709	(462)	<100%
Profit before income taxes	**62,631**	**43,942**	**43%**
Income taxes	17,042	11,046	54%
Net income	**45,589**	**32,896**	**39%**
- of which attributable to non-controlling interests	(103)	388	<100%
- of which attributable to the Group	**45,692**	**32,508**	**41%**

[1] Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.
[2] Gross of amortisation/depreciation that, by function, would be included in the cost of sales.
[3] Adjusted given gross of non-recurring items.
[4] Of which 1.4 million euro otherwise included in 'Other operating costs' and, with reference to 2020, of which 4.9 million euro otherwise included in 'Other operating costs' and 2.3 million euro otherwise included the item 'Impairment of Goodwill'.

The Group's main financial and equity results are shown below using the adjusted figures following the application of IFRS 16:

(euro/000)	31/12/2021 Pre-IFRS16	31/12/2020 Pre-IFRS16
Fixed assets	137,316	136,746
Operating net working capital	(75,859)	(121,094)
Other current assets/liabilities	11,850	(10,087)
Other non-current assets/liabilities	(22,553)	(19,858)
Total uses	**50,754**	**(14,293)**
Short-term financial liabilities	55,195	56,049
Lease liabilities	-	-
Current financial (assets)/liabilities for derivatives	2	(27)
Financial receivables from factoring companies	(3,128)	(147)
Current debts for investments in subsidiaries	1,854	220
Other financial receivables	(9,857)	(9,617)
Cash and cash equivalents	(491,471)	(558,928)
Net current financial debt	(447,405)	(512,450)
Borrowings	106,531	107,069
Lease liabilities	-	-
Non-current debts for investments in subsidiaries	1,615	230
Other financial receivables	-	(492)
Net Financial debt	(339,259)	(405,643)
Net equity	390,013	391,350
Total sources of funds	**50,754**	**(14,293)**

2. OPERATING NET WORKING CAPITAL

The following table shows details of working capital ratios compared with the previous year:

(€/000)	31/12/2021			31/12/2020		
	Group	Italy	Iberica	Group	Italy	Iberica
Trade receivables [a]	**585,522**	**351,984**	**233,538**	**584,036**	**351,729**	**232,307**
Trade receivables net of VAT [1]	481,518	288,511	193,007	480,292	288,302	191,989
Sales from contracts with customers [2]	4,690,947	2,895,448	1,795,499	4,491,613	2,745,568	1,746,045
[A] Days Sales Outstanding - DSO [3]	37	36	39	39	38	40
Inventory [b]	**529,502**	**349,006**	**180,496**	**402,756**	**265,034**	**137,722**
[B] Days Sales of Inventory - DSI [4]	43	46	39	34	37	30
Trade payables [c]	**1,190,856**	**762,416**	**428,440**	**1,107,826**	**680,065**	**427,761**
Trade payables net of VAT [1]	979,014	624,931	354,083	910,952	557,430	353,521
Cost of Sales	4,459,057	2,779,336	1,679,721	4,297,946	2,648,533	1,649,413
Total SG&A	64,872	50,506	14,366	63,554	51,657	11,897
[C] Days Payable Outstanding - DPO [5]	79	81	76	76	75	78
Operating net working capital [a+b-c]	**(75,832)**	**(61,426)**	**(14,406)**	**(121,034)**	**(63,302)**	**(57,732)**
Cash conversion Cycle [A+B-C]	**1**	**1**	**2**	**(3)**	**-**	**(8)**
Operating net working capital/Sales	**-1.6%**	**-2.1%**	**-0.8%**	**-2.7%**	**-2.3%**	**-3.3%**

[1] Net of VAT measured by applying the ordinary rate of 22% for the Italian Subgroup and 21% for the Iberian Subgroup.
[2] Amounts net of intercompany sales.
[3] (Trade receivables net of VAT / Sales and services sales) * 365.
[4] (Inventory / Cost of sales) * 365.
[5] [Trade payables net of VAT / (Purchases + Cost of services and other Operating costs)] * 365.

Below is the evolution of working capital of Esprinet S.p.A. in the last two financial years:

(€/000)	Esprinet S.p.A.	
	31/12/2021	31/12/2020
Trade receivables [a]	**284,092**	**301,561**
Trade receivables net of VAT [1]	232,862	247,181
Sales from contracts with customers [2]	2,797,532	2,714,051
[A] Days Sales Outstanding - DSO [3]	30	33
Inventory [b]	**325,931**	**259,170**
[B] Days Sales of Inventory - DSI [4]	44	36
Trade payables [c]	**744,999**	**671,242**
Trade payables net of VAT [1]	610,655	550,198
Cost of Sales [5]	2,689,835	2,621,070
Total SG&A [6]	49,531	44,811
[C] Days Payables Outstanding - DPO [7]	81	75
Operating net working capital [a+b-c]	**(134,976)**	**(110,511)**
Cash conversion Cycle [A+B-C]	**(7)**	**(6)**
Operating net working capital / Sales	**-4.8%**	**-4.1%**

[1] Net of VAT measured by applying the ordinary rate of 22%.
[2] Net of intercompany sales amounting to 32.6 million euro (30.3 million euro in 2020) as per the table shown in the separate financial statements.
[3] (Trade receivables net of VAT / Sales and services sales) * 365.
[4] (Inventory / Cost of sales) * 365.
[5] Net of intercompany costs amounting to 1.9 million euro (1.6 million euro in 2020) as shown in the table displayed in the separate financial statements.
[6] Net of intercompany costs and recharges for 0.3 million euro (0.1 million euro in 2020) as per the table shown in the separate financial statements.
[7] [Trade payables net of VAT / (Purchases + Costs of services and other Operating costs)] * 365.

3. SALES BY PRODUCT FAMILY AND CUSTOMER TYPE

GROUP SALES BY CUSTOMER TYPE AND PRODUCT FAMILY

Sales by customer type

(euro/million)	2021	%	2020	%	Var.	% var.
Retailers & E-Tailers	2,190.2	46.7%	2,205.7	49.1%	(15.5)	-1%
IT Resellers	2,648.2	56.5%	2,361.3	52.6%	286.9	12%
Adjustments	(147.5)	-3.1%	(75.4)	-1.7%	(72.1)	96%
Sales from contracts with customers	**4,690.9**	**100.0%**	**4,491.6**	**100.0%**	**199.3**	**4%**

In 2021, the market recorded growth of +5% in the Business Segment (IT Reseller) and +6% in the Consumer Segment (Retailer, E-tailer). Group sales declined in the Consumer Segment (2,190.2 million euro, -1%), and increased in the Business Segment (2,648.2 million euro, +12%), where the Group, thanks to the constant focus on customer satisfaction indexes, consolidated its market share.

Sales by product family

(euro/million)	2021	%	2020	%	Var.	% var.
PC (notebook, tablet, desktop, monitor)	1,640.2	35.0%	1,711.5	38.1%	(71.3)	-4%
Printing devices and supplies	396.8	8.5%	407.0	9.1%	(10.2)	-3%
Other IT products	367.2	7.8%	319.7	7.1%	47.5	15%
Total IT Clients	**2,404.2**	**51.3%**	**2,438.2**	**54.3%**	**(34.0)**	**-1%**
Smartphones	1,254.4	26.7%	1,263.6	28.1%	(9.2)	-1%
White goods	81.6	1.7%	64.1	1.4%	17.5	27%
Gaming hardware and software	49.8	1.1%	39.3	0.9%	10.5	27%
Other consumer electronics products	174.5	3.7%	164.3	3.7%	10.2	6%
Total Consumer Electronics	**1,560.3**	**33.3%**	**1,531.3**	**34.1%**	**29.0**	**2%**
Hardware (networking, storage, server & others)	528.0	11.3%	384.9	8.6%	143.1	37%
Software, Services, Cloud	345.9	7.4%	212.6	4.7%	133.3	63%
Total Advanced Solutions	**873.9**	**18.6%**	**597.5**	**13.3%**	**276.4**	**46%**
IFRS15 and other adjustments *	(147.5)	-3.1%	(75.4)	-1.7%	(72.1)	96%
Sales from contracts with customers	**4,690.9**	**100.0%**	**4,491.6**	**100.0%**	**199.3**	**4%**

An analysis of the details of the product categories shows an increase of +2% in sales in the Consumer Electronics segment, where the growth in White Goods (+27%), Gaming (+27%) and Other products (+6%), whose perimeter also incorporates televisions, more than offset the decrease in Smartphones (-1%). In the Consumer Electronics market (+8%), the drivers of growth were Smartphones (+4%) and Other products (+17%), in which, it should be pointed out, televisions are classified.

Despite the growth of 15% in Accessories and Components (Other products), the IT Clients segment recorded a drop of -1% due to the performance of PCs (-4%) and Printers and Consumables (-3%). According to Context data, in 2021, the IT Clients market recorded growth of 3%, where PCs and Printing posted growth of +2%.

In the Advanced Solutions segment, the Group registered sales of 873.9 million euro, +46% compared to 597.5 million euro in 2020, with growth of 63% in Software, Services and Cloud, and an increase of 37% in Hardware (networking, storage, servers and other). Also thanks to the strategic acquisitions signed in 2020 (V-Valley Advanced Solutions España S.A. and its subsidiaries - former GTI Group in the Cloud domain) and January 2021 (Dacom and idMAINT in the Automatic Identification and Data Capture area), the Group significantly boosted its position in the Advanced Solutions segment, whose market grew by 6% according to Context data.

SALES OF ESPRINET S.P.A. BY CUSTOMER TYPE AND PRODUCT FAMILY

Sales by customer type

(euro/million)	2021	%	2020	%	Var.	% var.
Retailers & E-Tailers	1,282.1	45.3%	1,270.1	46.3%	12.0	1%
IT Resellers	1,557.7	55.0%	1,476.3	53.8%	81.4	6%
Adjustments	(9.7)	-0.3%	(2.0)	-0.1%	(7.7)	>100%
Sales from contracts with customers	**2,830.1**	**100.0%**	**2,744.4**	**100.0%**	**85.7**	**3%**

Group sales increased in both segments and, more specifically, +1% in the Consumer Segment (1,282.1 million euro), and +6% in the Business Segment (1,557.7 million euro), where the Company, thanks to the constant focus on customer satisfaction indexes, consolidated its market share.

Sales by product family

(euro/million)	2021	%	2020	%	Var.	% var.
PC (notebook, tablet, desktop, monitor)	771.5	27.3%	778.0	28.3%	(6.5)	-1%
Printing devices and supplies	296.9	10.5%	305.3	11.1%	(8.4)	-3%
Other IT products	256.9	9.1%	208.7	7.6%	48.2	23%
Total IT Clients	**1,325.3**	**46.8%**	**1,292.0**	**47.1%**	**33.3**	**3%**
Smartphones	791.7	28.0%	807.5	29.4%	(15.8)	-2%
White goods	63.6	2.2%	61.5	2.2%	2.1	3%
Gaming hardware and software	38.0	1.3%	23.8	0.9%	14.2	60%
Other consumer electronics products	158.8	5.6%	137.9	5.0%	20.9	15%
Total Consumer Electronics	**1,052.1**	**37.2%**	**1,030.7**	**37.6%**	**21.4**	**2%**
Hardware (networking, storage, server & others)	321.9	11.4%	293.2	10.7%	28.7	10%
Software, Services, Cloud	140.5	5.0%	130.5	4.8%	10.0	8%
Total Advanced Solutions	**462.4**	**16.3%**	**423.7**	**15.4%**	**38.7**	**9%**
Adjustments	(9.7)	-0.3%	(2.0)	-0.1%	(7.7)	>100%
Sales from contracts with customers	**2,830.1**	**100.0%**	**2,744.4**	**100.0%**	**85.7**	**3%**

An analysis of the sales by product line shows an increase of +2% in the Consumer Electronics segment, where the growth in White Goods (+3%), Gaming (+60%) and Other products (+15%), whose perimeter also incorporates televisions, more than offset the decrease in Smartphones (-2%).

Despite the growth of 23% in Accessories and Components (Other products), the IT Clients segment recorded a drop of +3% due to the performance of PCs (-1%) and Printers and Consumables (-3%).

In the Advanced Solutions segment, the Company registered sales of 462.4 million euro, +9% compared to 423.7 million euro in 2020, with growth of +8% in Software, Services and Cloud, and an increase of +10% in Hardware (networking, storage, servers and other).

SIGNIFICANT EVENTS OCCURRING IN THE PERIOD

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

Purchase of 100% of the share capital of Dacom S.p.A. and of the idMAINT Group

On 22 January 2021, Esprinet S.p.A. purchased 100% of the share capital of Dacom S.p.A., leader in the specialised distribution of products and solutions for Automatic Identification and Data Capture (AIDC) and 100% of the share capital of idMAINT S.r.l., a company specialised in pre and after sales maintenance and technical support services on Auto-ID products.

The execution of the agreement, occurred after obtaining the acquisition authorisation from the Italian Anti-Trust Authorities, envisaged a consideration of 13.7 million euro, of which 10.3 million euro paid in cash at the purchase date.

With this transaction the Group further strengthens its position in the Advanced Solutions segment, becoming the leading distributor in Southern Europe in the AIDC business niche.

Merger by incorporation of DIODE España, S.A.U. into GTI Software Y Networking S.A.

The deed of merger by incorporation into GTI Software Y Networking S.A. of its subsidiary DIODE España, S.A.U. was stipulated on 31 March 2021.

The merger is effective from that date from a legal point of view, while accounting and tax effects were backdated to 1 January 2021.

Upon completion of the merger, GTI Software Y Networking S.A. thus took over all the legal relationships of DIODE España, S.A.U., taking on all relevant rights and obligations in place prior to the merger.

Annual Shareholders' Meeting of the parent company Esprinet S.p.A.

The Ordinary Shareholders' Meeting of Esprinet S.p.A. was held on 7 April 2021, which, as regards the various items on the agenda:

- approved the financial statements for the year ended 31 December 2020, allocating 9.2 million euro of the net profit realised to increase the Extraordinary reserve, based on the prior allocation of 0.1 million euro to the Foreign currency translation reserve;
- resolved the distribution of a dividend of 0.54 euro per share, excluding own shares in the portfolio as at 10 May 2021;
- following the expiry of the previous term of office, appointed the Board of Directors and the Board of Statutory Auditors, which will remain in office until approval of the financial statements for the 2023 financial year;
- acknowledged the Consolidated Financial Statements and the Sustainability Report as at 31 December 2020;
- approved the Report on Remuneration;
- authorised the purchase of ordinary own shares for 18 months from the approval date and, nonetheless, up to a maximum limit of 5% of the Company's share capital;
- approved a compensation plan ('Long-Term Incentive Plan') addressed to members of the Board of Directors, general managers, senior managers, employees and contractors of the Company and of Group companies, relating to the free allocation of stock grant rights on the Company's ordinary shares ('Performance Stock Grant') to beneficiaries, who will be identified by the Board of Directors, in the maximum amount of 1,150,000 Company shares;
- approved the addition to the compensation of the independent auditors following the expansion in the scope of consolidation and the disclosure required by Spanish legislation Ley 11/2018 in relation to the Consolidated Non-Financial Statement (NFS).

Granting of shares to beneficiaries pursuant to the '2018-2020 Long-Term Incentive Plan'

On 7 April 2021, following the presentation of the consolidated financial statements as at 31 December 2020 to the Shareholders' Meeting of Esprinet S.p.A., and taking into account the successful achievement of the financial targets set for the 2018-2020 three-year period, the free stock grants of Esprinet. S.p.A. ordinary shares referring to the Long-Term Incentive Plan approved by the Shareholders' Meeting of 4 May 2018 became exercisable.

Consequently, the beneficiaries were granted

1,086,345 shares already owned by the Company which, following said transaction, saw the number of own shares in the portfolio fall to 63,655, equal to 0.21% of the share capital.

20% of the shares granted to the beneficiaries are subject to a lock-up period of one year from the delivery date.

Transfer of shares to Axopa S.r.l. and adjustment of the shareholders' agreement between the Shareholders of Esprinet S.p.A.

On 12 April 2021, Maurizio Rota and Alessandro Cattani, Chairman of the Board of Directors and Chief Executive Officer of Esprinet S.p.A. respectively, transferred 371,584 shares corresponding to 70% of Esprinet shares granted to them as part of the '2018-2020 Long-Term Incentive Plan', to the vehicle controlled by them called Axopa S.r.l. which, therefore, reached a stake of 9.79% in the share capital of Esprinet S.p.A.

At the same time, the shareholders' agreement signed on 6 July 2020 by Axopa S.r.l. with the shareholder Francesco Monti saw the total number of Company shares with voting rights contributed to the agreement rise to 13,222,559 (equal to 25.96% of the number of shares representing the entire share capital of Esprinet S.p.A.).

Assignment of rights of the '2021-2023 Long-Term Incentive Plan'

On 22 April 2021, pursuant to the Shareholders' Meeting resolution of 7 April 2021 concerning the Long-Term Incentive Plan in favour of Board Members of Esprinet S.p.A. and Esprinet Group executives, 1,011,318 rights (with respect to the maximum of 1,150,000 rights resolved by the Shareholders' Meeting) were granted, which can be freely converted into Esprinet S.p.A. shares.

The exercise of the stock plan is conditional upon the achievement of Economic-Financial Performance and ESG (Environmental, Social, Governance) Performance targets for the Group during or at the end of the three-year period 2021-23 and the beneficiary being still employed by the Group at the date of presentation of the 2023 Consolidated Financial Statements.

Share buy-back programme

Between 20 April 2021 and 12 May 2021, as per the authorisation of the Shareholders' Meeting of 7 April 2021, Esprinet S.p.A. purchased 1,464,369 of its own ordinary shares, corresponding to 2.88% of the share capital, at an average unit price of 13.56 euro per share.

The shares acquired will partly go towards fulfilling the obligations stemming from the '2021-2023 Long-Term Incentive Plan' and partly aimed at reducing the number of shares outstanding.

Due to these purchases, as at 14 May 2021, Esprinet S.p.A. held 1,528,024 own shares, equal to 3.00% of share capital.

Renegotiation of the maturity date of loans guaranteed by the Spanish State through Instituto de Crédito Official ('ICO')

In May 2021, the Spanish subsidiaries Esprinet Iberica S.L.U. and Vinzeo Technologies S.A.U. renegotiated 11 'amortising' loans taken out in 2020 with the issuing banks, guaranteed by the Spanish State through the Instituto de Crédito Official ('ICO'), as part of the measures adopted by the Spanish government to help businesses deal with the economic emergency stemming from the COVID-19 pandemic and the residual principal value as at 30 June 2021 amounting to 50.4 million euro.

The debt restructuring, incorporated in an option granted by the Spanish State to further counteract and mitigate the effects of the economic and social emergency triggered by COVID-19, consisted of the deferment of the original maturities and/or repayment dates envisaged originally and/or the modification of the interest rates applied.

Renewal of an agreement for securitisation of a portfolio of trade receivables for a maximum amount of 120.0 million euro

On 5 July 2021, Esprinet S.p.A. and its wholly owned subsidiary V-Valley S.r.l. renewed, as originators, a transaction involving the securitisation of trade receivables for the three-year period 2021-2024, started in July 2015 and updated in July 2018.

The transaction, which has been structured by UniCredit Bank AG as arranger, involves the assignment on a 'non-recourse' revolving basis of trade receivables to the special purpose vehicle under Law no. 130/1999 named Vatec S.r.l., over an additional period of three years.

The total amount of the programme was increased to 120.0 million euro from the original 100.0 million euro. The purchase of trade receivables is being funded through the issue of different classes of notes: class A notes (senior), subscribed by a conduit sponsored by UniCredit Group, class B notes (mezzanine) and class C notes (junior) subscribed by specialised investors.

The transaction supplements the Revolving Credit Facility loan of 152.5 million euro subscribed in September 2019 and expiring in September 2022 and the other bilateral loans subscribed in Italy and Spain, helping ensure the Group could notably extend the average duration of its financial indebtedness.

Merger by incorporation of V-Valley Iberian S.L.U. into GTI Software Y Networking S.A.

On 21 September 2021, the deed of merger by incorporation of V-Valley Iberian S.L.U. into GTI Software Y Networking, S.A. was stipulated, both wholly-owned by Esprinet Iberica S.L.U.

This transaction falls under the mapped-out process to maximise the commercial and operating synergies between the two companies, both operating in the Advanced Solutions business, following the acquisition of the GTI Group on 1 October 2020.

The merger is effective from 1 October 2021, with the accounting and tax effects backdated to 1 January 2021.

From the completion of the merger, the merged company changed its name to 'V-Valley Advanced Solutions España, S.A.', taking over all legal relationships of V-Valley Iberian S.L.U., and assuming the rights and obligations in place prior to the merger.

Merger by incorporation of Celly S.p.A. into Esprinet S.p.A.

On 27 September 2021, the deed of merger by incorporation of the wholly-owned subsidiary Celly S.p.A. into Esprinet S.p.A. was signed.

The merger is effective from 1 October 2021 for legal purposes, while accounting and tax effects were backdated to 1 January 2021.

Upon completion of the merger, Esprinet S.p.A. thus took over all the legal relationships of Celly S.p.A., taking on all relevant rights and obligations in place prior to the merger.

This transaction is part of the planned process to maximise commercial and operational synergies with the subsidiary, started with the purchase at the end of October 2020 of the remaining shares held by the minority shareholder, and continued with the subscription on 4 January 2021 of a business lease agreement in preparation for the subsequent merger.

The purchase of the remaining 49% of the share capital of the subsidiary 4Side S.r.l.

On 15 November 2021, Esprinet S.p.A. purchased the residual 49% of the share capital of 4Side S.r.l., distributor in the 'gaming entertainment' sector, achieving full ownership.

The value of the transaction was equal to 1.6 million euro paid at the time of purchase, which represents the uptake of the option right granted by the selling shareholders upon the transfer of the initial 51% of the company's share capital.

The purchase does not involve changes in the composition of the company's management team.

The transaction will make it possible to benefit from further commercial and operational synergies in the management of the gaming product portfolio and to enhance the development of this business in a sector considered strategic for the Group.

Developments in tax disputes

Esprinet S.p.A. has a number of pending lawsuits involving requests for the payment of indirect taxes brought against the Company, in relation to transactions undertaken between 2011 and 2013. Since several customers had filed declarations of intent but, subsequent to a tax audit, failed to fulfil the requirements needed to qualify as a frequent exporter, the tax authority is now claiming VAT from the Company on those sales transactions.

On 13 September 2021, a new assessment notice was served, with a value of 6.5 million euro plus penalties and interest, relating to transactions carried out with some customers in the 2013 tax year, against which the Company is preparing an appeal.

The total value of the aforementioned disputes therefore amounts to 25.2 million euro plus penalties and interest, in relation to which 32.1 million euro in the form of an all-inclusive amount has already been paid, as envisaged by the administrative procedure, pending the final judgement, and booked to the financial statements under the item 'Other tax receivables' (23.3 million paid between February and March 2021).

On 29 October 2021, Esprinet S.p.A. also paid 0.8 million euro following the signing of a settlement agreement with the Italian Revenue Agency to close a tax dispute for an amount of 6.0 million euro plus penalties and interest, relating to VAT, IRPEG (corporate income tax) and IRAP (regional business tax) disputed in relation to the 2002 tax period.

SUBSEQUENT EVENTS

Developments in tax disputes

As part of Esprinet S.p.A.'s ongoing disputes regarding value added tax (VAT), on 28 February, a negative ruling was filed pertaining to the second instance hearing held on 14 February 2022 relating to a dispute concerning the 2013 tax year (disputed tax equal to 14.5 million euro). With the support of its advisors, Esprinet will file an appeal against this ruling to the Supreme Court.

Russia-Ukraine conflict

With reference to the events relating to the military operations in Ukraine launched by the Russian army, at the moment the Group has not verified any significant impacts on the business performance linked to these events. The Group will monitor the developments of the crisis and pay the utmost attention with reference to business continuity plans and the risk of cyber attacks, intensifying the monitoring activities and the risk mitigation measures that may become necessary, also in order to identify any impacts that are not foreseeable at present.

BUSINESS OUTLOOK

The first few months of 2022 appear to show that the dominance of the Omicron variant, highly contagious but seemingly less lethal, together with the large-scale vaccination campaign implemented by the governments, is finally bringing an end to the acute phase of the COVID-19 pandemic.

The gradual reduction in virus containment measures is an extremely important sign in terms of a progressive return to normality of the economic cycle.

Two years marked by a forced reduction in discretionary spending has helped households accumulate healthy financial resources, which is boosting the aggregate demand of consumers, albeit in the presence of a particularly severe flare-up in inflation.

In the areas in which the Group operates, the government plans financed by NextGenEU funds will provide a major boost to the demand for electronic technology, augmenting the ongoing and structural changes in the perception of the central importance of the now consolidated digital investments in companies, providing significant support for the overall demand for technology.

However, these positive phenomena are being offset by some fresh criticalities such as the significant upswing in inflation and, in particular, the serious crisis in Ukraine, with subsequent severe geopolitical tensions.

These elements, related to the gradual reduction in the ultra-expansionary phase in monetary and fiscal policies of the last few years, are the harbinger of increased turbulence, and therefore indicate a certain prudence, especially in the short-term, in estimating increases in demand, which would probably otherwise be much more pronounced.

A final important effect which must be taken into consideration in examining the expected market scenario is the persistent problems in procuring products linked to both the 'shortage' of electronic components and the delays in the return to full operations of the logistics and production chains, which continue to be impacted by the 'Zero-Covid' policy of China and the other manufacturing nations in the Far East, and now to the transit difficulties as regards transportation via train to the borders of Eastern Europe.

Industry analysts therefore predict that the first part of 2022 will be marked by a less dynamic trend in the consumer segment demand, then pick up again towards late spring, when the impact of energy increases should taper off and inflation should slow.

The trend in demand in the business segment is instead generally expected to be more dynamic, with a further acceleration during the year as the public administration projects financed by NextGenEU gradually get up to full speed.

After a 2021 in which the first half recorded ample product availability and the second, by contrast, registered severe tensions, according to all market analysts, the first part of 2022 is likely to see negative growth rates, then instead gradually accelerate in the second half.

Analysts and the management believe that, in the absence of further additional shocks and assuming that a resolution of the crisis in Ukraine does not further impact the macroeconomic scenario, 2022 should see further growth in the reference market for the Group in Southern Europe.

The Group is committed to implementing the business plan presented to the market in November 2021, and is therefore focussed more on increasing the weight of sales of the higher value added business lines, rather than acquiring, at any cost, additional market shares on less profitable customers and products.

Nonetheless, the Group is continuing with its efforts to improve ‘Customer Satisfaction’, in order to guarantee the stability of volumes and margins also on lower margin product lines.

In addition, investments are continuing for development of the project aimed at entry to the ‘Renting’ segment, and the preliminary analyses have been launched targeted at entering other areas of Western Europe on the higher value added business lines, in particular the segment known as ‘Advanced Solutions’.

The first two months confirm the effectiveness of the business model adopted, despite the backdrop of an unsurprisingly more challenging market and the Group consequently expects to achieve a further increase in profitability in 2022, in line with the forecasts of the business plan mentioned previously.

However, owing to the high level of uncertainty of both the macroeconomic scenario and, therefore, aggregate demand levels, and the precise timing over a return to normality of product supplies, the Group will present revenue and profitability guidance for the year 2022 in the coming May, in conjunction with the presentation of the results of the first quarter.

HUMAN RESOURCES

PRINCIPLES

Human resources are considered of primary importance in pursuing Group objectives. The Esprinet Group's HR management and development model mainly aims to motivate and enhance all employees by improving their skills, according to the business development strategy.

The Esprinet Group protects and promotes the value of human resources, encouraging their professional growth, undertaking to avoid discrimination of any kind and guaranteeing equal opportunities; it also guarantees working conditions that are respectful of personal dignity and safe and healthy working environments.

Although within a context where the rationalisation of costs is paramount, these objectives are achieved, mainly, with the following instruments:

- the protection of health and safety in the workplace;
- continuous, extensive, accessible training consistent with company needs;
- a selection of the best resources with high know-how and a continuous focus on internal and international mobility;
- a compensation system based on principles of selectivity and meritocracy linked to the achievement of individual objectives.

Employment

The trend of the Group employees in the year under review is represented as follows:

	Executives	Clerks and middle management	Workers	Total	Average [1]
	31/12/2021				
Esprinet S.p.A.	18	824	-	**842**	**829**
V-Valley S.r.l.	-	-	-	**-**	**-**
Celly Pacific Ltd	-	3	-	**3**	**3**
Celly S.p.A. [2]	-	-	-	**-**	**-**
Nilox Deutschland Gmbh	-	-	-	**-**	**-**
Dacom S.p.A.	-	27	7	**34**	**17**
idMAINT S.r.l.	-	11	-	**11**	**6**
Erredi Deutschland GmbH	-	2	-	**2**	**1**
Erredi France SARL	-	1	-	**1**	**-**
Erredi Iberica S.L.	-	10	-	**10**	**5**
4 Side S.r.l.	3	11	-	**14**	**14**
Subgroup Italy	**21**	**889**	**7**	**917**	**875**
Esprinet Iberica S.L.U.	-	277	79	**356**	**386**
Esprinet Portugal L.d.A. [3]	-	43	-	**43**	**35**
Vinzeo Technologies S.A.U.	-	269	-	**269**	**226**
V-Valley Iberian S.L.U. [4]	-	-	-	**-**	**-**
V-Valley Advanced Solutions España, S.A. [5]	-	122	-	**122**	**123**
V-Valley Advanced Solutions Portugal, Unipessoal, Lda [6]	-	-	-	**-**	**-**
Optima Locistic S.L.U.	-	-	-	**-**	**3**
Diode Espana S.A.U. [4]	-	-	-	**-**	**-**
GTI Software & Networking SARLAU	-	13	-	**13**	**11**
Subgroup Iberica	**-**	**724**	**79**	**803**	**784**
Esprinet Group	**21**	**1,613**	**86**	**1,720**	**1,659**

	Executives	Clerks and middle management	Workers	Total	Average [1]
	31/12/2020				
Esprinet S.p.A.	20	749	-	769	762
V-Valley S.r.l.	-	-	-	-	-
Celly Pacific Ltd	-	3	-	3	3
Celly S.p.A.	-	47	-	47	48
Nilox Deutschland Gmbh	-	-	-	-	1
4 Side S.r.l.	3	11	-	14	14
Subgroup Italy	**23**	**810**	**-**	**833**	**826**
Esprinet Iberica S.L.U.	-	338	78	416	379
Esprinet Portugal L.d.A.	-	16	-	16	14
Vinzeo Technologies S.A.U.	-	183	-	183	164
Tape S.L.U.	-	-	-	-	-
V-Valley Iberian S.L.U.	-	-	-	-	-
GTI Software Y Networking S.A.U.	-	99	-	99	50
Getix Lda.	-	12	-	12	6
Optima Locistic S.L.U.	-	2	5	7	4
Diode Espana S.A.U.	-	23	-	23	12
GTI Software & Networking SARLAU	-	9	-	9	5
Subgroup Iberica	**-**	**682**	**83**	**765**	**632**
Esprinet Group	**23**	**1,492**	**83**	**1,598**	**1,458**

[1] Equal to the average between the balance as at 31/12/2021 and the balance as at 31/12/2020 and, in the event of a merger, represented in the incorporating company.
[2] Company merged into Esprinet S.p.A. as at 31/12/2021
[3] Including the transfer of personnel from V-Valley Advanced Solutions Portugal, Unipessoal, Lda.
[4] Company merged into V-Valley Advanced Solutions España, SA as at 31/12/2021.
[5] Formerly GTI Software y Networking SAU as at 31/12/2020.
[6] Already Getix Lda as at 31/12/2020.

The increase in the workforce is due not only to the ordinary replacements of staff who left, retired, were absent due to parental leave or leaves of absence and the hiring in Spain of employees in the Front Office area for new commercial promotion services in large-scale distribution customer points of sales, but also the acquisitions of the companies Dacom S.p.A. and the idMAINT Group on 22/01/2021 (which added 57 staff to the workforce).

The following table details the movements of incoming and outgoing personnel by individual company and, as regards the increases, includes the reorganisation activities within the Group for a total number of 127 staff members:

	Headcount as at 31/12/2020	Increases	Decreases	Headcount as at 31/12/2021
Esprinet S.p.A.	769	145	72	842
Celly Pacific Limited	3	-	-	3
Celly S.p.A.[(1)]	47	-	47	-
Dacom S.p.A.[(2)]	-	41	7	34
idMAINT S.r.l.[(3)]	-	12	1	11
Erredi Deutschland GmbH[(4)]	-	3	1	2
Erredi France SARL[(5)]	-	1	-	1
Erredi Iberica SL[(6)]	-	10	-	10
Nilox Deutschland GmbH	-	-	-	-
4Side S.r.l.	14	3	3	14
V-Valley S.r.l.	-	-	-	-
Subgroup Italy	**833**	**215**	**131**	**917**
Esprinet Iberica S.L.U.	416	51	111	356
Vinzeo Technologies S.A.U.	183	162	76	269
V-Valley Iberian S.L.U.[(7)]	-	-	-	-
Esprinet Portugal Lda	16	31	4	43
V-Valley Advanced Solutions España, S.A.[(8)]	99	43	20	122
V-Valley Advanced Solutions Portugal, Unipessoal, Lda[(9)]	12	-	12	-
Optima Logistics S.L.U.	7	-	7	-
Diode Espana S.A.U.[(7)]	23	-	23	-
GTI Software & Networking SARLAU	9	6	2	13
Subgroup Iberica	**765**	**293**	**255**	**803**
Esprinet Group	**1,598**	**508**	**386**	**1,720**

(1) Merged into Esprinet S.p.A. at 31/12/2022.
(2) Of which 32 increases related to the acquisition of the company on 22/01/2021.
(3) Of which 11 increases related to the acquisition of the company on 22/01/2021.
(4) Of which 3 increases related to the acquisition of the company on 22/01/2021.
(5) Of which 1 increases related to the acquisition of the company on 22/01/2021.
(6) Of which 10 increases related to the acquisition of the company on 22/01/2021.
(7) Mergers into V-Valley Advanced Solutions España, S.A. at 31/12/2021.
(8) Already GTI Software y Networking S.A.U. as at 31/12/2020.
(9) Already Getix Lda as at 31/12/2020.

With respect to the breakdown by gender, the table below highlights a constant predominance of female employees in the Group: 54.2% as at 31 December 2021 (53.9% as at 31 December 2020).

	31/12/2021												
	Italy							Iberian Peninsula (Spain and Portugal)					
	Esprinet S.p.A.	V-Valley S.r.l.	Celly Pacific Limited	Dacom S.p.A.	idMAINT[(1)]	Nilox Gmbh	4Side S.r.l.	Esprinet Iberica S.L.U.	Esprinet Portugal L.d.A.	Vinzeo Technologies S.A.U.	V-Valley Advanced Solutions España, S.A.[(2)]	Gruppo	%
Men	400	-	1	17	19	-	8	127	19	135	61	787	45,8%
Women	442	-	2	17	5	-	6	229	24	134	74	933	54,2%
Total	**842**	**-**	**3**	**34**	**24**	**-**	**14**	**356**	**43**	**269**	**135**	**1,720**	**100%**
Graduation	305	-	3	5	8	-	2	137	26	85	73	644	37.4%
High School Cert.	496	-	-	26	14	-	12	165	17	91	40	861	50.1%
Secondary School Cert.	41	-	-	3	2	-	-	54	-	93	22	215	12.5%
Total	**842**	**-**	**3**	**34**	**24**	**-**	**14**	**356**	**43**	**269**	**135**	**1,720**	**100%**

(1) A sub-group, formed by idMAINT S.r.l., Erredi Deutschland GmbH, Erredi France SARL, Erredi Iberica SL.
(2) Means a sub-group, consisting of V-Valley Advanced Solutions España, S.A., V-Valley Advanced Solutions Portugal, Unipessoal, Lda, Optima Logistic S.L.U. and GTI Software & Networking SARLAU.

Training

During 2021, the Group provided 28,333 hours of training, an increase compared to 22,177 hours in 2020 despite the backdrop, as in the previous year, of the health emergency due to Covid-19.

This result was possible because the methods for making the training contents available and used by the staff underwent radical innovation.

Reskill was launched in January for the Italian Subgroup and in June for the Iberian Subgroup, the new digital environment (to be integrated, when effectively possible, also with classroom courses) which makes the entire training offer freely available to all employees on the basis of a new mindset oriented towards self-development and 'knowledge sharing', that is, the possibility for each employee to share their technical knowledge on work and operational issues.

The training projects with the greatest impact include the continuation in the Italian Subgroup and the launch in the Iberian Subgroup of the training project concerning Customer Centricity (aimed at more effective and efficient listening to customer needs), the launch of the training project related to Renting directed in particular at the personnel of the Product Sales and Marketing areas, training aimed at an increasingly more effective and complete use of the Teams work tool and its applications, language training in English, Italian, Spanish and Portuguese and training update of the team in the Information Technology department in relation to cybersecurity issues.

Recruitment

Recruiting activity has continued to be intense and with a growing number of searches compared to the previous year, thus helping to breathe life back into the job market.

The investment in talented people continues to be a corporate value and driver for the future and the preference for people with highly specialised backgrounds and greater seniority in the commercial and technical service areas for customers.

Moreover, in both the main areas of Group operations (Italy and Iberian peninsula), it continued to strengthen relations with local universities, Business Schools and advanced schools in the local area.

Organisation

Esprinet promotes initiatives designed to allow employees to continue to perform their jobs, to support them in managing their work and to help them feel the care and closeness of the Group.

Most of the employees – with the exception of the staff in charge of the logistics hubs and the Esprivillages but including the new hires– continued and continue to work in smart working mode (standard method working for the Group since before the onset of the Covid-19 pandemic, although for 1-2 days per week depending on the country), for several months up to 100% of the time on a voluntary basis, whereas where a return to the office has been allowed, this has taken place in respect of social distancing rules and health safety protocols, based on prior booking via a company tool created for the purpose.

The internal mobility system, also with less attractive international opportunities and more difficult to capitalise on during the year given the persistence of the restrictions and difficulties of free movement resulting from the Covid-19 pandemic, continued through the Job Posting tool which facilitates work and inter-functional growth.

All these initiatives have evidently contributed to obtaining the important company certification 'Great Place to Work®' that a leading consulting company, based on the opinions of employees, attributes to the best work environments in Italy and worldwide, and that the Esprinet Group, after the initial participation in 2020 by the parent company alone (moreover with excellent results) obtained in 2021 in Italy, Spain and Portugal.

Performance management and 'compensation'

The year 2021 saw the continuation of the process of development of tools aimed at improving the evaluation processes based on a continuous feedback and performance development approach, with the possibility for employees to ask for feedback from their manager at any time, all in digital form, to improve management, reduce distances and make timing more flexible.

In Group companies, remuneration is composed, for identified staff profiles, of variable incentives based on both individual and company objectives.

For the Directors, executives with strategic responsibilities and other Key Managers of the Group, the long-term variable incentive plan for the three-year period 2018-2020 was successfully concluded at the Shareholders' Meeting of Esprinet S.p.A. on 7 April 2021, and a new variable incentive plan was launched which is valid for the three-year period 2021-2023, which will be finalised at the Shareholders' Meeting of Esprinet S.p.A. called to approve the 2023 Financial Statements.

Protected categories

In addition to the forms of employment or exemption established by the regulations in force in the various countries in which the Group operates, the following are worth mentioning: Esprinet S.p.A. renewed or signed agreements with the Provinces of Milan and Monza e Brianza in Italy for the employment of disabled people at some of the company's offices, and Esprinet Iberica S.L.U. and Vinzeo Technologies S.A.U. signed collaboration agreements with organisations dedicated to the employment of differently-abled people in Spain.

HEALTH, SAFETY AND ENVIRONMENT

General principles and actions undertaken

Respect for the environment and the protection of health and safety at work have always been central to Esprinet Group operations. It is the Group's precise intention to further maintain, consolidate and improve the leadership position gained in its own sector, by continuing to propose innovation in processes and in service to its customers and by simultaneously paying constant attention to safety, to individuals' and collective health by respecting the law and the surrounding environment.

In order to achieve these objectives, the Group has established, documented, implemented and maintained an Integrated Environment, Health and Safety Quality Management System in the workplace.

Esprinet S.p.A. and the subsidiaries Esprinet Iberica S.L.U., Vinzeo Technologies S.A.U. and V-Valley S.r.l. are Quality (ISO 9001), Environment (ISO 14001) and Workplace Safety (ISO 45001) certified.

All companies had their Certifications renewed by BSI in 2021, a leading international certification body.

The following is a list of the tools considered essential for:

- the pursuit of continuous improvement;
- the reduction of accidents and illnesses in the workplace;
- the minimisation of environmental impact caused by the Group's activities.

Training and involvement

The Group is aware of the role of primary importance played by staff and it is therefore strongly committed to promoting the active involvement, responsibility and professional growth of them.

The constant activity of information and training is fundamental, in order to make all personnel increasingly more aware of environmental and safety topics, and of the importance of the contribution of each individual in prevention and the improvement of the general conditions of the safety at work and of the environmental efficiency of the company.

Identification and evaluation of risks in the workplace and the environmental impact of operations

The Esprinet Group defines the criteria and method for the continual evaluation of the main environmental aspects, of the risk of accidents and hazards, and of the identification of the corresponding impact. The latter are periodically verified compared to the forecasted objectives, which are defined, monitored, and updated for their continuous improvement.

Compliance with laws and other regulations

Compliance with laws and regulations issued to protect workers' health and safety and for the respect of the environment are values inseparable from the Group's strategic action.

Concluding conduct

The correct management, maintenance and regular checking of plants and equipment is one of the ways that the Group runs 'health, safety and environmental' policies together with checks on any possible use and/or disposal of chemical preparations or compounds whether dangerous or otherwise. This is also outsourced to qualified suppliers accurately selected for their technical/professional expertise and for their products and services which significantly eliminate or reduce the environmental, health or safety risks. These are just some of the methods used by the Group to implement its 'environment, health and safety' policies.

The Group is also engaged in minimising the consumption of natural resources (electricity, gas, water) and of waste production, encouraging recycling where possible.

Effective communication

The Group recognises the importance of the role of 'communication' for all interested parties (personnel, suppliers, contractors and sub-contractors) as the basic element for managing responsibility correctly within the health, safety and environmental protection context.

Audit

Both internal and external audits are an effective tool. They form the basis of company culture and are what determine the performance checks and supervision, including that regarding health, safety and environment.

Membership of waste disposal consortia

Esprinet S.p.A. and 4Side S.r.l. are members of the Erion (WEEE and Energy) consortium, Dacom S.p.A. and IdMAINT S.r.l. are members of the Ecolight consortium. These companies delegate to the aforementioned consortia the operational aspects relating to the 'end of life' products management defined by the regulation regarding the disposal of electric and electronics waste, cells and batteries. As regards packaging, they are members of the CONAI consortium.

Esprinet Iberica is a member of the consortia Recyclia, Ecoembes and Punto Verde, Vinzeo the consortia Recyclia and Ecoembes, while Esprinet Portugal is a member of Erp Portugal, Ponto Verde and ValorPneu and V-Valley Advanced Solutions España, lastly, is a member of Recyclia, Ecotic and Ecoembes.

Disclosure as per Italian Legislative Decree 32/2007 and its interpretation

In the case of the document approved on 14 January 2009 by the National Council of Accountants and Accounting Experts (Cndcec), aimed at supporting the first application of Italian Legislative Decree 32/2007 concerning information regarding the environment and staff, the following has to be noted.

'Compulsory' disclosure

As regards staff, during the year, no deaths, or serious or very serious accidents occurred and no professional illnesses were reported by employees or former employees, and no Group company was found finally guilty in any 'mobbing' trials.

In the case of the environment, during the year no damages to the environment, or fines or definitive penalties were charged to the company for environmental crimes or damages, nor any emission of greenhouse gases was reported.

'Voluntary' disclosure

In the case of staff, the section 'Human Resources' and the 'General principles and action undertaken' of this chapter provide a complete picture of the policies pursued.

The 'pure' IT products distribution activities (hardware, software and services) and consumer electronic products, undertaken at the three main logistics sites at Cambiago, Cavenago and Pregnana Milanese in Italy (approx. 112,000 sqm), and at Zaragoza in Spain (approx. 43,000 sqm), do not create any special problems for the environment. The Group constantly monitors the use of energy at its various premises and has adopted strict disposal procedures for any type of waste.

MAIN RISKS AND UNCERTAINTIES FACING THE GROUP AND ESPRINET S.P.A.

Risks classification

Risk management is a strategic tool for creating value. The activities of the Esprinet Group and Esprinet S.p.A. are in fact exposed to certain risk factors that may influence their economic, equity and financial situation.

Esprinet S.p.A. and the Esprinet Group identify, assess and manage risks in compliance with internationally recognised models and techniques.

Starting in 2009, the Group adopted an operational and organisational model for risk management and monitoring of adequacy over time (so-called 'ERM-Enterprise Risk Management') inspired by the methodology of the Committee of Sponsoring Organisations of the Treadway Commission (so-called 'CoSO'), which makes it possible to identify and manage risks in a uniform manner within Group companies. This is based on a methodological framework aimed at creating an effective risk management system capable of involving, at different levels, the actors in the internal control system who are assigned different roles of responsibility for control activities.

The identification, assessment, management and monitoring system of the company's main risks is based on a process, which involves the performance of the following tasks, at least annually:

- mapping and assessment of the main business risks ('risk assessment' and 'risk scoring');
- identification of 'risk management' priorities;
- identification of a 'risk strategy' (acceptance, optimisation, improvement or monitoring of control measures) for each risk mapped and its declination into operational action plans.

The final aim of the process described is to identify potential events that may affect the business activity and to keep the level of risk within the acceptable threshold defined by the administrative body in order to achieve the business objectives.

During 2021, the envisaged activity plan was adequately implemented, including an audit plan and a plan to strengthen controls on the risks considered to be priorities.

New procedures have been developed or existing procedures revised and new management methods have been introduced, supported by developments in the information system.

At the end of the year, there were no significant changes in risk exposure compared with the previous year.

With regard to 2022, the Group's activities will be mainly focused on monitoring existing risk control levels since the annual review of the main business risks has led to the substantial confirmation of the existing mapping. Adequate tools continue to be applied to manage exchange rate risk of a transactional nature, identified and implemented following the increase in the incidence of foreign currency purchases by the Group.

Finally, new procedures will be defined and drawn up in order to formalise and regulate processes aimed at the correct management of the risks that have emerged in the face of regulatory updates and/or the expansion of the Group's operations also in non-EU countries.

Covid-19 emergency and global macroeconomic context

The business outlook for 2022 could be affected by risks and uncertainties that depend on multiple external factors outside the Group's sphere of control.

While, on the one hand, the effects of the global spread of the Sars Cov-2 virus are expected to ease, thanks also to the high rates of uptake of vaccination campaigns recorded, in particular in the countries where the Group operates, with the potential end, by spring / summer 2022, of the health emergency that characterised and heavily influenced the social and economic sphere in 2020 and 2021, on the other hand, the global macroeconomic framework, albeit in a better context than that previously described, remains in any case exposed to significant downward tensions that could again lead to a deterioration, such as:

- the big jump in inflation recorded between the fourth quarter of 2021 and the first few months of 2022, which, although considered temporary by the main global central banks, concerned almost all raw materials, increasing their costs and adding to the shortage of some components;
- the growing geopolitical tensions in some areas of the world such as, for example, the recent one between Russia and Ukraine.

With regard to the Covid-19 emergency, in order to continue to deal with the persistence of this situation while guaranteeing business continuity and compliance with the provisions in force, the Group continued to put in place adequate procedures and measures in the year 2021, generally including, given to be adapted to the rules and needs to which the various companies are subject, the extension of 'smart working' (voluntary) to 100% of the office-based company staff and up to 100% of the expected work time over the bulk of the year, distancing within the offices and the adoption of Personal Protective Equipment. In relation to Italy, the measures for protecting the health of the employees indicated in the Companies-Trade Unions protocol continue to be fully applied.

The main control standards defined for the minimisation of biological risks from contagion are described below:

- general information on the precautions to be taken to prevent the spread of the virus;
- ways of entering the company for both employees and outsiders, in relation to temperature control and cases of access prohibition;
- access rules for external suppliers;
- continuous cleaning and sanitisation of environments and equipment;
- personal hygiene precautions;
- guidelines on Personal Protective Equipment (PPE);
- rules for the management of common spaces;
- corporate organisation (shifts, travels, etc.);
- management of any symptomatic people in the company.

Risks classification

The definition of the main business risks is based on the following macro-classification:

- strategic risks;
- operating risks;
- compliance risks;
- financial risks.

The following is a brief description of the main risks, assessed without taking into consideration the response actions put into force or planned by the Group to bring the seriousness of the risk within acceptable levels.

Strategic Risks

Inadequate response to unfavourable macro-economic scenarios

The Group's economic, equity and financial situation is influenced by various factors, which make up the macro-economic contexts of the markets where the Group operates.

These include, but not only, GDP performance, consumer and business confidence levels, the inflation rate, interest rate trends, the cost of raw materials and unemployment rates.

In 2021, the Italian distribution market recorded a growth of +5.2% compared to 2020, while the Spanish one posted an increase of +4.6% and the Portuguese one 10% (Source: Context, January 2022).

However, it is not certain that the market will perform in line with analysts' expectations and, if these expectations are not realised, the equity, economic, and financial situation of the Group could be adversely affected.

Inadequate response to customers' and suppliers' demands

Due to its intermediary role within the IT production chain, the Esprinet Group's success largely depends on its ability to address, interpret and meet customers' and suppliers' demands.

This ability translates into a value proposition both at the source and later on in the sales process which differentiates itself from the competition through its adequate and historically superior profitability conditions compared with both its direct and indirect competitors.

Should the Esprinet Group be unable to maintain and renew this value proposition, that is, to develop more innovative offers and competitive services than those of its main competitors, the Group's market share could fall significantly, with a negative impact on its equity, economic and financial position.

Competition

The nature of the Group's trade brokering activities means that it operates in highly competitive sectors, both in Italy and in the Iberian peninsula.

The Group therefore has to operate in a highly competitive context and to compete in the various geographical markets against both deeply rooted local operators and multinational companies which are significantly larger than the Group and with considerably greater resources.

Competition in the IT and consumer electronics distribution sector, the Group's main activity, is measured in terms of prices, availability, quality and variety of products, associated logistics services and pre- and after-sale assistance.

The degree of competition is also heightened by the fact that the Group acts as an intermediary between the large world-wide suppliers of technology and resellers of IT/consumer electronics, which include operators with high contractual power, including the major retail chains, often with the potential to open supply chains directly with producers.

The Group also competes with multinational groups of extremely high financial standing, both in Italy and in the Iberian peninsula.

Should the Esprinet Group be unable to deal effectively with the external situation in question there could be a negative impact on the Group's outlook and operations, as well as on its economic results and financial position.

The Group is also exposed to competition from alternative distribution models, whether current or potential, such as those based on direct sales to the user by the producer, even though in the past all the limits of these alternative distribution models have been revealed.

If the 'de-intermediation' situation, already affecting the Group in the markets where it operates, accelerates in the coming years, even though not caused by any empirical or economically rational facts, the Esprinet Group could suffer negative repercussions in terms of its equity, economic and financial position.

Price changes

The technological sector is typified by a deflationary price trend linked to high product obsolescence and strong market competition, besides mainly economic factors linked to changes in the value of the USA dollar and the Chinese currency, which are the two main functional currencies for IT products.

The Group is exposed to the risk of decreases in IT and electronic product unit prices, if the gross profit formed by the difference between the sales prices applied to retailers and purchasing costs applied by suppliers falls in absolute value when prices applied to the end consumer are lowered. This occurs since it is difficult to pass the higher costs caused by the lowering of prices on to customers in a sector as highly competitive as the distribution sector.

Despite the fact that this risk is lessened by the Group's capacity to limit overheads/fixed costs levels and productivity standards at various levels, thus reducing process costs chiefly linked to physical drivers (e.g. number of transactions, number of products moved in warehouses or forwarded by courier), and despite the fact that the percentile value of the gross sales margin is to some extent independent of reductions in the single prices of products, it is not possible to provide assurances regarding the Group's ability to deal with the technological sector's deflation rates

Acquisitions

As an integral part of its strategy for growth, the Group periodically acquires assets (divisions of a company and/or company shareholdings), which are highly compatible in strategic terms with its own area of business.

In principle, acquisition transactions present the risk that the expected synergies may not be activated, in whole or in part, or that the costs of integration, explicit and/or implicit, may be higher than the benefits of the acquisition.

Integration problems are magnified if the target companies operate in countries and markets other than those where the Group has historically operated and which present, for said reason, specific business regulatory and cultural characteristics and/or trade barriers.

These problems are attributable, in addition to the implementation of adequate organisational mechanisms for coordination between the acquired entities and the rest of the Group, to the need to align with standards and policies mainly in terms of internal control procedures, reporting, information management and data security.

Therefore, it is not possible to provide any guarantee regarding the Group's future ability to successfully complete further acquisitions, nor to be able to preserve the competitive positioning of any target acquisitions, nor to be able to replicate favourably its business model and proposal system.

Operating risks

Dependency on IT systems

The Esprinet Group is strongly dependent on its IT systems in the performance of its activities.

In particular, the viability of its business depends to a considerable extent on the capacity of the IT systems to store and process enormous volumes of data and guarantee elevated standards of performance (speed, quality, reliability and security) that are stable over time.

The critical nature of the IT systems is also heightened by the fact that the Group, because of its business model, relies on Internet for a consistent part of its business, both as an instrument for the transmission of information to its customers, and order-processing and marketing intelligence. Other critical factors are the connections in EDI mode to the IT systems of many vendors, as well as the remote connection to the cash & carry network active in the country and the recent migration of some IT services to a cloud platform managed by third parties.

The Group has invested significant resources in the prevention and mitigation of risks linked to its dependency on IT systems and in the improvement of the IT security level (such as the continual maintenance of the hardware installed and the updating of the relative software, the signing of insurance policies against damages caused indirectly by possible system crashes, the housing of the data centre in safe environments, the stipulation of contracts to protect the company with leading cloud service providers (Microsoft), the construction of anti-intrusion and anti-virus defences by carrying out penetration tests aimed at verifying the robustness of the aforementioned defences, the continual back-up of system-resident data, the provision of business continuity and disaster recovery plans and the testing of the latter through the execution of 'shutdown and restart tests on redundant systems', the use of expert advisors in the sector and the definition of new key roles in the Internal Control System with specific expertise in IT such as the Chief Information Security Officer).

However, the possibility that the Group might have to suspend or interrupt its sales activities, due to malfunctioning or actual black-outs of owned or third-party systems, cannot be ruled out.

It is similarly impossible to guarantee that the IT systems of companies and/or businesses acquired will satisfy the Group's minimum reliability and safety requirements at the time of the acquisition.

Medium-/long-term interruptions of logistics chain

The Group's sales activities strongly depend on the correct functioning and efficiency of the logistics chain, thanks to which the products are able to reach their reference markets.

These logistics chains have reached high levels of complexity and the journey of the goods from the factories where the IT and electronic products sold are produced to the end customers could be subject to interruptions due to natural, political and operational events such as natural disasters, changes in trade relations between governments, trade restrictions and embargoes or operators' financial soundness in the various transport and storage stages.

Any unfavourable events in these areas are likely to cause long-term interruptions, which could have a significantly negative impact on the Group's prospects and financial position.

Dependency on suppliers and risk of non-observance of extra-contractual agreements

Overall, the Group has direct contacts with over 700 leading vendors of technology, including IT, consumer electronics and micro-electronic components vendors. The Group has always focused on the distribution of branded goods, sales from the sale of own-brand products (accessories, consumables, Nilox and Celly micro-computer components) being negligible.

In most cases, trading contacts with the vendors are governed by contracts and/or agreements generally renewed every year.

Despite the high number of vendors in its portfolio, the Esprinet Group shows a certain degree of risk concentration in that the incidence of the top 10 suppliers accounted for over 76% of the total amount (80% in 2020).

A consequence of this situation is that the Group is exposed to the risk of the non-renewal of current distribution contracts and/or inability to replace these contracts effectively.

The Group is also exposed to the risk of significant changes in the terms and conditions of contracts drawn up with vendors, particularly regarding amounts regarding premiums for the attainment of targets, or the very level and nature of these targets, the sums for co-marketing and development, the policies for protection of the economic value of the stock and commercial returns, payment terms and associated discounts.

These variations, if negative, are likely to have a negative impact on the assets and on the Group's economic, equity and financial results.

Traditionally, however, the Group has been able to negotiate contractual conditions with its counterparts providing a long historical series of positive economic results. The level of partnership attained with the majority of its suppliers also laid the foundations for significantly consolidated collaborations with the most important suppliers over the years, something also due to the use and maintenance of direct communication channels.

Dependency on suppliers of critical services

The Group's logistics model is based upon the direct warehousing handling and collections and the outsourcing of haulage and delivery services. These activities are of critical importance to the value chain for IT and consumer electronics distributors.

In the case of the first activities mentioned, the Group makes use of a storage and custodial services company in Italy. Transport activities are contracted out, both in Italy and in the Iberian peninsula, to independent outside shippers.

The interruption of contractual relations with the above-mentioned suppliers of services, or a significant reduction in the level of quality and efficiency of the services provided, could have a significant negative impact on the Group's economic and financial results.

These suppliers and the relative industry are continually monitored in order to mitigate any related risk.

Low profit margins

The result of the high level of competition to which the Group is subject is a low profit margin (gross trading margin and net operating result) in relation to earnings.

These low margins tend to amplify the effects of unexpected variations in sales levels and operating costs on profitability

that can be also negatively impacted from any incorrect decisions concerning the products 'pricing' and the management of discount policies.

It is impossible to guarantee that the Group will also be able to manage its 'pricing' policies with the same care and prudence in the future, in difficult economic situations.

The constant monitoring of product and customer margins and the search for the best mix within its portfolio of suppliers and customers are the main factors in mitigating this risk.

Reduction in value of inventory

The Group is subject to the risk of a reduction in the value of unsold stock as a result of lowered list prices on the part of vendors and economic or technological obsolescence.

It is usual within the sector for the vendors to set up forms of total and/or partial protection, contractual or otherwise, of the financial value of stock in the above-mentioned cases for the benefit of the distributors with direct supply contacts.

Nevertheless, cases of non-fulfilment on the part of the vendors or the failure to activate non-contractual protection can occur.

Further, these protective clauses also come into force solely under certain conditions and are therefore totally controlled and by purchase planning ability in function of market potentiality.

It is not possible to give guarantees regarding the Group's future ability to manage stock levels so that even limited risks of stock devaluation are avoided, or failure to activate the contractual protection provided in the case of the majority of the product suppliers.

The main risk mitigation methods, however, depend on the constant ability to minimise stock levels also due to the support of expert inventory management and demand planning systems based on availability indicators and consequently customer satisfaction, together with the constant monitoring of existing contractual agreements, in terms of the consolidated practice of the sector, which traditionally believes that suppliers are also likely to protect the value of stock.

Dependency on key managers

The activity and development of the Esprinet Group is characterised by a significant dependence on the contribution of several key management staff, particularly that of the Chief Executive Officers (or the corresponding functions in the various Group companies), other executive Directors, and of the 'front line' management and/or heads of functions acting in the geographical markets where the Group operates.

The Group's success therefore depends to a large extent on the professional and personal ability of such key figures.

The loss of the services of several of the managers without any suitable replacement, together with the inability to attract and keep new qualified resources, could therefore have negative effects on the Group's prospects, operations and financial results.

The main methods used by the Group to deal with the risk in question comprise professional development and employee retention policies. The latter are part of a compensation system which includes the use of long-term incentive plans as well as continual training activities.

Physical destruction of company assets and products assigned for sale

Premises and products stored in warehouses are subject to risks linked to events such as earthquakes, floods, fire, theft and destruction. These events could cause a significant fall in the value of the damaged assets and an interruption in the Group's operational ability, even for extended periods of time.

In the impossibility of excluding such events occurring and the damage caused by the same, and while bearing in mind the management and mitigation policies for these risk categories in terms of physical safety and fire prevention basically effected by transferring the risks to insurance companies and the preparation of an appropriate Business Continuity plan, no guarantees regarding the negative impacts that could affect the Group's the financial position can be given.

Customer relationship management/customer satisfaction

It is of fundamental importance for the Group to manage the relationship with its customers in a profitable way, maximising their satisfaction and trying to limit their complaints. This takes on greater importance if read in light of the role of intermediary assumed by the Group in the Information Technology chain, operating in an extremely competitive market.

It is therefore vitally important to be able to stand out from the competition, by focusing on the service offered to customers and on the effectiveness and efficiency of the support provided, enhancing the customers' perception of the added value generated.

To do this, the Group has established a specific corporate function made up of a team of experts tasked with analysing the degree of customer satisfaction, identifying their latent needs and the strengths and weaknesses of the proposed offer, in order to optimise its sales actions, maximising their effectiveness and efficiency.

Any inability of the Esprinet Group to increase the satisfaction of its customers, with their subsequent disinterest and loss of market shares, could have a hugely negative impact on the Group's economic, equity and financial situation.

Fraud perpetrated by employees

Bearing in mind the high number of transactions effected, the intensive use of IT systems both for operations and for interfacing with customers and suppliers, besides the high unit value of several transactions, significant economic damage could be generated by disloyal employees' conduct.

The Esprinet Group is committed to reducing the likelihood of such fraudulent conduct occurring by means of duty segregation techniques, management of access to IT systems and physical access, artificial intelligence monitoring systems and the introduction of procedures and checks and the circulation of the code of ethics.

However, it is not possible to give any guarantees about unfavourable impacts on the Group's economic and financial position, which could derive from fraudulent activities of the kind described.

Reliability of the administrative-accounting system

Strategic and operational decisions, the planning and reporting system, as well as the process of external communication of data and equity, economic and financial information is based on the reliability of the administrative-accounting information generated and processed within the Group. The correctness of this information also depends on the existence of organisational procedures, rules and organisation, on employees' professional expertise and on the effectiveness and efficiency of IT systems.

The Group is committed to maintaining a high level of control over all the procedures that generate, process and circulate equity, economic and financial information. These procedures and the underlying IT systems are subject to regular audits and checks by various actors of the Internal Audit System and are constantly updated even when solutions to '*Non-compliance*' situations have been applied.

Compliance risks

The Esprinet Group is exposed to the risk of violating numerous laws, rules and regulations, including tax laws, which govern its operations. To mitigate this, adequate procedures have been drawn up and specific control activities have been implemented.

Legal and tax disputes

As of the drafting date of these financial statements a number of legal and tax disputes involving several of the companies within the Group are still pending. These could potentially influence the Group's economic and financial results.

Although the sums allocated to the relative risk provisions are deemed sufficient to cover any liabilities arising from pending disputes, it cannot be excluded that in the event of an adverse outcome worse than expected or for liabilities considered only possible, the Group's economic, equity and/or financial situation may be negatively impacted.

Legal disputes

The type of legal disputes to which the Group is exposed can be divided essentially into two main groups: disputes of a commercial nature (having as the object the nature and/or quantity of goods supplied, the interpretation of contractual clauses and/or the supporting documentation) and other of various kinds.

The risks associated with the first type of dispute are the object of accurate monthly analyses together with the Group's legal advisors and the consequent financial impacts are reflected in the Bad debt provision.

The 'other disputes' refer to various types of claims made against companies within the Group due to supposed infringements of laws or contracts.

The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the *Provision for risks and charges.*

Tax disputes

It cannot be excluded that the Group may have to pay liabilities as a result of tax disputes of various kinds. In such case the Group could be called on to pay extraordinary liabilities with consequent economic and financial effects.

The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the *Provision for risks and charges*.

For risks and the main developments of disputes in course please see the item *'Non-current provisions and other liabilities'.*

Financial risks

Esprinet Group's activities are exposed to a series of financial risks able to influence its equity and financial situation, profits and cash flows through their impact on existing financial operations.

These risks may be summarised as follows:

a) credit risk;

b) liquidity risk;

c) market risk (foreign exchange risk, interest rate risk and other price risks).

Overall responsibility for setting up and supervising the Group's financial risk management system lies with the Board of Directors, as part of the more general Internal Control System, which guides the various organisational units that are functionally responsible for the operational management of individual types of risk.

These units, substantially belonging to the Finance and Treasury departments, within the guidelines traced out by the Board in the case of each specific risk, define the instruments and techniques necessary for the relevant cover and/or transfer to third parties (insurance) and assess risks that are neither covered nor insured.

The Group has consolidated practices, operational procedures and risk management policies, which are continually adapted to changing environmental and market conditions, which are able to identify and analyse the risks to which the Group is exposed, to define appropriate controls and constantly monitor the same limits.

Further information regarding risks and financial instruments pursuant to IFRS 7 and 13 can be found under 'Disclosure on risks and financial instruments' in the 'Notes to the consolidated financial statements'.

The degree of the Group's exposure to the various categories of financial risk identified is detailed in next paragraphs.

Credit risk

Credit risk is the risk that the Group might suffer a financial loss through the effects of the non-fulfilment of an obligation to pay by a third party.

Esprinet Group's exposure to credit risk depends on the class of financial instruments, even if it is essentially linked to the option of deferred payments granted to customers in relation to sales of products and services in the markets where the Group operates.

Management strategies dealing with this risk are as follows:

- in the case of cash and cash equivalents and financial derivatives assets, the choice of leading national and international banks;
- in the case of trade receivables, the transfer of the risk, within the limits of the credit negotiated and with the aim of reaching an optimum balance of costs and benefits, to leading insurance and/or factoring companies as well as applying special checking procedures regarding the assignment and periodical review of lines of credits to customer, besides requiring collateral in the case of customers whose ratings are insufficient to guarantee operations.

Group policies include a strict hierarchically organised authorisation mechanism to deal with trade receivables, involving the Credit Committee and on up until the Board of Directors, in cases where the limits of the line of credit granted independently by the Group exceed the corresponding credit facilities granted by the insurance company.

Customer credit risk is monitored by grouping the same according to sales channels, the ageing of the credit, the existence or otherwise of any previous financial difficulties or disputes and any ongoing legal or receivership proceedings.

Customers classified as 'high risk' are inserted in a strictly-checked list and any future orders are filled solely against advance payment.

The Group usually accrues estimated impairment of trade receivables quantified on the basis of analyses and write-downs of each single position to a bad debt provision, after taking into account the benefits provided by the insurance.

In the case of credit risk concentration, the following table shows the incidence of the top 10 customers on sales with reference to Esprinet S.p.A. and to the Group respectively:

% top 10 customers	2021	2020
Esprinet Group	37%	41%
Esprinet S.p.A.	41%	42%

Liquidity risk

Liquidity risk, or funding risk, represents the risk that the Group may encounter difficulties in obtaining - under economic conditions - the funds necessary to meet its commitments under financial instruments.

The policy for the management of this risk is based on a criterion of the utmost prudence aimed at avoiding, in the event of unforeseen events, having to bear excessive burdens or even having its reputation in the market compromised.

Liquidity risk management hinges on cash-flow planning and also on the maintenance of consistent amounts of unused lines of credit in Italy, Spain and Portugal of a mainly self-liquidating nature, aided by a conservative financial policy favouring stable financing sources including that for financing working capital. As at 31 December 2021, the Group had unused credit lines of 509 million euro (482 million euro as at 31 December 2020), or approx. 78% (approx. 77% as at 31 December 2020) of the total of the existing credit lines.

The availability of unused credit lines did not create, with the exception of the Revolving line, any specific charges. For further information please refer to the paragraph 8.6 'Lines of credit' under section 8 'Other significant information' in the 'Notes to the consolidated financial statement'.

The Group's financial needs are significantly covered both by several medium/long-term loans taken out with Italian and Spanish financial institutions and a pool Revolving Line with a residual duration of 9 months.

The latter constitutes one of the pillars of liquidity risk management and, like some other medium/long-term loans, is subject to compliance with certain covenants, the violation of which gives the lending institutions the contractual right to request immediate repayment.

While the existence of a covenant structure allows the Group to dispose of a stable funding structure not subject to any cancellation and/or unilateral downsizing as per international contractual practice, on one hand, on the other it introduces elements of instability linked to the possible violation of one or more of the threshold financial parameters, failure to observe which exposes the Group to the risk of the advance reimbursement of the borrowed sums.

Market risk: the currency risk

Currency risk is the risk of fluctuations in the value of a financial instrument as a result of variations in foreign exchange rates. In this regard, it should be noted that only a residual part of the products purchased by the Esprinet Group are expressed in currencies other than euro.

In 2021, these purchases were mainly in US dollars and amounted to 5.2% of the Esprinet Group's total purchases (6.8% in 2020).

The possibility that parity of exchange - and the euro/US dollar in particular - may be modified in the period running between the time of invoicing in foreign currency and the time of payment determines the Group's exposure to foreign exchange risk. The Group does not have other financial assets and liabilities, nor in particular loans, denominated in foreign currency. It follows that the currency risk is limited to commercial operations, as described above.

Given the increase in foreign currency transactions in recent years, a new exchange rate risk management was implemented through spot hedges on individual foreign currency purchases.

Market risk: the interest rate risk

Interest rate risk comprises the risk of fluctuations in the fair value and/or in the future cash flows of a financial instrument as a result of variations in market interest rates.

The bank lines available to the Esprinet Group have a cost largely based on interest rates indexed to the 'Europe Interbank Offered Rate' or Euribor. In almost all contracts, this parameter has a 'floor' of zero, as is now customary in the presence of persistently negative short-term rates along the yield curve.

The Group, as a result of analysis on the value and composition of the Group financial indebtedness, can decide to totally or partially hedge itself against the interest rate risk on the loans. In this case, the aim is to fix the funding cost of the middle-term floating-rate loans (hedged items). The instrument typically used is an 'IRS-Interest Rate Swap' of the 'plain vanilla' type, also and especially in light of its eligibility for cash flow hedge accounting.

Considering the composition of medium/long-term financial indebtedness, mainly at fixed rates, the risk level is very low and therefore it was not considered necessary to proceed with the above-mentioned forms of hedging.

In addition, the Group has a risk monitoring and control system capable of effectively and promptly promoting the revision of the interest rate risk management strategy as the characteristics of the capital structure change.

Market risk: the other price risks

Other price risks include the risk of fluctuations in the fair value of marketable securities due to variations in the market price arising both from specific factors related to the individual security or its issuer and from factors able to influence the total securities traded in the market place.

The Esprinet Group does not own any securities negotiable in active markets and consequently is not exposed to this type of risk in any way.

OTHER SIGNIFICANT INFORMATION

1. RESEARCH AND DEVELOPMENT ACTIVITIES

The research and development activities of Edp and Web department are related to the definition and planning of new processes and services referred to the IT platform used by the Group, which is at customers and suppliers disposal for information communication as well as for the management of sales and purchase orders. These costs were entirely recorded in the income statement, mainly among the costs of the respective departments.

2. NUMBER AND VALUE OF OWN SHARES

At the date of the close of this financial report, Esprinet S.p.A. holds 1,528,024 own ordinary shares, equal to 3.00% of share capital, partly to fulfil the obligations stemming from the '2021-2023 Long Term Incentive Plan', approved by the shareholders' meeting on 7 April 2021 (1,011,318 rights), and partly targeted at reducing the number of shares in circulation (516,706 shares).

As at 31 December 2020, Esprinet S.p.A. held 1,150,000 own ordinary shares, representing 2.3% of the share capital, fully in service of the Long Term Incentive Plan, valid for the three-year period 2018-2020, approved by the shareholders' meeting on 4 May 2018.

The own share buying programme aimed at the reduction of the number of shares in issue therefore represents an opportunity for the Company to award its shareholders extra compensation on top of dividend distribution.

3. RELATIONSHIPS WITH RELATED PARTIES

The related parties of the Esprinet Group have been defined as per IAS 24.

Group operations with related parties were carried out in compliance with current laws and according to mutual economic advantage.

Any products sold to individuals were sold under the same conditions as those usually applied to employees.

The following table details operations occurred between Group companies and companies where Esprinet S.p.A. directors and shareholders play important roles, as well as Group key managers and their close family.

(€/000)	Type	2021				2020			
		Sales	Cost	Receiv.	Payab.	Sales	Cost	Receiv.	Payab.
Sales									
Key managers and family	Sales of goods	17	-	5	-	20	-	5	-
Subtotal		**17**	**-**	**5**	**-**	**20**	**-**	**5**	**-**
Cost of Sales									
Smart Res S.p.A.	Cost of goods	-	6	-	-	-	8	-	8
Subtotal		**-**	**6**	**-**	**-**	**-**	**8**	**-**	**8**
Overheads and administrative costs									
Key managers	Overheads	-	(3)	-	-	-	(3)	-	-
Subtotal		**-**	**(3)**	**-**	**-**	**-**	**(3)**	**-**	**-**
Total		**17**	**3**	**5**	**-**	**20**	**5**	**5**	**8**

Sales relate to consumer electronics products sold under normal market conditions.

Relationships with key managers result from the recognition of the payments for services rendered by the same, the quantification of which can be found under 'Emoluments to board members and key managers' in the 'Notes to the consolidated financial statements'.

In the case of CONSOB Regulation No. 17221 of 12/03/2010 and subsequent amendments and supplements, please note that Esprinet S.p.A. approved and implemented the management procedure regarding operations with related parties, further details of which may be found in the 'Esprinet S.p.A Corporate Governance Report'.

This procedure is also available at www.esprinet.com, under 'Investors'.

4. RELATIONSHIPS WITH SUBSIDIARIES SUBJECT TO MANAGEMENT AND COORDINATION

Esprinet S.p.A. manages and co-ordinates its subsidiaries resident in Italy.

These activities consist in setting general and operational strategic policies for the Group, drafting general policies regarding human and financial resources management, defining and adapting:

- the corporate governance and internal control model;
- the Group Management and Organisational Model pursuant to Italian Legislative Decree 231/01;
- the System Security Planning Paper (SSPP) pursuant to Italian Legislative Decree 196/03;
- the Code of Ethics;
- administrative-accounting procedures regarding financial reports.

Group co-ordination especially involves the centralised management of administrative, corporate and cash services, which, in addition to enabling the subsidiaries to achieve economies of scale, also enable them to focus their internal resources on managing the core business.

Starting from year 2010 Esprinet S.p.A. and its subsidiary V-Valley S.r.l. have opted for the tax regime as established in the 'National consolidated tax regime', as per Art. 117 and followings of Italian Presidential Decree 917/86 (TUIR - Italian Income Tax Code), which enables Corporate Income Tax (IRES) to be determined on the tax base resulting from the algebraic sum of the positive and negative tax bases of the single companies.

This option was renewed in 2019 for the 3-year period 2019-2021.

5. SHARES OF THE PARENT COMPANY ESPRINET S.P.A HELD BY BOARD MEMBERS, STATUTORY AUDITORS AND KEY MANAGERS

Name	Office	No. of shares at 31/12/20 or at appointment date	No. of shares (LIPT 2018-2020)	No. of shares purchased	No. of shares sold	Received as a donation	No. of shares at 31/12/21 or at termination date
Maurizio Rota [1]	Chairman	3,695,124	-	297,268	-	-	3,992,392
Maurizio Rota	Chairman	-	264,343	-	(185,792)	-	78,551
Alessandro Cattani[1]	Chief Executive Officer	923,781	-	74,316	-	-	998,097
Alessandro Cattani	Chief Executive Officer	-	264,343	-	(185,792)	-	78,551
Marco Monti	Deputy Chairman	2,744,023	-	-	-	-	2,744,023
Total Board of Directors		**7,362,928**	**528,686**	**371,584**	**(371,584)**	**-**	**7,891,614**
Giovanni Testa	Chief Operating Officer	3,980	75,000	-	(43,140)	-	35,840
Total Chief Operating Officer		**3,980**	**75,000**	**-**	**(43,140)**	**-**	**35,840**
Matteo Stefanelli	Non-executive Director	834,507	-	-	(4,507)	149,400	979,400
Tommaso Stefanelli	Non-executive Director	800,000	-	-	-	149,400	949,400
Total ceased Directors		**1,634,507**	**-**	**-**	**(4,507)**	**298,800**	**1,928,800**

[1] Indirect holder through Axopa S.r.l.

In compliance with CONSOB Resolution No. 11971 dated 14 May 1999, the previous table provides details of share dealing effected during the year by Esprinet S.p.A. Directors, Statutory Auditors and Key Managers, reminding that the company organisation structure does not include a General Manager.

6. ATYPICAL AND/OR UNUSUAL OPERATIONS

The management does not believe that any transactions were atypical or unusual according to the definition provided by CONSOB in communication No. DEM 6064293 of 28 July 2006.

7. ADDITIONAL INFORMATION REQUIRED BY BANK OF ITALY AND CONSOB

Pursuant to document 2 of 6 February 2009 and the following specifications of 3 March 2010, requiring the drafters of financial reports to supply adequate disclosure on several themes, the relevant sections in which the requirements applicable to the Group are met are shown below:

- Going concern information, *'Notes to the consolidated financial statements' - 'Accounting principles and valuation criteria' section;*
- Information on financial risks, *'Directors' Report on Operations' - 'Main risks and uncertainties'* section - and *'Notes to the consolidated financial statements' - 'Disclosure on risks and financial instruments'* section;
- Information on impairment testing of assets (so-called Impairment test), *'Notes to the consolidated financial statements' - 'Notes to the statement of equity and financial position items'* section, *'Goodwill'* item;
- Disclosure about uncertainties when using estimates, *'Notes to the consolidated financial statements' - 'Main accounting estimates'* section;
- Disclosure on financial payables type clauses, *'Notes to the consolidated financial statements' - 'Loans and loan covenants'* section;

- Disclosure concerning 'fair value hierarchy', *'Notes to the consolidated financial statements'* - *'Financial instruments pursuant to IFRS 9: classes of risk and fair value'* section.

The information required by CONSOB communication No. DEM/11012984 of 24 February 2011 'Request for information pursuant to Art. 114, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998, regarding compensation for advance termination of employment' can be found in the *'Corporate Governance Report'.*

Disclosure required by CONSOB communication No. 3907 of 19 January 2015 can be found in the relevant sections of the *'Notes to the consolidated financial statements'.*

8. SHARE INCENTIVE PLANS

Within the scope of share incentive policies aimed at strengthening the loyalty of executives deemed essential for the purpose of achieving the Group operating targets, on 7 April 2021 Esprinet S.p.A. Shareholders' Meeting approved a new Compensation Plan ('Long Term Incentive Plan') for the benefit of the members of the Board of Directors and executives of Group companies, as proposed by the Remuneration Committee. Such plan will apply for the 2021-2023 three-year period with the purpose of granting a maximum of 1,150,000 rights of free stock grants of Esprinet S.p.A. ordinary shares.

This 'compensation plan' is structured into two components:

- 'Basic' component, whose conditions for exercise relate to the attainment of the Economic-Financial Performance and ESG (Environmental, Social, Governance) Performance objectives in the 2021-2023 three-year period;
- 'Double Up' component, whose conditions for exercise relate to the achievement of the objectives of value growth of Esprinet S.p.A. in terms of stock market capitalisation at the end of the 2021-2023 three-year period.

Also, for both components to be exercised, the beneficiary must remain in the Group until the date of presentation of the consolidated financial statements for 2023.

On 22 April 2021, in execution of the aforementioned resolution of the Shareholders' Meeting, 1,011,318 rights were assigned free of charge, of which 191,318 relating to the 'Basic' component and 820,000 to the 'Double Up' component.

On 7 April 2021, following the presentation of the consolidated financial statements as at 31 December 2020 to the Shareholders' Meeting of Esprinet S.p.A., and taking into account the successful achievement of the financial targets set for the 2018-2020 three-year period, the free stock grants of Esprinet. S.p.A. ordinary shares referring to the Long-Term Incentive Plan approved by the Shareholders' Meeting of 4 May 2018 became exercisable.

Consequently, the beneficiaries were delivered 1,086,345 shares already available to the Company.

20% of the shares granted to the beneficiaries are subject to a lock-up period of one year from the delivery date.

Further information can be found in the *'Notes to the consolidated financial statement'* – *'Personnel costs'* section.

9. RECONCILIATION OF EQUITY AND GROUP RESULT AND CORRESPONDING VALUES OF THE PARENT COMPANY

In compliance with CONSOB communication No. DEM/6064293 of 28 July 2006 the reconciliation between Group equity and result of the period together with the relative data of the parent company, Esprinet S.p.A., is illustrated in the table below:

(€/000)	Net income		Equity	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Esprinet S.p.A. separate financial statements	**18,460**	**9,370**	**277,555**	**304,286**
Consolidation adjustments:				
Net equity and result for the year of consolidated companies net of minority interests	26,353	19,342	198,173	162,817
Esprinet S.p.A. 's investments in consolidated subsidiaries carryng amount	-	-	(92,923)	(89,428)
Goodwill from Esprinet Iberica S.L.U. business combination	-	-	1,039	1,039
Goodwill from Celly S.p.A. business combination	-	(2,300)	-	1,853
Goodwill from 4Side S.r.l. business combination	-	-	121	121
Goodwill from Dacom S.p.A. business combination	-	-	113	-
Income from idMAINT S.r.l. business combination	168	-	-	-
Deletion of non-realised (profit)/loss on inventory, net of fiscal effect	27	114	(173)	(201)
Deletion of subsidiaries dividend	(465)	-	-	-
Subsidiaries's risk provision deletion	8	40	791	783
4Side S.r.l. Option	(471)	471	-	471
Investments in subsidiaries write-down deletion	-	4,755	555	6,355
Other movements	-	-	867	867
Consolidated net equity and net result	**44,080**	**31,792**	**386,118**	**388,963**

10. CONSOLIDATED NON-FINANCIAL STATEMENT (NFS)

Pursuant to the provisions of Art. 5, paragraph 3(b) of the Italian Legislative Decree 254/2016 and of the Spanish Ley 11/2018 and Art. 8 of EU Regulation 2020/852 of the EU Taxonomy, the Company prepared the consolidated non-financial statement, which represents a separate statement.

The 2021 consolidated non-financial statement, drawn up according to GRI standards, is available on the Group's website.

11. OTHER INFORMATION

The System Security Planning Paper (SSPP) - as initially foreseen by Italian Legislative Decree 196/2003, integrated by the Italian Legislative Decree No. 5/2012 (Simplification Decree) - continues to be drawn up and applied by the companies of the Group localised in Italy.

PROPOSAL OF APPROVAL OF THE FINANCIAL STATEMENT AND ALLOCATION OF THE 2021 PROFITS

Dear Shareholders,

after presenting the separate financial statements of Esprinet S.p.A. and the Group consolidated financial statements as at 31 December 2021, together with the Directors’ Directors’ Report on Operations, we hereby submit to you our proposal for the appropriation of the net profits for the year by Esprinet S.p.A.

In seeking your approval of our operations, by consenting to our Draft Annual Report, as well as to our Directors’ Report on Operations and the Notes to the financial statements, we propose to allocate the net profit of 18.459.887,92 euro to increase the Extraordinary Reserve.

Note that the company needs not set aside amounts to the legal reserve having reached 20% of the Share Capital.

Dividend distribution

The Board of Directors proposes to the Shareholders’ Meeting to allocate a dividend of 0.54 euro per share, before tax withholdings, for each outstanding ordinary share, therefore excluding any own shares held in the Company’s portfolio at the ex-coupon date, through the use of the Extraordinary Reserve.

In addition, the Board of Directors proposes that the dividend actually approved by the Shareholders’ Meeting be paid from 27 April 2022 (ex-coupon no. 16 on 25 April 2022 and record date on 26 April 2022).

Vimercate, 8 March 2022

On behalf of the Board of Directors

The Chairman

Maurizio Rota

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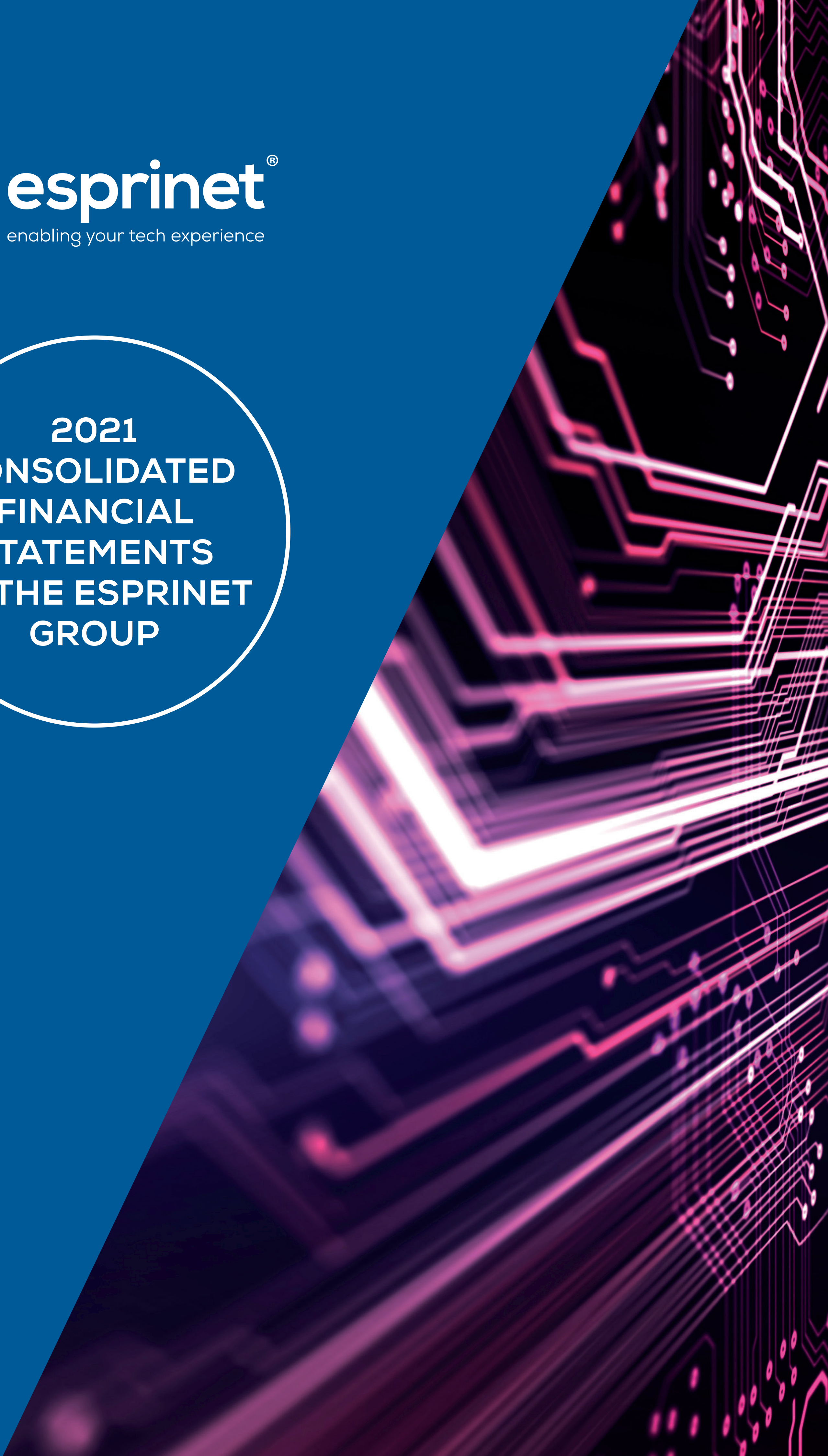
2021 CONSOLIDATED FINANCIAL STATEMENTS OF THE ESPRINET GROUP



CONTENTS OF THE 2021 CONSOLIDATED FINANCIAL STATEMENTS OF THE ESPRINET GROUP

CONSOLIDATED STATEMENT OF EQUITY AND FINANCIAL POSITION

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

(€/000)	Notes	31/12/2021	related parties*	31/12/2020	related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	1	13,856		12,498	
Right-of-use assets	4	107,504		99,928	
Goodwill	2	102,200		108,442	
Intangible assets	3	8,527		722	
Deferred income tax assets	6	10,713		12,950	
Receivables and other non-current assets	9	2,422	-	2,917	-
		245,222	**-**	**237,457**	**-**
Current assets					
Inventory	10	529,502		402,755	
Trade receivables	11	585,522	5	584,037	5
Income tax assets	12	310		410	
Other assets	13	70,330	-	40,186	-
Derivative financial assets	14	-		27	
Cash and cash equivalents	17	491,471		558,928	
		1,677,135	**5**	**1,586,343**	**5**
Total assets		**1,922,357**	**5**	**1,823,800**	**5**
EQUITY					
Share capital	19	7,861		7,861	
Reserves	20	334,074		347,602	
Group net income	21	44,183		31,405	
Group net equity		**386,118**		**386,868**	
Non-controlling interests		**-**		**2,095**	
Total equity		**386,118**		**388,963**	
LIABILITIES					
Non-current liabilities					
Borrowings	22	106,531		107,069	
Lease liabilities	31	102,253		93,999	
Deferred income tax liabilities	24	14,784		11,309	
Retirement benefit obligations	25	5,232		4,847	
Debts for investments in subsidiaries	49	1,615		230	
Provisions and other liabilities	26	2,537		3,702	
		232,952		221,156	
Current liabilities					
Trade payables	27	1,190,856	-	1,107,826	8
Short-term financial liabilities	28	55,195		56,049	
Lease liabilities	36	9,829		8,867	
Income tax liabilities	29	4,287		224	
Derivative financial liabilities	30	2		-	
Debts for investments in subsidiaries	51	1,854		220	
Provisions and other liabilities	32	41,264	-	40,495	-
		1,303,287	**-**	**1,213,681**	**8**
Total liabilities		**1,536,239**	**-**	**1,434,837**	**8**
Total equity and liabilities		**1,922,357**	**-**	**1,823,800**	**8**

* For further details on related parties, please see the 'Relationships with related parties' section in the 'Directors' Report on Operations'.

CONSOLIDATED INCOME STATEMENT

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

(€/000)	Notes	2021	non - recurring	related parties*	2020	non - recurring	related parties*
Sales from contracts with customers	**33**	**4,690,947**	**-**	**17**	**4,491,613**	**-**	**20**
Cost of sales		(4,459,057)	-	(6)	(4,297,946)	-	(8)
Gross profit	**35**	**231,890**	**-**		**193,667**	**-**	
Sales and marketing costs	**37**	(66,351)	-	-	(51,775)	-	-
Overheads and administrative costs	**38**	(97,482)	(1,416)	3	(90,038)	(4,566)	3
Impairment loss/reversal of financial assets	**39**	354	-		(4,206)	(2,627)	
Operating income (EBIT)		**68,411**	**(1,416)**		**47,648**	**(7,193)**	
Finance costs - net	**42**	(7,637)	-	-	(5,099)	-	-
Profit before income taxes		**60,774**	**(1,416)**		**42,549**	**(7,193)**	
Income tax expenses	**45**	(16,694)	386	-	(10,757)	1,262	-
Net income		**44,080**	**(1,030)**		**31,792**	**(5,931)**	
- of which attributable to non-controlling interests		(103)			386		
- of which attributable to Group		44,183	(1,030)		31,406	(5,931)	
Earnings per share - basic (euro)	**46**	0,89			0,63		
Earnings per share - diluted (euro)	**46**	0,88			0,62		

* Emoluments to key managers excluded.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	2021	2020
Net income	**44,080**	**31,792**
Other comprehensive income:		
- Changes in translation adjustment reserve	22	(42)
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	133	(173)
- Taxes on changes in 'TFR' equity reserve	(32)	41
Other comprehensive income	**123**	**(174)**
Total comprehensive income	**44,203**	**31,618**
- of which attributable to Group	44,297	31,226
- of which attributable to non-controlling interests	(94)	392

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interesti	Group net equity
Balance at 31 December 2019	**7,861**	**336,255**	**(8,647)**	**23,553**	**359,022**	**2,508**	**356,514**
Total comprehensive income/(loss)	**-**	**(174)**	**-**	**31,792**	**31,618**	**392**	**31,226**
Allocation of last year net income/(loss)	-	23,553	-	(23,553)	-	-	-
Celly Group step up acquisition	-	(1,262)	-	-	(1,262)	(804)	(458)
Acquisition and deletion of Esprinet own shares	-	(5,503)	3,847	-	(1,656)	-	(1,656)
Transactions with owners	**-**	**16,788**	**3,847**	**(23,553)**	**(2,918)**	**(804)**	**(2,114)**
Currently active Share plans	-	1,250	-	-	1,250	-	1,250
Other variations	-	(9)	-	-	(9)	(1)	(8)
Balance at 31 December 2020	**7,861**	**354,110**	**(4,800)**	**31,792**	**388,963**	**2,095**	**386,868**
Balance at 31 December 2020	**7,861**	**354,110**	**(4,800)**	**31,792**	**388,963**	**2,095**	**386,868**
Total comprehensive income/(loss)	**-**	**123**	**-**	**44,080**	**44,203**	(94)	**44,297**
Allocation of last year net income/(loss)	-	31,792	-	(31,792)	-	-	-
Dividend payment	-	(27,234)	-	-	(27,234)	(447)	(26,787)
4Side step up acquisition	-	(1,600)	-	-	(1,600)	(1,554)	(46)
Purchases of own shares	-	-	(19,859)	-	(19,859)	-	(19,859)
Transactions with owners	**-**	**2,958**	**(19,859)**	**(31,792)**	**(48,693)**	**(2,001)**	**(46,692)**
Grant of share under share plans	-	(4,065)	4,396	-	331	-	331
Equity plans in progress	-	1,410	-	-	1,410	-	1,410
Other variations	-	(96)	-	-	(96)	-	(96)
Balance at 31 December 2021	**7,861**	**354,440**	**(20,263)**	**44,080**	**386,118**	**-**	**386,118**

CONSOLIDATED STATEMENT OF CASH FLOWS[5]

(€/000)	2021	2020
Cash flow provided by (used in) operating activities (D=A+B+C)	**21,652**	**77,612**
Cash flow generated from operations (A)	**84,518**	**64,970**
Operating income (EBIT)	68,411	47,648
Income from business combinations	(168)	-
Depreciation, amortisation and other fixed assets write-downs	16,315	16,536
Net changes in provisions for risks and charges	(1,218)	(435)
Net changes in retirement benefit obligations	(562)	(29)
Stock option/grant costs	1,740	1,250
Cash flow provided by (used in) changes in working capital (B)	**(50,340)**	**22,711**
Inventory	(110,126)	99,191
Trade receivables	23,526	(74,544)
Other current assets	(26,092)	(1,401)
Trade payables	65,222	(6,600)
Other current liabilities	(2,870)	6,065
Other cash flow provided by (used in) operating activities (C)	**(12,526)**	**(10,069)**
Interests paid	(4,865)	(4,596)
Received interests	34	265
Foreign exchange (losses)/gains	(1,473)	174
Income taxes paid	(6,222)	(5,912)
Cash flow provided by (used in) investing activities (E)	**(17,016)**	**(44,289)**
Net investments in property, plant and equipment	(5,373)	(6,435)
Net investments in intangible assets	(466)	(548)
Net investments in other non current assets	39	(129)
Subisidiaries business combination	(11,216)	(37,177)
Cash flow provided by (used in) financing activities (F)	**(72,093)**	**61,828**
Medium/long term borrowing	26,500	84,250
Repayment/renegotiation of medium/long-term borrowings	(30,447)	(16,479)
Leasing liabilities remboursement	(9,660)	(6,219)
Net change in financial liabilities	(8,482)	(2,481)
Net change in financial assets and derivative instruments	(2,691)	3,933
Deferred price acquisition	(220)	450
Dividend payments	(27,234)	-
Own shares acquisition	(19,859)	(1,656)
Other movements	-	30
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(67,457)**	**95,151**
Cash and cash equivalents at year-beginning	**558,928**	**463,777**
Net increase/(decrease) in cash and cash equivalents	**(67,457)**	**95,151**
Cash and cash equivalents at year-end	**491,471**	**558,928**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Esprinet S.p.A. (hereafter 'Esprinet' or the 'parent company') and its subsidiaries (jointly the 'Esprinet Group' or the 'Group') operate on the Italian, Spain and Portuguese markets in the 'business-to-business' (B2B) distribution of Information Technology (IT) products and consumer electronics.

Esprinet S.p.A. has its registered and administrative offices in Italy at Vimercate (Monza e Brianza).

The ordinary shares of Esprinet S.p.A. (ticker: PRT.MI) have been listed on the STAR Milan (Euronext STAR Milan) segment of the EXM (Euronext Milan) market of the Italian Stock Exchange since 27 July 2001.

With regard to the information required by Art. 2427 (22-quinquies) of the Italian Civil Code, it should be noted that the consolidated financial statements in question represent the largest group of which Esprinet S.p.A. is a part.

2. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The accounting principles applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, these principles have been consistently applied to all the years presented.

2.1 ACCOUNTING PRINCIPLES

The consolidated financial statements of the Esprinet Group as at 31 December 2021 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as measures issued in accordance with Art. 9 of Italian Legislative Decree No. 38/2005.

The IFRS standards include the recent evolution of the International Accounting Standards (IAS) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up using the historical cost, except for the assessment of some financial instruments, where the fair value criteria are applied, and also the going concern presumption.

Business continuity

These consolidated financial statements have been prepared on a going concern basis as there is a reasonable expectation that the Esprinet Group will continue to operate in the future (at least in the foreseeable future and in any case over a period of at least 12 months).

The Covid-19 pandemic, which was and still is a significant event likely to have a significant impact on every company's on the equity, economic and financial position, is not considered an event capable of jeopardising the Esprinet Group's business continuity.

The Esprinet Group continued to operate uninterruptedly, effectively and in full compliance with the provisions in force, maintaining the most up-to-date measures to protect and safeguard the health of its workers.

The pandemic has also caused a supply shortage for some products, however, the impact of said risk on the Esprinet Group was minimal in terms of scope and time and limited to specific product categories, as well as offset by the supply capacity and the availability of stock that has always been a hallmark of the Group.

Therefore, at the current state of play, based on the information available and taking account of the financial situation, as well as the following main factors:

- the main external risks to which the Group is exposed;
- the favourable changes in the general macroeconomic situation in the European market across the board and in the Italian, Spanish and Portuguese markets in particular, also in consideration of the expected significant boost to the demand for technology deriving from the investment plans financed by the NextGenEU funds that the various Governments have put in place;
- changes in environmental and business conditions and competitive dynamics;
- changes in the legislative and regulatory frameworks;
- the actual and potential outcomes of ongoing disputes;
- financial risks;

we can conclude that there are no doubts surrounding the existence of the going concern assumption for the Group.

2.2 PRESENTATION OF FINANCIAL STATEMENTS AND ESEF REGULATION

The statement of equity and financial position, income statement and cash flow statement, as well as the statement of changes in shareholders' equity, contained in these consolidated financial statements, are drawn up in compliance with the EU Delegated Regulation 2019/815 (ESEF Regulation - European Single Electronic Format) which governs the single communication format for the annual financial reports of issuers whose securities are listed on the regulated markets of the European Union.

The presentation formats of the equity and financial position and income and cash-flow statements have the following characteristics:

- statement of equity and financial position: current and non-current assets and current and non-current liabilities are reported separately;
- statement of comprehensive income: income statement and statement of comprehensive income are reported in two different statements;
- separate income statement: costs have been analysed by function;
- statement of cash flows: drawn up as per the indirect method set out in IAS 7.

The choices made in terms of the presentation of the statement of accounts derive from the conviction that these contribute to an improvement in the quality of the information provided.

Figures in this document are expressed in thousands of euro, unless otherwise indicated. Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 CONSOLIDATION CRITERIA AND METHODS

The consolidated financial statements are prepared on the basis of the accounts of the parent company and its direct and/or indirect subsidiaries or associated companies, as approved by their respective Boards of Directors[6].

Wherever necessary, the accounts of subsidiaries were suitably adjusted to ensure consistency with the accounting standards used by the parent company and all relate to financial years that have the same closing date as the parent company.

The table below lists companies included in the consolidation scope as at 31 December 2021, all consolidated on a line-by-line basis.

[6] With the exception of Celly Pacific LTD, Erredi Deutschland GmbH, Erredi France SARL, Erredi Iberica S.L. as they do not possess said Body.

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 Pacific LTD	Honk Kong (China)	935	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%
Nilox Deutschland GmbH	Düsseldorf (Germany)	400,000	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%
Dacom S.p.A.	Cornaredo (MI)	3,600,000	100.00%	Esprinet S.p.A.	100.00%
idMAINT S.r.l.	Cornaredo (MI)	42,000	100.00%	Esprinet S.p.A.	100.00%
4Side S.r.l	Legnano (MI)	100,000	100.00%	Esprinet S.p.A.	100.00%
Subsidiaries indirectly controlled:					
Esprinet Portugal Lda	Porto (Portugal)	2,500,000	100.00%	Esprinet Iberica S.L.U. Esprinet S.p.A.	95.00% 5.00%
Vinzeo Technologies S.A.U.	Madrid (Spain)	30,704,180	100.00%	Esprinet Iberica S.L.U.	100.00%
Erredi Deutschland GmbH	Eschborn (Germany)	50,000	100.00%	idMAINT S.r.l.	100.00%
Erredi France SARL	Roissy-en-France (France)	50,000	100.00%	idMAINT S.r.l.	100.00%
Erredi Iberica S.L.	Santa Coloma de Cervellò (Spain)	5,000	100.00%	idMAINT S.r.l.	100.00%
V-Valley Advanced Solutions España, S.A. **	Madrid (Spain)	1,202,000	100.00%	Esprinet Iberica S.L.U.	90.42%
Optima Logistics S.L.U.	Madrid (Spain)	3,005	100.00%	V-Valley Advanced Solutions España, S.A.	100.00%
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	Sacavém (Portugal)	10,000	100.00%	V-Valley Advanced Solutions España, S.A.	100.00%
GTI Software & Networking SARLAU	Casablanca (Morocco)	707,252	100.00%	V-Valley Advanced Solutions España, S.A	100.00%

(*) Share capital values, with reference to the companies publishing financial statements in a currency other than euro, are displayed at historical value.
(**) 100% by virtue of 9.58% of treasury shares held by V-Valley Advanced Solutions España, SA

The most significant consolidation criteria adopted when preparing the Group's consolidated financial statements are presented below.

Subsidiaries

Subsidiaries are entities where the Group is exposed, or has rights, to variable returns and has the capacity of influencing them, pursuant to IFRS 10, paragraph 6. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Any effects of transactions between Group companies on the Group's assets and profits, unrealized gains and losses and dividends included, are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the transferred asset.

Changes in a parent's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries by the Group and is explained as follow.

The cost of an acquisition is the aggregate of the acquisition-date fair value of the consideration transferred and of the amount of any non-controlling interest (or 'NCI') in the acquiree. A non-controlling interest can be measured at fair value or at the NCI's proportionate share of net assets of the acquiree (option available on a transaction by transaction basis). Any costs directly attributable to the combination are expensed and classified in administrative costs.

In the case of business combination achieved in stages, on the date that control is obtained the fair values of the acquired entity's assets and liabilities, including goodwill, are measured; any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss.

Contingent consideration is measured at the acquisition date fair value.

Goodwill is measured as the difference between the cost of an acquisition and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the sum of the consideration and non-controlling interests is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

In financial years up to and including 2009, business combinations were accounted for using the purchase method. Costs directly attributable to the acquisition were included in the cost of the acquisition. Minority interests consisted of the share of the net assets of the acquired entity. Business combinations carried out in several stages were accounted for at separate times.

Non-controlling interests

The Group applies a policy of treating transactions with non-controlling shareholders as transactions with parties outside the Group itself.

The share of equity attributable to outside shareholders of subsidiary companies included in the consolidated accounts is carried separately under the equity item *'Non-controlling interests'*, precisely created for this purpose. The share of net profit attributable to non-controlling shareholders is reported separately in the consolidated separate income statement under the item '*Non-controlling interests*'.

Losses are attributed to non-controlling shareholders even if they make negative the non-controlling interests balance.

Associated companies

Group investments in associates are assessed using the equity method.

Associates are companies over which the Group has significant influence, even though they are not subsidiaries or part of a joint-venture.

Financial statements of associates are used by the Group for the application of the net equity method of accounting.

The closing of accounts of associates and of the Group take place at the same date and by using the same accounting principles.

Group investments in associates are recorded in the statement of financial and equity position at the cost increased or decreased by the post-acquisition changes in the Group's share of its associates' net profit and eventually decreased by any possible loss of value. The possible Goodwill relating to an associate is included in the carrying amount of the investment and its amortisation or impairment are not permitted.

The income statement reflects the Group's share of the associate's result for the year. Profits and losses deriving from transactions between the Group and the associate are eliminated in proportion to the shareholding in the associate.

If an associate adjusts a movement directly taking it to equity, the Group also adjusts its share subsequently and reports it, where applicable, in the statement of changes in equity.

After application of the equity method the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. At each reporting date the Group determines whether objective reasons exist to support any impairment loss with respect to its investment in the associate. If this is the case, the Group calculates the amount of the loss as the difference between the recoverable value of the associated company and its carrying amount in its financial statements, recording this difference in the statement of profit (loss) for the year and classifying it in the 'share of profit (loss) of associated companies'.

It should be noted that as at 31 December 2021 there were no investments in associated companies.

Intercompany dividends

Dividends distributed among Group companies are eliminated from the consolidated income statement.

2.4 CHANGES TO THE GROUP'S CONSOLIDATION AREA

With respect to 31 December 2020, note should be taken of the entry into the scope of consolidation of the company Dacom S.p.A. and the idMAINT Group, effective from 22 January 2021, and the increase from 51% to 100% of the share held in the subsidiary 4Side S.r.l. on 15 November 2021.

By contrast, in relation to the individual companies, although with no impact on the overall perimeter, compared to 31 December 2020, the mergers by incorporation of Diode España S.A.U. and V-Valley Iberian S.L.U. into V-Valley Advanced Solutions España S.A. (formerly GTI Software Y Networking S.A.) and the merger of Celly S.p.A. into Esprinet S.p.A. resulting in the latter obtaining direct control of the investment in Celly Pacific Limited.

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

2.5 AMENDMENTS OF ACCOUNTING STANDARDS

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

2.6 PRINCIPALI CRITERI DI VALUTAZIONE E POLITICHE CONTABILI

Non-current assets

Intangible assets and goodwill

Intangible assets are assets that have no identifiable physical nature, that are controlled by the company and that are able to generate future income.

They include goodwill, when it is acquired for a consideration.

Intangible assets with a defined useful life are systematically amortised over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular, the item *'Industrial patent rights and use of intellectual property'* is amortised over three years, while the Customer Relationship recorded under the item 'Other intangible assets' is amortised over 13 years.

Goodwill and other intangible assets with indefinite useful lives are not amortised on a straight-line basis, but are subject to an annual impairment test. The Impairment test is described below in the section entitled *'Impairment of assets'*. The increased carrying amount of an intangible asset with defined or indefinite useful life attributable to a reversal of an impairment loss does not exceed the book value that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years. This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Property, plant and equipment

Property, plant and equipment are shown in the financial statements at purchase or production cost, or at their conveyance value, including any directly attributable incidental costs and costs deemed necessary to make them operable.

Ordinary maintenance and repair costs are charged to the income statement for the year in which they are incurred. Extraordinary maintenance costs leading to a significant and tangible increase in the productivity or useful life of an asset are added to the value of the asset concerned and amortised over a period representing its remaining useful life.

Costs for leasehold improvements are entered under their relevant tangible assets category.

Individual components of a facility that have different useful lives are recognised separately, so that each component may be depreciated at a rate consistent with its useful life.

Fixed assets are systematically depreciated every year, in line with depreciation schedules drawn up to reflect the remaining usefulness of the assets concerned. The value reported in the statement of financial position is shown net of accumulated depreciation according to the remaining possible use of the asset.

The depreciation rates applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	from 3% to 20%
Other specific plants	15%
Conditioning plants	from 3% to 14,3%
Telephone systems and equipment	from 10% to 20%
Communication and telesignal plants	25%
Industrial and commercial equipment	from 7,1% to 15%
Electronic office machines	from 20% to 25%
Furniture and fittings	from 10% to 25%
Other assets	from 10% to 19%

If there are indications of a decline in value, assets are subjected to an impairment test. The Impairment test is described below in the section entitled *'Impairment of non-financial assets'.* When the reasons for a write-down no longer apply, the asset's cost may be reinstated. Reversals of impairment losses may not exceed the book value that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised in previous years.

This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Leasing transactions

Assets acquired through leases are recognised in accordance with IFRS 16, among fixed assets through the recognition of an asset representing the right of use of the underlying asset for the duration of the contract (Right of Use), recording a liability against future lease payments under '*Lease liabilities*' as a balancing entry.

Subsequent to initial recognition, the right of use is amortised in accordance with IAS 16, while the carrying amount of the lease liability increases due to the interest accrued in each period and decreases due to payments made.

Interest expenses on the lease liability and amortisation of the right to use the asset are recognised separately in the income statement. Future lease payments contractually due are discounted using the interest rate implicit in the relevant contract; where this is not easily and reliably determinable, the lessee's incremental borrowing rate is used.

The standard also requires that on the occurrence of specified events (for example, a change in the terms of the lease contract, a change in future lease payments resulting from a change in an index or rate used to determine such payments) the financial liability for the lease shall be remeasured with an adjustment for the right to use the asset.

The standard also establishes two exemptions for application in relation to assets considered to be of 'low value' and short-term leasing contracts whose sales/costs are recognised on a straight-line basis in the income statement over the term of the leasing contract.

Impairment of non-financial assets

IAS 36 requires the testing of property, plant and equipment and intangible assets for impairment when there are indications that impairment has occurred. In the case of goodwill and other assets with indefinite lives this test must be conducted at least annually.

In the case of goodwill, the Group carries out the impairment tests foreseen by IAS 36 in respect of all cash generating units to which goodwill has been allocated.

The recoverability of a carrying amount is tested by comparing the carrying amount recorded in the financial statements with the greater of fair value net of disposal costs, when there is an active market, and the value in use of the asset. Value in use is the present value of future cash flows expected to be derived from an asset or a Cash Generation Unit (CGU) and from its disposal at the end of its useful life. Expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the cost of money in relation to the investment period and the risks specific to the asset. An impairment loss is recognised in the income statement when the carrying value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value. CGUs have been identified within the Group's organisational and business structure as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group.

Deferred income tax assets

Deferred income tax assets are recorded at face value. They are entered in the books when their recovery is deemed probable. See also the comment under item *'Income taxes'.*

Financial assets (non-current and current)

Upon their initial recognition, financial assets are entered at fair value and then classified in one of the following categories:

a) financial assets measured at amortised cost;

b) financial assets measured at fair value with impact on overall profitability (and therefore on the equity reserve named 'Fair value measurement reserve');

c) financial assets measured at fair value with impact on income statement.

Financial assets are classified on the basis of the business model adopted by the Group in managing their cash flows and on the basis of the contractual characteristics of the cash flows obtainable from the asset. The business models identified are as follows:

- Hold to collect: financial assets for which the following requirements are met are classified in this category, (i) the asset is held under a business model whose objective is to hold the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented only by payments of principal and interest on the amount of principal to be repaid. These assets fall within the category of assets measured at amortised cost. These are mainly trade and other receivables, as described in the 'Trade and other receivables' section. Receivables, with the exception of trade receivables that do not contain a significant financial component, are initially recognised in the financial statements at their fair value; when subsequently measured, they are measured at amortised cost using the effective interest rate. Trade receivables that do not contain a significant financial component are instead recognised at the price defined for the related transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers). At subsequent measurement, assets in this category are measured at amortised cost, using the effective interest rate. The effects of this measurement are recognised among the financial components of income. These assets are also subject to the impairment model as defined in the 'Trade and other receivables' section.
- Hold to collect and sell: this category includes financial assets whose business model provides both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal. These assets fall under the category of assets measured at fair value with the effects attributed to OCI. In this case, changes in the fair value of the asset are recognised in equity as other components of comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve which includes the other components of comprehensive income, is reversed to the income statement when the asset is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and impairments is recorded in the income statement. It should be noted that as at 31 December 2021, there were no financial assets recognised at fair value through OCI.
- Hold to sell: this category includes financial assets that are not classified in any of the above

categories (i.e. residual category). These assets are recognised at fair value both at initial recognition and at subsequent measurement. Profits and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised. This category mainly includes receivables subject to mass and recurring selling.

See also the 'Trade and other receivables' section.

Purchases and disposals of financial assets are accounted for on the settlement date.

In the case of financial assets measured at fair value, if they are traded on an active market, the fair value is defined, at each reporting date, in terms of the quoted market price or the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Financial assets are removed from the balance sheet when the right to receive the cash flows deriving from the instrument has expired and the Group has substantially transferred all the risks and benefits relating to the instrument itself and the related control.

Derecognition of financial assets

A financial asset (or, when applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g., written-off from the Group's statement of equity and financial position) when:

- the rights to receive cash flows from the asset have ceased; or
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and: (i) transferred substantially all the risks and benefits of ownership of the financial asset; or (ii) neither transferred nor retained substantially all the risks and benefits of the asset, but transferred control of it.

If the Group has transferred the rights to receive the cash flows from an asset or entered into an agreement under which it retains the contractual rights to receive cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), the Group assesses whether and to what extent it has retained the risks and benefits of ownership. If the Group has neither transferred nor retained substantially all risks and benefits or has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its continuing involvement in the asset. In this case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured so as to reflect the rights and obligations that are still pertaining to the Group.

When the Group's residual involvement is a guarantee on the transferred asset, the involvement is measured based on the amount related to the asset and the maximum amount of the consideration received that the Group might have to refund, whichever lower.

Current assets

Inventory

Stock is taken at the lower of acquisition cost and realisable value, as obtained from market trends, whilst taking into account the features peculiar to the target sector of the Group concerned, which sells mainly IT products and consumer electronics that rapidly become obsolete.

The configuration of cost adopted when measuring stock is based on the FIFO method of accounting.

Purchase cost considers additional expenses as well as any discounts and allowances granted by vendors, in accordance with the sector's standard business practice, in relation to predetermined sales targets being achieved and marketing activities being adequately developed in order to promote the brands being distributed and to develop the sales channels utilised. Cost includes 'price protections' on inventories granted by suppliers on the purchasing prices.

Obsolete and surplus stock and stock characterised by slow turnover is written down to reflect the chances of selling it.

Trade and other receivables

Trade and other receivables, unless otherwise specified, are entered at their nominal value, which is equivalent to the value determined by using the amortised cost method if the receivable is non-interest-bearing and has a short payment period, but no longer than twelve months, as almost all Group receivables are. This is due to the fact that the impact of the discounting logic is negligible, also given that the Group is not operating in systems characterised by hyperinflation and therefore by high interest rates.

If scenarios change and in case of receivables that do not feature the aforementioned characteristics, the Group would account them based on the amortised cost method.

On initial recognition they are measured at fair value, except for trade receivables that do not include a significant financial component as described in the 'Financial assets (non-current and current)' section.

The value of receivables is reduced, where impairment losses occur, to their realisable value.

Impairments are carried out on the basis of expected loss ('Expected Credit Loss model'), by applying a simplified approach. Therefore, the Group does not monitor changes in credit risk, but entirely recognises the expected loss at each reporting date. In particular, expected losses are determined by considering the solvency of individual creditors, the insurance coverage and the level of credit risk, based on the available information and accumulated historical experience.

Transactions involving the assignment of receivables without recourse, for which substantially all risks and benefits are transferred to the assignee, result in the derecognition of receivables from the Assets, since the requirements of IFRS 9 are met.

On the other hand, transactions involving the assignment of receivables with recourse continue to be recorded as Assets since not all risks and benefits have been transferred to the assignee.

The need to manage credit risk, working capital and, consequently, cash flows requires also the systematic execution of operations such as the assignment of such receivables to financial operators either definitively (without recourse) or temporarily (with recourse).

For the Esprinet Group, these transactions take the form of contractually agreed revolving factoring programmes to factoring companies or banks, and securitisation programmes for loans.

The receivables that are the subject of the aforementioned factoring programs are measured, as defined in the Financial assets section, at fair value through profit and loss.

Impairments carried out in accordance with IFRS9 are recognised in the consolidated income statement and are represented under the '*Impairment loss/reversal of financial assets'* item.

Tax assets

Tax assets are stated at fair value; they include all those assets that are taxable by the Tax Authorities or that can be financially compensated in the short term. See also the comment under item *'Income taxes'.*

Cash and cash equivalents

Cash and cash equivalents includes all liquid funds and deposits in bank accounts that are immediately available, as well as other liquidity with a duration of less than three months.

The liquid funds in euro are stated at their face value, while liquid funds in other currencies are stated at the current exchange rate at the end of the year.

Non-current assets held for sale

A non-current asset held for sale (or assets of a disposal group) is an asset whose carrying amount will be recovered principally through a sale transaction rather than through its continuing use. Consequently a non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell, and depreciation on such asset ceases.

It is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable.

Equity

Own shares

Own shares are deducted from equity. In the case of any subsequent sale, the difference between the cost of own shares and the selling price is recognised in equity.

Current and non-current liabilities

Financial debt

Financial liabilities are recognised in the statement of equity and financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially stated at fair value, to which any eventual costs related to the transaction are added. Afterwards, financial debt is stated at the amortised cost using the actual interest rate for the discount calculation.

Financial liabilities are removed from the income statement once the obligation specified in the contract has been fulfilled, cancelled or expired. The difference between the carrying amount of the financial liability which is paid off or transferred to another party and the sum paid is reported in the income statement.

In the case of financial liabilities measured at fair value, if they are traded on an active market, the fair value is defined, at each reporting date, in terms of the quoted market price or the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions for risks and charges

Provisions are made when there is the probable existence of an obligation, be it actual, legal or implicit, due to past events and the amount of the obligation can be reliably estimated. The provisions are stated at the value that represents the best estimate of the amount that the company would reasonably pay for settling the obligation or transferring it to third parties at year-end. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are discounted; the increase in the provisions linked to the passing of time is stated in the income statement under the item 'Financial income and expense'. Risks for which a liability is only possible are disclosed in a separate contingent liability disclosure section and no provision is made.

Staff post-employment benefits

Staff post-employment benefits are defined on the basis of plans which even though not yet official are called either 'fixed contribution' or 'defined benefit' plans, depending on their characteristics.

In the 'fixed contribution' plans the obligation of the company, limited to the payment of contributions to the State or entity or a distinct legal authority (fund), is calculated on the basis of the contributions owed. Until the 2007 Financial Law and relative enforcing decrees came into force, the uncertainty regarding payment times meant that staff severance indemnity (TFR) was likened to a defined benefit plan.

Following the reform, the allocation of accruing staff severance indemnity quotas to the pension fund or to INPS, the Italian Social Security body, resulted in the transformation of the plan into a fixed contribution plan, where the company's obligation is exclusively the payment of the contributions either to the fund or to INPS.

Liabilities relating to past staff severance indemnity still represent a defined benefits plan calculated by independent actuaries using an actuarial-type method.

Since 2013 actuarial profits and losses, deriving from changes to actuarial hypotheses, are reported in an appropriate equity reserve figure as required by the IAS19R.

Pursuant to IAS 19, the above-mentioned reform has made it necessary to recalculate the value of the past staff severance indemnity provision due to the exclusion of the actuarial hypotheses linked to salary increases and the revision of financial-type hypotheses. This effect (curtailment) has been reported in the 2007 separate income statement in reduction of personnel costs.

Trade payables, other debts, other liabilities

Trade payables, other debts and other liabilities are initially reported at their fair value net of any costs linked to the transaction.

Subsequently, they are recorded at amortised cost, which, since it is not considered necessary to carry out any discounting and separate entry in the income statement of the explicit or unbundled interest expense as it is not material in view of the expected payment time, coincides with the face value.

Provisions for presumed debt are liabilities paid for goods or services which have been received or supplied but not yet paid and include amounts due to staff or other subjects.

The degree of uncertainty regarding the timing or amount of the allocations for 'Other debt/liability' is rather less than that of the provisions.

Income statement

Sales and expenses

On the basis of the five-stage model introduced by IFRS 15, the Company proceeds with the recognition of sales after identifying the contracts with its customers and the related services to be satisfied (transfer of goods/services), determining the consideration to which it believes it is entitled in exchange for the satisfaction of each of these services, and evaluating the manner in which these services are satisfied (performance at a given time versus fulfilment over time).

Specifically, sales are recognised only if the following requirements are met:

- **a)** the parties to the contract have approved the contract and have undertaken to fulfil their respective obligations; there is therefore an agreement between the parties which creates rights and obligations due irrespective of the form in which such an agreement is expressed;
- **b)** the Group may identify the rights of each party with respect to the goods or services to be transferred;
- **c)** the Group can identify the terms of payment for the goods or services to be transferred;
- **d)** the contract has commercial substance; and
- **e)** it is likely that the Group will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When the above requirements are met, the Group recognises sales as described below.

Sales from sales are recognised when control of the goods subject to the transaction is transferred to the buyer or when the goods are delivered and the customer acquires the ability to decide on the use of the goods and to substantially reap all of the benefits.

Sales are stated net of returns, discount, allowances and bonuses treated as variable components of the agreed consideration.

Sales from the provision of services are recognised on completion of the service.

It should be noted that the payment times granted to the Group's customers do not exceed 12 months, therefore the Group does not record adjustments to the transaction price to consider components of a financial nature.

Costs are recognised when related to goods and services sold or used in the period or proportionally when their useful future life cannot be determined.

The purchase cost of products is reported net of any discounts granted by vendors for 'protection' provided in respect of price-list reductions and product replacements. Credits arising from any such allowances are recorded by using the accrual method of accounting, based on information from the vendors concerned.

Discounts granted for immediate cash payments of invoices payable upon presentation are used to reduce the cost of the products purchased, since – as is standard practice in the sector in which the Group operates – the commercial component is considered predominant.

Dividends

Dividends are recognised at the date of approval of the decision by the Shareholders' Meeting of the disbursing company.

Earnings per share

Basic

Basic earnings per share are calculated by dividing the Group's year-end profit by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as own shares.

Diluted

The diluted profit per share is calculated by dividing the Group's year-end profit by the weighted average of ordinary shares in circulation during the accounting period, excluding any own shares. For the purposes of the calculation of the diluted profit per share, the weighted average of the shares in circulation is modified by assuming the exercising by all owners of rights that potentially having diluting effects, while the net result of the Group is adjusted to take into account any effects, net of taxes, of the exercising of said rights. The result per diluted share is not calculated in the case of losses, in that any diluting effect would determine an improvement in the result per share.

Stock grants

Labour costs include stock options and/or stock grants awarded to managers in as much as they represent actual remuneration accruing at the closing date of the financial statements.

The cost is calculated in reference to the fair value of the assignment awarded to the employee.

The portion belonging to the period is calculated pro rata temporis over the vesting period.

The fair value of assigned stock grants is measured by the 'Black-Scholes' and is stated in the form of a counterparty in the 'Reserves'.

Income taxes

Current income taxes are calculated with an estimate of taxable income for each Group company. The forecast payable is stated in the item '*Current income tax liabilities*' but, if surplus accounts have been paid, the receivable is stated in the item '*Current income tax assets*'. Tax payables and receivables for current taxation are stated at the value that it is expected to pay to or to recover from the Tax Authorities when applying the rates and current tax law or laws which have been substantially approved at the end of the period.

Deferred and advance income taxes are calculated using the '*liability method*' on the temporary differences between the values of assets and liabilities stated on the statement of financial position and the corresponding values recognised for tax purposes. The statement of assets for advanced taxation is made when their recovery is probable.

Deferred and advance taxation are not stated if they are linked to the initial statement of an asset or liability in a different transaction by a business combination and that does not have an impact on the results and taxable income.

Assets for advanced taxation and liabilities for deferred taxation are stated in the fixed assets and liabilities and are off-set for each single company if they are taxes that can be off-set. If the balance of this off-set is positive, it is stated in the item '*Deferred income tax assets*'; if it is negative, it is stated in the item '*Deferred income tax liabilities*.'

Foreign currency translation, transactions and balances

Functional and presentation currency

Items included in this financial statement are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in euro, which is the Group's functional and presentation currency.

Currency transactions and translation criteria

Foreign currency transactions are entered under functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currency are converted into euro by applying the current exchange rate at the end of the period and the effect is stated in the separate income statement. Non-monetary assets and liabilities in foreign currency valued at cost are stated at the initial exchange rate; when they are valued at fair value or their recoverable or sale value, the current exchange rate is used on the date that the evaluation is made.

Exchange rate	Punctual at 31.12.2021	Average 2021	Punctual at 31.12.2020	Average 2020
Hong Kong Dollar (HKD)	8.83	9.19	9.51	8.86
Dirham (MAD)	10.48	10.63	10.88	10.91
US Dollar (USD)	1.13	1.18	1.23	1.14

Derivative instruments

Derivative instruments, including embedded derivatives, are accounted for based on the provisions of IFRS 9. At the date of execution they are initially recorded at fair value as 'fair value through profit and loss' financial assets when the fair value is positive or as 'fair value through profit and loss' financial liabilities when the fair value is negative.

Derivatives are classified as hedging instruments when the relationship between the derivative and the underlying instrument is documented and the effectiveness of the hedge is both high and regularly verified.

When a derivative covers the risk of variation of cash flow of the underlying instrument (cash flow hedge; e.g. to cover the variability of cash flow of assets/liabilities due to changes in interest rates), the variation in the fair value of the derivative is initially stated in the shareholders' equity (and, consequently, in the statement of comprehensive income) and subsequently reversed to the separate income statement when the economic effects of the hedged item manifest.

If the hedging instrument expires or is sold, terminated or exercised (replacement excluded), or if the entity revokes the designation of the hedging relationship, the cumulative gain or loss on the hedging instrument recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the forecast transaction occurs, when it is reversed in the consolidated income statement.

If derivatives hedge the risk of changes in the fair value of assets and liabilities recorded in the balance sheet ('fair value hedge'), both changes in the fair value of the hedging instrument and changes in the hedged item are recognised in the consolidated income statement.

Variations of fair value derivatives that do not fulfil the requirements necessary to be defined as hedging instruments are stated in the income statement.

Other information

Please note that the information required by Consob regarding significant transactions and balances with related parties has been entered separately in the financial statements, solely when significant and can also be found in the appropriate section '*Relationships with related parties*.'

2.7 MAIN ACCOUNTING ESTIMATES

2.7.1 INTRODUCTION

The IT and consumer electronics distribution sector presents some significant specific features, as it is to some extent independent of geographic constraints, especially as regards commercial relations with suppliers of products or vendors.

This is particularly evident in the conditions and formation of the so-called back-end profit margin, which results from the difference between the purchase price of the products and the sales price to the final consumer or reseller according to the terms of each supplier (with respect of the distributor's main function, which naturally remains that of brokering the flow of products between supplier/producer and reseller/retailer).

Purchase conditions typically provide for a basic discount on end-users'/resellers' price lists and a series of additional conditions that vary from vendor to vendor in terms of function and terminology but which can normally be summarised in the following categories:

- bonuses/rebates for attaining targets ('sell-in', 'sell-out', number of clients, logistic efficiency, etc.);
- development, co-marketing funds and other incentives;
- cash discounts (also called 'prompt payment discounts').

The Group further benefits from current agreements with almost all the vendors in the form of specific contractual protections concerning the value of unsold stock, the aim of which is to neutralise the financial risk associated with variations in list prices of products ordered ('price protection') or already present in the distributor's warehouses ('stock protection'), within certain limits.

In the first case, the protection is generally recognised through the invoicing of products ordered and not yet sent at the new price; in the second case, the vendor usually accords a credit equal to the reduction in price of the products.

As for the cash discounts, these are generally recognised following respect of the contractually fixed payment terms and provide an incentive to pay punctually.

These conditions allow for deferred payments in all cases with respect to the issue of the relative invoice or sending of the merchandise.

In line with what happens for the financial discounts offered to some selected groups of customers, which are accounted for as reduced earnings, the cash discounts are accounted for in the form of reduced purchase costs.

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier. In particular, payment terms range from a minimum of 7 to a maximum of 120 days, and only occasionally a cash payment is required. In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.

In the cases in which the above-mentioned deferrals carry an additional charge, the interest rate applied is not explicit, except in rare cases. Further, often it happens that implicit deferral terms – sometimes applied through a reduction in the contractually agreed cash discounts – have no connection with the current financial market rates, thus revealing how the commercial item takes precedence over the strictly financial item compensating for the delay between the date the debt arises and its effective payment.

This element is also suborned by the relatively brief duration, on average, of the deferral period, even when extended, which never, except in rare cases, exceeds 90 days.

2.7.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements and the related notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities.

Estimates and assumptions have been made based on historical experience and other factors, including expectations of future events, the manifestation of which are deemed reasonable.

Estimates and assumptions are revised on a regular basis, and the impact of such revision is immediately recognised in the income statement in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

The assumptions regarding future performance are characterised by uncertainties, exacerbated in the particular context by socio-political, economic and health conditions. This means that we cannot rule out a situation in which different results materialise in the next financial year with respect to those forecast, which are obviously not estimable or foreseeable at present, which could call for significant adjustments to the carrying amounts of the associated items.

The financial statement items mainly affected by these situations of uncertainty are certain sales sales, some sales sales reversals, the provisions for risks and charges, the allowances for doubtful accounts, depreciations and amortisation, employee benefits, income taxes, goodwill, rights of use and related lease liabilities.

The critical valuation processes and the estimates and assumptions deemed likely to produce significant effects on the financial situation of the Group, should the future events set out not take place in whole or in part, are summarised below.

Right of use and financial liabilities for leasing

The initial recognition of a right of use and the related lease liabilities in relation to leasing contracts of assets depends on various elements of estimation relating, mainly, to the duration of the non-cancellable period of the contract, the interest rate implicit in the lease, the costs of dismantling/replacement/restoration of the asset at the end of the contract.

At the effective date the lessee shall measure the lease liability at the current value of lease payments due in the non-cancellable period.

The non-cancellable period is in turn dependent on assessments of the probability of the lessee exercising the renewal or interruption options and, if the right to early termination is also under the control of the lessor, in relation to the possible costs for that party too resulting from the interruption.

Payments due for the lease shall be discounted using the interest rate implicit in the lease if this can be easily determined. If this is not possible, the lessee must use their marginal borrowing rate.

The interest rate that causes the current value of the lease payments due and the unsecured residual value to be equal to the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The marginal borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar duration and with similar security, necessary to obtain a value similar to the right-of-use asset in a similar economic environment.

In order to determine the non-cancellable period of each contract, particularly with regard to real estate, the contractual terms were analysed and assumptions were made in relation to possible renewal periods connected with the location of the same, the possibility of moving to other areas, the costs associated with such transactions.

The leasing contracts in place do not show the implicit borrowing rate for which the marginal loan rate applicable to the Group has been determined, separately for clusters of contracts with a similar duration. In order to quantify the marginal lending rate, assessments were made in relation to the spread applicable to the Group based on the Parent Company's rating, the free risk lending rates applicable in the countries where the Group operates, the guarantees from which these loans would be supported and the materiality with respect to the Group's level of debt.

The above assessments are based on assumptions and analyses that are by their nature complex and changeable over time, which could therefore lead to subsequent amendments, in the event of a change in the non-cancellable period of the contract, or to the quantification of different rates in subsequent periods for new contracts to which they apply.

Goodwill

For purposes of verifying loss of goodwill value entered in the books, the 'value in use' of the Cash Generating Units ('CGUs') to which a goodwill value has been attributed has been calculated.

The CGUs have been identified within the Group's organisational and business structure as homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.

The use value has been calculated by the discounting back of expected cash-flows for each CGU as well as of the value expected from its disposal at the end of its useful life.

The so-called 'Discounted Cash Flow Model' (DCF) has been used for this purpose, which requires that future financial flows be discounted at a rate adjusted to the specific risks of each single CGU.

The determination of the recoverable amount for each Cash Generating Unit ('CGU'), in terms of value in use, is based on assumptions – sometimes complex - that by their nature involve the Directors' judgement, in particular with reference to future cash flow forecasts, relating both to the period of the Group's business plan for 2022-2026E and beyond said period.

'Fair value' of derivatives

Their conditions fully comply with IFRS 9 regarding 'hedge accounting' (formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss, insignificant effect of the credit risk of both counterparties in relation to the derivative value, constant hedge ratio over time) and as a consequence, the derivative contracts were subject to such accounting rules. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) has been recognised directly in equity. Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Stock grant

For the purposes of the present statement of accounts, it has been necessary to include in the books the economic/equity effects associated with the stock grant plans in favour of some managers of Esprinet S.p.A., the operation of which is better illustrated in the paragraphs '*Share incentive plans*' and '*Share capital*'.

The cost of these plans has been specifically determined with reference to the fair value of the rights assigned to the single beneficiaries at assignment date.

Bearing in mind the unusual and manifold operating conditions – in part governed by the consolidated financial results of the Group and in part by the permanence of the beneficiary in the Group until the vesting date of the plans – this fair value has been measured using the 'Black-Scholes' method, taking expected volatility, presumed dividend yield and the risk-free interest rate into account.

Revenue recognition

For purposes of recognising earnings on sales and services, insufficient information regarding haulers' actual consignment dates means that dates are usually estimated by the Group on the basis of historical experience of average delivery times which differ according to the geographical location of the destination.

For revenue recognition purposes for services, the actual moment the service is rendered is considered.

Sales adjustments and credit notes to be issued toward customers

The Group usually estimates amounts to be recognised to customers as discounts for targets achievement, in order to promote the sales development also through temporary promotions, for different kind of incentives.

The Group has developed a series of procedures and checks to minimise potential errors in evaluations and estimates of the credit notes to be issued.

However, in the light of the significant judgements and estimates made, the large number and variety of customers dealings and the complexity of calculation, the possibility of differences between the estimated amounts and those actually received cannot be excluded.

Costs adjustments and credit notes due from vendors

Bearing in mind the unusual practices of the sector regarding the way purchase and sale conditions are defined and, ultimately, the way the trading margin is formed and stated, estimates are usually effected by the Group, especially where the occurrence of events might provoke significant financial effects.

Estimates of the sums of credit notes due from vendors to suppliers as rebates for the achieving of targets and incentives of various kinds, reimbursements for joint marketing activities, contractual stock protection, etc. at the drafting date of this document are referred to in particular.

The Group has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.

However, in the light of the significant judgements and estimates made, the large number and variety of vendors dealings and the complexity of calculation, the possibility of differences between the estimated amounts and those actually received cannot be excluded.

Depreciation and amortisation of assets

Property, plant and equipment and intangible assets with a defined useful life are systematically depreciated throughout their useful life.

Useful life is defined as the period in which the activities will be used by the Company.

This is estimated on the basis of experience with similar assets, market conditions and other events likely to exercise any influence on the useful life including, just as an example, significant technological changes.

As a result, the actual economic life may differ from the estimated useful life.

The validity of the expected useful life in terms of its asset category is regularly checked by the Group. This revision may result in variations to the periods of depreciation and amortisation quotas in future accounting periods

Bad debt provision

For purposes of calculating the presumed degree of encashment of receivables, the Group makes forecasts concerning the expected degree of solvency of the other parties ('Expected Credit Loss model') taking into account available information, collateral to contain credit risk and considering accumulated historical experience.

For loans that are planned to be transferred to third parties as part of securitisation programmes or to be sold to factoring companies or banks, the fair value through profit and loss is measured. The actual realisable value of receivables may differ from that estimated because of uncertainties regarding the conditions underlying the appraisal of solvency made.

Any deterioration in the economic and financial situation may further worsen the financial conditions of the Group's debtors with respect to that already taken into consideration when quantifying the provision entered in the financial statements.

Stock obsolescence provision

The Group usually effects forecasts regarding the realisable value of obsolete, surplus or slow-moving stocks.

This estimate is mainly based on historical experience and takes into consideration the unique characteristics of the respective stock sectors.

The value of encashment of the stocks may differ from that estimated because of the uncertainty affecting the conditions underlying the estimates made.

Any deterioration in the economic and financial situation or breakthrough technological evolution may further worsen the market conditions with respect to that already taken into consideration when quantifying the provision entered in the financial statements.

Provision for risks and charges and contingent liabilities

The Group makes provision for risks and charges on the basis of assumptions referred essentially to sums that might reasonably be paid to meet obligations for payment relating to past events.

This estimate is the result of a complex process involving legal and tax consultants as well as subjective judgement on the part of the Group's management. The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision. If a financial outlay becomes possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

Benefits to employees

Liabilities arising from benefits to employees subsequent to the employment noted in the statement of accounts are calculated by the application of actuarial methods as per IAS 19.

These methods have required the identification of several employment possibilities and estimates of a demographic (probability of death, disability, leaving the labour market, etc.) and financial nature (technical rate of discounting back, inflation rate, rate of increase in remuneration, rate of increase of severance indemnity).

The validity of the estimates made depends essentially on the stability of the regulations used as a reference point, the progress of market interest rates, the progress of the remuneration dynamics and eliminations, and also on the frequency of access to advances on the part of employees.

Income tax expenses

Current income taxes are calculated on the basis of the estimate of liable earnings, by applying the current fiscal rates pertaining on the date of the drafting of the statement of accounts.

Deferred and advance taxes are determined by the temporary differences arising between the values of the assets and liabilities reported and the corresponding values recognised for tax purposes, using those tax rates considered possible upon encashment of the asset or extinguishment of the liability. Deferred tax assets are registered when the associated recovery is deemed probable; this probability depends upon the effective existence of taxable results in the future enabling deductible temporary differences to be used.

The future taxable results have been estimated by taking into consideration the budget results and the plans consistent with those used to effect impairment tests. The fact that deferred tax assets refer to temporary tax differences/losses, a significant amount of which may be recovered over a very long time-span, compatible therefore with a situation where overcoming the crisis and economic recovery might extend beyond the time-frame implicit in the aforementioned plans, has also been taken into account.

2.8 RECENTLY ISSUED ACCOUNTING STANDARDS

NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The accounting standards adopted in the preparation of the consolidated financial statements as at 31 December 2021 are consistent with those used in the consolidated financial statements as at 31 December 2020, except for the accounting standards and amendments described below and applied with effect from 1 January 2021 as per mandatory requirements, after being endorsed by the competent authorities.

The main changes are as follows:

Amendments to IFRS 9 (Financial Instruments); IAS 39 (Financial Instruments: Recognition and Measurement); IFRS 7 (Financial Instruments: Disclosure); IFRS 4 (Insurance Contracts); IFRS 16 (Leases) – Interest Rate Benchmark Reform phase 2 – These amendments were endorsed by IASB

in January 2020 and become effective for financial years starting from 1 January 2021. In particular, the amendment modifies some of the requirements for the application of hedge accounting, providing temporary exemptions to them, in order to mitigate the impact of the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires additional information to be provided relating to hedging relationships that are directly impacted by the uncertainties generated by the reform. These amendments had no significant impacts on the Group's consolidated financial statements.

Amendments to IFRS 4 – Insurance Contracts - on 25 June 2020, the IASB published

the document 'Amendments to IFRS 4 Contracts - deferral of IFRS 9' with the objective of clarifying some

application aspects of IFRS 9, pending the definitive approval of IFRS 17. The amendments

apply to financial statements for years starting on 1 January 2021. Such changes have not

had any impact on the Group's consolidated financial statements

Amendments to IFRS 16 - Leases COVID 19 - Related Rent Concessions beyond 30 June 2021: The amendment extends, by one year, the period of application of the amendment to IFRS 16, published by the IASB on 28 May 2020, relating to the accounting of the concessions granted to lessees due to the COVID-19 pandemic. In particular, the document makes provision for the practical expedient for simplifying the accounting of 'rent concessions' by lessees. Said practical expedient is optional. These amendments had no significant impact on the Group's consolidated financial statements.

The following are the standards and interpretations issued but not yet in force and/or approved at the date of this report. The Group intends to adopt these standards once they become effective:

Standards issued and endorsed but not yet in force and/or endorsed and not applied in force and/or endorsed and not adopted early by the Group

Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current – Issued by IASB on 23 January 2020, the document envisages that a liability be classified as current or non-current according to the existing rights at the reporting date. In addition, it establishes that the classification is not impacted by expectations about whether an entity will exercise its right to defer settlement of the liability. Lastly, it is clarified that this settlement refers to the transfer of cash, equities, other assets or services to the counterparty. The amendments apply to financial statements for years starting on 1 January 2022. Early application is permitted.

IFRS 17 – Insurance Contracts - Issued in May 2017 by IASB, the new standard will replace IFRS 4 and will be effective from 1 January 2023.

Amendments to IFRS 3 (Business combinations), IFRS 16 (Property, Plant and Equipment) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – Annual improvements 2018-2020: Issued by IASB on 14 May 2020 with the aim of making some specific improvements to the above standards. The amendments apply to financial statements for years starting on 1 January 2022. The Group will adopt these new standards, amendments and interpretations, based on the application date indicated. The possible effects of the introduction of these amendments are still in the process of being evaluated.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated; the potential impacts are not expected to be significant for the Group.

Standards issued but not yet endorsed by the European Union

Amendments to IAS 8 - Definition of accounting estimates - On 12 February 2021, the IASB issued the document 'Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates' with the aim of clarifying the difference between accounting policies and estimates. The amendments apply to financial statements for years starting on 1 January 2023.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): the amendments issued by the IASB on 12 February 2021 aim to assist drafters of financial statements in deciding which accounting standards to disclose as more significant in their financial statements. In addition, the IFRS Practice Statement 2 was modified by adding guidelines and examples to explain and demonstrate the application of the 'four-step materiality process' to the information on accounting standards, in order to support the amendments to IAS 1. The amendments will be applied prospectively and are effective for years starting on or after 1 January 2023. Early application is permitted. The application of the amendments to the IFRS Practice Statement 2 will be applicable only after the application of those envisaged in IAS 1.

Amendments to IAS 12 (Income Taxes), Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Published by the IASB on 7 May 2021 with the objective of clarifying the method of accounting of deferred taxes on specific accounting cases such as, for example, leases or 'decommissioning obligations'. The amendments apply to financial statements for years starting on 1 January 2023. Early application is permitted.

Initial Application of IFRS17 and IFRS9 - Comparative Information (Amendment to IFRS17): published in December 2021 aims to indicate the transition options relating to comparative information on financial assets presented upon initial application of IFRS17. The amendments apply to financial statements for years starting on 1 January 2023.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate their potential impacts, when these standards, amendments and interpretations are endorsed by the European Union.

3. BUSINESS COMBINATIONS

Acquisition of 100% of Dacom S.p.A.

On 22 January 2021, Esprinet S.p.A. purchased the whole share capital of Dacom S.p.A., leader in the specialised distribution of products and solutions for *Automatic Identification* and *Data Capture (AIDC)*.

This acquisition of the shares, which was recorded using the acquisition method, resulted in an overall 0.1 million euro goodwill, temporarily determined as permitted by IFRS 3, resulting from the difference between the total payable amount (12.7 million euro) and the net value of assets and liabilities of Dacom S.p.A. as summarised in the table below:

(€/000)	Fair value Dacom S.p.A. 22/01/2021
Fixed, intangible, financial assets	278
Deferred income tax assets	67
Receivables and other non-current assets	6
Inventory	15,411
Trade receivables	24,259
Other current assets	651
Cash and cash equivalents	595
Deferred income tax liabilities	(12)
Borrowings	(3,952)
Retirement benefit obligations	(838)
Other non-current liabilities	(53)
Trade payables	(17,220)
Short-term financial liabilities	(5,893)
Income tax liabilities	(19)
Other current liabilities	(684)
Net assets fair value	**12,596**
Goodwill [1]	113
Total Cash	**12,709**

[1] Temporarily determined as permitted by IFRS 3

Fair value of receivables, which are all short-term in nature, represents the expected recoverable value from the customers and is adjusted for a 0,3 million euro bad debt provision.

The net cash flow from the acquisition was equal to 22.0 million euro, as shown in the following table:

(€/000)	Dacom S.p.A. 22/01/2021
Cash and cash equivalents	595
Financial liabilities	(9,845)
Net financial debt acquired	**(9,250)**
Cash paid	(9,576)
Deferred cash paid	(150)
Deferred cash to be paid	(2,983)
Net cash outflow on acquisition	**(21,959)**

Acquisition of 100% of the idMAINT Group

On 22 January 2021, Esprinet S.p.A. purchased the entire capital of idMAINT S.r.l., a company specialised in pre- and post-sales maintenance and technical support services on Auto-ID products.

On the date of acquisition, idMAINT S.r.l. held 100% of the capital of the subsidiaries Erredi Deutschland GmbH, Erredi France SARL, Erredi Iberica S.L., all making up the 'idMAINT Group'.

This acquisition of the shares, which was recorded using the acquisition method, resulted in an overall 0.2 million euro income from consolidation, temporarily determined as permitted by IFRS 3, resulting from the difference between the total payable amount (1.0 million euro) and the net value of assets and liabilities of the idMAINT Group, as summarised in the table below:

(€/000)	Fair value idMAINT Group 22/01/21
Fixed, intangible, financial assets	25
Deferred income tax assets	23
Receivables and other non-current assets	30
Inventory	1,210
Trade receivables	752
Other current assets	80
Cash and cash equivalents	222
Retirement benefit obligations	(222)
Trade payables	(352)
Short-term financial liabilities	(379)
Income tax liabilities	(51)
Other current liabilities	(207)
Net assets fair value	**1,131**
Income from business combination [1]	(168)
Total Cash	**963**

[1] Temporarily determined as permitted by IFRS 3

The fair value of receivables, which are all short-term in nature, represents the expected recoverable value from the customers and is adjusted for a 20 thousand euro bad debt provision.

The net cash flow from the acquisition was equal to 1.1 million euro, as shown in the following table:

(€/000)	idMAINT Group 22/01/21
Cash and cash equivalents	222
Financial liabilities	(379)
Net financial debt acquired	**(157)**
Cash paid	(707)
Deferred cash paid	-
Deferred cash to be paid	(256)
Net cash outflow on acquisition	**(1,120)**

The transaction costs of the two transactions, totalling 0.3 million euro and borne by the holding Esprinet S.p.A., were entered in the income statement for the year 2020 (almost entirely) and in 2021 under overheads and administrative costs and are included in the cash flows from operating activities in the statement of cash flows in the two reference periods.

Finally, it should be noted that from the date of acquisition, Dacom S.p.A. and the idMAINT Group contributed 89.2 million euro to consolidated sales and with a positive result of 3.0 million euro to the net profit of the Esprinet Group, with irrelevant different results if the purchase of the shares had instead taken place on 1 January 2021.

4. SEGMENT INFORMATION

4.1 INTRODUCTION

An operating segment is a component of the Group:

a) that engages in business activities from which it may earn sales and incur expenses (including sales and expenses relating to transactions with other components of the same Group);

b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;

c) for which financial information is separately available.

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) products and consumer electronics.

The B2B IT and consumer electronics distribution is aimed at professional resellers, including large-scale distributors/retailers, and regards traditional IT products (desktop PCs, PC notebooks, printers, photocopiers, servers, standard software), advanced products (datacentre, networking, cybersecurity software, cloud solutions, support services), consumables (cartridges, tapes, toners, magnetic media), networking products (modems, routers, switches), tablets, smartphones and related accessories and state-of-the-art digital and entertainment products such as cameras, video cameras, videogames, LCD TVs and MP3 readers.

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.

The organisation by geographical areas represents the main form of management and analysis of Group results by the CODMs (Chief Operating Decision Makers).

4.2 SEPARATE INCOME STATEMENT BY OPERATING SEGMENTS

The separate income statement, statement of equity and 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 SEGMENTS

(€/000)	2021			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
Sales to third parties	2,895,448	1,795,499	-	4,690,947
Intersegment sales	34,022	-	(34,022)	-
Sales from contracts with customers	**2,929,470**	**1,795,499**	**(34,022)**	**4,690,947**
Cost of sales	(2,779,336)	(1,713,723)	34,002	(4,459,057)
Gross profit	**150,134**	**81,776**	**(20)**	**231,890**
Gross Profit %	*5.12%*	*4.55%*		*4.94%*
Sales and marketing costs	(45,573)	(20,778)	-	(66,351)
Overheads and admin. costs	(68,579)	(28,930)	27	(97,482)
Impairment loss/reversal of financial assets	518	(165)	1	354
Operating income (Ebit)	**36,500**	**31,903**	**8**	**68,411**
EBIT %	*1.25%*	*1.78%*		*1.46%*
Finance costs - net				(7,637)
Profit before income tax				**60,774**
Income tax expenses				(16,694)
Net income				**44,080**
- of which attributable to non-controlling interests				(103)
- of which attributable to Group				44,183
Depreciation and amortisation	**11,551**	**4,474**	290	**16,315**
Other non-cash items	**5,099**	**143**	-	**5,242**
Investments	**4,625**	**1,557**	-	**6,182**
Total assets	**1,259,431**	**781,602**	(118,676)	**1,922,357**

(€/000)	2020			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
Sales to third parties	2,745,568	1,746,045	-	4,491,613
Intersegment sales	33,162	-	(33,162)	-
Sales from contracts with customers	**2,778,730**	**1,746,045**	**(33,162)**	**4,491,613**
Cost of sales	(2,648,533)	(1,682,700)	33,287	(4,297,946)
Gross profit	**130,197**	**63,345**	**125**	**193,667**
Gross Profit %	*4.69%*	*3,63%*		*4,31%*
Sales and marketing costs	(38.107)	(13.668)	-	(51.775)
Overheads and admin. costs	(67.322)	(22.735)	19	(90.038)
Impairment loss/reversal of financial assets	(3.463)	(743)	-	(4.206)
Operating income (Ebit)	**21.305**	**26.199**	**144**	**47.648**
EBIT %	*0.77%*	*1.50%*		*1.06%*
Finance costs - net				(5,099)
Profit before income tax				**42,549**
Income tax expenses				(10,757)
Net income				**31,792**
- of which attributable to non-controlling interests				386
- of which attributable to Group				31,406
Depreciation and amortisation	**13,018**	**3,185**	333	**16,536**
Other non-cash items	**3,987**	**137**	-	**4,124**
Investments	**4,360**	**580**	-	**4,940**
Total assets	**1,179,481**	**723,782**	(79,463)	**1,823,800**

STATEMENT OF EQUITY AND FINANCIAL POSITION BY OPERATING SEGMENTS

(€/000)	31/12/2021			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,577	3,279	-	13,856
Right-of-use assets	86,617	20,887	-	107,504
Goodwill	19,384	81,777	1,039	102,200
Intangible assets	801	7,726	-	8,527
Investments in others	75,725	-	(75,725)	-
Deferred income tax assets	4,284	6,348	81	10,713
Receivables and other non-current assets	1,949	473	-	2,422
	199,337	**120,490**	**(74,605)**	**245,222**
Current assets				
Inventory	349,006	180,751	(255)	529,502
Trade receivables	351,984	233,538	-	585,522
Income tax assets	89	221	-	310
Other assets	105,552	8,594	(43,816)	70,330
Derivative financial assets	-	-	-	-
Cash and cash equivalents	253,463	238,008	-	491,471
	1,060,094	**661,112**	**(44,071)**	**1,677,135**
Total assets	**1,259,431**	**781,602**	**(118,676)**	**1,922,357**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	258,447	95,707	(20,080)	334,074
Group net income	21,927	22,193	63	44,183
Group net equity	**288,235**	**172,593**	**(74,710)**	**386,118**
Non-controlling interests	-	149	(149)	-
Total equity	**288,235**	**172,742**	**(74,859)**	**386,118**
LIABILITIES				
Non-current liabilities				
Borrowings	48,515	58,016	-	106,531
Lease liabilities	82,931	19,322	-	102,253
Deferred income tax liabilities	3,144	11,640	-	14,784
Retirement benefit obligations	5,232	-	-	5,232
Debts for investments in subsidiaries	1,615	-	-	1,615
Provisions and other liabilities	2,424	113	-	2,537
	143,861	**89,091**	**-**	**232,952**
Current liabilities				
Trade payables	762,416	428,440	-	1,190,856
Short-term financial liabilities	33,950	61,245	(40,000)	55,195
Lease liabilities	7,184	2,645	-	9,829
Income tax liabilities	3,978	309	-	4,287
Derivative financial liabilities	-	2	-	2
Debts for investments in subsidiaries	1,854	-	-	1,854
Provisions and other liabilities	17,953	27,128	(3,817)	41,264
	827,335	**519,769**	**(43,817)**	**1,303,287**
Total liabilities	**971,196**	**608,860**	**(43,817)**	**1,536,239**
Total equity and liabilities	**1,259,431**	**781,602**	**(118,676)**	**1,922,357**

(€/000)	31/12/2020			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	9,661	2,837	-	12,498
Right-of-use assets	81,060	18,868	-	99,928
Goodwill	19,271	88,132	1,039	108,442
Intangible assets	623	99	-	722
Investments in others	75,863	-	(75,863)	-
Deferred income tax assets	5,241	7,626	83	12,950
Receivables and other non-current assets	2,373	544	-	2,917
	194,092	**118,106**	**(74,741)**	**237,457**
Current assets				
Inventory	265,034	137,983	(262)	402,755
Trade receivables	351,729	232,308	-	584,037
Income tax assets	126	284	-	410
Other assets	36,520	8,126	(4,460)	40,186
Derivative financial assets	-	27	-	27
Cash and cash equivalents	331,980	226,948	-	558,928
	985,389	**605,676**	**(4,722)**	**1,586,343**
Total assets	**1,179,481**	**723,782**	**(79,463)**	**1,823,800**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	291,698	76,396	(20,492)	347,602
Group net income	11,573	19,559	273	31,405
Group net equity	**311,132**	**150,648**	**(74,912)**	**386,868**
Non-controlling interests	2,095	91	(91)	2,095
Total equity	**313,227**	**150,739**	**(75,003)**	**388,963**
LIABILITIES				
Non-current liabilities				
Borrowings	39,715	67,354	-	107,069
Lease liabilities	76,851	17,148	-	93,999
Deferred income tax liabilities	3,271	8,038	-	11,309
Retirement benefit obligations	4,847	-	-	4,847
Debts for investments in subsidiaries	230	-	-	230
Provisions and other liabilities	2,018	1,684	-	3,702
	126,932	**94,224**	**-**	**221,156**
Current liabilities				
Trade payables	680,065	427,761	-	1,107,826
Short-term financial liabilities	32,596	23,453	-	56,049
Lease liabilities	6,581	2,286	-	8,867
Income tax liabilities	67	157	-	224
Derivative financial liabilities	-	-	-	-
Debts for investments in subsidiaries	220	-	-	220
Provisions and other liabilities	19,793	25,162	(4,460)	40,495
	739,322	**478,819**	**(4,460)**	**1,213,681**
Total liabilities	**866,254**	**573,043**	**(4,460)**	**1,434,837**
Total equity and liabilities	**1,179,481**	**723,782**	**(79,463)**	**1,823,800**

4.3 OTHER INFORMATION

The Group's operating segments can be identified by the geographical markets where the Group operates: Italy and Iberian peninsula.

The 'Iberian Peninsula' operating segment is identified with the subsidiaries resident therein and also with the marginal Moroccan sub-subsidiary GTI Software & Networking SARLAU.

The 'Italy' operating segment corresponds to the parent company Esprinet S.p.A., to its subsidiaries resident therein, to the foreign sub-subsidiaries of the newly acquired idMAINT S.r.l. as mere sales promoters serving the other newly acquired company Dacom S.p.A., to the Chinese subsidiary Celly Pacific Ltd and German Nilox Deutschland GmbH given marginal.

Intra-segment operations are identified in terms of the counterparty and the accounting rules are the same as those used in the case of transactions with third parties and described in the chapter 'Main significant measurement criteria and accounting policies' to which reference should be made.

Details of the Group's sales from external customers by product family and geographical area, with quotas effected in the country where the parent company is headquartered highlighted, can be found under the 'Sales' section. Geographical segment breakdown depends in particular on the customers' country of residence.

The Group is not dependent on any major customers despite one of them being considered a single entity under IFRS 8.34 that accounts for more than 10% of the sales, even though it consists of more than one legal entity.

5. DISCLOSURE ON RISKS AND FINANCIAL INSTRUMENTS

5.1 DEFINITION OF FINANCIAL RISKS

The international accounting principle IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's equity and financial position and performances;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the reporting date, and how the entity managed those risks.

The principles in this IFRS complement and/or supersede the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 'Financial instruments: Presentation' and IFRS 9 'Financial instruments: Recognition and Measurement'. Disclosures as per IFRS 7 and IFRS 13 are therefore reported in this section. Accounting principles regarding financial instruments used in preparing the consolidated financial statements can be found in the section '*Accounting principles and valuation criteria*' whereas the definition of financial risks, the degree of the Group's exposure to the various identified categories of risk, such as:

a) ricredit risk;

b) liquidity risk

c) market risk (currency risk, interest rate risk, other price risks);

and the relevant risk management policies have been analysed in depth under '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the '*Director's Directors' Report on Operations*'.

5.2 FINANCIAL INSTRUMENTS PURSUANT TO IFRS 9: CLASSES OF RISK AND 'FAIR VALUE'

The following table illustrates together the financial instrument items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting standard IFRS 9:

ASSETS (€/000)	**31/12/2021**				**31/12/2020**			
	Carrying amount	Financial assets FVTPL [1]	Financial assets amortized cost	Out of scope IFRS 9	Carrying amount	Financial assets FVTPL [1]	Financial assets amortized cost	Out of scope IFRS 9
Customer financial receivables	-		-		*492*		*492*	
Guarantee deposits	*2,422*		*2,422*		*2,425*		*2,425*	
Rec.and other non-curr. Assets	2,422		2,422	-	2,917		2,917	-
Non-current assets	**2,422**	**-**	**2,422**	**-**	**2,917**	**-**	**2,917**	**-**
Trade receivables	585,522	147,225	438,297		584,037	163,417	420,620	
Receivables from factors	*3,128*		*3,128*		*147*		*147*	
Customer financial receivables	*9,857*		*9,857*		*9,617*		*9,617*	
Other tax receivables	*36,658*			*36,658*	*11,007*		-	*11,007*
Receivables from suppliers	*13,753*		*13,753*		*14,908*		*14,908*	
Receivables from insurances	*2,852*		*2,852*		*427*		*427*	
Receivables from employees	*16*		*16*		*21*		*21*	
Receivables from others	*152*		*152*		*94*		*94*	
Pre-payments	*3,914*			*3,914*	*3,965*			*3,965*
Rec.and other curr. Assets	70,330		29,758	40,572	40,186		25,214	14,972
Derivative financial assets	-	-			27	27		
Cash and cash equivalents	491,471		491,471		558,928		558,928	
Current assets	**1,147,323**	**147,225**	**959,526**	**40,572**	**1,183,178**	**163,444**	**1,004,762**	**14,972**

LIABILITIES (€/000)	**31/12/2021**				**31/12/2020**			
	Carrying amount	Financial liabilities FVTPL [1]	Financial liabilities amortized cost	Out of scope IFRS 9	Carrying amount	Financial liabilities FVTPL [1]	Financial liabilities amortized cost	Non IFRS 9
Borrowings	106,531		106,531		107,069		107,069	
Lease liabilities	102,253		102,253		93,999		93,999	
Debts for investments in subsidiaries	1,615		1,615		230		230	
Provisions of pensions	*1,694*			*1,694*	*1,691*			*1,691*
Other provisions	*619*			*619*	*290*			*290*
Cash incentive liabilities	*224*		*224*		*1,721*		*1,721*	
Provis. and other non-curr. Liab	2,537		224	2,313	3,702		1,721	1,981
Non-current liabilities	**212,936**	**-**	**210,623**	**2,313**	**205,000**	**-**	**203,019**	**1,981**
Trade payables	1,190,856		1,190,856		1,107,826		1,107,826	
Short-term financial liabilities	55,195		55,195		56,049		56,049	
Lease liabilities	9,829		9,829		8,867		8,867	
Derivate financial liabilities	2	2			-		-	
Debts for investments in subsidiaries	1,854		1,854		220		220	
Social security liabilities	*5,327*		*5,327*		*4,825*		*4,825*	
Other tax liabilities	*15,023*			*15,023*	*16,525*			*16,525*
Payables to others	*20,443*		*20,443*		*18,836*		*18,836*	
Accrued expenses	*288*		*288*		*270*		*270*	
Deferred income	*183*			*183*	*39*			*39*
Provisions and other liabilities	41,264	-	26,058	15,206	40,495	-	23,931	16,564
Current liabilities	**1,299,000**	**2**	**1,283,792**	**15,206**	**1,213,457**	**-**	**1,196,893**	**16,564**

[1] "'FVTPL': Fair Value Through Profit and Loss includes derivatives at fair value through profit and loss.

For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the section '*Notes to the statement of equity and financial position items*'. As can be seen in the previous table, the statement of financial position classifications provides an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:disponibilità liquide e crediti finanziari;
  - cash and cash equivalents and financial receivables;
  - receivables from insurance companies;
  - trade receivables (except for component measured at fair value);
  - receivables from employees;
  - receivables from suppliers;
  - other receivables;
  - trade payables;
  - financial payables;
  - lease liabilities;
  - financial payables for investments in subsidiaries;
  - sundry payables.
- financial instruments measured at fair value since initial recognition:
  - derivative financial assets;
  - derivative financial liabilities;
  - trade receivables (portion not measured at amortised cost).

The level of risk related to the various types of receivables is very low, although differentiated, in relation to cash and cash equivalents, financial receivables, receivables from insurance companies, and derivative assets given the high standing of the counterparties (financial receivables from customers also fall within this cluster as they are due from the Public Administration).

Credit risk is less limited, albeit still very low, and is related to receivables from employees, possible receivables from associated companies and receivables from suppliers given, respectively, working relationship, management connection and continuity of supply. As regards other receivables, the risk is due to the existence of contractual guarantees.

Trade receivables, albeit resulting from a structured process of customer first selection and credit recognition and then of credit monitoring, are instead subject to a higher credit risk. This risk is mitigated by recourse to traditional insurance contracts with leading international insurance companies, without-recourse factoring schemes and, for the remainder, through specific guarantees (bank guarantees typically).

It should be noted that no significant financial effects have ever arisen from insolvency problems.

The risk of material damage, resulting from the Group being unable to fulfil the payment commitments undertaken in a timely manner (liquidity risk), is very high in relation to trade payables, financial payables and derivative financial liabilities, due to a presumably lower contractual strength vis-à-vis suppliers, with the risk of non-supply, and financial institutions due to the greater rigidity implicit in the existence of covenants on medium-long term financial payables.

This risk is lower in relation to sundry payables and payables for the purchase of equity investments as these liabilities do not normally compromise future relations.

Lease liabilities feature an intermediate risk level as the theoretical risk remains with respect to the exclusion from possession and use of the leased assets.

The fair value measurement of financial assets and liabilities reported in the statement of financial position as provided for by IFRS 9 and governed by IFRS 7 and IFRS 13, grouped by category, and the methods and the assumptions applied in determining them, are as follows:

ASSETS (€/000)	**31/12/2021**						**31/12/2020**					
	Carrying amount	Fair value					Carrying amount	Fair value				
		Trade receiv.	Financial receiv.	Receiv. from others	Receiv. from insurance	Receiv. from employees		Trade receiv.	Financial receiv.	Receiv. from others	Receiv. from insurance	Receiv. from employees
Customer financial receivables	*-*		*-*				*492*		*522*			
Guarantee deposits	*2,422*		*-*	*2,384*			*2,425*		*-*	*2,514*		
Rec.and other non-curr. Assets	2,422	-	-	2,384	-	-	2,917	-	522	2,514	-	-
Non - current assets	**2,422**	**-**	**-**	**2,384**	**-**	**-**	**2,917**	**-**	**522**	**2,514**	**-**	**-**
Trade receivables	585,522	585,522					584,037	584,037				
Receiv. from factors	*3,128*		*3,128*				*147*		*147*			
Customer financial receivables	*9,857*		*9,857*				*9,617*		*9,617*			
Receiv. from suppliers	*13,753*			*13,753*			*14,908*			*14,908*		
Receiv. from insurances	*2,852*				*2,852*		*427*				*427*	
Receiv. from employees	*16*					*16*	*21*					*21*
Receiv. from others	*152*			*152*			*94*			*94*		
Rec.and other curr. Assets	29,758	-	12,985	13,905	2,852	16	25,214	-	9,764	15,002	427	21
Derivate Financial Assets	-		-				27		27			
Cash and cash equivalents	491,471		491,471				558,928		558,928			
Current assets	**1,106,751**	**585,522**	**504,456**	**13,905**	**2,852**	**16**	**1,168,206**	**584,037**	**568,719**	**15,002**	**427**	**21**

LIABILITIES (€/000)	**31/12/2021**					**31/12/2020**				
	Carrying amount	Fair value				Carrying amount	Fair value			
		Trade payables	Financial payables	FVTPL derivate	Other payables		Trade payables	Financial payables	FVTPL derivate	Other payables
Borrowings	106,531		105,649			107,069		107,806		
Debts for investments in subsidiaries	1,615		1,635			230		233		
Cash incentive liabilities	*224*				*224*	*1,721*				*1,721*
Provis. and other non-curr. Liab.	224				224	1,721				1,721
Non-current liabilities	**108,370**	**-**	**107,284**	**-**	**224**	**109,020**	**-**	**108,039**	**-**	**1,721**
Trade payables	1,190,856	1,190,856				1,107,826	1,107,826			
Short-term financial liabilities	55,195		56,424			56,049		57,639		
Derivate financial liabilities	2			2		-				
Debts for investments in subsidiaries	1,854		1,854			220		220		
Social security liabilities	5,327				5,327	4,825				4,825
Payables to others	20,443				20,443	18,836				18,836
Accrued expenses	288				288	270				270
Provis. and other Liab.	26,058				26,058	23,931				23,931
Current liabilities	**1,273,965**	**1,190,856**	**58,278**	**2**	**26,058**	**1,188,026**	**1,107,826**	**57,859**	**-**	**23,931**

IFRS 13 identifies a hierarchy of assessment techniques based on three levels:

- Level 1: the data used in the assessments is represented by prices quoted on markets where assets and liabilities identical to those being assessed are traded;
- Level 2: the data used in the assessments, other than listed prices referred to in Level 1, are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: non-observable data; where observable data is not available and, therefore, there is little or no market activity for the assets and liabilities being assessed.

Assets and liabilities recorded in the financial statements at fair value, as specified in greater detail below, corresponds to a level 2 in the hierarchy with the exception of 'Trade receivables (portion not measured at amortised cost)', which corresponds to level 3.

Given their short-term maturity, the gross carrying value of current assets and liabilities (excluding items specially measured) is deemed a reasonable approximation of their fair value.

The fair value of non-current assets and financial payables, including payables for equity investment in subsidiaries, was estimated by discounting expected future cash flows from principal and interest, according to the terms and the maturity dates of each agreement, and using the interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The interest rates used were obtained from the 'Forward' and the 'Spot' Curve as at 31 December, as published by financial providers, plus any spread provided for by the agreement (such spread was not taken into account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2.

As shown in the preceding tables, no reclassifications among hierarchic levels were made. Please refer to the '*Derivatives analysis*' paragraph for more information relating to existing derivative instruments.

Disclosures regarding net gains or losses, interest income and expenses, fee income and expenses arising from financial instruments have been already provided in the table dedicated to finance costs under '42) *Financial income and expense*.'

Adjustments to the value of financial assets, estimated following a precise assessment of the solvency of each debtor, were shown under the item '*Impairment loss/reversal of financial assets*' in the separate income statement. These adjustments totalled 0.4 million euro (4.2 million euro in 2020 including 2.6 million euro relating to the non-recurring event represented by the write-off of the residual amount receivable due from the long-standing supplier of the 'Sport Technology' line, due to the settlement signed in December 2020).

5.3 ADDITIONAL INFORMATION ABOUT FINANCIAL ASSETS

During the year, as in the previous year, it was not necessary to make any changes in the method of accounting for financial assets (not recognising the initial recognition at fair value and subsequent recognition at cost of certain balance sheet items, as required by international accounting standards).

As already highlighted in the section '*Trade and other receivables*' the value of receivables is constantly reduced by the established impairment losses.

This transaction is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the financial assets written down.

The following table illustrates the change in the bad debt provision relating to trade receivables:

(€/000)	Starting provision	Additions	Uses	Acquisitions	Final provision
2021 Financial year	6,183	1,661	(3,513)	437	4,768
2020 Financial year	6,659	1,760	(2,934)	698	6,183

The Group usually transfers financial assets. These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.

The year 2021 saw the continuation of the trade receivables securitisation programme structured by UniCredit Bank AG, launched in July 2015 and renewed uninterruptedly every three years, with the latest renewal in July 2021, under which trade receivables are assigned without recourse on a revolving basis to a 'special purpose vehicle' under Law No. 130/1999.

In the case of factoring of receivables with recourse and advances of trade bills, the Group continues to recognise all of these assets, the carrying amount of which continues to be posted in the financial statements, under 'trade receivables' with an offsetting entry under the current financial liabilities as 'other financing payables' and 'payables to banks'.

As at 31 December 2021, the receivables transferred with recourse against which portfolio advances were obtained subject to collection amounted to 0.0 million euro (as at 31 December 2020); while advances of trade bills amounted to 5.2 million euro (4.2 million euro as at 31 December 2020).

The financial assets' gross carrying amount is the Group's maximum exposure to credit risk.

Below is an analysis of the status of trade receivables due from customers and the seniority of those that have not suffered lasting losses in value:

(€/000)	31/12/2021	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	590,290	182,644	93,991	313,655
Bad debt provision	(4,678)	(4,678)	-	-
Net trade receivables	**585,612**	**177,966**	**93,991**	**313,655**

(€/000)	31/12/2020	Receivables impaired	Receivables past due not impaired	Receivables past due not impaired
Gross trade receivables	590,220	316,132	70,108	203,980
Bad debt provision	(6,183)	(6,183)	-	-
Net trade receivables	**584,037**	**309,949**	**70,108**	**203,980**

(€/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. past due not impaired at 31/12/2021	93,991	(443)	1,915	2,295	90,224
Receiv. past due not impaired at 31/12/2020	70,108	2,734	1,002	4,872	61,500

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, the Group does not believe that premises for allocating provisions for doubtful receivables for amounts not yet overdue exist with the exception of receivables falling within the 'hold to collect' cluster. This cluster concerns receivables assigned to third parties on the basis of binding programmes for which the cashable value has been taken into account by such third parties.

There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by the Group to limit its credit risk (the percentages refer to trade receivables as at 31 December 2021):

- traditional credit insurance (covering approx. 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 70% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 8% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and property mortgages) for approx. 1% of receivables.

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

The other financial assets governed by IFRS 7 and IFRS 13 have not suffered any permanent losses in value. The changes in the related bad debt provision are shown below, together with two summary tables providing information on their status and the seniority of receivables overdue:

(€/000)	Starting provision	Additions	Uses	Final provision
2021 Financial year	-	-	-	-
2020 Financial year	8,823	-	(8,823)	-

The bad debt provision for other receivables set aside in previous years for 8.8 million euro and relating to the assessment of the recoverability of the receivable from the supplier of the 'Sport Technology' line, was fully used in 2020, following the settlement of the dispute and consequent closure of the credit position.

(€/000)	31/12/2021				31/12/2020			
	Carrying amount	Receiv. Impaired	Receiv. past due not impaired	Receiv. not past due not impaired	Carrying amount	Receiv. Impaired	Receiv. past due not impaired	Receiv. not past due not impaired
Customer financial receivables	*-*			*-*	*492*			*492*
Guarantee deposits	*2,422*			*2,422*	*2,425*			*2,425*
Rec.and other non-curr. Assets	2,422			2,422	2,917			2,917
Non-current assets	**2,422**	**-**	**-**	**2,422**	**2,917**	**-**	**-**	**2,917**
Receivables from factors	*3,128*			*3,128*	*147*		*57*	*90*
Customer financial receivables	*9,857*			*9,857*	*9,617*			*9,617*
Receivables from suppliers	*13,753*		*13,552*	*201*	*14,908*		*14,399*	*509*
Receivables from insurances	*2,852*		*2,852*		*427*		*417*	*10*
Receivables from employees	*16*			*16*	*21*			*21*
Receivables from others	*152*		*107*	*45*	*94*		*93*	*1*
Rec.and other curr. Assets	29,758	-	16,511	13,247	25,214	-	14,966	10,248
Derivative financial assets	-			-	27			27
Cash and cash equivalents	491,471		491,471		558,928		558,928	
Gross Current assets	**521,229**	**-**	**507,982**	**13,247**	**584,169**	**-**	**573,894**	**10,275**
Bad debts provision	-	-			-	-		
Net Current assets	**521,229**	**-**	**507,982**	**13,247**	**584,169**	**-**	**573,894**	**10,275**

(€/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from factoring companies	-	-	-	-	-
Receivables from suppliers	13,552	271	729	346	12,206
Receivables from insurance companies	2,852	398	83	51	2,320
Receivables from others	107	107	-	-	-
Receiv. past due not impaired at 31/12/2021	**16,511**	**776**	**812**	**397**	**14,526**
Receivables from factoring companies	57	-	-	-	57
Receivables from suppliers	14,399	131	25	1,185	13,058
Receivables from insurance companies	417	270	9	55	83
Receivables from others	93	93	-	-	-
Receiv. past due not impaired at 31/12/2020	**14,966**	**494**	**34**	**1,240**	**13,198**

Receivables from factoring companies relate wholly to 'without-recourse' factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the closing date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the customers and the Group companies. It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

5.4 ADDITIONAL INFORMATION ABOUT FINANCIAL LIABILITIES

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(€/000)	Carrying amount 31/12/2021	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	106,531	110,126	642	673	44,485	64,326	-
Lease liabilities	102,253	122,358	1,453	1,404	12,103	33,050	74,348
Debts for investments in subsidiaries	1,615	1,615	-	-	1,015	600	-
Cash incentive liabilities	224	224	-	-	224	-	-
Provis. and other non-curr. Liab.	224	224	-	-	224	-	-
Non-current liabilities	**210,623**	**234,323**	**2,095**	**2,077**	**57,827**	**97,976**	**74,348**
Trade payables	1,190,856	1,191,889	1,191,139	282	355	113	-
Short-term financial liabilities	55,195	55,316	34,266	21,050	-	-	-
Lease liabilities	9,829	9,598	4,722	4,876	-	-	-
Derivate financial liabilities	2	2	2	-	-	-	-
Debts for investments in subsidiaries	1,854	1,854	1,739	115	-	-	-
Social security liabilities	*5,327*	*5,327*	*5,327*	-	-	-	-
Payables to others	*20,443*	*20,443*	*18,829*	*1,614*	-	-	-
Accrued expenses	*288*	*288*	*288*	-	-	-	-
Provisions and other liabilities	26,058	26,058	24,444	1,614	-	-	-
Current liabilites	**1,283,794**	**1,284,717**	**1,256,312**	**27,937**	**355**	**113**	**-**

(€/000)	Carrying amount 31/12/2020	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	107,069	111,172	842	747	42,355	67,228	-
Lease liabilities	93,999	115,931	1,469	1,423	11,257	30,017	71,765
Debts for investments in subsidiaries	230	230			115	115	
Cash incentive liabilities	1,721	1,721			1,721		
Provis. and other non-curr. Liab.	1,721	1,721	-	-	1,721	-	-
Non-current liabilities	**203,019**	**229,054**	**2,311**	**2,170**	**55,448**	**97,360**	**71,765**
Trade payables	1,107,826	1,109,707	1,108,276	450	685	296	-
Short-term financial liabilities	56,049	56,306	33,732	22,574			
Lease liabilities	8,867	8,847	4,439	4,408			
Debts for investments in subsidiaries	220	220		220			
Social security liabilities	*4,825*	*4,825*	*4,825*				
Payables to others	*18,836*	*18,836*	*18,836*				
Accrued expenses	*270*	*270*	*270*				
Provisions and other liabilities	23,931	23,931	23,931	-	-	-	-
Current liabilites	**1,196,893**	**1,199,011**	**1,170,378**	**27,652**	**685**	**296**	**-**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

The Group companies maintain medium-long term loan contracts, that contain standard acceleration clauses in case certain financial covenants are not met when checked against data from the consolidated and audited financial statements.

The details relating to the outstanding loans and related covenants can be found in the following paragraph '*Net financial indebtedness and loans covenants*'.

With the exception of the non-fulfilment in relation to 31 December for the years 2018, 2017 and 2016, again without producing any consequences, of a part of the financial ratios provided for in the loan agreements, the Group has never been in a non-fulfilment or default situation with regard to the clauses concerning the nominal principal, interest, amortisation plan or repayment of loans payable.

Lastly, up to now the Group has not issued any instruments containing both a liability and an equity component.

5.5 HEDGE ACCOUNTING

INTRODUCTION

The Esprinet Group enters into derivative contracts in order to hedge certain loan agreements against fluctuating interest rates by means of a cash flow hedging strategy.

The aim of these transactions hedging against interest rate risk is to fix the funding cost of medium/long-term floating-rate loans by entering into derivative contracts enabling receipt of a floating rate in return for payment of a fixed rate.

Hedging operations are therefore reported in the financial statements according to the instructions of the IFRS 9 accounting principle regarding 'hedge accounting' and in order to verify the hedge effectiveness, the Group periodically carries out effectiveness tests.

DERIVATIVE INSTRUMENTS AS AT BALANCE SHEET DATE

At the end of the year, the Group did not have any hedging derivatives in place.

INSTRUMENTS TERMINATED DURING THE YEAR

During the year, the Group did not extinguish any hedging derivatives in place.

5.6 NON-HEDGING DERIVATIVES

DERIVATIVE INSTRUMENTS AS AT BALANCE SHEET DATE

The subsidiary V-Valley Advanced Solutions España S.A. has a series of forward exchange purchase contracts in place as cash flow hedges against short-term fluctuations in the differential between the euro and the US dollar or pound sterling, in relation to purchases from suppliers of software, services and products.

These purchase transactions do not meet all the requirements for hedge accounting treatment, so changes in the fair value of these contracts are recognised directly in the consolidated income statement.

(€/000)	Year	FV contracts 31/12/a.p. [1,2]	(Expenses)/Income	Variation FV	FV contracts 31/12/a.c. [2,3]
Interest Rate Cap	2021	(27)	27	2	2
Interest Rate Cap	2020	-	-	(27)	(27)

(1) Previous year, which, with reference to the 2020 financial year, means 1 October 2020 or the date of the company's business combination.
(2) (Assets)/liabilities.
(3) Current year.

INSTRUMENTS TERMINATED DURING THE YEAR

Il Gruppo nel corso dell'esercizio non ha estinto alcuno strumento derivato non di copertura.

5.7 SENSITIVITY ANALYSES

Since the Group is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the '*Directors' Report on Operations*').

A sensitivity analysis regarding the interest rate risk was performed in order to show how Group profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period. For these purposes, the 2021 market interest rate trend was taken into account together with the Group's estimates on rates in the immediate future and a forward shift of spot/forward interest rate curves +/-100 basis points was simulated.

The following tables show the results of the simulation (net of tax effects); each item includes both the current and non-current portion:

Scenario 1: +100 basis points

(€/000)	31/12/2021		31/12/2020	
	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	1,239	1,239	1,442	1,442
Debts for investments in subsidiaries	25	25	(5)	(5)
Financial liabilities	(592)	(592)	(1,005)	(1,005)
Total	**672**	**672**	**432**	**432**

Scenario 2: -100 basis points

(€/000)	31/12/2021		31/12/2020	
	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	(12)	12	(14)	(14)
Debts for investments in subsidiaries	(75)	(75)	-	-
Financial liabilities	105	105	335	335
Total	**18**	**42**	**321**	**321**

6. NOTES TO STATEMENT OF EQUITY AND FINANCIAL POSITION ITEMS

NON-CURRENT ASSETS

1) PROPERTY, PLANT AND EQUIPMENT

The changes that occurred during the year are as follows:

(€/000)	Plant and machinery	Ind. & Comm. Equipment & other assets	Assets under construction & Advances	Total
Historical cost	16,382	37,300	356	**54,038**
Accumulated depreciation	(13,696)	(27,844)	-	**(41,540)**
Balance at 31/12/2020	**2,686**	**9,456**	**356**	**12,498**
Business combination acquisition - historical cost	3	1,102	-	**1,105**
Business combination acquisition - accumulated depreciation	(3)	(841)	-	**(844)**
Historical cost increase	1,856	3,559	302	**5,717**
Historical cost decrease	(500)	(1,874)	-	**(2,374)**
Historical cost reclassification	52	304	(356)	**-**
Increase in accumulated depreciation	(946)	(3,340)	-	**(4,286)**
Decrease in accumulated depreciation	259	1,781	-	**2,040**
Total changes	**721**	**691**	**(54)**	**1,358**
Historical cost	17,793	40,391	302	58,486
Accumulated depreciation	(14,386)	(30,244)	-	(44,630)
Balance at 31/12/2021	**3,407**	**10,147**	**302**	**13,856**

The item '*Business combinations acquisition*' relates to the first consolidation in January 2021 of Dacom S.p.A. and the idMAINT Group in relation to vehicles, warehouse equipment and hardware.

The investments essentially refer to the fitting out of the new logistics hub in Italy, of which a part not yet put into operation as of 31 December 2021, including energy redevelopment and efficiency, the fitting out of the new offices in Madrid and the purchase of electronic machines.

The decreases mainly relate to the divestment of plants, equipment, furniture and fittings present in the previous offices in Madrid and in the abandoned warehouse used by the former GTI Group.

There are no other temporarily unused property, plant and equipment intended for sale.

The amortisation rates applied to each asset category are unchanged compared with those as at 31 December 2020.

The following is the breakdown of the item '*Industrial and commercial equipment and other assets*':

(€/000)	31/12/2021	31/12/2020	Var.
Electronic machines	5,676	5,223	453
Furniture and fittings	1,399	1,076	323
Industrial and commercial equipment	2,356	2,449	(93)
Other assets	637	708	(71)
Vehicles	79	-	79
Total	**10,147**	**9,456**	**691**

4) RIGHT-OF-USE ASSETS

(€/000)	31/12/2021	31/12/2020	Var.
Right-of-use assets	107,504	99,928	7,576

The changes that occurred in the year are set out below:

(€/000)	Rental Property	Cars	Ind. & Comm. Equipment & other assets	Total
Historical cost	114,380	4,638	375	**119,393**
Accumulated depreciation	(17,204)	(2,081)	(180)	**(19,465)**
Balance at 31/12/2020	**97,176**	**2,557**	**195**	**99,928**
Historical cost increase	18,059	915	84	**19,058**
Historical cost decrease	(546)	-	-	**(546)**
Increase in accumulated depreciation	(9,957)	(965)	(104)	**(11,026)**
Decrease in accumulated depreciation	90	-	-	**90**
Total changes	**7,646**	**(50)**	**(20)**	**7,576**
Historical cost	131,893	5,553	459	137,905
Accumulated depreciation	(27,071)	(3,046)	(284)	(30,401)
Balance at 31/12/2021	**104,822**	**2,507**	**175**	**107,504**

In the Group, the contracts that fall within the scope of IFRS 16 refer to the use of:

- office and operating buildings;
- company vehicles;
- industrial and commercial equipment and other assets.

The increases which occurred during the year are mainly attributable to the recurring partial annual renewal of the car fleet and to the following new property leases:

- new logistics centre in Cavenago for 11.4 million euro;
- new offices in Madrid for 4.7 million euro;
- offices and warehouses of the newly acquired Italian Dacom S.p.A. and idMAINT S.r.l. for 1.8 million euro;

The decreases, on the other hand, relate to reductions in rents or spaces used as well as to the amortisation for the period determined on the basis of the residual duration of each individual contract.

2) GOODWILL

(€/000)	31/12/2021	31/12/2020	Var.
Goodwill	102,200	108,442	(6,242)

All goodwill items recorded under assets identify the excess of the price paid for obtaining control or another business unit, as shown in the following table over the fair value of the acquisition-date net amounts.

Goodwill amounted to 102.2 million euro and, compared to 108.4 million euro recorded as at 31 December 2020, marking a decrease of 6.2 million euro, which is the result of the combined effect of a reduction of 6.3 million euro of the value of the goodwill provisionally determined in 2020 referring to the acquisition of the GTI group in the Iberian peninsula, and the recognition of the goodwill of 0.1 million euro, provisionally determined following the first-time consolidation of the company Dacom S.p.A. in January 2021.

The reduction of 6.3 million euro in goodwill relating to the acquisition of V-Valley Advanced Solutions España S.A. and its subsidiaries (former 'GTI Group') derives from its recalculation, as permitted by IFRS 3, following the identification and recognition of the separable intangible asset of *Customer Relationship* and the related tax effect.

Information on impairment testing of assets: goodwill

Scope of application

IAS 36 requires that the existence of impairment losses on property, plant and equipment and intangible assets with a finite useful life be assessed when there are indications that such a problem may exist.

In the case of goodwill and other intangible assets with an indefinite useful life, this test, so-called 'impairment test', must be carried out at least annually and whenever triggering events occur, i.e. extraordinary negative events implying the asset may be impaired.

Goodwill does not generate cash flows independently of other assets or group of assets so, in compliance with the international accounting standards, it is not an 'individual asset' and may not be tested for impairment separately from the group of assets it relates to. Consequently, goodwill must be allocated to a 'Cash Generating Unit' (CGU), or a group of CGUs, since the maximum aggregation limit coincides with the notion of 'segment' contained in IFRS 8.

Cash Generating Unit: identification and goodwill allocation

The following table provides the values of the individual goodwill items broken down by business combination from which they arose and identifies the legal entities that carried out the business combinations from which goodwill was generated:

(€/000)	Entity	Goodwill original value
Assotrade S.p.A.	Esprinet S.p.A.	5,500
Pisani S.p.A.	Esprinet S.p.A.	3,878
Esprilog S.r.l.	Esprinet S.p.A.	2,115
Celly S.p.A. (1)	Esprinet S.p.A.	1,853
Mosaico S.r.l.	Esprinet S.p.A.	5,804
4 Side S.r.l. (2)	Esprinet S.p.A.	121
Dacom S.p.A	Esprinet S.p.A.	113
Memory Set S.a.u. e UMD S.a.u. (3)	Esprinet Iberica	58,561
Esprinet Iberica S.l.u. (4)	Esprinet Iberica	1,040
Vinzeo S.a.u.	Esprinet Iberica	5,097
V-Valley Iberian S.l.u.	Esprinet Iberica	4,447
GTI Group	Esprinet Iberica	13,671
Total by business combination		**102,200**
Esprinet S.p.A.		19,384
Esprinet Iberica S.L.U.		82,816
Total by entity		**102,200**

(1) Value net of the write-down carried out in 2020 for 2.3 million euro
(2) Shareholding, equal to 51% as at 31 December 2020 and 100% as at 31 December 2021
(3) Value net of write-down carried out in 2011 amounting to 17.8 million euro
(4) Transaction costs sustained for the UMD and Memory Set business combinations

Allocation of goodwill to each CGUs, identified as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group, was made by charging the above mentioned goodwill to the relevant CGUs, that is, to the elementary units, which received the businesses purchased in strictly operational terms.

The following table summarises the goodwill allocations to the 2 CGUs (Cash Generating Units) identified, in accordance with the combination of the operating segments used for Segment Information purposes required by the international accounting standards. The same table also shows the relationships between the operating segments and the legally autonomous entities which form the Group:

(€/000)	31/12/2021	31/12/2020	Var.	
Esprinet S.p.A.	19,384	19,271	113	Distribution B2B of Information Technology and Consumer Electronics (Italy)
Esprinet Iberica S.l.u.	82,816	89,171	(6,355)	Distribution B2B of Information Technology and Consumer Electronics (Iberian Peninsula)
Total	**102,200**	**108,442**	**(6,242)**	

This allocation reflects the organisational and business structure of the Group, who operates in the core business of IT business-to-business distribution (i.e. exclusively for business customers made up of resellers, who in turn refer to end-users, both private and company) in Italy and the Iberian peninsula (Spain and Portugal). These markets are managed by two substantially independent organisational and operating structures and, on the other hand, a 'corporate' structure where coordination and strategy are responsible for activities that contribute to the 'core' of the reseller 'value chain' (sales, purchasing, product marketing, logistics).

In the 2020 financial year, with the purchase from the minority shareholder of Celly S.p.A. of its residual 15% ownership and with the reorganisation of said company structure which was integrated into the Parent Company at the level of employees, customers, suppliers, processes, *reporting structure* (reorganisation concluded with the merger into Esprinet S.p.A. from 1 January 2021), the former CGU operating in the sector of '*busi-*

ness-to-business' production and distribution of accessories for mobile telephony coinciding with Celly S.p.A. itself was merged in *CGU 1*; the residual goodwill was consequently reallocated to CGU1.

The process followed in the goodwill impairment test as at 31 December 2021 as described above and the results of this test are detailed below.

A) Valuation framework

The valuation *framework* and the main procedural approaches to the notions of value and the criteria and methodologies used in valuation are summarised below.

In determining the recoverable value of the individual CGUs, the term 'value in use' has been used. The recoverable amount thus determined was compared with the carrying amount.

The value in use is defined as the present value, at the date of the test, of the future cash flows (inflows and outflows) expected to be derived from the continuing use of assets, which are part of the tested CGU.

For the purpose to determine the value in use, the Discounted Cash Flow (DCF) model was used as generally accepted financial method, which requires an appropriate discount rate to estimate the discounting back of future cash flows. An 'asset side' approach was used, which presupposes discounting unlevered cash flows generated by operations gross of financial components, since the cash flows are calculated net of notional taxes by applying an estimated tax rate to the operating result (EBIT).

In the case of CGU1, located in Italy, the effective tax rates calculated as per Italian tax law and deriving from the calculation of the IRES (24%) and IRAP (3.9%) tax rates on their different tax bases were applied, taking into account the different structure of the tax bases and the non-deductibility of some relevant costs.

For the CGU2 domiciled in Spain, the estimated effective tax rate corresponds to the marginal tax rate of 25%, as the contribution of Portuguese assets to the weighted average 'tax rate' is omitted as irrelevant.

Disclosures required by the international accounting standards regarding the main methods chosen for the calculation of the recoverable amount are as follows.

Basis for estimates of future cash flows

The financial valuations for the purpose of calculating the 'value in use' are based on five-year plans, approved by the Board of Directors of the parent company Esprinet on 8 March 2022, constructed starting from a management budget prepared for internal purposes for the year 2022 and extrapolating from it, through the application of forecasting techniques aimed at treating fixed and variable costs differently, the results for the 2023-2026 period.

As required by the IAS 36 accounting principle, paragraph 50, estimated cash flows exclude financial expenses, as per the 'asset side' approach already described, and are expressed in nominal terms.

The administrators, taking into account that the technology distribution business was not overly impacted by the pandemic except in relation to product shortage issues, and that the infection containment measures are believed to be bringing an end to the acute phase, at least in the countries in which the Group operates, have assessed that the uncertainty linked to the possible future economic developments resulting from the pandemic is no longer such as to require, as instead carried out in the impairment test carried out for the preparation of the 2020 financial statements, the prospective determination of the cash flows for each activity on the so-called 'multi-scenario' but which, as in the past, could be based on the so-called 'unique scenario'.

Through this method, while drawing up the economic development plan over the 2022E-2026E period, cash flows were defined as the 'normal' flow profile, assumed as the profile with the highest degree of probability of occurrence (so-called 'probabilistic approach'), and therefore able to fully represent management's best estimates regarding the evolution of the results of each activity.

The application of standard IFRS 16 ('Leases') also made provision for the consideration, in the construction of forecast plans, of the replacement of operating leases and rentals with depreciation and interest.

From the perspective of determining 'value in use' through a method based on the discounting of cash flows, in order to preserve the principle of 'valuation neutrality' (excluding tax effects), this has led to several adjustments to the forecast cash flows.

In particular, in order to ensure the operational sustainability of the plans, it was assumed that, when the main lease contracts expired, new contracts would be signed under the same conditions, which would result in a flow of notional investments corresponding to the 'Right of Use' value of the restored assets. Thanks to this measure, it has been possible to correctly capture the reinvestment needs required to guarantee the cash generation foreseen by the plan.

Forecasting methods

For the purposes of estimates, strict reference was made to the current conditions of use of each individual CGU, i.e. regardless of the flows obtainable from any incremental investments and/or restructuring that represent a discontinuity with respect to normal business operations, such as, for example, the new 'Renting' business model which the management announced will be developed over the next few years.

Flows discounted or weighted for probability

In the preparation of the forecast plans used in the 'DCF-Discounted Cash Flow' models, the expected trends in sales and gross product margins were defined on the basis of data and information on the distribution sector and consumption of consensus technology from sources commonly considered reliable (Sirmi, IDC, Euromonitor), assuming different trends for the CGUs according to competitive positioning, strategies and environmental conditions.

The prospective determination of cash flows for each CGU was based on the so-called 'multi-scenario', as specified previously.

The verification of the operational sustainability of the forecasting plans focused on the maintenance of 'business models' and competitive advantages for each CGU, including on the basis of the best external evidence regarding the prospects of each segment/market and the performance historically achieved.

The financial sustainability of the plans is based on an analysis of the intrinsic consistency between expected cash flows over the plan horizon and prospective investment needs in working capital and fixed assets, taking into account cash reserves.

Effects of the Covid-19 pandemic

The effects of the Covid-19 health emergency have been incorporated in the application of the 'unique scenario' although, as previously specified, it is not believed that they will generate exceptional levels of uncertainty compared to the 'normal' ones that every forecast and estimate contains by definition.

Discount rate

The discount rate used is representative of the return required by the suppliers of both risk and debt capital and takes into account risks specific to the activities relating to each single CGU. This rate corresponds to a notion of capital cost in the meaning of Weighted Average Cost of Capital (WACC) and is unique for the valuation of the Terminal Value and the discounting of flows over the explicit forecast period.

In particular, for the purpose of determining the Levered Cost of Equity, the median Beta Unlevered Coefficient of a sample of comparable companies, listed on regulated markets, operating internationally, was calculated, which was subsequently 're-levered' on the basis of a target financial structure for each of the CGUs assuming that it coincided with the average financial structure of the sample. In this way the condition of independence of the discount rate from the current financial structure has been achieved. The sample of comparable companies used for the two CGUs consists of the following companies:

Entity	Country
AB S.A.	Poland
Action S.A.	Poland
ALSO Holding AG	Switzerland
Arena Bilgisayar Sanayi ve Ticaret A.S.	Turkey
Arrow Electronics, Inc.	USA
ASBISc Enterprises Plc	Cyprus
Avnet, Inc.	USA
Datatec Limited	South Africa
Digital China Holdings Limited	Hong Kong
Redington (India) Limited	India
ScanSource, Inc.	USA
TD SYNNEX Corporation	USA

The values attributed to the main components of the discount rate (different for CGUs) are as follows:

- ithe risk-free rate is equal to the average rate of return in the final quarter of 2021 of the 10-year BTP 'benchmark' for CGU1 (0.97%) and of the 10-year Bonos for CGU2 (0.46%);
- the 'Market Risk Premium' is equal to 6.2% (source: Duff&Phelps);
- the Beta Levered coefficient is 0.95 (based on a Beta Levered calculated as a 2-year average of the weekly Beta of the sample);
- the 'Additional Risk Premium' is equal to 3.02% (source: Duff & Phelps);
- the gross marginal cost of the debt was obtained as the sum of two components: the base rate, equal to the average in the final quarter of 2021 of the 10-year IRS, and a credit spread estimated on the basis of databases commonly used by analysts and investors;
- the tax rate used is the nominal corporate income tax rate of the countries where the CGUs are domiciled for tax purposes.

The IAS 36, paragraph 55, requires that the discount rate be calculated before tax ('pre-tax') but allows for the discounting of flows to be carried out using an estimated rate net of the tax effect ('post-tax'), provided that the expected flows are also expressed net of the tax effect.

Nevertheless, the WACC calculated in the post-tax version has also been converted into the pre-tax equivalent defined as pre-tax WACC that leads to the same result when discounting back pre-tax cash flows. For further details see the table below.

Terminal Value

The Terminal Value recorded at the end of the explicit forecasting period was calculated on the basis of the 'Perpetuity Method' (last year's unlimited cash flow capitalisation model), assuming long-term sustainable cash flow growth from year 5 onwards at a constant rate ('g').

This rate is equal, hypothetically, to the inflation rate expected for 2026 (source: International Monetary Fund) in Italy (1.39%) and Spain (1.70%) as regards CGU1 and CGU2.

B) Basic assumption / Critical variables

The following table describes the main basic assumptions used to calculate the recoverable value for each CGU with reference to the technical methods underlying the 'DCF Model':

	Italy IT&CE "B2B" CGU 1	Spain IT&CE "B2B" CGU 2
Future cash flow expected:		
Forecast horizon	5 year	5 year
"g" (long-term growth rate)	1.39%	1.70%
Discount rates:		
Market Risk Premium	6.2%	6.2%
Unlevered Beta	0.84	0.84
Levered Beta	0.95	0.95
Additional Specific Risk Premium	3.0%	3.0%
Target financial structure (D/D+E)	0.14	0.14
Target financial structure (E/D+E)	0.86	0.86
Tax rate	24.0%	25.0%
WACC post-tax	8.77%	8.33%
WACC pre-tax	11.84%	10.71%

With reference to the key assumptions used in the cash flow forecast and for the 'value in use' calculation we point out that the CGU values are particularly sensitive to the following parameters:tassi di crescita dei ricavi;

- revenue growth rates;
- gross product margin / fixed costs contribution margin;
- operating leverage;
- cash flow discount rates;
- growth rate 'g' applied to the cash flow of the last defined year utilised for the Terminal Value calculation.

C) External indicators of loss of values and 'impairment test'

The existence of both internal and external factors of presumed loss of value ('triggering events') has been assessed.

In particular, the following were examined for each CGU:

- the potential deterioration of macroeconomic and macro-financial conditions;
- the potential deterioration of the economic environment, increase in the degree of competitive tension, changes in the regulatory or legislative framework, technological discontinuations, downward revision of consensus expectations regarding industry performance;
- the existence of discontinuity in cost factors;
- the possible occurrence of negative management events;
- any unfavourable trend in market rates or other rates of return on capital such as to affect the discount rate used in calculating value in use.
- any reduction in the value of the stock market capitalisation with respect to reported Equity.

It was concluded that none of the indicators analysed could be suggestive of a loss in value of any of the CGUs analysed.

As regards the capitalisation in the Stock Exchange of the parent company Esprinet, it is noted that as at 31 December 2021, the capitalisation of Esprinet was equal to 657.0 million euro, compared with a consolidated shareholders' equity value of 386.1 million euro (fully attributable to the Group).

D) Value adjustments and sensitivity analysis

The impairment tests carried out did not highlight the need to write down any of the values of goodwill recorded as at 31 December 2021, which are therefore confirmed.

Below are the parameters that the WACC and ‘g’ variables should have assumed in order for there to be a correspondence between the recoverable value and the carrying amount:

Key variables for: Enterprise Value = Carrying Amount	Italy IT&CE "B2B" CGU 1	Spain IT&CE "B2B" CGU 2
"g" (long-term growth rate)	-14.47%	n.s.
WACC post-tax	17.01%	33.88%

In addition to the estimated average flows used to determine value in use, for information purposes only as required by IAS 36 and on the basis of the indications contained in joint Bank of Italy/CONSOB/ISVAP document No. 4 of 3 March 2010, sensitivity analyses were also carried out on the following key variables:

- the long term growth rate ‘g’ in order to obtain the cash flows beyond plan horizon;
- the cash flow discount rate;
- the forecast EBITDA for the plan horizon.

The variation ranges compared to the ‘unique scenario’ taken into account are as follows:

- ‘g’ decreased by -50% and equal to zero;
- WACC higher than +100 bps and +200 bps;
- EBITDA lower than -10% and -20%.

As a result of these analyses, for both CGUs in none of the scenarios arising from the different combinations of key assumptions as shown before, including the worst scenario resulting from the use of a g of 0% (equal to an actual negative ‘g’ of -1.4% and -1.7%, respectively), a WACC increased by +200 bps and a plan EBITDA reduced by -20%, is the recoverable value lower than the net carrying amount.

3) INTANGIBLE ASSETS

The following table highlights the changes occurred during the year:

(€/000)	Start-up and expansion costs	Industrial and other patent rights	Licences, concessions, brand names and similar rights	Assets under construction and advances	Other intagible assets	Total
Historical cost	3	13,245	34	173	4	**13,459**
Accumulated depreciation	(3)	(12,705)	(25)	-	(4)	**(12,737)**
Balance at 31/12/2020	**-**	**540**	**9**	**173**	**-**	**722**
Business combination acquisition - historical cost	-	147	-	-	8,473	**8,620**
Business combination acquisition - accumulated depreciation	-	(114)	-	-	(163)	**(277)**
Historical cost increase	-	351	4	110	-	**465**
Historical cost decrease	-	(1,216)	-	-	-	**(1,216)**
Historical cost reclassification	-	173	-	(173)	-	**-**
Increase in accumulated depreciation	-	(349)	(2)	-	(652)	**(1,003)**
Decrease in accumulated depreciation	-	1,216	-	-	-	**1,216**
Total changes	**-**	**208**	**2**	**(63)**	**7,658**	**7,805**
Historical cost	3	12,700	38	110	8,477	21,328
Accumulated depreciation	(3)	(11,952)	(27)	-	(819)	(12,801)
Balance at 31/12/2021	**-**	**748**	**11**	**110**	**7,658**	**8,527**

The item '*Business combinations acquisitions* 'refers, for a value of 8.3 million euro, to the recognition of the separable intangible asset of *Customer Relationship* that emerged in relation to the acquisition of V-Valley Advanced Solutions España S.A. and of its subsidiaries (formerly the 'GTI Group') following the restatement within 12 months of the transaction, as permitted by IFRS 3, of the goodwill provisionally determined in October 2020.

The item '*Industrial patent rights and use of intellectual property*' shows increases relating to software licenses for the multi-year renewal and updating of the management information system and decreases relating to the disposal of the fully amortised software licences of the former 'GTI Group' as a result of the migration of the ERP system to that used by the majority of the other Group companies.

The depreciation rates applied for each category of assets have not changed compared to the year ended 31 December 2020, with the exception of the new Customer Relationship asset introduced for the first time and with a useful life of 13 years.

6) DEFERRED INCOME TAX ASSETS

(€/000)	31/12/2021	31/12/2020	Var.
Deferred icome tax assets	10,713	12,950	(2,237)

The balance of this item is represented by temporary differences between carrying amounts and values recognised for tax purposes that the Group expects to recover in future years following the realisation of taxable profits.

The recoverability is supported by the estimated net income based on the forecast plans derived from the 2022-26E economic-financial projections of the Esprinet Group, approved by the Esprinet S.p.A. Board of Directors on 8 March 2021.

The following table shows the composition of the item in question:

(€/000)	31/12/2021			31/12/2020		
	Temporary differences	Fiscal effect (taxe rate %)	Amount	Temporary differences	Fiscal effect (taxe rate %)	Amount
Deferred income tax:						
Tax losses carried forward	17,756	24%-25%-21%	4,341	24,863	24%-25%-21%	6,082
Risk provision	965	24%-25%	232	1,966	24%-25%	476
Exceeding amortisation	-	27.90%	-	130	27.90%	36
Goodwills' amortisation	9,264	27.9%-25%	2,330	6,244	24.00%	1,574
Bad debt provision	1,540	24%-25%	370	3,707	24%-25%	891
IFRS 16 - Leases	1,631	24%-25%	403	1,184	24%-25%	290
Inventory obsolescence provision	4,286	27.9%-22.5%	1,189	4,940	27.9%-22.5%	1,378
Change in inventory/deletion of intercompany margin	290	27.90%	81	351	27.90%	98
Director's fees not paid	2,461	27.9%-25%	581	3,016	27.9%-25%	721
Agent suppl. indemnity provision	634	27.90%	177	634	27.90%	177
Provision sales returns	1,170	27.9%-25%-22.5%	317	1,449	27.9%-25%-22.5%	395
Other	3,058	24%-25%-27.9%-10%	692	4,372	24%-25%-27.9%	832
Deferred income tax assets			**10,713**			**12,950**

The item 'Other' refers mainly to the deferred income tax assets arising from the temporary differences on the exchange losses from valuation, on the risk provisions, on the actuarial valuation of the staff severance indemnity (TFR), as well as on the write-off of intangible assets capitalised under IAS 38.

The time-related allocation of the expected use of the deferred tax asset is as follows:

(€/000)		Within 1 year	1-5 year	After 5 year	Total
	31/12/2021	2,934	5,223	2,556	10,713
Deferred income tax assets	31/12/2020	4,004	6,530	2,416	12,950

9) RECEIVABLES AND OTHER NON-CURRENT ASSETS

(€/000)	31/12/2021	31/12/2020	Var.
Guarantee deposits receivables	2,422	2,425	(3)
Trade receivables	-	492	(492)
Receivables and other non-current assets	**2,422**	**2,917**	**(495)**

The item '*Guarantee deposits receivables*' refers mainly to guarantee deposits for utilities for existing lease contracts.

The 'Trade receivables' that, as at 31 December 2020, referred entirely to the portion of receivables due after 12 months originating from the supply of products in 2011 by Esprinet S.p.A. to the customer 'Guardia di Finanza – GdF ' (Revenue Guard Corps), were zero as at 31 December 2021, as they are due entirely within the next year.

CURRENT ASSETS

10) INVENTORY

(€/000)	31/12/2021	31/12/2020	Var.
Finished products and goods	535,338	409,772	125,566
Provision for obsolescence	(5,836)	(7,017)	1,181
Inventory	**529,502**	**402,755**	**126,747**

The amount of inventories, equal to 529.5 million euro, recorded an increase of 126.7 million euro compared to the existing stock at 31 December 2020, of which 39.6 million euro for products in transit from suppliers or to customers (147.5 million euro at 31 December 2021 and 107.9 million euro at 31 December 2020).

A total of 5,8 million euro allocated to the Provision for obsolescence is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The change in the provision during the period was as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Provision for obsolescence: year beginning	**7,017**	**7,046**	**(29)**
Uses/Releases	(4,832)	(4,949)	117
Accruals	3,553	4,649	(1,096)
Acquisition in business combination	98	271	(173)
Provision for obsolescence: period-end	**5,836**	**7,017**	**(1,181)**

The item '*Accruals*' is the management's best estimate of the recoverability of the inventory value as at 31 December 2021.

The item '*Acquisitions in business combinations*' refers to the first-time consolidation of the company Dacom S.p.A. and the idMAINT Group on 22 January 2021).

11) TRADE RECEIVABLES

(€/000)	31/12/2021	31/12/2020	Var.
Trade receivables - gross	590,290	590,220	70
Bad debt provision	(4,768)	(6,183)	1,415
Trade receivables - net	**585,522**	**584,037**	**1,485**

'*Trade receivables*' arise from normal sales transactions engaged in by the Group in the context of ordinary marketing activities. These transactions are entered into almost entirely with customers resident in the countries where the Group operates, are almost all in euro and are short-term.

Trade receivables gross include 0.3 million euro (6.8 million euro in 2020) of receivables sold with recourse to factoring companies, adjusted by credit notes to be issued to customers for a value of 79.1 million euro (81.5 million euro at the end of 2020) and include 147.5 million euro of receivables valued at fair value (163.4 million euro at 31 December 2020).

The change in gross receivables is determined not only by the overall volumes of turnover and their trend over time, in turn also determined by seasonal factors, but also by the impact of the revolving programmes for the disinvestment of trade receivables (i.e. approx. 561.0 million euro as at 31 December 2021 compared to 536.6 million euro in 2020).

The receivables are adjusted to their presumed realisable value through the recognition of an appropriate bad debt provision, which is replenished by allocations determined on the basis of an analytical valuation process for each individual customer, in relation to the related past due receivables and outstanding commercial disputes, taking into account insurance coverage (for further information, please refer to the '*Disclosure on risks and financial instruments*' section). The change in the provision is represented below:

(€/000)	31/12/2021	31/12/2020	Var.
Bad debt provision: year-beginning	**6,183**	**6,659**	**(476)**
Uses/Releases	(3,513)	(2,934)	(579)
Accruals	1,661	1,760	(99)
Acquisition in business combination	437	698	(261)
Bad debt provision: period-end	**4,768**	**6,183**	**(1,415)**

The item '*Acquisitions in business combinations*' for a value of 0.4 million euro refers to the first-time consolidation on 22 January 2021 of Dacom and the idMAINT Group.

12) INCOME TAX ASSETS (CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Income tax assets	310	410	(100)

Income tax assets (current) mainly refer (0.2 million euros) to receivables from the Spanish and Portuguese tax authorities and collected in January 2022.

13) OTHER CURRENT ASSETS

(€/000)	31/12/2021	31/12/2020	Var.
Receivables from associates companies (A)	**-**	**-**	**-**
VAT receivables	4,509	1,539	2,970
Other tax assets	32,149	9,468	22,681
Other receivables from Tax authorities (B)	**36,658**	**11,007**	**25,651**
Receivables from factoring companies	3,128	147	2,981
Other financial receivables	9,857	9,617	240
Receivables from insurance companies	2,852	427	2,425
Receivables from suppliers	13,753	14,908	(1,155)
Receivables from employees	16	21	(5)
Receivables from others	152	94	58
Other receivables (C)	**29,758**	**25,214**	**4,544**
Prepayments (D)	**3,914**	**3,965**	**(51)**
Other assets (E= A+B+C+D)	**70,330**	**40,186**	**30,144**

'*VAT receivables*' mainly concern Italian companies (approximately 4.2 million euro) with the exception of 4Side S.r.l..

The '*Other tax assets*' figure refers almost entirely to the receivable of the parent company Esprinet S.p.A. from the tax authorities following the payment, made on a provisional basis, of tax collection files relating to indirect taxes in relation to which disputes are in progress, details of which are provided in the section '*Developments in Group disputes*' under the notes to item '26) *Non-current provisions and other liabilities*'.

'*Receivables from factoring companies*', referring to the parent company for 3.1 million euro, relate to the residual amount still unpaid of the trade receivables transferred 'without recourse' at the end of December 2021. At the time this report was drafted, the receivables due had been almost entirely paid.

'*Other financial receivables*' include 9.3 million euro for a guarantee deposit provided to the buyer of the receivables assigned in the securitisation transaction executed by the Group to cover any dilution that may occur in the course of this activity or in the months following the transaction closing. The remaining portion of the amount, equal to 0.5 million euro, refers to the portion of receivables collectable, and collected in January 2022, deriving from the delivery of products in 2011 to the customer 'Guardia di finanza - GdF'.

Receivables from insurance companies include the insurance compensation – after deductibles – recognised by the insurance companies for claims of various kinds not yet paid, but which are reasonably expected to be collected within the next fiscal year.

Receivables from suppliers, as at 31 December 2021, refer to credit notes received exceeding the amount owed at the end of December for a mismatch between the timing of their quantification and the payment of suppliers. They also include receivables from suppliers for advance payments requested by suppliers before purchase orders are executed, as well as receivables from hauliers for advance VAT payments and customs duties pertaining to imports.

Prepayments are costs (mainly maintenance and assistance fees, interest expenses on loans not drawn down) whose accrual is deferred with respect to that of the cash movement.

14) DERIVATIVE FINANCIAL ASSETS (CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Derivate financial assets	-	27	(27)

The balance of derivative financial assets, as at 31 December 2020 referred to the fair value of instruments used by V-Valley Advanced Solutions España, S.A. to mitigate the exchange risk related to payables in foreign currency from suppliers.

For further information, please refer to the '*Non-hedging derivatives*' section in the '*Disclosure on risks and financial instruments*' paragraph to which reference should be made.

17) CASH AND CASH EQUIVALENTS

(€/000)	31/12/2021	31/12/2020	Var.
Bank and postal deposit	491,455	558,899	(67,444)
Cash	16	29	(13)
Total cash and cash equivalents	**491,471**	**558,928**	**(67,457)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. They are partly temporary in nature as they originate from the normal short-term financial cycle of collections/payments which sees payments from customers concentrated at the end and middle of each month, whereas financial outflows linked to payments to suppliers have a more linear trend.

The market value of the cash and cash equivalents corresponds to their carrying amount.

EQUITY

(€/000)	31/12/2021	31/12/2020	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	354,337	352,402	1,935
Own shares (C)	(20,263)	(4,800)	(15,463)
Total reserves (D=B+C)	**334,074**	**347,602**	**(13,528)**
Net income for the year (E)	**44,183**	**31,405**	**12,778**
Net equity (F=A+D+E)	**386,118**	**386,868**	**(750)**
Non-controlling interests (G)	-	2,095	(2,095)
Total equity (H=F+G)	**386,118**	**388,963**	**(2,845)**

The main changes in shareholders' equity items are explained in the following notes:

19) SHARE CAPITAL

The Esprinet S.p.A. *share capital,* fully subscribed and paid-in as at 31 December 2020, is 7,860,651 euro and comprises 50,934,123 shares with no nominal value, following the cancellation, on 22 June 2020, of 1,470,217 shares, as set forth in the resolution of the Shareholders' Meeting of 25 May 2020.

20) RESERVES

Reserves and profit carried over

The *Reserves and retained earnings* balance increased by 1.9 million euro, mainly due to combined effect of the allocation of profits from previous years, the distribution of dividends to shareholders and succession of Share Incentive Plans.

The share incentive plans provide for the right to free assignment of Esprinet shares to Group Directors and Executives. The value, accounted for among the costs of employees and the costs of the directors with a contra entry in the Reserves, was quantified on the basis of the elements described in detail in the section 'Share incentive plans' in the following chapter '6. Comments on income statement items to which reference should be made.

For further information on the events described, please refer to the '*Significant events occurred in the period'* paragraph in the 'Directors' Report on Operations' and the *Consolidated statement of changes in shareholders' equity.*

Own shares on hand

The amount refers to the total purchase price of 1,528,024 Esprinet S.p.A. shares owned by the Company.

The decrease compared with 1,150,000 shares held as at 31 December 2020 is due to the allotment, between April and May 2021, of 1,086,345 shares to beneficiaries of the 2018-2020 Long Term Incentive Plan approved by the Shareholders' Meeting of Esprinet S.p.A. on 4 May 2018, and to the purchase of a further 1,464,369 shares between 20 April and 12 May 2021 at an average unit price of 13.56 euro, net of fees, in fulfilment of the resolution of the Shareholders' Meeting of Esprinet S.p.A. of 7 April 2021.

21) GROUP NET INCOME

The year's Group net income amount to 44.2 million euro, an increase compared with the previous year's 31.4 million euro.

NON-CURRENT LIABILITIES

22) BORROWINGS

(€/000)	31/12/2021	31/12/2020	Var.
Borrowings	106,531	107,069	(538)

Borrowings are represented by the valuation at the amortised cost of the portion of the medium-long term loans granted by the Group companies falling due beyond next year.

The change compared to the previous year is the result of the combined effect of the subscription of the new loans during the year, the reclassification under current payables, as set forth in the loan repayment plans, of the instalments falling due within twelve months, the 12-month postponement of the repayment dates originally envisaged in the repayment plans of the 11 'amortising' loans taken out in 2020 by the Spanish subsidiaries, guaranteed by the Spanish State through the Instituto de Crédito Official ('ICO') and renegotiated in May 2021, sometimes also with an extension of the term.

Lastly, the change also includes the acquisition, due to the first-time consolidation, on 22 January 2021, of a debt in principal of 2.4 million euro, relating to the medium/long-term loans granted to the subsidiaries Dacom S.p.A. and idMAINT S.r.l..

31) LEASE LIABILITIES (NON-CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities (non-current)	102,253	93,999	8,254

The liability is related to the Rights of use existing at the reference balance sheet dates.

The variation can be detailed as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities	**93,999**	**100,212**	**(6,213)**
Acquisition in business combination	-	268	(268)
Increase from subscribed contracts	18,482	2,930	15,552
Termination/modification of contracts	(373)	(638)	265
Reclassification non current liabilities	(9,855)	(8,773)	(1,082)
Lease liabilities	**102,253**	**93,999**	**8,254**

The following table analyses the maturity dates of the financial liabilities booked as at 31 December 2021:

(€/000)	within 5 year	after 5 year	31/12/2021
Lease liabilities (non-current)	45,567	56,686	102,253

With reference to the application of IFRS 16 as from the financial statements as at 31 December 2019, the Group did not apply the standard to leases of intangible assets.

It should also be noted that the Group analyses the lease contracts with regards to the lease term, defining the 'non-cancellable' period for each of them, together with the effects of extension and early termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings, this valuation considered the specific facts and circumstances of each activity. With regard to the other categories of assets, mainly company vehicles, the Group generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Group's usual practice.

Lastly, liabilities related to rights of use are measured considering the variable payments due for the leases linked to indices or rates (e.g. ISTAT index), where contractually provided for.

24) DEFERRED INCOME TAX LIABILITIES

(€/000)	31/12/2021	31/12/2020	Var.
Deferred income tax liabilities	14,784	11,309	3,475

The balance of this item depends on higher taxes that the Group has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

The following table shows the composition of the item in question:

(€/000)	31/12/2021			31/12/2020		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax liabilities						
Goodwills' amortisation	49,966	27.90%	12,814	43,063	27.90%	11,079
Customer Relationship	7,658	25.00%	1,915	-	25.00%	-
Other	223	24%-27.9%-25%	55	838	24.00%	230
Total deferred income tax liabilities			**14,784**			**11,309**

The item Other mainly refers to deferred taxes that derive from the temporary differences originating on the inclusion of accessory charges in the value of inventories and on the gains on exchange rates.

The time-related allocation of deferred income tax liabilities is as follows:

(€/000)		Within 1 year	1-5 year	After 5 year	Total
Deferred income tax liabilities	31/12/2021	58	-	14,076	14,134
	31/12/2020	230	-	11,079	11,309

25) RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations reflect the staff severance indemnities ('TFR') and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

The entire provision amount is attributable to the Italian companies, since a similar system does not exist in Spain.

Changes occurred during the year are shown in the tables below:

(€/000)	31/12/2021	31/12/2020	Var.
Balance at year-beginning	**4,847**	**4,669**	**178**
Acquisition in business combination	1,060	-	1,060
Service cost	35	167	(132)
Interest cost	19	35	(16)
Actuarial (gain)/loss	(133)	173	(306)
Pensions paid	(596)	(197)	(399)
Changes	**385**	**178**	**207**
Retirement benefit obligations	**5,232**	**4,847**	**385**

Values recognised in the income statement are as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Amounts booked under personnel costs	35	167	(132)
Amounts booked under financial costs	19	35	(16)
Total	**54**	**202**	**(148)**

The change in the 'actuarial gains or losses' compared with last fiscal year is essentially due to the misalignment between the forward-looking assumptions used in the valuation as at 31 December 2020 and the actual development of the provision as at 31 December 2021 (members, payments made, benefit revaluation). The discount rate used reflects the market returns, at the financial statements date, of a panel of primary company bonds with a maturity date connected with the employee average residual employment in the Group's companies (higher than 10 years)[7].

The 'Projected Unit Credit Method' was used to account for employee benefits, based on demographic assumptions and on the following economic-financial assumptions:

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender. These probabilities were calculated starting from the pension distribution by age and gender existing on 1 January 1987 with effect from 1984, 1985, 1986 referring to the credit segment personnel;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;
- probability of terminating employment for reasons other than death: an annual 6% frequency has been considered based on available statistical series for the Group companies, with the exception of the subsidiary 4 Side S.r.l. for which an annual frequency of 10% was considered;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/2021	31/12/2020
Cost of living increase	1.20%	1.00%
Discouting rate [1]	0.98%	0.34%
Remuneration increase	2.70%	2.50%
Staff severance indemnity (TFR) - annual rate increase	2.40%	2.25%

[1] iBoxx Eurozone Corporates AA10+ index has been used for the calculation.

Sensitivity analyses

Pursuant to IAS 19 Revised, a sensitivity analysis of changes in main actuarial hypothesis used in the calculation model is required.

The scenario described in the previous paragraphs was considered as the baseline scenario and from that the most significant assumptions were increased and decreased, i.e. the average annual discount rate, the average inflation rate and the turnover rate, respectively, by half, one quarter and two percentage points. The outputs thus obtained are summarised as follows:

[7] Please note that the iBoxx Eurozone Corporates AA10+ index was used as a parameter for the above mentioned calculation.

(euro)		Sensitivity analysis
		Esprinet Group
Past Service Liability		
Annual discount rate	+0.50%	5,020,318
	-0.50%	5,465,066
Annual inflation rate	+0.25%	5,295,245
	-0.25%	5,176,086
Annual turnover rate	+2.00%	5,176,283
	-2.00%	5,312,777

As required by IAS 19 Revised, the estimated expected payments (in nominal value) for the next few years are as follows:

(euro)	Future Cash Flow
Year	**Esprinet Group**
0 - 1	403,446
1 - 2	360,001
2 - 3	373,160
3 - 4	343,582
4 - 5	341,875
5 - 6	438,146
6 - 7	379,001
7 - 8	472,474
8 - 9	301,275
9 - 10	402,466
Over 10	3,563,728

49) DEBTS FOR INVESTMENTS IN SUBSIDIARIES (NON-CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Debts for investments in subsidiaries (non-current)	1,615	230	1,385

The item ‘Debts for investments (non-current)’ as at 31 December 2021 refers to the consideration to be paid, falling due after the next year, for the purchase by the parent company Esprinet S.p.A. of 15% of the share capital in the subsidiary Celly S.p.A., which already took place in 2020, plus the amounts due after 2022 of the payable for the acquisition of the companies Dacom S.p.A. (1.3 million euro) and idMAINT S.r.l. (0.2 million euro) which occurred on 22 January 2021.

26) NON-CURRENT PROVISIONS AND OTHER LIABILITIES

(€/000)	31/12/2021	31/12/2020	Var.
Long-term liabilities for cash incentives	224	1,721	(1,497)
Provisions for pensions and similar obligations	1,694	1,691	3
Other provisions	619	290	329
Non-current provisions and other liabilities	**2,537**	**3,702**	**(1,165)**

The item *Long term liabilities for cash incentives* as at 31 December 2021 refers to the portion of the variable consideration payable to beneficiaries from the second year onwards with respect to that of accrual conditional, among others, on the beneficiary’s employment with the Group until the payment date.

The balance as at 31 December 2020 included 1.6 million euro referring to the consideration accrued by the beneficiaries of a compensation plan signed prior to the acquisition by V-Valley Advanced Solutions España, S.A., payable in 2022, therefore fully reclassified among the current provisions and other liabilities as at 31 December 2021.

The item '*Provisions for pensions and similar obligations*' includes the supplementary customer indemnity provision payable to agents based on current regulations governing the subject. The changes in the period were as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Provisions for pensions: year-beginning	**1,691**	**1,661**	**30**
Uses/Releases	(308)	(105)	(203)
Accruals	257	135	122
Acquisition in business combination	54	-	54
Provisions for pensions: period-end	**1,694**	**1,691**	**3**

The amount entered under *Other provisions* is intended to cover risks relating to current legal and tax-related disputes. Changes occurred in the period are as below:

(€/000)	31/12/2021	31/12/2020	Var.
Other provisions: year-beginning	**290**	**127**	**163**
Uses/Releases	(101)	(40)	(61)
Accruals	430	203	227
Other provisions: period-end	**619**	**290**	**329**

Developments in Group disputes

The main disputes involving the Group are provided below, along with developments in 2021 (and thereafter, until the date this financial report was drafted), for which the Group has conducted the pertinent risk assessments, with the support of its legal and/or tax consultants, and, where deemed appropriate, recognised the ensuing allocations to the provision for risks.

The following list summarises the development of the main tax disputes in progress for which it has not been considered that the elements for making provisions exist, since the risk of each is assessed as unlikely.

Esprinet S.p.A. direct taxes for the year 2002

The Company had a tax dispute in progress for the 2002 tax period relating to VAT, IRPEG and IRAP for an amount of 6.0 million euro, plus penalties and interest.

The Company had obtained favourable sentences in both first and second instance proceedings but, on 3 August 2016, the ruling of the Court of Cassation was filed with which the appeal of the Revenue Agency was partially upheld, with the consequent referral to another section of the Regional Tax Commission for a new assessment on the postponed part of the assessment.

Upon settlement and closure of the dispute, on 29 October 2021 Esprinet S.p.A. signed a settlement agreement with the Revenue Agency, paying a total of 0.8 million euro.

Actebis Computer S.p.A. (now Esprinet S.p.A.) indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), all outstanding disputes have been resolved, with the exception of that pertaining to the year 2005, for which Esprinet, at the recommendation of the seller of Actebis and supported by the latter's advisors, after the failure of a tax settlement proposal, lodged an appeal at the various stages of legal proceedings, with the enforcement of all payments due based on prior receipt of the funds from the seller.

Following the negative ruling of the Regional Tax Commission on 23 September 2014, the seller's advisors also filed an appeal before the Court of Cassation where the same is pending and the hearing has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2011

On 30 November 2016, the Company was served a notice relating to an assessment through which the Revenue Agency requested the recovery of VAT of 1.0 million euro, plus penalties and interests. The failure to apply VAT on taxable transactions carried out in 2011 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable sentence on 24 November 2017 before the Provincial Tax Commission, and on 12 February 2019 before the Regional Tax Commission.

As set forth in the administrative proceedings, payments totalling 2.5 million euro were made during the judicial process which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item 'Other tax receivables'.

On 4 December 2019, an appeal was filed with the Court of Cassation; the date of the hearing for the discussion of the case has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2012

On 2 October 2017, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 3.1 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2012 on three business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received a favourable ruling on 21 September 2018 before the Provincial Tax Commission, but an unfavourable one on 17 February 2020 before the Regional Tax Commission.

February 2021 saw the payment, as set forth in the administrative proceedings, of 5.1 million which, as all stages of legal proceedings are yet to be concluded, was recognised in the financial statements under the item 'Other tax receivables'.

On 25 September 2021, an appeal was filed with the Court of Cassation; the date of the hearing for the discussion of the case has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2013

On 31 July 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 66 thousand euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable ruling on 29 January 2019 before the Provincial Tax Commission, but a favourable one on 129 January 2020 before the Regional Tax Commission.

On 19 March 2021, the Revenue Agency filed an appeal with the Court of Cassation and the Company filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2013 bis

On 20 December 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 14.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other seven business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received an unfavourable ruling on 23 September 2020 before the Provincial Tax Commission and an unfavourable one on 14 February 2022 before the Regional Tax Commission.

As set forth in the administrative proceedings, payments totalling 24.5 million euro were made during the judicial process, of which 18.2 million euro in March 2021, which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item 'Other tax receivables'.

The Company will file an appeal before the Court of Cassation.

Esprinet S.p.A. indirect taxes for the year 2013 ter

On 13 September 2021, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 6.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal before the Provincial Tax Commission; the date of the hearing for the discussion of the case has not yet been set.

Monclick S.r.l. Direct taxes for the year 2012

On 20 July 2016, upon conclusion of a tax audit to which it was subject, the company received an assessment notice through which the Revenue Agency requested the recovery of direct taxes for 82 thousand euro, as well as penalties and interest. The deduction or non-taxation of income components relating to 2012 (the year in which the company was still part of the Esprinet Group) is contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 26 June 2017 before the Provincial Tax Commission, but lost the appeal on 3 July 2018 before the Regional Tax Commission.

As envisaged by the administrative procedure, payments for a total of 162 thousand euro were made during the course of the judicial procedure, recorded in the income statement in 2018.

On 16 July 2019, the Company lodged an appeal before the Court of Cassation.

Edslan S.r.l. Registration tax for the year 2016

On 4 July 2017, the company, merged by incorporation into Esprinet S.p.A. in 2018, received an assessment notice through which the Revenue Agency requested the recovery of the registration tax for 182 thousand euro, as well as penalties and interest. The determination of the business unit acquired on 8 June 2016 by the selling company Edslan S.p.A. (now I-Trading S.r.l.) is contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 19 June 2018 before the Provincial Tax Commission, and on 22 January 2020 before the Regional Tax Commission.

On 8 January 2021, the company filed a counter-appeal before the Court of Cassation, whose date of the hearing for the discussion of the case has not yet been set, after appeal by the Revenue Agency.

CURRENT LIABILITIES

27) TRADE PAYABLES

(€/000)	31/12/2021	31/12/2020	Var.
Trade payables - gross	1,318,591	1,244,250	74,341
Credit notes to be received	(127,735)	(136,424)	8,689
Trade payables	**1,190,856**	**1,107,826**	**83,030**

The balance of Payables to suppliers, compared to 31 December 2020, is largely influenced by the overall volumes of purchases and their trend over time, which in turn also depend on seasonal factors of the distribution business

The item 'Credit notes to be received' refers mainly to the rebates related to commercial targets reached, to various incentives, to reimbursement of joint marketing activities with suppliers and to stocks contractual protections.

There are no trade payables with collaterals on corporate assets nor with a residual duration longer than 5 years.

28) SHORT-TERM FINANCIAL LIABILITIES

(€/000)	31/12/2021	31/12/2020	Var.
Bank loans and overdrafts	45,036	44,725	311
Other financing payables	10,159	11,324	(1,165)
Short - term financial liabilities	**55,195**	**56,049**	**(854)**

Current Bank loans and overdrafts are represented by the valuation at amortised cost of the short-term credit lines and of the part due within the following 12 months of the medium / long-term loans taken out by the companies of the Group (35.7 million euro in principal as at 31 December 2021 and 38.1 million euro, again in principal, as at 31 December 2020), including the portion due in January 2022 of the loan taken out by the Parent Company relating to a supply made in 2011 to the customer 'Guardia di Finanza' (GdF) in relation to the operation of which an identical short-term receivable from the GdF (0.5 million euro) is recognised.

The change compared to the previous year depends on the combined effect of the following phenomena:

- the expansion of the scope of consolidation with the acquisitions in January 2021 of Dacom S.p.A. and the idMAINT Group (payable acquired amounting to 6.3 million euro, of which 1.9 million euro of current portions of medium / long-term loans);
- the greater or lesser use of short-term forms of financing;
- the portion due within the next year of a new medium / long-term loan obtained by the Parent Company in December 2021;
- the repayment of the portions of medium / long-term loans according to the amortisation plans with the related reclassification from non-current financial payables of the instalments due within the 12 months following 31 December 2021;
- the renegotiation in May 2021 of 11 'amortising' loans signed in 2020 by the Spanish subsidiaries and guaranteed by the State through the Instituto de Crédito Official ('ICO'). In fact, the Spanish subsidiaries negotiated, with the funding banks, a 12-month postponement in the repayment of instalments expected in the next 12 months and, on some occasions, also an extension of the term of the loans, hence reducing the value of each instalment repayment and, therefore, the overall value, based on the same total debt, of the liability to be extinguished in the next 12 months.

Details relating to the outstanding medium/long-term loans can be found in the following '*Net financial indebtedness and loans covenants*' paragraph, to which reference should be made.

Other financing pauyables are mainly advances obtained from factoring companies deriving from the usual with-recourse assignment of receivables, and from payments received in the name and on behalf of clients under the non-recourse factoring agreement. The change in payables is closely correlated to the volume and different timing of the financial settlement of the receivables factored.

36) LEASE LIABILITIES (CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities (current)	9,829	8,867	962

The liability is related to the Rights of use existing at the reference balance sheet dates.

The variation can be detailed as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities	**8,867**	**8,597**	**270**
Acquisition in business combination	-	107	(107)
Increase from subscribed contracts	576	43	533
Reclassification non current liabilities	9,855	8,773	1,082
Lease interest expenses	3,183	3,336	(153)
Payments	(12,569)	(11,777)	(792)
Termination/modification of contracts	(83)	(212)	129
Lease liabilities	**9,829**	**8,867**	**962**

29) INCOME TAX LIABILITIES

(€/000)	31/12/2021	31/12/2020	Var.
Income tax liabilities	4,287	224	4,063

Income tax liabilities refer primarily to the parent company Esprinet S.p.A. for 3.5 million euro, the subsidiary Dacom S.p.A. for 0.4 million euro and the subsidiary Esprinet Iberica for 0.2 million euro, and reflect the excess amount of current income taxes accrued with respect to the advances paid.

30) DERIVATIVE FINANCIAL LIABILITIES (CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Derivative financial liabilities	2	-	2

The balance of derivative financial liabilities, as at 31 December 2021 referred to the fair value of instruments used by V-Valley Advanced Solutions España, S.A. to mitigate the exchange risk related to payables in foreign currency from suppliers.

For further details, please refer to the section '*Hedge accounting*' under the paragraph '*Disclosure on risks and financial instruments*.'

51) DEBTS FOR INVESTMENTS IN SUBSIDIARIES (CURRENT)

(€/000)	31/12/2021	31/12/2020	Var.
Debts for investments in subsidiaries (current)	1,854	220	1,634

The item Debts for investments in subsidiaries (current) as at 31 December 2021 refers to the consideration to be paid within twelve months in relation to the price for the purchase by the parent company Esprinet S.p.A. of the residual 15% of the share capital in the subsidiary Celly S.p.A., which already took place in October 2020, and all the shares and holdings of the companies Dacom S.p.A. (1.6 million euro) and idMAINT S.r.l. (0.1 million euro) acquired on 22 January 2021.

32) PROVISIONS AND OTHER LIABILITIES

Provisions and other liabilities solely includes payables whose maturity is within the following 12 months.

(€/000)	31/12/2021	31/12/2020	Var.
Social security liabilities (A)	**5,327**	**4,825**	**502**
Associates companies liabilities (B)	**-**	**-**	**-**
VAT payables	13,035	14,800	(1,765)
Withholding tax liabilities	488	461	27
Other tax liabilities	1,500	1,264	236
Other payables to Tax authorities (C)	**15,023**	**16,525**	**(1,502)**
Payables to personnel	11,246	9,985	1,261
Payables to customers	7,971	7,165	806
Payables to others	1,226	1,686	(460)
Total other creditors (D)	**20,443**	**18,836**	**1,607**
Accrued expenses and deferred income related to:			
- Accrued expenses for insurance costs	288	270	18
- Deferred income - advanced receivables	121	-	121
- Other deferred income	62	39	23
Accrued expenses and deferred income (E)	**471**	**309**	**162**
Provisions and other liabilities (F=A+B+C+D+E)	**41,264**	**40,495**	**769**

Social security liabilities refer mainly to payables linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

VAT payables, refer to the amount of VAT payable accrued during the month of December and are attributable almost entirely to the companies of the Iberian Subgroup.

Other tax liabilities are mainly taxes withheld on wages and salaries paid to employees during the month of December.

Payables to personnel refer to deferred monthly compensation (holidays not taken, year-end bonus, monetary incentives included) accrued at the balance sheet date.

Payables to customers refer mainly to credit notes issued and not yet paid relating to current trading relationships.

Payables to others include payables amounting to 0.3 million euro in compensation to Directors accrued in the year or in previous years (0.5 million euro at 31 December 2020), and 0.4 million euro in fees due and unpaid to the network of Group agents (same amount at 31 December 2020).

Accrued expenses and deferred income are income and/or expenses whose accrual date is deferred/anticipated compared with the cash collection/expenditure.

7. GUARANTEES, COMMITMENTS AND POTENTIAL RISKS

COMMITMENTS AND POTENTIAL RISKS

The commitments and risks potentially facing the Group are as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Third-party assets on consignment to the Group	61,674	46,192	15,482
Bank guarantees issued in favour of other companies	16,196	16,387	(191)
Total guarantees issued	**77,870**	**62,579**	**15,291**

Third-party assets

The amount refers mainly to the value of goods owned by third parties deposited at the Esprinet S.p.A.'s warehouses (47.3 million euro), of Esprinet Iberica S.L.U. (7.7 million euro), of Vinzeo Technologies S.A.U. (2.2 million euro) and of V-Valley Advanced Solutions España, S.A. (4.5 million euro).

Bank guarantees issued in favour of other companies

The amount refers mainly to bank guarantees issued for deposits in relation to property lease agreements entered into in Italy, and bank suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

8. NOTES TO INCOME STATEMENT ITEMS

33) SALES

The following provides a breakdown of the Group's revenue performance during the year. Further analyses of sales are provided in the '*Directors' Report on Operations*'.

Sales by products and services

(euro/million)	2021	%	2020	%	Var.	% var.
Product sales	2,882.0	61.4%	2,739.0	61.0%	143.0	5%
Services sales	13.4	0.3%	6.6	0.1%	6.8	103%
Sales - Subgroup Italy	**2,895.4**	**61.7%**	**2,745.6**	**61.1%**	**149.8**	**5%**
Product sales	1,793.8	38.2%	1,744.9	38.8%	48.9	3%
Services sales	1.7	0.0%	1.1	0.0%	0.6	55%
Sales - Subgroup Spain	**1,795.5**	**38.3%**	**1,746.0**	**38.9%**	**49.5**	**3%**
Sales from contracts with customers	**4,690.9**	**100.0%**	**4,491.6**	**100.0%**	**199.3**	**4%**

Sales by geographic area

(euro/million)	2021	%	2020	%	% Var.
Italy	2,854.7	60.9%	2,722.0	60.6%	5%
Spain	1,686.7	36.0%	1,665.6	37.1%	1%
Portugal	107.5	2.3%	67.4	1.5%	59%
Other EU countries	28.7	0.6%	26.5	0.6%	8%
Extra EU countries	13.3	0.3%	10.1	0.2%	32%
Sales from contracts with customers	**4,690.9**	**100.0%**	**4,491.6**	**100.0%**	**4%**

The Group recorded sales of 2,854.7 million euro in Italy, +5% compared to 2020 and in line with the market which, according to Context data, increased by +5%, reaching turnover of 9.5 billion euro. In Spain, the Group posted sales of 1,686.7 million euro, +1% compared to 2020, underperforming the market which increased by +5% (6.6 billion euro). Portugal was worth 107.5 million euro, +59% compared to 2020 and further consolidated its share of a market that rose by +10%, reaching sales of more than 1.6 billion euro.

Sales as 'Principal' or 'Agent'

In accordance with the IFRS 15 accounting standard, the Esprinet Group has identified the distribution of the hardware and software products, the distribution of its own-brand products and the provision of non-intermediated services as the activities in which its role requires it to represent the sales as 'principal'. Conversely, the distribution of cloud software and the brokerage of services were detected as business lines to be disclosed as 'agent'. The following table illustrates this distinction.

(euro/million)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers as 'principal'	4,678.2	99.7%	4,484.8	99.8%	193.4	4%
Sales from contracts with customers as 'agent'	12,7	0.3%	6.8	0.2%	5.9	87%
Sales from contracts with customers	**4,690.9**	**100.0%**	**4,491.6**	**100.0%**	**199.3**	**4%**

35) GROSS PROFIT

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	4,690,947	100.00%	4,491,613	100.00%	199,334	4%
Cost of sales	4,459,057	95.06%	4,297,946	95.69%	161,111	4%
Gross profit	**231,890**	**4.94%**	**193,667**	**4.31%**	**38,223**	**20%**

Gross profit, amounted to 231.8 million euro, marking an increase of +20% compared to 193.7 million euro in 2020, due to both higher sales and the improvement in the percentage margin, which went from 4.31% to 4.94%, thanks also to the greater incidence of high margin business lines. Deducting the positive contribution of 19.5 million euro from acquisitions completed in 2021 from the 2021 result, the change in gross profit is estimated to be around +10% on a like-for-like basis, with an improved percentage margin from 4.31% to 4.68%.

As is common practice in the sectors where the Group operates, the cost of sales is adjusted downwards to take into account the premiums/rebates for the achievement of targets, development and co-marketing provisions, cash discounts (so-called 'prompt payment discounts') and other incentives. It is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Lastly, the sales margin has been reduced by the difference between the amount of receivables transferred 'without-recourse' to factoring companies within the usual revolving or securitisation programmes and the amounts collected. In 2021, such effect amounted to 3.8 million euro (4.2 million euro in 2020).

37-38-39) OPERATING COSTS

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Sales and marketing costs	66,351	1.41%	51,775	1.15%	14,576	28%
Overheads and administrative costs	97,482	2.08%	90,038	2.00%	7,444	8%
Impairment loss/reversal of financial assets	(354)	-0.01%	4,206	0.09%	(4,560)	<-100%
Operating costs	**163,479**	**3.48%**	**146,019**	**3.25%**	**17,460**	**12%**
- of which non recurring	1,416	0.03%	7,193	0.16%	(5,777)	-80%
'Recurring' operating costs	**162,063**	**3.45%**	**138,826**	**3.09%**	**23,237**	**17%**

In 2021, operating costs, amounting to 163.5 million euro, increased by 17.5 million euro with a percentage of sales of 3.48% compared to 3.25% in the previous year.

Net of non-recurring items, operating costs show an increase of 23.3 million euro, with a percentage incidence on turnover of 3.45% compared to 3.09% of the previous year, but of which 14.2 million of euro relating to the costs of the new companies acquired and, therefore Dacom S.p.A. and the idMAINT Group for 12 months and V-Valley Advanced Solutions España S.A. and its subsidiaries (formerly the GTI Group) for the first 9 months, as these companies have entered the scope of consolidation from 1 October 2020.

The following table shows a detailed breakdown of consolidated operating costs and their performance:

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Sales & marketing personnel costs	57,630	1.23%	45,738	1.02%	11,892	26%
Other sales & marketing costs	8,721	0.19%	6,037	0.13%	2,684	44%
Sales & marketing costs	**66,351**	**1.41%**	**51,775**	**1.15%**	**14,576**	**28%**
Administr., IT, HR and general service personnel costs	32,161	0.69%	28,290	0.63%	3,871	14%
Directors' compensation	4,556	0.10%	4,747	0.11%	(191)	-4%
Consulting services	8,236	0.18%	8,462	0.19%	(226)	-3%
Logistics services	15,492	0.33%	14,474	0.32%	1,018	7%
Amortisation, depreciation and provisions	15,445	0.33%	16,162	0.36%	(717)	-4%
Other overheads and administrative costs	21,592	0.46%	17,903	0.40%	3,689	21%
Overheads and administrative costs	**97,482**	**2.08%**	**90,038**	**2.00%**	**7,444**	**8%**
Impairment loss/reversal of financial assets	(354)	-0.01%	4,206	0.09%	(4,560)	-108%
Total SG&A	**163,479**	**3.48%**	**146,019**	**3.25%**	**17,460**	**12%**

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- agents and other commercial freelance charges;
- management cost for the Cash and Carry stores.

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and freelance personnel (for financial statements auditing services, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of property, plant and equipment, amortisation of intangible assets, excluding that relating to rented assets and equipment allocated by function to sales costs, as well as provisions for risks;
- overheads and administrative costs, including utilities, bank commissions and fees, insurance, data connection and telephone costs.

The item *Impairment loss/reversal* of financial assets includes the adjustment of the nominal value of receivables to their estimated realisable value.

Reclassification by nature of some categories of costs

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

Personnel costs

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Wages and salaries	60,506	1.29%	49,309	1.10%	11,197	23%
Social contributions	17,598	0.38%	14,671	0.33%	2,927	20%
Pension obligations	2,609	0.06%	2,427	0.05%	182	7%
Other personnel costs	995	0.02%	1,160	0.03%	(165)	-14%
Employee termination incentives	1,052	0.02%	1,201	0.03%	(149)	-12%
Share incentive plans	535	0.01%	305	0.01%	230	75%
Total labour costs (1)	**83,295**	**1.78%**	**69,073**	**1.54%**	**14,222**	**21%**

(1) Cost of temporary workers excluded.

In 2021, labour costs amounted to 83.3 million euro, up (+21%) on the growth in average personnel employed in the year (+14%), due to the impact of the business combinations (+9.2 million euro), the increase in staff in both areas of operations of the Group, as set forth in the company development plans, and the greater cost and/or presence of human resources used. For further details, reference is made to table summarising the employees number of the Group - split by qualification - as detailed under '*Human Resources' section* of the *'Directors' Report on Operations.'*

Share incentive plans

On 7 April 2021, the 'Long Term Incentive Plan' approved by the Shareholders' Meeting of Esprinet S.p.A. on 4 May 2018 came to maturity.

The shares subject to the aforementioned compensation plan were consequently delivered within 60 subsequent days, as set forth in the associated implementing Regulation.

On 22 April 2021, the rights to free assignment of the ordinary shares of Esprinet S.p.A. provided for in the 'Long Term Incentive Plan' approved by the Shareholders' Meeting of the same on 7 April 2021 were assigned.

The Company currently owns only 63,655 of the ordinary shares underlying the above-mentioned Plan. Therefore, it will need to acquire the remaining amount relating to the 1,011,318 rights effectively granted.

Both plans were subject to 'fair value' accounting determined by applying the 'Black-Scholes' model, taking account of the dividend yield, of the volatility of the Esprinet share, of the risk-free interest rate level envisaged at the respective rights assignment dates and, in relation to the 'Double Up' component, the probability of the trend in the share in the vesting period of the compensation plan.

The main elements of information and parameters used for the purposes of valuing the free allotment rights of the shares for the aforementioned compensation Plan are summarised in the following table.

	2018-2020 Plan	Piano 2021-2023 "Base" component	2021-2023 Plan "Double Up" component
Allocation date	25/06/18	22/04/21	22/04/21
Vesting date	30/04/21	30/04/24	30/04/24
Expiry date	30/06/21	30/06/24	30/06/24
Total number of stock grant allocated	1,150,000	191,318	820,000
Total number of stock grant allowed	1,086,3458 (1)	191,318	820,000
Unit fair value (euro)	3.20	11.29	5.16
Total fair value (euro)	3,476,304	2,159,980	4,231,200
Rights subject to look-up (2 years)	20.0%	25.0%	25.0%
Duration lock-up	1 year	2 year	2 year
Risk free interest rate	1.1% (2)	-0.4% (5)	-0.4% (5)
Implied volatily	36.5% (3)	40.6% (6)	40.6% (6)
Duration (years)	3	3	3
Spot price (4)	3.58	13.59	13.59
"Dividend yield"	3.8%	3.8%	3.8%

(1) Decrease due to employment termination of some beneficiaries.
(2) 3-year BTP (Source: Bloomberg, 22 June 2018)
(3) 260-day volatility (source: Bloomberg, 22 June 2018)
(4) Official price of Esprinet S.p.A. shares at grant date
(5) 3-year IRS (source: Bloomberg, 21 April 2021)
(6) 3-year volatility calculated on the basis of the official prices at the close of the stock market in the previous three-year period as at 22 April 2021

Costs in the current income statement relating to the share incentive plans with a contra-entry in the '*Reserves*' item in the statement of equity and financial position, totalled 535 thousand euro with reference to employees (305 thousand euro in 2020) and 1,205 thousand euro with reference to directors (945 thousand euro in 2020).

Amortisation, depreciation, write-downs and accruals for risks

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Depreciation of tangible assets	4,286	0.09%	4,019	0.09%	267	7%
Amortisation of intangible assets	1,003	0.02%	326	0.01%	677	208%
Depreciation of right-of-use assets	11,026	0.24%	9,891	0.22%	1,135	11%
Amort . & depreciation	**16,315**	**0.35%**	**14,236**	**0.32%**	**2,079**	**15%**
Write-downs of fixed assets	-	0.00%	2,300	0.05%	(2,300)	-100%
Amort. & depr., write-downs (A)	**16,315**	**0.35%**	**16,536**	**0.37%**	**(221)**	**-1%**
Accruals for risks and charges (B)	687	0.01%	338	0.01%	349	103%
Amort. & depr., write-downs, accruals for risks (C=A+B)	**17,002**	**0.36%**	**16,874**	**0.38%**	**128**	**1%**

Leases and contracts for services of multi-year duration

The costs relating to leases of modest value and those with a duration of less than 12 months, for which the Company availed itself of the exclusion from the application of IFRS 16, amount to 119 thousand euro and 15 thousand euro, respectively (128 thousand euro and 15 thousand euro respectively in 2020).

The following tables respectively contain the details of the costs and commitments for future payments relating to multi-year service contracts:

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Equipment	542	0.01%	550	0.01%	(8)	-1%
Data connection lines	250	0.01%	170	0.00%	80	47%
Cost Housing CED	157	0.00%	124	0.00%	33	27%
Total multi-year services costs	**949**	**0.02%**	**844**	**0.02%**	**105**	**12%**

(€/000)	2022	2023	2024	2025	2026	Over	Total
Equipment	565	355	51	47	15	-	1,033
Data connection lines	132	-	-	-	-	-	132
Cost housing CED	87	-	-	-	-	-	87
Multi-year services commitments	**784**	**355**	**51**	**47**	**15**	**-**	**1,252**

42) FINANCE COSTS - NET

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Interest expenses on borrowings	1,852	0.04%	1,244	0.03%	608	49%
Interest expenses to banks	172	0.00%	734	0.02%	(562)	-77%
Other interest expenses	222	0.00%	3	0.00%	219	>100%
Upfront fees amortisation	527	0.01%	470	0.01%	57	12%
Financial charges for actualization	-	0.00%	1	0.00%	(1)	-100%
IAS 19 expenses/losses	19	0.00%	35	0.00%	(16)	-46%
IFRS financial lease interest expenses	3,183	0.07%	3,336	0.07%	(153)	-5%
Charges from fair value changes	2	0.00%	5	0.00%	(3)	-60%
Total financial expenses (A)	**5,977**	**0.13%**	**5,828**	**0.13%**	**149**	**3%**
Interest income from banks	(5)	0.00%	(17)	0.00%	12	-71%
Interest income from others	(29)	0.00%	(248)	-0.01%	219	-88%
Interest income for credit discounting	(6)	0.00%	-	0.00%	(6)	-100%
Income from fair value changes	(9)	0.00%	(2)	0.00%	(7)	>100%
Total financial income(B)	**(49)**	**0.00%**	**(267)**	**-0.01%**	**218**	**-82%**
Net financial exp. (C=A+B)	**5,928**	**0.13%**	**5,561**	**0.12%**	**367**	**7%**
Foreign exchange gains	(750)	-0.02%	(2,692)	-0.06%	1,942	-72%
Foreign exchange losses	2,459	0.05%	2,230	0.05%	229	10%
Net foreign exch. (profit)/losses (D)	**1,709**	**0.04%**	**(462)**	**-0.01%**	**2,171**	**<-100%**
Net financial (income)/costs (E=C+D)	**7,637**	**0.16%**	**5,099**	**0.11%**	**2,538**	**50%**

The overall balance of financial income and expenses, a negative 7.6 million euro, worsened by 2.5 million euro compared to the corresponding period of the previous year (5.1 million euro), due primarily to negative exchange rate management influenced by the unfavourable trends in the euro-dollar exchange rate from the third quarter of 2021.

45) TAXES

(€/000)	2021	%	2020	%	Var.	% var.
Sales from contracts with customers	**4,690,947**		**4,491,613**		**199,334**	**4%**
Current income taxes	13,259	0.28%	6,825	0.15%	6,434	94%
Deferred income taxes	3,435	0.07%	3,932	0.09%	(497)	-13%
Taxes	**16,694**	**0.36%**	**10,757**	**0.24%**	**5,937**	**55%**

The following table illustrates the reconciliation between the theoretical and the effective tax rate.

(€/000)	31/12/2021			31/12/2021		
	Group	Subgroup Italy	Subgroup Iberica	Group	Subgroup Italy	Subgroup Iberica
Profit before income taxes [A]	**60,773**	**31,221**	**29,552**	**42,549**	**17,523**	**25,026**
Operating profit (EBIT)	**68,411**	**36,501**	**31,910**	**47,648**	**21,305**	**26,343**
(+) bad debt provision	**647**	647	-	771	771	-
(+) provision for risks and charges	**673**	673	-	332	332	-
Taxable am out for IRAP [B]	**69,731**	**37,821**	**31,910**	**48,751**	**22,408**	**26,343**
Theoretical taxation IRES Subgroup Italy (= A*24%)	**7,496**	7,496	-	4,215	4,215	-
Theoretical taxation IRAP Subgroup Italy (= B*3,9%)	**1,475**	1,475	-	875	875	-
Theoretical taxation on Subgroup Spain's income [A*25,0%-21,0%-10%]	**7,335**	-	7,335	5,870	-	5,870
Total theoretical taxation [C]	**16,306**	**8,971**	**7,335**	**10,961**	**5,091**	**5,870**
Theoretical tax rate [C/A]	**26.8%**	**28.7%**	**24.8%**	**25.8%**	**29.1%**	**23.5%**
(-) Tax relief - ACE - Aiuto alla crescita economica (*)	**(285)**	(285)	-	(315)	(315)	-
Other permanent differenced	**673**	712	(39)	111	791	(680)
Total effective taxation [D]	**16,694**	**9,398**	**7,296**	**10,757**	**5,567**	**5,190**
Effective tax rate [D/A]	**27.5%**	**30.1%**	**24.7%**	**25.3%**	**31.8%**	**20.7%**

(*) ACE for italian companies and reserve capitalization for Spanish companies

The IRES/IRAP theoretical taxes are calculated excluding Nilox Deutschland GmbH, a German company.

46) NET INCOME AND EARNINGS PER SHARE

(€/000)	2021	2020	Var.	% var.
Net income	**44,080**	**31,792**	**12,288**	**39%**
Weighed average no. of shares in circulation: basic	49,539,129	49,784,123		
Weighed average no. of shares in circulation: diluted	50,154,690	50,814,392		
Earnings per share in euro: basic	**0.89**	**0.63**	**0.26**	**41%**
Earnings per share in euro: diluted	**0.88**	**0.62**	**0.26**	**42%**

1,528,024 own shares held in the portfolio were excluded from the calculation of the 'basic' earnings per share.

For the purposes of calculating 'diluted' earnings per share, 1,011,318 shares were considered, that will potentially be involved in the Stock Grant Plan approved on 7 April 2021 by the Shareholders' Meeting of Esprinet S.p.A. (number of shares quantified in relation to the estimated level of attainment of the targets set in the Long-Term Compensation Plan and the estimated probability of continuation of the professional relationship by the individual beneficiaries).

9. OTHER SIGNIFICANT INFORMATION

9.1 EMOLUMENTS TO THE BOARD MEMBERS, STATUTORY AUDITORS AND KEY MANAGERS

The following tables show the remuneration paid to the management and control body and to key managers in office as at 31 December 2021:

(euro/000)				Fixed compensation			Variable non-equity compensation					
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Remuneration from subordinate employment	Compensation for commitee participation	Bonuses and other incentives	Profit sharing	Non monetary benefits [2]	Other remuneration	Total	Severance indemnity for end of office or termination of employment
Maurizio Rota	Chairman	01.01/ 31.12.2021	2024 [1]	450	-	-	-	-	5	-	455	-
Marco Monti	Deputy Chairman	01.01/ 31.12.2021	2024 [1]	47	-	5	-	-	-	-	52	-
Alessandro Cattani	Chief Executive Officer	01.01/ 31.12.2021	2024 [1]	450	-	-	278	-	4	-	731	-
Chiara Mauri	Independent Director	01.01/ 31.12.2021	2024 [1]	30	-	18	-	-	-	-	48	-
Angelo Miglietta	Independent Director	07.04/ 31.12.2021	2024 [1]	22	-	31	-	-	-	-	53	-
Lorenza Morandini	Independent Director	07.04/ 31.12.2021	2024 [1]	22	-	13	-	-	-	-	35	-
Emanuela Prandelli	Independent Director	01.01/ 31.12.2021	2024 [1]	30	-	13	-	-	-	-	43	-
Renata Maria Ricotti	Independent Director	01.01/ 31.12.2021	2024 [1]	30	-	35	-	-	-	-	65	-
Angela Sanarico	Independent Director	07.04/ 31.12.2021	2024 [1]	22	-	13	-	-	-	-	35	-
Giovanni Testa	Chief Operating Officer	01.01 /31.12.2021		-	366	-	167	-	4	-	536	-
Maurizio Dallocchio	Chairman Statutory auditor	07.04/ 31.12.2021	2024 [1]	33	-	-	-	-	-	-	33	-
Maria Luisa Mosconi	Permanent Auditor	07.04/ 31.12.2021	2024 [1]	29	-	-	-	-	-	-	29	-
Silvia Muzi	Permanent Auditor	07.04/ 31.12.2021	2024 [1]	29	-	-	-	-	-	-	29	-
(I) Compensation in the company preparing the financial statements				**1,195**	**366**	**128**	**444**	**-**	**13**	**-**	**2.146**	**-**
				-	-	-	-	-	-	-	-	-
(II) Compensation from subsidiaries and associates				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(III) Total				**1,195**	**366**	**128**	**444**	**-**	**13**	**-**	**2.146**	**-**

[1] Date of approval of the financial statements for the year ending 31 December 2023.
[2] 'Fringe benefit' represented by the use of the company car.

The table below illustrates the Monetary incentive plans for members of the Board of Directors, the general manager and other key managers (data in thousand euro).

Beneficiaries	Bonus of the year			Bonus from previous year		
	Pyable/ Paid	Deferred	Period	No longer eligible for payment	Pyable/ Paid	Still deferred
Maurizio Rota	-	-	2019	-	51	-
Alessandro Cattani	-	-	2019	-	51	-
Alessandro Cattani	-	-	2020	-	-	93
Alessandro Cattani	185	93	2021	-	-	-
Giovanni Testa	-	-	2020	-	-	33
Giovanni Testa	133	33	2021	-	-	-
Total	**318**	**126**		**-**	**102**	**126**

In the above reported tables, information is provided regarding the emoluments of directors, the general manager and statutory auditors of Esprinet S.p.A. and key managers, payable to them in respect of the positions held by them in the latter company and in other Group companies during 2021.

As defined by IAS 24 accounting standard and recalled by CONSOB Resolution No. 17221 of 12 March 2010, 'key managers are those persons having direct and indirect authority and responsibility for planning, directing and controlling the activities of the entity preparing the financial statements, including any director (whether executive or otherwise) of that entity'.

No advances have been made and no loans have been granted to the directors, to the general manager and the statutory auditors of Esprinet S.p.A. for the performance of these functions, including in companies within the scope of consolidation.

The aforementioned compensation includes all paid or payable emolument items (gross of tax and social contribution withholdings), benefits in kind and compensation received as directors or statutory auditors for Group companies.

The table below illustrates the incentive plans based on financial instruments other than stock options, for members of the Board of Directors, the general manager and other key managers.

Beneficiaries	Options held at 1° January 2021		Options held in 2021	Options assigned (taken up) in 2021	Options assigned in 2021	Options held at 31 December 2021		
	Quantity	Average strike price	Quantity	Quantity	Quantity	Quantity	Average strike price	Average due date
Maurizio Rota	264,343	free	(264,343)	-	-	-		from 22/04/2021 to 30/04/2024[1]
Alessandro Cattani	264,343	free	(264,343)	-	679,717	679,717		
Giovanni Testa	75,000	free	(75,000)	-	113,201	113,201		

[1] Date of the Shareholders' Meeting for the approval of the Financial Statements at 31 December 2023 and presentation of the Consolidated Financial Statements at 31 December 2023

The following table shows the remuneration paid to the management and control body and to key managers whose office ceased during the year:

(euro/000)				Fixed compensation			Variable non-equity compensation					
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Remuneration from subordinate employment	Compensation for commitee participation	Bonuses and other incentives	Profit sharing	Non monetary benefits [2]	Other remuneration	Total	Severance indemnity for end of office or termination of employment
Matteo Stefanelli	Non-executive Director	01.01/ 07.04.2021	2021 [1]	8	-	11	-	-	-	-	19	-
Tommaso Stefanelli	Non-executive Director	01.01/ 07.04.2021	2021 [1]	8	-	11	-	-	-	-	19	-
Mario Massari	Indipendent Director	01.01/ 07.04.2021	2021 [1]	8	-	12	-	-	-	-	20	-
Cristina Galbusera	Indipendent Director	01.01/ 07.04.2021	2021 [1]	8	-	10	-	-	-	-	18	-
Ariela Caglio	Indipendent Director	01.01/ 07.04.2021	2021 [1]	8	-	-	-	-	-	-	8	-
Bettina Solimando	Chairman Statutory auditor	01.01/ 07.04.2021	2021 [1]	12	-	-	-	-	-	-	12	-
Patrizia Paleologo Oriundi	Permanent Auditor	01.01/ 07.04.2021	2021 [1]	11	-	-	-	-	-	-	11	-
Franco Aldo Abbate	Permanent Auditor	01.01/ 07.04.2021	2021 [1]	11	-	-	-	-	-	-	11	-
(I) Compensation in the company preparing the financial statements				**73**	**-**	**44**	**-**	**-**	**-**	**-**	**117**	**-**
Franco Aldo Abbate[3]	Permanent Auditor	01.01/ 07.04.2021		6	-	-	-	-	-	-	6	-
(II) Compensation from subsidiaries and associates				**6**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**-**
(III) Total				**79**	**-**	**44**	**-**	**-**	**-**	**-**	**123**	**-**

(1) Date of approval of the financial statements for the year ending 31 December 2020 on 7 April 2021.
(2) 'Fringe benefit' represented by the use of the company car.
(3) Pro-quota 01/01/2021-07/04/2021 remuneration as Statutory Auditor of the subsidiaries 4Side S.r.l. and Dacom S.p.A..

9.2 CASH FLOW ANALYSIS

As highlighted in the table below, due to the cash flow development illustrated in the *consolidated statement of cash flows*, as at 31 December 2021 the Esprinet Group posted a 227.2 million euro cash surplus, versus a 302.8 million euro cash surplus as at 31 December 2020.

(€/000)	2021	2020
Net financial debt at year-beginning	**(302,777)**	**(272,275)**
Cash flow provided by (used in) operating activities	21,652	77,612
Cash flow provided by (used in) investing activities	(17,016)	(44,289)
Cash flow provided by (used in) changes in net equity	(47,093)	(1,626)
Total cash flow	**(42,457)**	**31,697**
Unpaid interests	(804)	(919)
Unpaid leasing interests	(274)	(276)
Lease liabilities posting	(18,602)	-
Net Financial debts (no cash) acquisitions	(10,224)	-
Deferred price acquisitions	(3,239)	-
Net financial debt at year-end	**(227,177)**	**(302,777)**
Short-term financial liabilities	55,195	56,049
Lease liabilities	9,829	8,867
Customers financial receivables	(9,857)	(9,617)
Current financial (assets)/liabilities for derivatives	2	(27)
Financial receivables from factoring companies	(3,128)	(147)
Current Debts for investments in subsidiaries	1,854	220
Cash and cash equivalents	(491,471)	(558,928)
Net current financial debt	**(437,576)**	**(503,583)**
Borrowings	106,531	107,069
Lease liabilities	102,253	93,999
Non current Debts for investments in subsidiaries	1,615	230
Customers financial receivables	-	(492)
Net financial debt at year-beginning	**(227,177)**	**(302,777)**

9.3 NET FINANCIAL INDEBTEDNESS AND LOANS COVENANTS

As set forth in 'Warning notice no. 5/21' issued by CONSOB on 29 April 2021, the following table provides information relating to the 'financial indebtedness'(or also 'net financial position') determined in substantial compliance with the criteria indicated by the European Securities and Markets Authority ('ESMA') in the document called 'Guidelines on disclosure obligations' of 4 March 2021.

With reference to the same table, it should be underlined that net financial indebtedness, measured according to the ESMA criteria, coincides with the notion of 'net financial payables'.

(€/000)	31/12/2021	31/12/2020
A. Bank deposits and cash on hand	491,471	558,928
B. Cheques	-	-
C. Other current financial assets	12,986	9,791
D. Liquidity (A+B+C)	504,457	568,719
E. Current financial debt	31,155	27,023
F. Current portion of non current debt	35,726	38,113
G. Current financial indebtedness (E+F)	66,881	65,136
H. Net current financial indebtedness (G-D)	**(437,576)**	**(503,583)**
I. Non-current financial debt	210,399	200,806
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial indebtedness (I+J+K)	**210,399**	**200,806**
M. Net financial indebtedness (H+L)	**(227,177)**	**(302,777)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	55,195	56,049
Lease liabilities	9,829	8,867
Current debts for investments in subsidiaries	1,854	220
Current financial (assets)/liabilities for derivatives	2	(27)
Other current financial receivables	(9,857)	(9,617)
Financial receivables from factoring companies	(3,128)	(147)
Cash and cash equivalents	(491,471)	(558,928)
Net current financial debt	**(437,576)**	**(503,583)**
Other non - current financial receivables	-	(492)
Non - current debts for investments in subsidiaries	1,615	230
Borrowings	106,531	107,069
Lease liabilities	102,253	93,999
Net financial debt	**(227,177)**	**(302,777)**

The Group's net financial position, positive in the amount of 227.2 million euro, corresponds to a net balance of gross financial payables of 161.7 million euro, payables for equity investments in subsidiaries equal to 3.5 million euro, financial receivables equal to 13.0 million euro, financial lease liabilities of 112.1 million euro and cash and cash equivalents equal to 491.5 million euro.

Cash and cash equivalents consist mainly 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 indebtedness or the average treasury resources for the same period.

During 2021, as part of the working capital management policies, the programme of non-recourse assignment of receivables without recourse on a revolving basis to selected segments of customers in Italy and Spain, mostly belonging to the large-scale retail sector, continued. In addition to this, the securitisation programme for additional trade receivables also continued during the period, launched in Italy in July 2015 and renewed uninterruptedly every three years, most recently in July 2021. Considering the fact that the aforementioned programmes entail the full transfer of the risks and benefits to the assignees, the receivables subject to assignment are eliminated from income statement assets in compliance with IFRS 9. The overall effect on the level of net financial payables as at 31 December 2021 is quantified at roughly 561.0 million euro (536.6 million euro as at 31 December 2020).

With regard to medium/long-term financial payables, the table below shows, separately for each lender, the principal amount of loans due within and beyond the next financial year, broken down into 'Italian Subgroup' and 'Iberian Subgroup'. It should be noted that the amounts shown may differ from the individual carrying amounts because the latter are representative of the amortised cost calculated by applying the effective interest rate method.

(€/000)	31/12/2021			31/12/2020			Var.		
	Current	Non curr.	Tot.	Corr.	Non corr.	Tot.	Corr.	Non corr.	Tot.
Carige	-	-	-	2,564	-	2,564	(2,564)	-	(2,564)
BCC Carate	1,277	10,000	11,277	2,532	1,277	3,809	(1,255)	8,723	7,468
Intesa Sanpaolo (GdF loan)	497	-	497	476	497	973	21	(497)	(476)
Intesa Sanpaolo	251	-	251	-	-	-	251	-	251
Banca Popolare di Sondrio	5,000	5,080	10,080	4,920	10,080	15,000	80	(5,000)	(4,920)
Cassa Depositi e Prestiti	7,000	21,000	28,000	7,000	28,000	35,000	-	(7,000)	(7,000)
BPER Banca	3,436	12,016	15,452	-	-	-	3,436	12,016	15,452
Unicredit	1,201	502	1,703	-	-	-	1,201	502	1,703
Total Subgroup Italy	**18,662**	**48,598**	**67,260**	**17,492**	**39,854**	**57,346**	**1,170**	**8,744**	**9,914**
Banco Sabadell	4,006	9,811	13,817	3,746	12,722	16,468	260	(2,911)	(2,651)
Bankia	-	-	-	1,993	9,584	11,577	(1,993)	(9,584)	(11,577)
Ibercaja	3,258	5,060	8,318	3,226	8,324	11,550	32	(3,264)	(3,232)
Bankinter	1,428	7,187	8,615	4,545	5,983	10,528	(3,117)	1,204	(1,913)
La Caixa	4,240	17,845	22,085	2,847	10,653	13,500	1,393	7,192	8,585
Kutxabank	750	375	1,125	750	1,125	1,875	-	(750)	(750)
Cajamar	1,763	4,386	6,149	1,368	6,150	7,518	395	(1,764)	(1,369)
BBVA	1,113	8,887	10,000	1,639	8,361	10,000	(526)	526	-
Santander	506	4,494	5,000	507	4,493	5,000	(1)	1	-
Total Subgroup Iberica	**17,064**	**58,045**	**75,109**	**20,621**	**67,395**	**88,016**	**(3,557)**	**(9,350)**	**(12,907)**
Total Group	**35,726**	**106,643**	**142,369**	**38,113**	**107,249**	**145,362**	**(2,387)**	**(606)**	**(2,993)**

The table below instead shows the carrying amounts in principal of the loans reported above, separately by individual loan, which include those guaranteed by the Spanish State through the Instituto de Crédito Official ('ICO') as part of the measures adopted by the Spanish Government to help businesses tackle COVID-19.

The latter loans were subject, as part of the option granted by the Spanish State to further counteract and mitigate the effects of the economic and social emergency triggered by COVID-19, to deferment of the original maturities and/or repayment dates envisaged originally and/or to modification in relation to the interest rates applied.

(€/000)	31/12/2021	31/12/2020	Var.
Pool loan 'GdF' (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in yearly instalments by January 2022	497	973	(476)
Unsecured loan (agent: Carige) to Esprinet S.p.A. repayable in six-monthly instalments by December 2021	-	2,564	(2,564)
Unsecured loan (agent: BCC Carate) to Esprinet S.p.A. repayable in six-monthly instalments by March 2022	1,277	3,809	(2,532)
Unsecured loan (agent: BCC Carate) to Esprinet S.p.A. repayable in six-monthly instalments by December 2026	10,000	-	10,000
Unsecured loan (agent: BPER Banca) to Esprinet S.p.A. repayable in six-monthly instalments by December 2024	15,000	-	15,000
Unsecured loan (agent: Banca Popolare di Sondrio) to Esprinet S.pA repayable in quarterly instalments by November 2023	10,080	15,000	(4,920)
Unsecured loan (agent: Cassa Depositi e Prestiti S.p.A.) to Esprinet S.p.A. repayable in six-monthly instalments by December 2025	28,000	35,000	(7,000)
Unsecured loan (agent: Intesa Sanpaolo) to idMAINT repayable in quarterly instalments by October 2022	251	-	251
Unsecured loan (agent: Intesa Sanpaolo) to idMAINT repayable in quarterly instalments by October 2022	452	-	452
Unsecured loan (agent: Unicredit) to Dacom S.p.A. repayable in monthly instalments by May 2023	1,703	-	1,703
Unsecured loan (agent: Banco Sabadell) to Esprinet Iberica repayable in quarterly instalments by March 2024	2,290	3,287	(997)
Unsecured loan (agent: Ibercaja) to Esprinet Iberica repayable in quarterly instalments by February 2024	4,584	6,577	(1,993)
Unsecured loan (agent: Ibercaja) to Esprinet Iberica repayable in quarterly instalments by February 2024	4,548	6,550	(2,002)
Unsecured loan (agent: Bankinter) to Esprinet Iberica repayable in quarterly instalments by February 2022	760	3,778	(3,018)
Secured loan ICO (agent: Banco Sabadell) to Esprinet Iberica repayable in monthly instalments by June 2026	3,000	3,000	-
Secured loan ICO (agent: La Caixa) to Esprinet Iberica repayable in monthly instalments by June 2026	5,000	5,000	-
Secured loan ICO (agent: BBVA) to Esprinet Iberica repayable in monthly instalments by June 2026	5,000	5,000	-
Secured loan ICO (agent: La Caixa) to Esprinet Iberica repayable in six-monthly instalments by July 2026	2,500	2,500	-
Secured loan ICO (agent: Bankinter) to Esprinet Iberica repayable in quaterly instalments by July 2026	4,250	2,750	1,500
Unsecured loan (agent: Cajamar) to Vinzeo S.A.U repayable in yearly instalments by December 2024	3,027	4,018	(991)
Unsecured loan (agent: Ibercaja) to Vinzeo S.A.U repayable in six-monthly instalments by November 2024	3,770	5,000	(1,230)
Unsecured loan (agent: Banco Sabadell) to Vinzeo S.A.U repayable in six-monthly instalments by June 2023	2,526	4,181	(1,655)
Unsecured loan (agent: La Caixa) to Vinzeo S.A.U repayable in quarterly instalments by May 2024	2,500	3,500	(1,000)
Unsecured loan (agent: Banco Kutxabanka) to Vinzeo S.A.U repayable in six-monthly instalments by March 2023	1,125	1,875	(750)
Unsecured loan (agent: Cajamar) to Vinzeo S.A.U repayable in six-monthly instalments by July 2025	3,123	3,500	(377)
Secured loan ICO (agent: Banco Sabadell) to Vinzeo S.A.U repayable in monthly instalments by June 2025	6,000	6,000	-
Secured loan ICO (agent: La Caixa) to Vinzeo S.A.U repayable in monthly instalments by June 2026	5,000	5,000	-
Secured loan ICO (agent: La Caixa) to Vinzeo S.A.U repayable in monthly instalments by June 2026	3,606	4,000	(394)
Secured loan ICO (agent: Banco Santander) to Vinzeo S.A.U repayable in monthly instalments by July 2026	5,000	5,000	-
Secured loan ICO (agent: BBVA) to Vinzeo S.A.U repayable in monthly instalments by July 2026	5,000	5,000	-
Secured loan ICO (agent: La Caixa) to Vinzeo S.A.U repayable in six-monthly instalments by July 2026	2,500	2,500	-
Total book value	**142,369**	**145,362**	**(2,993)**

The weighted average rate applied in 2021 on the aforementioned loans was approximately 1.3%, as in the previous year.

The loan granted by Intesa Sanpaolo to the parent company Esprinet S.p.A. and identified as the 'GdF loan' relates to a supply of products in 2011 to the customer 'Guardia di Finanza' (GdF). In relation to this transaction, a financial receivable of the same amount and maturity was booked.

Some of the medium/long-term loans listed above are secured by typical economic-financial covenant structures for transactions of said kind, that contain standard acceleration clauses for reimbursements in the event they are not respected.

Two unsecured 'amortising' 5-year loans expiring in February 2024, granted to the subsidiary Esprinet Iberica S.L.U. for a total value of 9.1 million euro in principal as at 31 December 2021, require the annual commitment of observance of (i) a given ratio of extended net financial indebtedness to EBITDA at consolidated level and (ii) a maximum value of medium/long-term loans in favour of Esprinet Iberica.

The unsecured amortising 5-year loan granted to Esprinet S.p.A. by Cassa Depositi e Prestiti S.p.A., expiring in December 2025, for a total of 28.0 million euro in principal as at 31 December 2021, also provides for the annual commitment of observance of a given ratio of net financial indebtedness to EBITDA at consolidated level, but also half-yearly observance of a given ratio of consolidated net financial indebtedness to shareholders' equity.

In addition to medium/long-term loans, also an 'unsecured' 3-year RCF-Revolving Credit Facility, expiring in September 2022, taken out by Esprinet S.p.A. with a pool of domestic and international banks for a total of 152.5 million euro (only used for roughly three months in the first half of the previous year and not drawn down in 2021), is secured by the following structure of financial covenants, to be verified every six months on the basis of the data of the consolidated and certified financial statements:

- ratio of net financial indebtedness to EBITDA;
- ratio of extended net financial indebtedness to Equity;
- ratio of EBITDA to net financial charges;
- absolute amount of gross financial indebtedness.

As at 31 December 2021 all covenants to which the various loans are subject, including the Revolving Credit Facility, according to management estimates (as the same must be verified in the consolidated financial statements and certified by the independent auditors), were respected.

The various medium/long-term loan agreements, including those that do not make provision for financial covenants and the above-mentioned Revolving Credit Facility, also contain the usual 'negative pledge', 'pari passu' and similar clauses that, at the date of drafting of this report, were respected.

9.4 LINES OF CREDIT

Apart from the uses described in the previous paragraphs, the Esprinet Group had a total 1,590.0 million euro (of which approximately 1,545.0 million euro in cash) at its disposal in bank credit lines as at 31 December 2021, broken down as follows:

(€/000)	Group	Subgroup Italy	Subgroup Iberica
Short-term lines	342,420	234,870	107,550
Medium/long-term borrowings	141,871	66,763	75,108
Line revolving	157,500	152,500	5,000
Factoring / Confirming / Securitization[1]	901,420	590,070	311,350
Bank overdrafts	1,532	1,532	-
Credit cards	882	728	154
Derivatives / forward currency transactions	1,305	950	355
Endorsement credit	42,950	28,180	14,770
Total	**1,589,880**	**1,075,593**	**514,287**

[1] Includes both with-recourse and without-recourse maximums.

The financial situation as at 31 December 2021, excluding the endorsement loans and the maximums granted by the banks for a without-recourse factoring scheme with a revolving credit facility, shows that a total 23% (24% in the previous year) of credit lines was used, as can be seen in the table below:

(€/000)	Uses %	Uses	Credit lines
Short Term facilities	1.2%	3,951	342,420
Medium/long-term borrowings	100.0%	141,871	141,871
Line Revolving	0%	-	157,500
Factoring with-recourse	0%	-	300
Bank overdrafts	0%	-	1,532
Credit cards	5.6%	49	882
Derivatives / forward currency transactions	27.2%	355	1,305
Total Group	**23%**	**146,226**	**645,810**

Maintaining short-term credit lines with contained usage rates and high flexibility of usage is the main liquidity risk management method used by the Group.

9.5 SEASONAL NATURE OF BUSINESS

The table below highlights the impact of sales per calendar quarter in the two-year period 2020-2021:

	2021			2020		
	Group	Italy	Iberica	Group	Italy	Iberica
Sales Q1	24.9%	25.7%	23.6%	20.3%	22.0%	18.0%
Sales Q2	22.8%	23.4%	21.9%	20.5%	21.4%	18.8%
Sales H1	**47.7%**	**49.1%**	**45.5%**	**40.8%**	**43.4%**	**36.8%**
Sales Q3	20.8%	20.6%	21.3%	25.0%	24.2%	26.3%
Sales Q4	31.6%	30.4%	33.3%	34.1%	32.3%	36.9%
Sales H2	**52.3%**	**50.9%**	**54.5%**	**59.2%**	**56.6%**	**63.2%**
Sales for the year	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The IT and electronic markets both in Italy and in Spain are traditionally characterised by seasonal sales, which involve an increase in demand in the fourth quarter of the calendar year, essentially in terms of purchases concentrated in the pre-Christmas and the so-called 'back-to-school' seasons to consumers and by the spending dynamics of budgets dedicated to IT investments, which are statistically concentrated around the months of November and December.

The seasonal nature of IT and electronics sales has an influence both on the business volumes of the distribution industry and on the sales volumes of the Esprinet Group.

The winter trend provides a contrast to the drop in demand in the summer months, in August, in particular. As a result of the increasing reluctance to suspend work during the summer months, this last trend also appears to be re-dimensioning, particularly in the business sector.

In addition to the above, operating results are also seasonal, but even more so than those of sales since the absolute profit margin levels track the seasonal nature of sales, while overheads tend to be more regular during the year.

The seasonal nature of sales described above also has an influence on the portion of borrowings that is closely linked to working capital needs, which peak in the last part of each calendar year.

The level of net borrowings fluctuates dramatically not only throughout the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.

For this reason, the figure resulting at the end of the period, or at the end of each month, is not particularly representative of the average net financial indebtedness customarily observable during the same period.

The circumstances described above give rise to higher financial and commercial risk levels for the Group compared with businesses, which are less subject to seasonal fluctuations.

9.6 NON-RECURRING SIGNIFICANT EVENTS AND OPERATIONS

In the 2021, the following non-recurring items were identified:

- costs totalling 1.1 million euro, incurred by the parent company Esprinet S.p.A. in relation to the expansion of warehouses in Italy.
- costs totalling 0.3 million euro, with reference to the expenses incurred for the fitting out of the new Madrid office in which the personnel coming from the various acquisitions and previously located in different areas of the city were concentrated.

In 2020, the following non-recurring transactions and events were identified:

- 2.3 million euro related to the partial impairment of goodwill allocated to the former CGU for the distribution of mobile telephone accessories and attributable to the Celly Group;
- 1.2 million euro relating to the costs incurred as a result of the termination of the contract of the former Group director and CFO;
- 0.9 million euro of sundry costs relating primarily to advisory services, incurred by the parent company Esprinet S.p.A. in relation to the business combination carried out in Spain (former GTI Group);
- 0.2 million euro relating to the costs incurred to face the Covid-19 health emergency;
- 2.6 million euro relating to the write-off of the residual balance of the receivables (nominal value of 11.4 million euro and already written-down in 2018 for the amount of 8.8 million euro) from the supplier of the 'Sport Technology' line, following the settlement of the legal dispute.

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

(€/000)	Non - Recurring Charge Type	2021	2020
Overheads and administrative costs	Extension warehouse costs	(1,109)	-
Overheads and administrative costs	Change of subsidiaries offices costs	(307)	-
Overheads and administrative costs	Write-down of goodwill	-	(2,300)
Overheads and administrative costs	Employee termination incentives	-	(1,150)
Overheads and administrative costs	Business combination acquisition costs	-	(905)
Overheads and administrative costs	Covid-19 costs	-	(211)
Total SG&A	**Total SG&A**	**(1,416)**	**(4,566)**
Impairment loss/reversal of financial assets	Write-off of the residual balance receivable "Sport Technology" product line	-	(2,627)
Impairment loss/reversal of financial assets	**Impairment loss/reversal of financial assets**	**-**	**(2,627)**
Operating Income (EBIT)	**Operating Income (EBIT)**	**(1,416)**	**(7,193)**
Profit before income taxes	**Profit before income taxes**	**(1,416)**	**(7,193)**
Income tax expenses	Income tax expenses	386	1,262
Net income/(loss)	**Net income/(loss)**	**(1,030)**	**(5,931)**

9.7 MAIN DISPUTES PENDING

Developments in pending legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item '*Non-current provisions and other liabilities*' in the '*Notes to the consolidated financial statements*'.

Similarly, the '*Directors' Report on Operations*' also contains the Group's policies regarding the management of legal and tax-related disputes under '*Main risks and uncertainties*'.

9.8 DERIVATIVES ANALYSIS

Disclosures regarding operations relating to derivative instruments can be found under the '*Disclosures on risks and financial instruments*' paragraph.

9.9 SUBSEQUENT EVENTS

Relevant events occurred after period end are described in the 'Subsequent events' paragraph of the Directors' Directors' Report on Operations, to which reference is made for more information.

9.10 COMPENSATION FOR GROUP AUDITING SERVICES

The following table drafted pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation, shows the emoluments posted during the 2021 financial year on the accrual basis of accounting for auditing services and others performed by the same independent auditors and/or bodies belonging to its network:

Description	Provider of serivice	Entity	Fees (€/000)	
			2021	2020
Auditing services	PwC S.p.A.	Esprinet S.p.A.	338.2	293.0
	PwC S.p.A.	Subsidiaries	117.0	73.0
	PwC network	Subsidiaries	300.0	267.0
Other services	PwC S.p.A.	Esprinet S.p.A.	15.0	30.0
	PwC network	Subsidiaries	40.0	79.0
Total			**810.2**	**742.0**

10. PUBLICATION OF THE DRAFT FINANCIAL STATEMENTS

The draft financial statements and their publication were approved by the Esprinet Board of Directors during the meeting of 8 March 2022, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 8 March 2022

On behalf of the Board of Directors

The Chairman

Maurizio Rota

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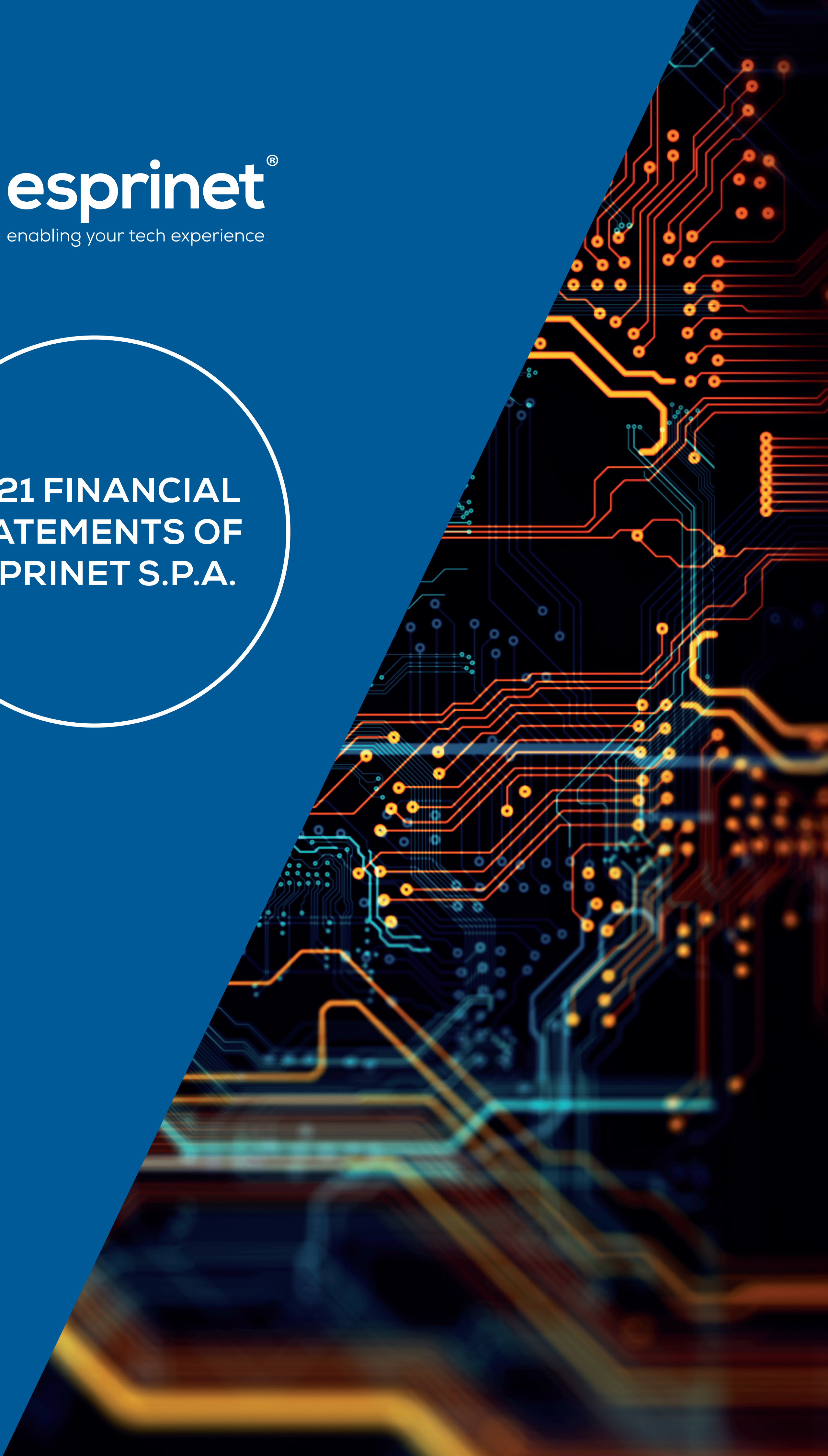
2021 FINANCIAL STATEMENTS OF ESPRINET S.P.A.



CONTENTS OF THE ESPRINET S.P.A. FINANCIAL STATEMENTS

ESPRINET S.P.A.: FINANCIAL STATEMENTS (SEPARATE FINANCIAL STATEMENTS[1])

Financial Statements

Notes to the Esprinet S.p.A. financial statements

[1] Esprinet S.p.A. Separate Financial Statements, as defined by the IFRS International Accounting Standards

* The version of the 2021 Annual Report, accompanied by the reports of the Board of Statutory Auditors and the Independent Auditors, is published in the Investors - Shareholders' Meeting - 2022 section of the Company's website (www.esprinet.com).

STATEMENT OF FINANCIAL POSITION

The table below shows the Esprinet S.p.A. statement of equity and financial position drawn up according to IFRS[8] requirements:

(euro)	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Property, plant and equipment	1	10,396,445	9,579,655
Right-of-use assets	4	84,599,000	80,437,000
Goodwill	2	18,282,187	16,429,107
Intangible assets	3	771,518	599,528
Investments	5	92,369,189	83,073,182
Deferred income tax assets	6	2,371,753	2,557,246
Receivables and other non-current assets	9	1,743,716	2,236,342
		210,533,808	**194,912,060**
Current assets			
Inventory	10	325,931,157	259,170,028
Trade receivables	11	284,091,748	301,561,059
Income tax assets	12	-	172,517
Other assets	13	176,880,779	89,035,758
Cash and cash equivalents	17	242,784,319	327,089,505
		1,029,688,003	**977,028,867**
Total assets		**1,240,221,811**	**1,171,940,927**
EQUITY			
Share capital	19	7,860,651	7,860,651
Reserves	20	251,234,509	287,055,390
Net result for the period	21	18,459,888	9,370,020
Total equity		**277,555,048**	**304,286,061**
LIABILITIES			
Non-current liabilities			
Borrowings	22	48,013,232	39,715,265
Lease liabilities	31	81,162,000	76,382,000
Derivative financial liabilities	23	-	620,000
Deferred income tax liabilities	24	3,125,948	3,063,776
Retirement benefit obligations	25	4,082,444	3,719,286
Debts for investments in subsidiaries	33	1,615,000	230,000
Provisions and other liabilities	26	3,213,827	2,182,198
		141,212,451	**125,912,525**
Current liabilities			
Trade payables	27	744,999,021	671,242,492
Short-term financial liabilities	28	49,241,149	44,964,749
Lease liabilities	34	6,905,000	6,400,000
Income tax liabilities	29	3,478,149	-
Debts for investments in subsidiaries	35	1,854,205	220,000
Provisions and other liabilities	32	14,976,788	18,915,100
		821,454,312	**741,742,341**
Total liabilities		**962,666,763**	**867,654,866**
Total equity and liabilities		**1,240,221,811**	**1,171,940,927**

[8] Pursuant to CONSOB Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. statement of equity and financial position items can be found in the statement of equity and financial position in the next pages and commented on in the ‘Notes to the Esprinet S.p.A. financial statements’.

SEPARATE INCOME STATEMENT

Below is the income statement by '*function*' of the company Esprinet S.p.A. prepared in accordance with IFRS[9]:

(euro)	Note	2021	2020
Sales from contracts with customers	33	2,830,090,189	2,744,367,971
Cost of sales		(2,691,685,186)	(2,622,681,183)
Gross profit	35	**138,405,003**	**121,686,788**
Sales and marketing costs	37	(44,195,273)	(33,679,674)
Overheads and administrative costs	38	(63,811,424)	(60,678,424)
Impairment loss/reversal of financial assets	39	247,131	(3,474,198)
Operating income (EBIT)		**30,645,437**	**23,854,492**
Finance costs - net	42	(4,573,219)	(4,262,395)
Investments expenses/(incomes)	43	465,068	(4,755,000)
Result before income taxes		**26,537,286**	**14,837,097**
Income tax expenses	45	(8,077,398)	(5,467,077)
Net result		**18,459,888**	**9,370,020**
- of which attributable to non-controlling interests		-	-
- of which attributable to Group		18,459,888	9,370,020

STATEMENT OF COMPREHENSIVE INCOME

(euro)	2021	2020
Net result	**18,459,888**	**9,370,020**
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	99,532	(118,565)
- Taxes on changes in 'TFR' equity reserve	(23,888)	28,456
Other comprehensive income	**75,644**	**(90,109)**
Total comprehensive income	**18,535,532**	**9,279,911**
- of which attributable to Group	18,535,532	9,279,911
- of which attributable to non-controlling interests	-	-

[9] Pursuant to the CONSOB Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. income statement items can be found in the separate income statement in the next pages and commented on in the 'Notes to the Esprinet S.p.A. financial statements'.

STATEMENT OF CHANGES IN EQUITY

(€/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity
Balance at 31 December 2019	**7,861**	**291,594**	**(8,647)**	**4,604**	**295,412**
Total comprehensive income/(loss)	**-**	**(90)**	**-**	**9,370**	**9,280**
Allocation of last year net income/(loss)	-	4,604	-	(4,604)	**-**
Acquisition and deletion of Esprinet own shares	-	(5,503)	3,847	-	**(1,656)**
Transactions with owners	**-**	**(899)**	**3,847**	**(4,604)**	**(1,656)**
Equity plans in progress	-	1,250	-	-	**1,250**
Balance at 31 December 2020	**7,861**	**291,855**	**(4,800)**	**9,370**	**304,286**
Total comprehensive income/(loss)	**-**	**76**	**-**	**18,460**	**18,536**
Allocation of last year net income/(loss)	-	9,370	-	(9,370)	**-**
Dividend payment	-	(26,787)	-	-	**(26,787)**
Acquisition of Esprinet own shares	-	-	(19,859)	-	**(19,859)**
Transactions with owners	**-**	**(17,417)**	**(19,859)**	**(9,370)**	**(46,646)**
Grant of share under share plans	-	(4,065)	4,396	-	**331**
Change in equity by merger operations	-	1,410	-	-	**1,410**
Change in equity by merger	-	(361)	-	-	**(361)**
Balance at 31 December 2021	**7,861**	**271,498**	**(20,263)**	**18,460**	**277,555**

STATEMENT OF CASH FLOWS[10]

(€/000)	2021	2020
Cash flow provided by (used in) operating activities (D=A+B+C)	**34,045**	**15,194**
Cash flow generated from operations (A)	**44,074**	**35,182**
Operating income (EBIT)	30,645	23,854
Depreciation, amortisation and other fixed assets write-downs	11,147	10,418
Net changes in provisions for risks and charges	1,032	(102)
Net changes in retirement benefit obligations	(372)	(148)
Stock option/grant costs	1,622	1,160
Cash flow provided by (used in) changes in working capital (B)	**(4,115)**	**(15,398)**
Inventory	(61,636)	76,018
Trade receivables	20,410	(28,604)
Other current assets	(25,562)	9,342
Trade payables	71,147	(72,533)
Other current liabilities	(8,474)	379
Other cash flow provided by (used in) operating activities (C)	**(5,914)**	**(4,590)**
Interests paid	(3,190)	(3,525)
Received interests	52	240
Foreign exchange (losses)/gains	(1,289)	223
Income taxes paid	(1,487)	(1,528)
Cash flow provided by (used in) investing activities (E)	**(15,573)**	**(5,625)**
Net investments in property, plant and equipment	(3,878)	(4,279)
Net investments in intangible assets	(354)	(470)
Net investments in other non current assets	(619)	(1)
Celly change shareholding	-	(800)
Esprinet Portugal change shareholding	-	(75)
4Side business combination	(1,600)	-
Dacom business combination	(9,726)	-
idMAINT business combination	(707)	-
Subsidiaries share plans remboursement	256	-
Celly merger	590	-
Dividends	465	-
Cash flow provided by (used in) financing activities (F)	**(102,778)**	**27,879**
Medium/long term borrowing	25,000	35,000
Repayment/renegotiation of medium/long-term borrowings	(13,992)	(5,479)
Leasing liabilities remboursement	(6,961)	(5,558)
Net change in financial liabilities	761	996
Short-term borrowing received/(granted)	(58,000)	-
Net change in financial assets and derivative instruments	(2,720)	4,576
Deferred price Celly acquisition	(220)	-
Dividend payments	(26,787)	-
Own shares acquisition	(19,859)	(1,656)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(84,306)**	**37,448**
Cash and cash equivalents at year-beginning	**327,090**	**289,642**
Net increase/(decrease) in cash and cash equivalents	**(84,306)**	**37,448**
Cash and cash equivalents at year-end	**242,784**	**327,090**

[10] Effects of relationships with related parties were omitted as deemed non-significant.

STATEMENT OF FINANCIAL POSITION
(pursuant to CONSOB Resolution No. 15519 of 27 July 2006)

(€/000)	31/12/2021	related parties	31/12/2020	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	10,396		9,580	
Right-of-use assets	84,599		80,437	
Goodwill	18,282		16,429	
Intangible assets	772		600	
Investments	92,369		83,073	
Deferred income tax assets	2,372		2,557	
Receivables and other non-current assets	1,744	-	2,236	-
	210,534	**-**	**194,912**	**-**
Current assets				
Inventory	325,931		259,170	
Trade receivables	284,092	5	301,561	5
Income tax assets	-		173	
Other assets	176,881	116,815	89,035	58,043
Cash and cash equivalents	242,784		327,090	
	1,029,688	**116,820**	**977,029**	**58,048**
Total assets	**1,240,222**	**116,820**	**1,171,941**	**58,048**
EQUITY				
Share capital	7,861		7,861	
Reserves	251,234		287,055	
Net result for the period	18,460		9,370	
Total equity	**277,555**		**304,286**	
LIABILITIES				
Non-current liabilities				
Borrowings	48,014		39,715	
Lease liabilities	81,162		76,382	
Derivative financial liabilities	-		620	
Deferred income tax liabilities	3,126		3,064	
Retirement benefit obligations	4,082		3,719	
Debts for investments in subsidiaries	1,615		230	
Provisions and other liabilities	3,214		2,182	
	141,213		**125,912**	
Current liabilities				
Trade payables	744,999	-	671,242	8
Short-term financial liabilities	49,241	17,923	44,965	12,945
Lease liabilities	6,905		6,400	
Income tax liabilities	3,478		-	
Debts for investments in subsidiaries	1,854		220	
Provisions and other liabilities	14,977	284	18,916	1,395
	821,454	**18,207**	**741,743**	**14,348**
Total liabilities	**962,667**	**18,207**	**867,655**	**14,348**
Total equity and liabilities	**1,240,222**	**18,207**	**1,171,941**	**14,348**

For further details regarding related parties please see the 'Relationships with related parties' section in the 'Notes to Esprinet S.p.A. financial statements'.

SEPARATE INCOME STATEMENT
(pursuant to CONSOB Resolution No. 15519 of 27 July 2006)

(€/000)	2021	non-recurring	related parties*	2020	non-recurring	related parties*
Sales from contracts with customers	**2,830,090**	-	32,575	**2,744,368**	-	30,337
Cost of sales	(2,691,685)	-	(1,856)	(2,622,681)	-	(1,619)
Gross profit	**138,405**	**-**		**121,687**	**-**	
Sales and marketing costs	(44,195)	-	(2,196)	(33,680)	-	(2,191)
Overheads and administrative costs	(63,812)	(1,109)	1,932	(60,679)	(2,266)	2,129
Impairment loss/reversal of financial assets	247	-		(3,474)	(2,627)	
Operating income (EBIT)	**30,645**	**(1,109)**		**23,854**	**(4,893)**	
Finance costs - net	(4,573)	-	18	(4,262)	-	(3)
Investments expenses/(incomes)	465	-	-	(4,755)	-	-
Result before income taxes	**26,537**	**(1,109)**		**14,837**	**(4,893)**	
Income tax expenses	(8,077)	309	-	(5,467)	1,262	-
Net result	**18,460**	**(800)**		**9,370**	**(3,631)**	
- of which attributable to non-controlling interests	-			-		
- of which attributable to Group	18,460	(800)		9,370	(3,631)	

(*) Emoluments to key managers excluded.

The table below shows the Esprinet S.p.A. pro-forma statement of equity and financial position, drawn up according to international accounting standards, including values that would have been booked if the merger of Celly S.p.A. had been completed last year:

(€/000)	31/12/2021	31/12/2020 Pro-forma
ASSETS		
Non - current assets		
Property, plant and equipment	10,396	9,619
Right of use assets	84,599	80,554
Goodwill	18,282	18,282
Intangibles assets	772	605
Investments	92,369	77,234
Deferred income tax assets	2,372	3,347
Receivables and other non - current assets	1,744	2,236
	210,534	**191,877**
Current assets		
Inventory	325,931	264,295
Trade receivables	284,092	304,502
Income tax assets	-	272
Other assets	176,881	87,924
Cash and cash equivalents	242,784	327,680
	1,029,688	**984,673**
Total assets	**1,240,222**	**1,176,550**
EQUITY		
Share capital	7,861	7,861
Reserves	251,234	286,552
Net result for the period	18,460	9,512
Total equity	**277,555**	**303,925**
LIABILITIES		
Non - current liabilities		
Borrowings	48,014	39,715
Lease liabilities	81,162	76,447
Derivative financial liabilities	-	620
Deferred income tax liabilities	3,126	3,271
Retirement benefit obligations	4,082	4,538
Debts for investments in subsidiaries	1,615	230
Provisions and other liabilities	3,214	2,801
	141,213	**127,622**
Current liabilities		
Trade payables	744,999	673,856
Short-term financial liabilities	49,241	45,229
Lease liabilities	6,905	6,455
Income tax liabilities	3,478	-
Debts for investments in subsidiaries	1,854	220
Provisions and other liabilities	14,977	19,243
	821,454	**745,003**
Total liabilities	**962,667**	**872,625**
Total equity and liabilities	**1,240,222**	**1,176,550**

The table below shows the Esprinet S.p.A. pro-forma income statement ‘by function’, drawn up according to international accounting standards, including values that would have been booked if the merger of Celly S.p.A. had been completed last year:

(€/000)	2021	2020 Pro-forma
Sales from contracts with customers	**2,830,090**	**2,762,343**
Cost of sales	(2,691,685)	(2,635,296)
Gross profit	**138,405**	**127,047**
Sales and marketing costs	(44,195)	(39,165)
Overheads and administrative costs	(63,812)	(65,654)
Impairment loss/reversal of financial assets	247	(3,547)
Operating income (EBIT)	**30,645**	**18,681**
Finance costs - net	(4,573)	(4,231)
Investments expenses / (incomes)	465	(155)
Result before income taxes	**26,537**	**14,295**
Income tax expenses	(8,077)	(4,773)
Net result	**18,460**	**9,522**
- of which attributable to non-controlling interests	-	-
- of which attributable to Group	18,460	9,522

NOTES TO THE ESPRINET S.P.A. FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Esprinet S.p.A. (hereinafter also 'the Company') is active in the 'business-to-business' (B2B) distribution of IT products (hardware, software and services) and consumer electronics, pitching itself at a customer base made up of resellers that in turn target both consumer and business end-users.

It is also the Parent Company with both direct and indirect shareholdings in companies operating in Italy, Spain and Portugal.

Esprinet S.p.A. has its registered and administrative offices in Italy at Vimercate (Monza e Brianza).

The ordinary shares of Esprinet S.p.A. (ticker: PRT.MI) have been listed on the STAR Milan (Euronext STAR Milan) segment of the EXM (Euronext Milan) market of the Italian Stock Exchange since 27 July 2001.

The parent company Esprinet S.p.A. drafted the Esprinet Group consolidated financial statements as at 31 December 2021.

2. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The accounting policies applied in the preparation of these Esprinet S.p.A. financial statements are set out below. Unless otherwise stated, these principles have been consistently applied to all the years presented.

2.1 Accounting principles

The Esprinet S.p.A. financial statements (or 'separate financial statements' as defined by IFRS) as at 31 December 2021 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the regulations issued as per Art. 9 of Legislative Decree No. 38/2005.

The acronym IFRS stands for the International Financial Reporting Standards (IFRS), which include the recent evolution of the International Accounting Standards (IAS) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up using the historical cost, except for the assessment of some financial instruments, where the fair value criteria are applied, and also the going concern presumption.

Business continuity

These financial statements have been prepared on a going concern basis as there is a reasonable expectation that the Company will continue to operate in the future (at least in the foreseeable future and in any case over a period of at least 12 months).

The Covid-19 pandemic, which was and still is a significant event likely to have a significant impact on every company's on the equity, economic and financial position, is not considered an event capable of jeopardising the Company's business continuity.

Continuing on with the approach adopted in 2020, the Company continued to operate without any interruptions, effectively and in full compliance with the measures in force, continuing to employ the measures already adopted to protect and safeguard the health of workers and, where necessary, updating them based on the new regulatory references and Companies-Unions protocol signed.

The pandemic has also caused a supply shortage for some products, however, the impact of said risk on the Esprinet Group was minimal in terms of scope and time and limited to specific product categories, as well as offset by the supply capacity and the availability of stock that has always been a hallmark of the Group.

The use of 'smart working', already adopted for two days a week prior to the pandemic, continued in line with the Company's internal policies, with the extension, for the entire first half of 2021, to 100% (voluntary) of the office-based company staff.

Therefore, at the current state of play, based on the information available and taking account of the financial situation, as well as the following main factors:

- the main external risks to which the Company is exposed;

- the favourable changes in the general macroeconomic situation in the European market across the board and in the Italian markets in particular, also in consideration of the expected significant boost to the demand for technology deriving from the National Recovery and Resilience Plan (NRRP) financed by the NextGenEU funds that the Government have put in place;
- changes in environmental and business conditions and competitive dynamics;
- changes in the legislative and regulatory frameworks;
- the actual and potential outcomes of ongoing disputes;
- financial risks;

we can conclude that there are no doubts surrounding the existence of the going concern assumption for the Company.

2.2 Presentation of financial statements

The presentation formats of the equity and financial position and income and cash-flow statements have the following characteristics:

- statement of equity and financial position: current and non-current assets and current and non-current liabilities are reported separately;
- statement of comprehensive income: income statement and statement of comprehensive income are reported in two different statements;
- separate income statement: costs have been analysed by *function*;
- statement of cash flows: drawn up as per the indirect method set out in IAS 7.

The choices made in terms of the presentation of the statement of accounts derive from the conviction that these contribute to an improvement in the quality of the information provided.

The figures presented in the separate and comprehensive income statements and in the statement of equity and financial position are expressed in euro, whereas those in the statement of cash flows are expressed in thousands of euro.

Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 Significant valuation criteria and accounting policies

Non-current assets

Intangible assets and goodwill

Intangible assets are assets that have no identifiable physical nature, that are controlled by the company and that are able to generate future income.

They include goodwill, when it is acquired for a consideration.

Intangibles and goodwill deriving from business combinations occurred until the end of 2009 are recorded at purchase cost, including incidentals and necessary costs to make them available for use. For business combinations occurred from 1 January 2010 onwards, except some particular cases, goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred compared to the net value of the acquisition-date amounts of the assets acquired and the liabilities assumed (without the addition of acquisition-related costs).

Intangible assets with a defined useful life are systematically amortised over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular the item '*Industrial and other patent rights*' is amortised within three years.

Goodwill and other intangible assets with indefinite useful lives are not amortised on a straight-line basis, but are subject to an annual impairment test. The Impairment test is described below in the section entitled *'Impairment of non-financial assets'*. The increased carrying amount of an intangible asset with defined or indefinite useful life attributable to a reversal of an impairment loss does not exceed the book value that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years. This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Revaluation of goodwill is not permitted, even in application of specific laws, as it is not reinstated when the reasons for a write-down no longer apply.

Property, plant and equipment

Property, plant and equipment are shown in the financial statements at purchase or production cost, or at their conveyance value, including any directly attributable incidental costs and costs deemed necessary to make them operable.

Ordinary maintenance and repair costs are charged to the income statement for the year in which they are incurred. Extraordinary maintenance costs leading to a significant and tangible increase in the productivity or useful life of an asset are added to the value of the asset concerned and amortised over a period representing its remaining useful life.

Costs for leasehold improvements are entered under their relevant tangible assets category.

Individual components of a facility that have different useful lives are recognised separately, so that each component may be depreciated at a rate consistent with its useful life.

Fixed assets are systematically depreciated every year, in line with depreciation schedules drawn up to reflect the remaining usefulness of the assets concerned. The value reported in the statement of financial position is shown net of accumulated depreciation according to the remaining possible use of the asset.

The depreciation rates, substantially unchanged compared to the previous year, applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	from 10% to 19%
Conditioning plants	from 13% to 14,3%
Telephone systems and equipment	20%
Communication and telesignal plants	25%
Industrial and commercial equipment	from 7,1% to 14%
Electronic office machines	20%
Furniture and fittings	11%
Other assets	from 10% to 19%

If there are indications of a decline in value, assets are subjected to an impairment test. The Impairment test is described below in the section entitled '*Impairment of non-financial assets*'. When the reasons for a write-down no longer apply, the asset's cost may be reinstated. Reversals of impairment losses may not exceed the book value that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised in previous years. This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Leasing transactions

Assets acquired through leases are recognised in accordance with IFRS 16, among fixed assets through the recognition of an asset representing the right of use of the underlying asset for the duration of the contract (Right of Use), recording a liability against future lease payments under '*Lease liabilities*' as a balancing entry.

Subsequent to initial recognition, the right of use is amortised in accordance with IAS 16, while the carrying amount of the lease liability increases due to the interest accrued in each period and decreases due to payments made.

Interest expenses on the lease liability and amortisation of the right to use the asset are recognised separately in the income statement. Future lease payments contractually due are discounted using the interest rate implicit in the relevant contract; where this is not easily and reliably determinable, the lessee's incremental borrowing rate is used.

The standard also requires that on the occurrence of specified events (for example, a change in the terms of the lease contract, a change in future lease payments resulting from a change in an index or rate used to determine such payments) the financial liability for the lease shall be remeasured with an adjustment for the right to use the asset. The standard also establishes two exemptions for application in relation to assets considered to be of 'low value' and short-term leasing contracts whose sales/costs are recognised on a straight-line basis in the income statement over the term of the leasing contract.

Impairment of non-financial assets

IAS 36 requires the testing of property, plant and equipment and intangible assets for impairment when there are indications that impairment has occurred. In the case of goodwill, other assets with indefinite lives and investments in subsidiaries, associates and other companies, this test must be conducted at least annually.

In the case of goodwill, Esprinet S.p.A. carries out the impairment tests foreseen by IAS 36 in respect of all cash generating units to which goodwill has been allocated.

The recoverability of a carrying amount is tested by comparing the carrying amount recorded in the financial statements with the greater of fair value net of disposal costs, when there is an active market, and the value in use of the asset. Value in use is the present value of future cash flows expected to be derived from an asset or a Cash Generation Unit (CGU) and from its disposal at the end of its useful life. Expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the cost of money in relation to the investment period and the risks specific to the asset. An impairment loss is recognised in the income statement when the carrying value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value. CGUs have been identified within the Company's organizational and business structure as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group.

With reference to the investments in subsidiaries and in associated companies, in case of dividend distribution, the following should also be considered as 'impairment indicators':

- Investment in subsidiary book value in the financial statement exceeding the consolidated carrying amount of the subsidiary net asset (possible connected goodwill included);
- fhe dividend exceeding the total comprehensive income of the subsidiary in the period to which the dividends refer.

Investments in subsidiaries, associates and other companies

Investments in subsidiaries, associates and other companies are valued at acquisition or subscription cost.

Cost is reduced of impairment losses, where investments have endured losses and – in the immediate future – profits are not expected as such to absorb the losses incurred; the original value is restored in later years, should the reasons for a given write-down cease to exist. The cost of impairment losses and any reversal are recognised in the separate income statement under 'I*nvestment income and charges*'.

When objective impairment occurs, the recoverability of a carrying amount is assessed by comparing the recoverable amount, which is the greater of fair value, net of disposal costs, and the value in use of the asset.

Deferred income tax assets

Deferred income tax assets are recorded at face value. They are entered in the books when their recovery is deemed probable. See also the comment under item '*Income taxes*'.

Financial assets (non-current and current)

Upon their initial recognition, financial assets are entered at fair value and then classified in one of the following categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value with impact on overall profitability (and therefore on the equity reserve named 'Fair value measurement reserve');
- financial assets measured at fair value with impact on income statement.

Financial assets are classified on the basis of the business model adopted by the Company in managing their cash flows and on the basis of the contractual characteristics of the cash flows obtainable from the asset. The business models identified are as follows:

- Hold to collect: financial assets for which the following requirements are met are classified in this category, (i) the asset is held under a business model whose objective is to hold the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented only by payments of principal and interest on the amount of principal to be repaid.
  These assets fall within the category of assets measured at amortised cost. These are mainly

trade and other receivables, as described in the 'Trade and other receivables' section. Receivables are initially recognised in the financial statements at their fair value; when subsequently measured, they are measured at amortised cost using the effective interest rate. Trade receivables that do not contain a significant financial component are instead recognised at the price defined for the related transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers). At subsequent measurement, assets in this category are measured at amortised cost, using the effective interest rate. The effects of this measurement are recognised among the financial components of income. These assets are also subject to the impairment model as defined in the 'Trade and other receivables' section. These assets are also subject to the impairment model as defined in the 'Trade and other receivables' section.

- Hold to collect and sell: this category includes financial assets whose business model provides both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal. These assets fall under the category of assets measured at fair value with the effects attributed to OCI. In this case, changes in the fair value of the asset are recognised in equity as other components of comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve which includes the other components of comprehensive income, is reversed to the income statement when the asset is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and impairments is recorded in the income statement. It should be noted that as at 31 December 2021, there were no financial assets recognised at fair value through OCI.
- Hold to sell: this category includes financial assets that are not classified in any of the above categories (i.e. residual category). These assets are recognised at fair value both at initial recognition and at subsequent measurement. Profits and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised. This category mainly includes receivables subject to mass and recurring selling.

See also the 'Trade and other receivables' section.

Purchases and disposals of financial assets are accounted for on the settlement date.

In the case of financial assets measured at fair value, if they are traded on an active market, the fair value is defined, at each reporting date, in terms of the quoted market price or the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Financial assets are removed from the balance sheet when the right to receive the cash flows deriving from the instrument has expired and the Company has substantially transferred all the risks and benefits relating to the instrument itself and the related control.

Derecognition of financial assets

A financial asset (or, when applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g., written-off from the Company's statement of equity and financial position) when:

- the rights to receive cash flows from the asset have ceased; or
- the Company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and: (i) transferred substantially all the risks and benefits of ownership of the financial asset; or (ii) neither transferred nor retained substantially all the risks and benefits of the asset, but transferred control of it.

If the Company has transferred the rights to receive the cash flows from an asset or entered into an agreement under which it retains the contractual rights to receive cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), the Group assesses whether and to what extent it has retained the risks and benefits of ownership. If the Company has neither transferred nor retained substantially all risks and benefits or has not lost control over it, the asset continues to be recognised in the Company's financial statements to the extent of its continuing involvement in the asset. In this case, the Company also recognised an associated liability. The transferred asset and the associated liability are measured so as to reflect the rights and obligations that are still pertaining to the Company.

When the Company's residual involvement is a guarantee on the transferred asset, the involvement is measured based on the amount related to the asset and the maximum amount of the consideration received that the Company might have to refund, whichever lower.

Current assets

Inventory

Stock is taken at the lower of acquisition cost and realisable value, as obtained from market trends, whilst taking into account the features peculiar to the target sector of the Company concerned, which sells mainly IT products and consumer electronics that rapidly become obsolete.

The configuration of cost adopted when measuring stock is based on the FIFO method of accounting.

Purchase cost considers additional expenses as well as any discounts and allowances granted by vendors, in accordance with the sector's standard business practice, in relation to predetermined sales targets being achieved and marketing activities being adequately developed in order to promote the brands being distributed and to develop the sales channels utilised. Cost includes 'price protections' on inventories granted by suppliers on the purchasing prices.

Obsolete and surplus stock and stock characterised by slow turnover is written down to reflect the chances of selling it.

Trade and other receivables

Trade and other receivables, unless otherwise specified, are entered at their nominal value, which is equivalent to the value determined by using the amortised cost method if the receivable is non-interest-bearing and has a short payment period, but no longer than twelve months, as almost all Company receivables are. This is due to the fact that the impact of the discounting logic is negligible, also given that the Group is not operating in systems characterised by hyperinflation and therefore by high interest rates.

If scenarios change and in case of receivables that do not feature the aforementioned characteristics, the Company would account them based on the amortised cost method.

On initial recognition they are measured at fair value, except for trade receivables that do not include a significant financial component as described in the 'Financial assets (non-current and current)' section.

The value of receivables is reduced, where impairment losses occur, to their realisable value.

Impairments are carried out on the basis of expected loss ('Expected Credit Loss model'), by applying a simplified approach. Therefore, the Company does not monitor changes in credit risk, but entirely recognises the expected loss at each reporting date. In particular, expected losses are determined by considering the solvency of individual creditors, the insurance coverage and the level of credit risk, based on the available information and accumulated historical experience.

Transactions involving the assignment of receivables without recourse, for which substantially all risks and benefits are transferred to the assignee, result in the derecognition of receivables from the Assets, since the requirements of IFRS 9 are met.

On the other hand, transactions involving the assignment of receivables with recourse continue to be recorded as Assets since not all risks and benefits have been transferred to the assignee.

The need to manage credit risk, working capital and, consequently, cash flows requires also the systematic execution of operations such as the assignment of such receivables to financial operators either definitively (without recourse) or temporarily (with recourse).

For the Company, these transactions take the form of contractually agreed revolving factoring programmes to factoring companies or banks, and securitisation programmes for loans.

The receivables that are the subject of the aforementioned factoring programs are measured, as defined in the Financial assets section, at fair value through profit and loss.

Impairments carried out in accordance with IFRS9 are recognised in the consolidated income statement and are represented under the '*Impairment loss/reversal of financial assets'* item.

Tax assets

Current taxation assets are stated at fair value; they include all those assets that are taxable by the Tax

Authorities or that can be financially compensated in the short term. See also the comment under item '*Income taxes*'.

Cash and cash equivalents

Cash and cash equivalents includes all liquid funds and deposits in bank accounts that are immediately available, as well as other liquidity with a duration of less than three months.

The liquid funds in euro are stated at their face value, while liquid funds in other currencies are stated at the current exchange rate at the end of the year.

Equity

Own shares

Own shares are deducted from equity. In the case of any subsequent sale, the difference between the cost of own shares and the selling price is recognised in equity.

Current and non-current liabilities

Financial debt

Financial liabilities are recognised in the statement of equity and financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially stated at fair value, to which any eventual costs related to the transaction are added. Afterwards, financial liabilities are stated at the amortized cost using the actual interest rate for the discount calculation.

Financial liabilities are removed from the income statement once the obligation specified in the contract has been fulfilled, cancelled or expired. The difference between the book value of the financial liability which is paid off or transferred to another party and the sum paid is reported in the income statement.

In the case of financial liabilities measured at fair value, if they are traded on an active market, the fair value is defined, at each reporting date, in terms of the quoted market price or the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions for risks and charges

Provisions are made when there is the probable existence of an obligation, be it actual, legal or implicit, due to past events and the amount of the obligation can be reliably estimated. The provisions are stated at the value that represents the best estimate of the amount that the company would reasonably pay for settling the obligation or transferring it to third parties at year-end. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are discounted; the increase in the provisions linked to the passing of time is stated in the income statement under the item '*Financial income and expense*'.

Risks for which a liability is only possible are disclosed in a separate contingent liability disclosure section and no provision is made.

Staff post-employment benefits

Staff post-employment benefits are defined on the basis of plans which even though not yet official are called either '*fixed contribution*' or '*defined benefit*' plans, depending on their characteristics.

In the '*fixed contribution*' plans the obligation of the company, limited to the payment of contributions to the State or entity or a distinct legal authority (fund), is calculated on the basis of the contributions owed. Until the 2007 Financial Law and relative enforcing decrees came into force, the uncertainty regarding payment times meant that staff severance indemnity (TFR) was likened to a defined benefit plan.

Following the reform, the allocation of accruing staff severance indemnity quotas to the pension fund or to INPS, the Italian Social Security body, resulted in the transformation of the plan into a fixed contribution plan, where the company's obligation is exclusively the payment of the contributions either to the fund or to INPS.

Liabilities relating to past staff severance indemnity still represent a defined benefits plan calculated by independent actuaries using an actuarial-type method.

Since 2013 actuarial profits and losses, deriving from changes to actuarial hypotheses, are reported in an appropriate equity reserve figure as required by the IAS19R.

Pursuant to IAS 19, the above-mentioned reform has made it necessary to recalculate the value of the past staff severance indemnity provision due to the exclusion of the actuarial hypotheses linked to salary increases and the revision of financial-type hypotheses. This effect (curtailment) has been reported in the 2007 separate income statement in reduction of personnel costs.

Payables, other debts, other liabilities

Trade payables, other debts and other liabilities are initially reported at their fair value net of any costs linked to the transaction. Subsequently, they are recorded at amortised cost, which, since it is not considered necessary to carry out any discounting and separate entry in the income statement of the explicit or unbundled interest expense as it is not material in view of the expected payment time, coincides with the face value.

Provisions for presumed debt are liabilities paid for goods or services which have been received or supplied but not yet paid and include amounts due to staff or other subjects.

The degree of uncertainty regarding the timing or amount of the allocations for 'Other debt/liability' is rather less than that of the provisions.

Income statement

Sales and expenses

On the basis of the five-stage model introduced by IFRS 15, the Company proceeds with the recognition of sales after identifying the contracts with its customers and the related services to be satisfied (transfer of goods/services), determining the consideration to which it believes it is entitled in exchange for the satisfaction of each of these services, and evaluating the manner in which these services are satisfied (performance at a given time versus fulfilment over time).

Specifically, sales are recognised only if the following requirements are met:

- **f)** the parties to the contract have approved the contract and have undertaken to fulfil their respective obligations; there is therefore an agreement between the parties which creates rights and obligations due irrespective of the form in which such an agreement is expressed;
- **g)** the Company may identify the rights of each party with respect to the goods or services to be transferred;
- **h)** the Company can identify the terms of payment for the goods or services to be transferred;
- **i)** the contract has commercial substance; and
- **j)** it is likely that the Company will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When the above requirements are met, the Company recognises sales as described below.

Sales from sales are recognised when control of the goods subject to the transaction is transferred to the buyer or when the goods are delivered and the customer acquires the ability to decide on the use of the goods and to substantially reap all of the benefits.

Sales are stated net of returns, discount, allowances and bonuses treated as variable components of the agreed consideration.

Sales from the provision of services are recognised on completion of the service.

It should be noted that the payment times granted to the Company's customers do not exceed 12 months, therefore the Company does not record adjustments to the transaction price to consider components of a financial nature.

Costs are recognised when related to goods and services sold or used in the period or proportionally when their useful future life cannot be determined.

The purchase cost of products is reported net of any discounts granted by vendors for 'protection' provided in respect of price-list reductions and product replacements. Credits arising from any such allowances are recorded by using the accrual method of accounting, based on information from the vendors concerned.

Discounts granted for immediate cash payments of invoices payable upon presentation are used to reduce the cost of the products purchased, since – as is standard practice in the sector in which the Company operates – the commercial component is considered predominant.

Dividends

Dividends are recognised at the date of approval of the decision by the Shareholders' Meeting of the disbursing company.

Stock grants

Labour costs include stock options and/or stock grants awarded to managers in as much as they represent actual remuneration accruing at the closing date of the financial statements.

The cost is calculated in reference to the fair value of the assignment awarded to the employee.

The portion belonging to the period is calculated pro rata temporis over the vesting period.

The fair value of assigned stock grants is measured by the 'Black-Scholes' and is stated in the form of a counterparty in the 'Reserves'.

Income taxes

Current income taxes are calculated with an estimate of taxable income. The forecast payable is stated in the item '*Current income tax liabilities*' but, if surplus accounts have been paid, the receivable is stated in the item '*Current income tax assets*'. Tax payables and receivables for current taxation are stated at the value that it is expected to pay to or to recover from the Tax Authorities when applying the rates and current tax law or laws which have been substantially approved at the end of the period.

Deferred and advance income taxes are calculated using the '*liability method*' on the temporary differences between the values of assets and liabilities stated on the statement of financial position and the corresponding values recognised for tax purposes. The statement of assets for advanced taxation is made when their recovery is probable.

Deferred and advance taxation are not stated if they are linked to the initial statement of an asset or liability in a different transaction by a business combination and that does not have an impact on the results and taxable income.

Assets for advanced taxation and liabilities for deferred taxation are stated in the fixed assets and liabilities and are off-set for each single company if they are taxes that can be off-set. If the balance of this off-set is positive, it is stated in the item '*Deferred income tax assets*'; if it is negative, it is stated in the item '*Deferred income tax liabilities*'.

Foreign currency translation, transactions and balances

Functional and presentation currency

Items included in this financial statement are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

Currency transactions and translation criteria

Foreign currency transactions are entered under functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currency are converted into euro by applying the current exchange rate at the end of the period and the effect is stated in the separate income statement. Non-monetary assets and liabilities in foreign currency valued at cost are stated at the initial exchange rate; when they are valued at fair value or their recoverable or sale value, the current exchange rate is used on the date that the evaluation is made.

Exchange rate	Punctual at 31.12.2021	Average 2021	Punctual at 31.12.2020	Average 2020
US Dollar (USD)	1.133	1.183	1.230	1.140

Derivative instruments

Derivative instruments, including embedded derivatives, are accounted for based on the provisions of IFRS 9. At the date of execution they are initially recorded at fair value as 'fair value through profit and loss' financial assets when the fair value is positive or as 'fair value through profit and loss' financial liabilities when the fair value is negative.

Derivatives are classified as hedging instruments when the relationship between the derivative and the underlying instrument is documented and the effectiveness of the hedge is both high and regularly verified.

When a derivative covers the risk of variation of cash flow of the underlying instrument (cash flow hedge; e.g. to cover the variability of cash flow of assets/liabilities due to changes in interest rates), the variation in the fair value of the derivative is initially stated in the shareholders' equity (and, consequently, in the statement of comprehensive income) and subsequently reversed to the separate income statement when the economic effects of the hedged item manifest.

If the hedging instrument expires or is sold, terminated or exercised (replacement excluded), or if the entity revokes the designation of the hedging relationship, the cumulative gain or loss on the hedging instrument recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the forecast transaction occurs, when it is reversed in the income statement.

If derivatives hedge the risk of changes in the fair value of assets and liabilities recorded in the balance sheet ('fair value hedge'), both changes in the fair value of the hedging instrument and changes in the hedged item are recognised in the income statement.

Variations of fair value derivatives that do not fulfil the requirements necessary to be defined as hedging instruments are stated in the income statement.

Other information

Please note that the information required by Consob regarding significant operations and balances with related parties has been entered separately in the statement of accounts solely when significant and can also be found under '*Other significant information*'.

2.4 Main accounting estimates

2.4.1 Introduction

The IT and consumer electronics distribution sector presents some significant specific features, as it is to some extent independent of geographic constraints, especially as regards commercial relations with suppliers of products or vendors.

This is particularly evident in the conditions and formation of the so-called back-end profit margin, which results from the difference between the purchase price of the products and the sales price to the final consumer or reseller according to the terms of each supplier (with respect of the distributor's main function, which naturally remains that of brokering the flow of products between supplier/producer and reseller/retailer).

Purchase conditions typically provide for a basic discount on end-users'/resellers' price lists and a series of additional conditions that vary from vendor to vendor in terms of function and terminology but which can normally be summarised in the following categories:

- bonuses/rebates for attaining targets ('sell-in', 'sell-out', number of clients, logistic efficiency, etc.);
- development, co-marketing funds and other incentives;
- cash discounts (also called 'prompt payment discounts').

Esprinet S.p.A. further benefits from current agreements with almost all the vendors in the form of specific contractual protections concerning the value of unsold stock, the aim of which is to neutralise the financial risk associated with variations in list prices of products ordered ('price protection') or already present in the distributor's warehouses ('stock protection'), within certain limits.

In the first case, the protection is generally recognised through the invoicing of products ordered and not yet sent at the new price; in the second case, the vendor usually accords a credit equal to the reduction in price of the products.

As for the cash discounts, these are generally recognised following respect of the contractually fixed payment terms and provide an incentive to pay punctually.

These conditions allow for deferred payments in all cases with respect to the issue of the relative invoice or sending of the merchandise.

In line with what happens for the financial discounts offered to some selected groups of customers, which are accounted for as reduced earnings, the cash discounts are accounted for in the form of reduced purchase costs.

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier. In particular, payment terms range from a minimum of 7 to a maximum of 120 days, and only occasionally a cash payment is required.

In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.

In the cases in which the above-mentioned deferrals carry an additional charge, the interest rate applied is not explicit, except in rare cases. Further, often it happens that implicit deferral terms – sometimes applied through a reduction in the contractually agreed cash discounts – have no connection with the current financial market rates, thus revealing how the commercial item takes precedence over the strictly financial item compensating for the delay between the date the debt arises and its effective payment.

This element is also suborned by the relatively brief duration, on average, of the deferral period, even when extended, which never, except in rare cases, exceeds 90 days.

2.4.2 Critical accounting estimates and assumptions

The preparation of the financial statements and the related notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities.

Estimates and assumptions have been made based on historical experience and other factors, including expectations of future events, the manifestation of which are deemed reasonable.

Estimates and assumptions are revised on a regular basis, and the impact of such revision is immediately recognised in the income statement in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

The assumptions regarding future performance are characterised by uncertainties, exacerbated in the particular context by socio-political, economic and health conditions. This means that we cannot rule out a situation in which different results materialise in the next financial year with respect to those forecast, which are obviously not estimable or foreseeable at present, which could call for significant adjustments to the carrying amounts of the associated items.

The financial statement items mainly affected by these situations of uncertainty are certain sales sales, some sales sales reversals, the provisions for risks and charges, the allowances for doubtful accounts, depreciations and amortisation, employee benefits, income taxes, goodwill, rights of use and related lease liabilities.

The critical valuation processes and the estimates and assumptions deemed likely to produce significant effects on the financial situation of the Company, should the future events set out not take place in whole or in part, are summarised below.

Right of use and financial liabilities for leasing

The initial recognition of a right of use and the related lease liabilities in relation to leasing contracts of assets depends on various elements of estimation relating, mainly, to the duration of the non-cancellable period of the contract, the interest rate implicit in the lease, the costs of dismantling/replacement/restoration of the asset at the end of the contract.

At the effective date the lessee shall measure the lease liability at the current value of lease payments due in the non-cancellable period.

The non-cancellable period is in turn dependent on assessments of the probability of the lessee exercising the renewal or interruption options and, if the right to early termination is also under the control of the lessor, in relation to the possible costs for that party too resulting from the interruption.

Payments due for the lease shall be discounted using the interest rate implicit in the lease if this can be easily determined. If this is not possible, the lessee must use their marginal borrowing rate.

The interest rate that causes the current value of the lease payments due and the unsecured residual value to be equal to the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The marginal borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar duration and with similar security, necessary to obtain a value similar to the right-of-use asset in a similar economic environment.

In order to determine the non-cancellable period of each contract, particularly with regard to real estate, the contractual terms were analysed and assumptions were made in relation to possible renewal periods connected with the location of the same, the possibility of moving to other areas, the costs associated with such transactions.

The leasing contracts in place do not show the implicit borrowing rate for which the marginal loan rate applicable to the Company has been determined, separately for clusters of contracts with a similar duration. In order to quantify the marginal lending rate, assessments were made in relation to the spread applicable to the Company based on its rating, the free risk lending rates applicable in the countries where the Company operates, the guarantees from which these loans would be supported and the materiality with respect to the Company's level of debt.

The above assessments are based on assumptions and analyses that are by their nature complex and changeable over time, which could therefore lead to subsequent amendments, in the event of a change in the non-cancellable period of the contract, or to the quantification of different rates in subsequent periods for new contracts to which they apply.

Goodwill

For purposes of verifying loss of goodwill value entered in the books, the 'value in use' of the Cash Generating Units ('CGUs') to which a goodwill value has been attributed has been calculated.

The CGUs have been identified within the Company's organisational and business structure as homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.

The use value has been calculated by the discounting back of expected cash-flows for each CGU as well as of the value expected from its disposal at the end of its useful life.

The so-called 'Discounted Cash Flow Model' (DCF) has been used for this purpose, which requires that future financial flows be discounted at a rate adjusted to the specific risks of each single CGU.

The determination of the recoverable amount for each Cash Generating Unit ('CGU'), in terms of value in use, is based on assumptions – sometimes complex - that by their nature involve the Directors' judgement, in particular with reference to future cash flow forecasts, relating both to the period of the Group's business plan for 2022-2026E and beyond said period.

'Fair value' of derivatives

Their conditions fully comply with IFRS 9 regarding 'hedge accounting' (formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss, insignificant effect of the credit risk of both counterparties in relation to the derivative value, constant hedge ratio over time) and as a consequence, the derivative contracts were subject to such accounting rules. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) has been recognised directly in equity. Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Stock grant

For the purposes of the present statement of accounts, it has been necessary to include in the books the economic/equity effects associated with the stock grant plans in favour of some managers of Esprinet S.p.A., the operation of which is better illustrated in the paragraphs '*Share incentive plans*' and '*Share capital*'.

The cost of these plans has been specifically determined with reference to the fair value of the rights assigned to the single beneficiaries at assignment date.

Bearing in mind the unusual and manifold operating conditions – in part governed by the consolidated financial results of the Group and in part by the permanence of the beneficiary in the Group until the vesting date of the plans – this fair value has been measured using the 'Black-Scholes' method, taking expected volatility, presumed dividend yield and the risk-free interest rate into account.

Revenue recognition

For purposes of recognising sales on sales and services, insufficient information regarding haulers' actual consignment dates means that dates are usually estimated by the Company on the basis of historical experience of average delivery times which differ according to the geographical location of the destination. For revenue recognition purposes for services, the actual moment the service is rendered is considered.

Sales adjustments and credit notes to be issued toward customers

Esprinet S.p.A. usually estimates amounts to be recognised to customers as discounts for targets achievement, in order to promote the sales development also through temporary promotions, for different kind of incentives.

The Company has developed a series of procedures and checks to minimise potential errors in evaluations and estimates of the credit notes to be issued.

However, in the light of the significant judgements and estimates made, the large number and variety of customers dealings and the complexity of calculation, the possibility of differences between the estimated amounts and those actually received cannot be excluded.

Costs adjustments and credit notes due from vendors

Bearing in mind the unusual practices of the sector regarding the way purchase and sale conditions are defined and, ultimately, the way the trading margin is formed and stated, estimates are usually effected by the Company, especially where the occurrence of events might provoke significant financial effects.

Estimates of the sums of credit notes due from vendors to suppliers as rebates for the achieving of targets and incentives of various kinds, reimbursements for joint marketing activities, contractual stock protection, etc. at the drafting date of this document are referred to in particular.

Esprinet S.p.A. has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.

However, in the light of the significant judgements and estimates made, the large number and variety of vendors dealings and the complexity of calculation, the possibility of differences between the estimated amounts and those actually received cannot be excluded.

Depreciation and amortisation of assets

Property, plant and equipment and intangible assets with a defined useful life are systematically depreciated throughout their useful life.

Useful life is defined as the period in which the activities will be used by the Company.

This is estimated on the basis of experience with similar assets, market conditions and other events likely to exercise any influence on the useful life including, just as an example, significant technological changes.

As a result, the actual economic life may differ from the estimated useful life.

The validity of the expected useful life in terms of its asset category is regularly checked by Esprinet S.p.A.. This revision may result in variations to the periods of depreciation and amortisation quotas in future accounting periods.

Bad debt provision

For purposes of calculating the presumed degree of encashment of receivables, Esprinet S.p.A. makes forecasts concerning the expected degree of solvency of the other parties ('Expected Credit Loss model') taking into account available information, collateral to contain credit risk and considering accumulated historical experience.

For loans that are planned to be transferred to third parties as part of securitisation programmes or to be sold to factoring companies or banks, the *fair value through profit* and loss is measured.

The actual realisable value of receivables may differ from that estimated because of uncertainties regarding the conditions underlying the appraisal of solvency made.

Any deterioration in the economic and financial situation may further worsen the financial conditions of the Company's debtors with respect to that already taken into consideration when quantifying the provision entered in the financial statements.

Stock obsolescence provision

The Company usually effects forecasts regarding the realisable value of obsolete, surplus or slow-moving stocks.

This estimate is mainly based on historical experience and takes into consideration the unique characteristics of the respective stock sectors.

The value of encashment of the stocks may differ from that estimated because of the uncertainty affecting the conditions underlying the estimates made.

Any deterioration in the economic and financial situation or breakthrough technological evolution may further worsen the market conditions with respect to that already taken into consideration when quantifying the provision entered in the financial statements.

Provision for risks and charges and contingent liabilities

The Company makes provision for risks and charges on the basis of assumptions referred essentially to sums that might reasonably be paid to meet obligations for payment relating to past events.

The estimate is the result of a complex process including the involvement of legal and tax consultants and which also includes personal opinions on the part of the Company's management. The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision. If a financial outlay becomes possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

Benefits to employees

Liabilities arising from benefits to employees subsequent to the employment noted in the statement of accounts are calculated by the application of actuarial methods as per IAS 19.

These methods have required the identification of several employment possibilities and estimates of a demographic (probability of death, disability, leaving the labour market, etc.) and financial nature (technical rate of discounting back, inflation rate, rate of increase in remuneration, rate of increase of severance indemnity).

The validity of the estimates made depends essentially on the stability of the regulations used as a reference point, the progress of market interest rates, the progress of the remuneration dynamics and eliminations, and also on the frequency of access to advances on the part of employees.

Income taxes

Current income taxes are calculated on the basis of the estimate of liable earnings, by applying the current fiscal rates pertaining on the date of the drafting of the statement of accounts.

Deferred and advance taxes are determined by the temporary differences arising between the values of the assets and liabilities reported and the corresponding values recognised for tax purposes, using those tax rates considered possible upon encashment of the asset or extinguishment of the liability. Deferred tax assets are registered when the associated recovery is deemed probable; this probability depends upon the effective existence of taxable results in the future enabling deductible temporary differences to be used.

The future taxable results have been estimated by taking into consideration the budget results and the plans consistent with those used to effect impairment tests. The fact that deferred tax assets refer to temporary tax differences/losses, a significant amount of which may be recovered over a very long time-span, compatible therefore with a situation where overcoming the crisis and economic recovery might extend beyond the time-frame implicit in the aforementioned plans, has also been taken into account.

2.5 Recently issued accounting standards

New or revised accounting standards and interpretations adopted by the Company

The accounting standards adopted in the preparation of the financial statements as at 31 December 2021 are consistent with those used in the financial statements as at 31 December 2020, except for the accounting standards and amendments described below and applied with effect from 1 January 2021 as per mandatory requirements, after being endorsed by the competent authorities.

The main changes are as follows:

Amendments to IFRS 9 (Financial Instruments); IAS 39 (Financial Instruments: Recognition and Measurement); IFRS 7 (Financial Instruments: Disclosure); IFRS 4 (Insurance Contracts); IFRS 16 (Leases) – Interest Rate Benchmark Reform phase 2 – These amendments were endorsed by IASB

in January 2020 and become effective for financial years starting from 1 January 2021. In particular, the amendment modifies some of the requirements for the application of hedge accounting, providing temporary exemptions to them, in order to mitigate the impact of the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires additional information to be provided relating to hedging relationships that are directly impacted by the uncertainties generated by the reform. These amendments had no significant impacts on the Company's financial statements.

Amendments to IFRS 4 – Insurance Contracts - on 25 June 2020, the IASB published

the document 'Amendments to IFRS 4 Contracts - deferral of IFRS 9' with the objective of clarifying some

application aspects of IFRS 9, pending the definitive approval of IFRS 17. The amendments

apply to financial statements for years starting on 1 January 2021. Such changes have not

had any impact on the Company's financial statements.

Amendments to IFRS 16 - Leases COVID 19 - Related Rent Concessions beyond 30 June 2021: The amendment extends, by one year, the period of application of the amendment to IFRS 16, published by the IASB on 28 May 2020, relating to the accounting of the concessions granted to lessees due to the COVID-19 pandemic. In particular, the document makes provision for the practical expedient for simplifying the accounting of 'rent concessions' by lessees. Said practical expedient is optional. These amendments had no significant impact on the Company's financial statements.

The following are the standards and interpretations issued but not yet in force and/or approved at the date of this report. The Company intends to adopt these standards once they become effective::

Standards issued and endorsed but not yet in force and/or endorsed and not applied in force and/or endorsed and not adopted early by the Company

Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current – Issued by IASB on 23 January 2020, the document envisages that a liability be classified as current or non-current according to the existing rights at the reporting date. In addition, it establishes that the classification is not impacted by expectations about whether an entity will exercise its right to defer settlement of the liability. Lastly, it is clarified that this settlement refers to the transfer of cash, equities, other assets or services to the counterparty. The amendments apply to financial statements for years starting on 1 January 2022. Early application is permitted.

IFRS 17 – Insurance Contracts - Issued in May 2017 by IASB, the new standard will replace IFRS 4 and will be effective from 1 January 2023.

Amendments to IFRS 3 (Business combinations), IFRS 16 (Property, Plant and Equipment) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – Annual improvements 2018-2020: Issued by IASB on 14 May 2020 with the aim of making some specific improvements to the above standards. The amendments apply to financial statements for years starting on 1 January 2022. The Group will adopt these new standards, amendments and interpretations, based on the application date indicated. The possible effects of the introduction of these amendments are still in the process of being evaluated.

The Company will adopt these new standards, amendments and interpretations, based on the application date indicated; the potential impacts are not expected to be significant for the Company.

Standards issued but not yet endorsed by the European Union

Amendments to IAS 8 - Definition of accounting estimates - On 12 February 2021, the IASB issued the document 'Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates' with the aim of clarifying the difference between accounting policies and estimates. The amendments apply to financial statements for years starting on 1 January 2023.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): the amendments issued by the IASB on 12 February 2021 aim to assist drafters of financial statements in deciding which accounting standards to disclose as more significant in their financial statements. In addition, the IFRS Practice Statement 2 was modified by adding guidelines and examples to explain and demonstrate the application of the 'four-step materiality process' to the information on accounting standards, in order to support the amendments to IAS 1. The amendments will be applied prospectively and are effective for years starting on or after 1 January 2023. Early application is permitted. The application of the amendments to the IFRS Practice Statement 2 will be applicable only after the application of those envisaged in IAS 1.

Amendments to IAS 12 (Income Taxes), Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Published by the IASB on 7 May 2021 with the objective of clarifying the method of accounting of deferred taxes on specific accounting cases such as, for example, leases or 'decommissioning obligations'. The amendments apply to financial statements for years starting on 1 January 2023. Early application is permitted.

Initial Application of IFRS17 and IFRS9 - Comparative Information (Amendment to IFRS17): published in December 2021 aims to indicate the transition options relating to comparative information on financial assets presented upon initial application of IFRS17. The amendments apply to financial statements for years starting on 1 January 2023.

The Company will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate their potential impacts, when these standards, amendments and interpretations are endorsed by the European Union.

2.6 Changes in accounting estimates and reclassifications

Changes in accounting estimates

Pursuant to IAS 8, no changes in the accounting estimates regarding previous periods have been made in these financial statements.

Reclassifications in income statement

No reclassifications in income statement regarding previous periods have been made in these financial statements.

3. BUSINESS COMBINATIONS

Merger by incorporation of Celly S.p.A. into Esprinet S.p.A.

During the year, Esprinet S.p.A. merged by incorporation the wholly-owned subsidiary Celly S.p.A., which became such in October 2020 following the purchase from the minority shareholder of the remaining 15% of the company's share capital.

The transaction is part of the process of maximising commercial and operational synergies with the subsidiary launched at the end of 2020, with an increasingly greater integration with Esprinet S.p.A. at the level of employees, customers, suppliers, processes, reporting structure, which continued from January 2021 with a preparatory company lease contract by the parent company and concluded in October 2021 with the merger by incorporation with accounting and tax effects backdated to 1 January 2021.

In consideration of the already full ownership and control at the closing date of the previous financial year, the above transaction did not produce any effect on the consolidated financial statements, but instead impacted the separate financial statements of Esprinet S.p.A. for the purposes of which the following are reported below: incorporated assets and liabilities, the value of the equity investment held by Esprinet S.p.A., the merger deficit that emerged and the net cash flow generated by the transaction:

(€/000)	Celly S.p.A. 01/01/2021
Fixed, intangible, financial assets	161
Goodwill	1,853
Investments	4
Deferred income tax assets	790
Inventory	5,125
Trade receivables	2,941
Other assets	889
Cash and cash equivalents	590
Lease liabilities (non-current)	(65)
Deferred income tax liabilities	(207)
Retirement benefit obligations	(819)
Provision and other non-current liabilities	(619)
Trade payables	(2,614)
Short-term financial liabilities	(264)
Lease liabilities (current)	(55)
Provision and other current liabilities	(2,229)
Net assets fair value	**5,481**
Investment value	(5,842)
Merger deficit	**(361)**
Cash and cash equivalents	590
Financial liabilities	(264)
Lease liabilities	(120)
Net cash outflow on acquisition	**206**

In this annual financial report, for the sake of a better comparability, where deemed expedient to better clarify the facts underlying accounting balance changes, the Esprinet S.p.A. 'pro-forma' figures as at 31 December 2020 have been presented, which summarise the effects of the mergers as from 1 January 2020.

4. NOTES TO STATEMENT OF EQUITY AND FINANCIAL POSITION ITEMS

NON-CURRENT ASSETS

1) Property, plant and equipment

(€/000)	Plant and machinery	Ind. & comm equipment & other assets	Assets under construction & advances	Total
Historical cost	11,642	29,958	356	**41,956**
Accumulated depreciation	(10,160)	(22,216)	-	**(32,376)**
Balance at 31/12/2020	**1,482**	**7,742**	**356**	**9,580**
Merger changes - Historical cost	3	1,174	-	**1,177**
Merger changes - accumulated depreciation	(3)	(1,137)	-	**(1,140)**
Historical cost increase	1,220	2,702	241	**4,163**
Historical cost decrease	(105)	(557)	-	**(662)**
Historical cost reclassification	52	304	(356)	**-**
Increase in accumulated depreciation	(607)	(2,739)	-	**(3,346)**
Decrease in accumulated depreciation	98	526	-	**624**
Total changes	**658**	**273**	**(115)**	**816**
Historical cost	12,812	33,581	241	46,634
Accumulated depreciation	(10,672)	(25,566)	-	(36,238)
Balance at 31/12/2021	**2,140**	**8,015**	**241**	**10,396**

Property, plant and equipment as at 31 December 2021 amounted to 10.3 million euro, marking an increase of approximately 0.8 million euro compared with the value as at 31 December 2020.

The investments made in the year essentially concerned security, surveillance and energy efficiency systems, as well as equipment for the Cavenago logistics hub (part of these have not yet been commissioned as of the period-end date), in addition to the usual upgrades of the technology suite.

The following is the breakdown of the item '*Industrial and commercial equipment and other assets*':

(€/000)	31/12/2021	31/12/2020	Var.
Electronic machines	5,109	4,591	518
Furniture and fittings	728	835	(107)
Industrial and commercial equipment	1,698	1,844	(146)
Other assets	480	472	8
Total	**8,015**	**7,742**	**273**

The useful life related to the various asset categories remained unchanged compared to the previous year.

It should also be noted that there are no temporarily unused tangible assets held for sale and that the supply contracts entered into by the end of the year, but not recognised in the financial statements, are not significant.

4) Right-of-use assets

Essential information, together with a summary of impacts stemming from the application of IFRS 16 (Leases) is presented below.

(€/000)	31/12/2021	31/12/2020	Var.
'Right - of - use assets	84,599	80,437	4,162

The contracts that fall within the scope of IFRS 16 mainly refer to:

- office and operating buildings;
- company vehicles;

(€/000)	Rental property	Cars	Total
Historical cost	92,263	2,932	**95,195**
Accumulated depreciation	(13,408)	(1,350)	**(14,758)**
Balance at 31/12/2020	**78,855**	**1,582**	**80,437**
Merger changes - Historical cost	-	275	**275**
Merger changes - accumulated depreciation	-	(158)	**(158)**
Historical cost increase	11,420	571	**11,991**
Historical cost decrease	(87)	-	**(87)**
Increase in accumulated depreciation	(7,221)	(638)	**(7,859)**
Total changes	**4,112**	**50**	**4,162**
Historical cost	103,596	3,778	107,374
Accumulated depreciation	(20,629)	(2,146)	(22,775)
Balance at 31/12/2021	**82,967**	**1,632**	**84,599**

The increases that occurred during the year relate for 11.4 million euro to the lease contract for the new logistics hub in Cavenago and for 0.6 million euro to the recurring partial annual overhaul of the car fleet.

The decreases, on the other hand, relate to reductions in rents as well as to the amortisation for the period determined on the basis of the residual duration of each individual contract.

2) Goodwill

Total goodwill booked to the financial statements came to 18.3 million euro, showing an increase of 1.9 million euro compared with the 31 December 2020 value (16.4 million euro), due to the merger of Celly S.p.A. effective from 1 January 2021.
The following table summarises the values of the single goodwill items in terms of the business combinations from which they arose; each goodwill item is identified by the name of the company whose control has been acquired:

(€/000)	31/12/2021	31/12/2020	Var.
Assotrade S.p.A.	5,500	5,500	-
Pisani S.p.A.	3,878	3,878	-
Esprilog S.r.l.	1,248	1,248	-
Mosaico S.r.l.	5,803	5,803	-
Celly S.p.A.	1,853	-	1,853
Total	**18,282**	**16,429**	**1,853**

Information on impairment testing of assets: goodwill

IAS 36 requires that the existence of impairment losses on property, plant and equipment and intangible assets with a finite useful life be assessed when there are indications that such a problem may exist.

In the case of goodwill and other intangible assets with an indefinite useful life, this test, so-called 'impairment test', must be carried out at least annually and whenever triggering events occur, i.e. extraordinary negative events implying the asset may be impaired.

Since, under international accounting standards, goodwill is not an asset in its own right because it is unable to generate cash flows independently from other assets or groups of assets, it cannot be subject to impairment testing separately from the assets to which it is attributable but must be allocated to a Cash Generating Unit (CGU) or a group of CGUs, since the maximum limit of aggregation coincides with the notion of 'segment' contained in IFRS 8.

In this case it was only possible to consider the Esprinet S.p.A. as a whole, since there are no smaller CGUs generating independent cash flows to which to allocate all or part of the goodwill highlighted.

The assessment process of goodwill and the assessment system adopted are described in detail in the corresponding section of the Consolidated Financial Statements and in the following comment to the item 'Equity investments', to which reference should be made.

The impairment tests carried out did not highlight the need to write down any of the values of goodwill recorded as at 31 December 2020, which are therefore confirmed.

Below are the parameters that the WACC and 'g' variables should have assumed in order for there to be a correspondence between the recoverable value and the carrying amount:

"Key variables for: Enterprise Value = Carrying Amount"	Italy IT&CE "B2B" CGU 1
"g" (long-term growth rate)	-14.47%
WACC post-tax	17.01%

In addition to the estimated average flows used to determine value in use, for information purposes only as required by IAS 36 and on the basis of the indications contained in joint Bank of Italy/CONSOB/ISVAP document No. 4 of 3 March 2010, sensitivity analyses were also carried out on the following key variables:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discount rate;
- the forecast EBITDA for the plan horizon.

The variation range compared to the 'unique' scenario taken into account are as follows:

- 'g' decreased by -50% and equal to zero;
- WACC higher than +100 bps and +200 bps;
- EBITDA lower than -10% and -20%.

As a result of these analyses, in none of the scenarios arising from the different combinations of key assumptions as shown before, including the 'worst' scenario resulting from the use of a 'g' of 0% (equal to an actual negative 'g' of -1.4%), a WACC increased by +200 bps and a plan EBITDA reduced by -20%, the recoverable value is lower than the net carrying amount.

3) Intangible assets

(€/000)	Licences, concessions, brand names and similar rights	Industrial and other patent rights	Assets under construction and advances	Total
Historical cost	-	7,778	173	**7,951**
Accumulated depreciation	-	(7,351)	-	**(7,351)**
Balance at 31/12/2020	**-**	**427**	**173**	**600**
Merger changes - Historical cost	16	314	-	**330**
Merger changes - accumulated depreciation	(11)	(314)	-	**(325)**
Historical cost increase	-	319	110	**429**
Historical cost decrease	-	-	-	**-**
Historical cost reclassification	-	173	(173)	**-**
Increase in accumulated depreciation	-	(262)	-	**(262)**
Decrease in accumulated depreciation	-	-	-	**-**
Total changes	**5**	**230**	**(63)**	**172**
Historical cost	16	8,584	110	8,710
Accumulated depreciation	(11)	(7,927)	-	(7,938)
Balance at 31/12/2021	**5**	**657**	**110**	**772**

The item '*Industrial patent and other intellectual property rights*' relates to the costs incurred for the long-term renewal and upgrade of IT operating system (software).

This item is amortised over three years in line with the previous year.

5) Investments

(€/000)	31/12/2021	31/12/2020	Var.
Investments	92,369	83,073	9,296

The following information concerns the Company's investments in associates.

Data concerning equity and net profit refer to the draft financial statements as at 31 December 2021 approved by the respective Boards of Directors.

(euro)	Headquarter	Net equity [1]	Profit/ (loss)[1]	% possession	Cost	Value
Celly Pacific Limited	Honk Kong (China)	1,132	401	100%	4	4
Dacom S.p.A.	Cornaredo (MI)	15,298	2,589	100%	12,709	12,709
IdMAINT S.r.l.	Cornaredo (MI)	1,332	369	100%	963	963
V-Valley S.r.l.	Vimercate (MB)	5,538	892	100%	20	20
4Side S.r.l	Legnano (MI)	2,922	160	100%	2,948	2,948
Nilox Deutschland GmbH	Düsseldorf (Germany)	(792)	(9)	100%	-	-
Esprinet Iberica S.L.U.	Saragozza (Spain)	117,315	5,573	100%	75,725	75,725
Esprinet Portugal Lda	Porto (Portugal)	2,892	1,083	5%	-	-
Total		**145,637**	**11,058**		**92,369**	**92,369**

[1] Data from the draft financial statements as at 31 December 2021 drawn up in compliance with the respective national accounting standards.

The following table details the changes in the item *'Investments'*:

(€/000)	Amount at 31/12/2020	Increase	Decrease	Amount at 31/12/2021
Celly S.p.A.	5,842	-	5,842	-
Celly Pacific Limited	-	4	-	4
Dacom S.p.A.	-	12,709	-	12,709
IdMAINT S.r.l.	-	963	-	963
V-Valley S.r.l.	20	-	-	20
4Side S.r.l.	1,348	1,600	-	2,948
Nilox Deutschland GmbH	-	-	-	-
Esprinet Iberica S.L.U.	75,863	-	138	75,725
Esprinet Portugal Lda	-	-	-	-
Total	**83,073**	**15,276**	**5,980**	**92,369**

The main increases in the year refer to the acquisition of Dacom S.p.A. and idMAINT S.r.l. which took place in January 2021, as well as the purchase of 49% of the residual number of shares in 4Side S.r.l. (from 51% to 100%) from the minority shareholder. The investment in Celly Pacific Limited, already wholly-owned by Celly S.p.A., was acquired following the merger by incorporation of the latter in 2021.

The change in the equity investment in Esprinet Iberica S.L.U. is due to the combined effect between the charge to the subsidiary of the equivalent value of the shares delivered to its beneficiaries in relation to the 2018-2020 Compensation Plan and the start of the new 2021-2023 Compensation Plan.

The subsidiary Nilox Deutschland GmbH, the organisational unit dedicated to the distribution on the German market of 'Nilox' own brand products placed in voluntary liquidation in September 2019, in addition to being written down in full in the previous year, a provision has also been made for future losses, as already occurred in the previous year, in order to meet the subsidiary's current obligations and the charges connected with the liquidation proceedings.

The total equity investment in V-Valley S.r.l., given its contractual nature as a 'commission agent' for the sale of the parent company Esprinet S.p.A. and its irrelevant value with respect to the equity of the latter, was not subject to specific verification.

Information concerning impairment testing of assets: investments

As required by IAS 36, the Company verified the recoverability of the book value of equity investments in subsidiaries in order to determine whether these assets may be impaired, by comparing their value in use and their carrying amount.

The value verification process and the valuation system adopted are described analytically in the corresponding section of the Consolidated Financial Statements.

A) Valuation framework

The valuation framework and the main procedural approaches to the notions of value and the criteria and methodologies used in valuation are summarised below.

In determining the recoverable value of the individual CGUs, the term 'value in use' has been used. The recoverable amount thus determined was compared with the carrying amount.

The recoverable amount of the individual equity investments was determined as the higher between value in use and fair value, the latter estimated using the income statement method. The recoverable amount thus determined was compared with the carrying amount.

The value in use is defined as the present value, at the date of the test, of the future cash flows (inflows and outflows) expected to be derived from the continuing use of assets, which are part of the tested CGU.

For the purpose of determining value in use, the commonly accepted financial method is the so-called 'Discounted Cash Flow' (DCF), which discounts estimated future cash flows by applying an appropriate discount rate. The variant used is of the 'asset side' type and assumes the discounting of cash flows generated by operating activities gross of financial components, since the cash flows are calculated net of notional taxes by applying an estimated tax rate to the operating result (EBIT).

Disclosures required by the international accounting standards regarding the main methods chosen for the calculation of the recoverable amount are as follows.

Basis for estimates of future cash flows

The financial valuations for the purpose of calculating the 'value in use' are based on five-year plans, approved by the Board of Directors of the parent company Esprinet on 8 March 2021, constructed starting from a management budget prepared for internal purposes for the year 2022 and extrapolating from it, through the application of forecasting techniques aimed at treating fixed and variable costs differently, the results for the 2023-2026 period.

As required by the IAS 36 accounting principle, paragraph 50, estimated cash flows exclude financial expenses, as per the 'asset side' approach already described, and are expressed in nominal terms.

The administrators, taking into account that the technology distribution business was not overly impacted by the pandemic except in relation to product shortage issues, and that the infection containment measures are believed to be bringing an end to the acute phase, at least in the countries in which the Company operates, have assessed that the uncertainty linked to the possible future economic developments resulting from the pandemic is no longer such as to require, as instead carried out in the impairment test carried out for the preparation of the 2020 financial statements, the prospective determination of the cash flows for each activity on the so-called 'multi-scenario' but which, as in the past, could be based on the so-called 'unique scenario'.

Through this method, while drawing up the economic development plan over the 2022E-2026E period, cash flows were defined as the 'normal' flow profile, assumed as the profile with the highest degree of probability of occurrence (so-called 'probabilistic approach'), and therefore able to fully represent management's best estimates regarding the evolution of the results of each activity.

The application of standard IFRS 16 ('Leases') also made provision for the consideration, in the construction of forecast plans, of the replacement of operating leases and rentals with depreciation and interest.

From the perspective of determining 'value in use' through a method based on the discounting of cash flows, in order to preserve the principle of 'valuation neutrality' (excluding tax effects), this has led to several adjustments to the forecast cash flows.

In particular, in order to ensure the operational sustainability of the plans, it was assumed that, when the main lease contracts expired, new contracts would be signed under the same conditions, which would result in a flow of notional investments corresponding to the 'Right of Use' value of the restored assets. Thanks to this measure, it has been possible to correctly capture the reinvestment needs required to guarantee the cash generation foreseen by the plan.

Forecasting methods

For the purposes of estimates, strict reference was made to the current conditions of use, i.e. regardless of the flows obtainable from any incremental investments and/or restructuring that represent a discontinuity with respect to normal business operations, such as, for example, the new 'Renting' business model which the management announced will be developed over the next few years.

Flows discounted or weighted for probability

In the preparation of the forecast plans used in the 'DCF-Discounted Cash Flow' models, the expected trends in sales and gross product margins were defined on the basis of data and information on the distribution sector and consumption of consensus technology from sources commonly considered reliable (Sirmi, IDC, Euromonitor), assuming different trends for the subsidiaries according to competitive positioning, strategies and environmental conditions.

The prospective determination of cash flows for each investee was based on the so-called 'multi-scenario', as specified previously.

The verification of the operational sustainability of the forecasting plans focused on the maintenance of 'business models' and competitive advantages for each investee company, including on the basis of the best external evidence regarding the prospects of each reference sector/market and the performance historically achieved.

The financial sustainability of the plans is based on an analysis of the intrinsic consistency between expected cash flows over the plan time-frame and prospective investment needs in working capital and fixed assets, taking into account cash reserves.

Effects of the Covid-19 pandemic

The effects of the Covid-19 health emergency have been incorporated in the application of the 'unique scenario' although, as previously specified, it is not believed that they will generate exceptional levels of uncertainty compared to the 'normal' ones that every forecast and estimate contains by definition.

Key critical issues

As regards the subsidiary Celly S.p.A., a company operating in the distribution of accessories for mobile devices, during lock-down periods and as a result of the still current restrictions on foreign travel imposed by the various national authorities to combat the Covid-19 pandemic, commercial activities were stopped. Given the type of business carried out by the subsidiary, these activities require that commercial relations be maintained on site; this halt led to the realisation of lower results than expected but also compared to the normal operations of previous years.

While performing impairment testing, a higher discount rate was also used with respect to that used to verify the value of the goodwill of Esprinet S.p.A. itself, in order to reflect a greater dimensional risk.

The impairment test carried out took into account certain critical issues that emerged in application of the related procedure; in particular, any deviations between budget and actual figures were assessed. The quality and completeness of the information base and the degree of verifiability of the plan inputs and the inherent risk of the activities to be assessed were also considered.

Conversely, the impairment test carried out in relation to the investee Esprinet Portugal LdA took into account the following critical issues:

- a profit and loss account structure characterised by a very low unit margins;
- a poor management of the working capital;

which led to adopt, also for this impairment test, a higher discount rate with respect to that used to assess the value of the equity investments of Esprinet Iberica S.L.U., in order to reflect a greater dimensional risk.

Discount rate

The discount rate used is representative of the return required by the suppliers of both risk and debt capital and takes into account risks specific to the activities relating to each investee company.

This rate corresponds to a notion of capital cost in the meaning of Weighted Average Cost of Capital (WACC) and is unique for the valuation of the Terminal Value and the discounting of flows over the explicit forecast period.

In particular, for the purpose of determining the Levered Cost of Equity, the median Beta Unlevered Coefficient of a sample of comparable companies, listed on regulated markets, operating internationally, was calculated, which was subsequently 're-levered' on the basis of a target financial structure for each of the investees, assuming that it coincided with the average financial structure of the sample. In this way the condition of independence of the discount rate from the current financial structure has been achieved.

The sample of comparable companies used consists of the following companies:

Entity	Country
AB S.A.	Poland
Action S.A.	Poland
ALSO Holding AG	Switzerland
Arena Bilgisayar Sanayi ve Ticaret A.S.	Turkey
Arrow Electronics, Inc.	USA
ASBISc Enterprises Plc	Cyprus
Avnet, Inc.	USA
Datatec Limited	South Africa
Digital China Holdings Limited	Hong Kong
Redington (India) Limited	India
ScanSource, Inc.	USA
TD SYNNEX Corporation	USA

The values attributed to the main components of the discount rate are as follows:

- the 'Risk Free Rate' is equal to the average rate of return in the last quarter of 2021 of the ten-year 'benchmark' BTP for the Italian subsidiaries (0.97%), of the ten-year Bonos for the Spanish subsidiary (0.46%) and the Portuguese ten-year government bond for the subsidiary resident there (0.38%);
- the 'Market Risk Premium' is equal to 6.2% (source: Duff&Phelps);
- the Beta Levered coefficient is 0.95 (based on a Beta Levered calculated as a 2-year average of the weekly Beta of the sample);
- the 'Additional Risk Premium' is equal to 3.02% for the equity investment in Esprinet Iberica S.L.U. and 4.8% for the other equity investments (source: Duff & Phelps) in order to reflect a different dimensional risk of the subsidiaries;

- the gross marginal cost of the debt was obtained as the sum of two components: the base rate, equal to the average in the final quarter of 2021 of the 10-year IRS, and a credit spread estimated on the basis of databases commonly used by analysts and investors;
- the tax rate used is the nominal corporate income tax rate of the countries where the investees are domiciled for tax purposes.

The IAS 36, paragraph 55, requires that the discount rate be calculated before tax ('pre-tax') but allows for the discounting of flows to be carried out using an estimated rate net of the tax effect ('post-tax'), provided that the expected flows are also expressed net of the tax effect.

Nevertheless, the WACC calculated in the post-tax version has also been converted into the pre-tax equivalent defined as pre-tax WACC that leads to the same result when discounting back pre-tax cash flows.

Terminal Value

The Terminal Value recorded at the end of the explicit forecasting period was calculated on the basis of the 'Perpetuity Method' (last year's unlimited cash flow capitalisation model), assuming long-term sustainable cash flow growth from year 5 onwards at a constant rate ('g').

This rate is equal, hypothetically, to the inflation rate expected for 2026 in Italy, Spain and Portugal (1.39%, 1.70% e 1.35%, respectively - source: International Monetary Fund).

B) Basic assumption / Critical variables

The following table describes the main basic assumptions used to calculate the recoverable value for each shareholding with reference to the technical methods underlying the 'DCF Model':

	Italy 4 Sidel S.r.l. Dacom S.p.A. idMAINT S.r.l.	Spain Esprinet Iberica S.l.u.	Portugal Esprinet Portugal Lda
Future cash flow expected:			
Forecast horizon	5 year	5 year	5 year
"g" (long-term growth rate)	1.39%	1.70%	1.35%
Discount rates:			
Market Risk Premium	6.2%	6.2%	6.2%
Unlevered Beta	0.84	0.84	0.84
Levered Beta	0.95	0.95	0.95
Additional Specific Risk Premium	4.8%	3.0%	4.8%
Target financial structure (D/D+E)	0.14	0.14	0.14
Target financial structure (E/D+E)	0.86	0.86	0.86
Tax rate	24.0%	25.0%	21.0%
WACC post-tax	10.30%	8.33%	9.80%
WACC pre-tax	13.97%	10.71%	12.54%

With reference to the key assumptions used in the cash flow forecast and for the 'value in use calculation' we point out that the investee values are particularly sensitive to the following parameters:

- revenue growth rates;
- gross product margin / fixed costs contribution margin;
- operating leverage;
- cash flow discount rates;
- growth rate 'g' applied to the cash flow of the last defined year utilised for the Terminal Value calculation.

C) Value adjustments and 'sensitivity analysis'

The impairment tests did not reveal the need to write down any of the existing equity investments or proceed with the revaluation of the 5% equity investment in Esprinet Portugal Lda, written down in full in 2020.

In addition to the expected average flows used to determine value in use, sensitivity analyses were also carried out on the following key variables for information purposes only, as required by IAS 36:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discount rate;
- the forecast EBITDA for the plan horizon.

The variation range compared to the 'unique' scenario taken into account are as follows:

- 'g' decreased by -50% and equal to zero;
- WACC higher than +100 bps and +200 bps;
- EBITDA lower than -10% and -20%.

As a result of these analyses it has emerged that, for the new equity investments in Dacom S.p.A. and idMAINT S.r.l., some of the scenarios arising from the different combinations of the key assumptions varied as above, including the 'worst-case' scenario characterised by the use of a 'g' equal to 0% (equal to a real negative 'g' of -1.4%), a WACC increased by +200 bps and a plan EBITDA reduced by -20%, would lead to a value in use lower than the carrying amount as at 31 December 2021, up to a lower bound value of over 7.0 million euro for Dacom S.p.A. and almost full for idMAINT S.r.l.

However, taking into account the specific methodological customisations adopted to determine the 'value in use' of the equity investments, these results are not considered particularly evocative of critical elements such as to lead to said write-downs as they are amplifying the already conservative unique scenario adopted.

6) Deferred income tax assets

(€/000)	31/12/2021	31/12/2020	Var.
Deferred income tax assets	2,372	2,557	(185)

The balance of this item is represented by taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes that the Company expects to recover in future years following the realisation of taxable profits.

The recoverability is supported by the estimated net income based on the forecast plans derived from the 2022-26E economic-financial projections of the Esprinet Group, approved by the Esprinet S.p.A. Board of Directors on 8 March 2021.

The following table shows the composition of the item in question:

(€/000)	31/12/2021			31/12/2020		
	Temporary differences	Fiscal effect (taxe rate %)	Amount	Temporary differences	Fiscal effect (taxe rate %)	Amount
Bad debt provision	959	24.00%	230	2,731	24.00%	655
Goodwills' amortisation	115	27.90%	32	-	27.90%	-
Director's fees not paid	644	27.90%	127	693	27.90%	140
Inventory obsolescence provision	3,537	27.90%	987	3,108	27.90%	867
IFRS 16 - Leases	528	24.00%	128	598	24.00%	144
Agent suppl. indemnity provision	634	27.90%	177	634	27.90%	177
Provision sales returns	800	27.90%	223	1,138	27.90%	318
Provision risk	856	27.90%	175	199	27.90%	31
Other	1,157	24%-27.9%	293	889	24%-27.9%	226
Deferred income tax assets			**2,372**			**2,557**

The item 'Other' refers mainly to the deferred income tax assets arising from the temporary differences on the estimated exchange losses, on the actuarial valuation of the staff severance indemnity (TFR) and on the derivatives valuation.

The time-related allocation of the envisaged reversals to the income statement are shown below:

(€/000)		Within 1 year	1-5 year	After 5 year	Total
Deferred income tax assets	31/12/2021	876	1,496	-	2,372
	31/12/2020	1,032	1525	-	2,557

9) Receivables and other non-current assets

(€/000)	31/12/2021	31/12/2020	Var.
Guarantee deposits receivables	1,744	1,744	-
Trade receivables	-	492	(492)
Receivables and other non-current assets	**1,744**	**2,236**	**(492)**

The item '*Guarantee deposits receivables*' refers mainly to guarantee deposits for utilities for existing lease contracts.

The 'T*rade receivables*' that, as at 31 December 2020, referred entirely to the portion of receivables due after 12 months originating from the supply of products in 2011 by the Company to the customer 'Guardia di Finanza – GdF ' (Revenue Guard Corps) were zero as at 31 December 2021, as they are due entirely within the next year.

CURRENT ASSETS

10) Inventory

(€/000)	31/12/2021	31/12/2020	Var.
Finished products and goods	329,468	262,278	67,190
Provision for obsolescence	(3,537)	(3,108)	(429)
Inventory	**325,931**	**259,170**	**66,761**

The net amount of inventories totalled 325.9 million euro, up +66.8 million euro compared with existing stock as at 31 December 2020. The increase, for more than half of its amount (36.6 million euro) is related to products in transit from suppliers or customers (107.4 million euro overall as at 31 December 2021 and 70.8 million euro as at 31 December 2020), and for 5.1 million euro is affected by the net value of product inventories existing at 1 January 2021 in Celly S.p.A., a subsidiary merged by incorporation in October 2021 with accounting and tax effects backdated to 1 January 2021.

For further information on the merger please refer to the '*Significant events occurred in the period*' paragraph in the *'Directors' Report on Operations'*.

A total of 3,5 million euro allocated to the *Provision for obsolescence* is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The movement in the provision during the period was as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Provision for obsolescence: year-beginning	**3,108**	**4,132**	**(1,024)**
Uses/Releases	(4,139)	(2,816)	(1,323)
Accruals	2,903	1,792	1,111
Merger changes	1,665	-	1,665
Provision for obsolescence: year-end	**3,537**	**3,108**	**429**

11) Trade receivables

(€/000)	31/12/2021	31/12/2020	Var.
Trade receivables - gross	286,519	305,180	(18,661)
Bad debt provison	(2,427)	(3,619)	1,192
Trade recevables - net	**284,092**	**301,561**	**(17,469)**

Trade receivables arise from normal sales transactions engaged in by the Company in the context of ordinary marketing activities. These transactions are carried out almost entirely with customers resident in Italy, are denominated in euro and can be settled in cash in the short-term.

Gross trade receivables include 0.3 million euro (6.8 million euro in 2020) of receivables sold with recourse to factoring companies, adjusted by credit notes to be issued to customers for a value of 44.6 million euro (40.5 million euro at the end of 2020) and include 112.6 million euro of receivables valued at fair value (130.6 million euro at 31 December 2020).

The change in gross receivables is determined not only by the overall volumes of turnover and their trend over time, in turn also determined by seasonal factors, but also by the impact of the revolving programmes for the disinvestment of trade receivables (i.e. approx. 299.2 million euro as at 31 December 2021 compared to 276.7 million euro in 2020).

The bad debt provision, which is used to adjust receivables to their estimated realisable value, is replenished by provisions determined on the basis of an analytical evaluation process for each individual customer in relation to the related past due receivables and outstanding commercial disputes, taking into account insurance coverage (for further information, please refer to the '*Disclosure on risks and financial instruments*' section). Its changes are shown below:

(€/000)	31/12/2021	31/12/2020	Var.
Bad debt provision: year-beginning	**3,619**	**4,081**	**(462)**
Uses/Releases	(2,111)	(1,173)	(938)
Accruals	596	711	(115)
Merger changes	323	-	323
Bad debt provision: year-end	**2,427**	**3,619**	**(1,192)**

The balance relating to 'Merger changes' relates to the company Celly S.p.A., merged by incorporation in October 2021, with accounting and tax effects backdated to 1 January 2021. For further information please refer to the '*Significant events occurred in the period*' paragraph in the '*Directors' Report on Operations*'.

12) Income tax assets

(€/000)	31/12/2021	31/12/2020	Var.
Income tax assets	-	173	(173)

The zeroing of the balance with respect to 31 December 2020 is a consequence of the prevalence of current taxes accrued in the 2021 tax year with respect to the advances paid.

13) Other assets

(€/000)	31/12/2021	31/12/2020	Var.
Receivables from subsidiaries (A)	**116,815**	**58,043**	**58,772**
VAT receivables	2,453	-	2,453
Other tax assets	32,115	9,434	22,681
Other receivables from Tax authorities (C)	**34,568**	**9,434**	**25,134**
Receivables from factoring companies	3,128	147	2,981
Other financial receivables	9,857	9,617	240
Receivables from insurance companies	2,852	417	2,435
Receivables from suppliers	6,396	7,855	(1,459)
Receivables from others	102	89	13
Other receivables (D)	**22,335**	**18,125**	**4,210**
Prepayments (E)	**3,163**	**3,433**	**(270)**
Other assets (F= A+B+C+D+E)	**176,881**	**89,035**	**87,846**

The following tables show Receivables from subsidiaries detailed by type and by single company. For further information regarding the source figures please refer to the 'Relationships with related parties' section.

(€/000)	31/12/2021	31/12/2020	Var.
Celly S.p.A.	-	1,437	(1,437)
Dacom S.p.A.	431	-	431
idMAINT S.r.l.	6	-	6
V-Valley S.r.l.	52,705	50,801	1,904
Nilox Deutschland GmbH	936	959	(23)
4Side S.r.l.	183	57	126
Esprinet Iberica S.L.U.	2,738	2,647	91
Esprinet Portugal Lda	110	903	(793)
Vinzeo Technologies SAU	387	213	174
V-Valley Advanced Solutions España, S.A.	319	-	319
V-Valley Iberian S.L.U.	-	9	(9)
Trade receivables (a)	**57,815**	**57,026**	**789**
V-Valley S.r.l.	-	17	(17)
Receivables as per national cons. tax regime (b)	**-**	**17**	**(17)**
4Side S.r.l.	1,000	1,000	-
Dacom S.p.A.	18,000	-	18,000
Esprinet Iberica S.L.U.	30,000	-	30,000
V-Valley Advanced Solutions España, S.A.	10,000	-	10,000
Financial receivables (c)	**59,000**	**1,000**	**58,000**
Total receivables from subsidiaries (a+b+c)	**116,815**	**58,043**	**58,772**

(€/000)	31/12/2021	31/12/2020	Var.
Celly S.p.A.	-	1,437	(1,437)
Dacom S.p.A.	18,431	-	18,431
idMAINT S.r.l.	6	-	6
V-Valley S.r.l.	52,705	50,818	1,887
Nilox Deutschland GmbH	936	959	(23)
4Side S.r.l.	1,183	1,057	126
Esprinet Iberica S.L.U.	32,738	2,647	30,091
Esprinet Portugal Lda	110	903	(793)
Vinzeo Technologies SAU	387	213	174
V-Valley Advanced Solutions España, S.A.	10,319	-	10,319
V-Valley Iberian S.L.U.	-	9	(9)
Total receivables from subsidiaries	**116,815**	**58,043**	**58,772**

VAT receivables relate to the VAT credit accrued by the Company as at 31 December 2021 as a result of the excess, differently from the previous year, of the VAT advance paid at the end of December compared to the actual debt accrued in the same month.

The '*Other tax assets*' figure refers mainly to the receivable stemmed from the tax authorities following the payment, made on a provisional basis, of tax collection files relating to indirect taxes in relation to which disputes are in progress, details of which are provided in the section '*Developments in Esprinet S.p.A.'s disputes'* under the notes to item '26) Non-current provisions and other liabilities'.

Receivables from factoring companies include sums owed to the Company as a result of 'without recourse' factoring operations effected. At the time this report was drafted, the receivables had been almost entirely paid.

'Other financial receivables' include 9.3 million euro for a guarantee deposit provided to the buyer of the receivables assigned in the securitisation transaction executed by the Company to cover any dilution that may occur in the course of this activity or in the months following the transaction closing. The remaining portion of the amount, equal to 0.5 million euro, refers to the portion of receivables collectable, and collected in January 2022, deriving from the delivery of products in 2011 to the customer 'Guardia di finanza - GdF'.

Receivables from insurance companies include the insurance compensation – after deductibles – recognised by the insurance companies for claims of various kinds not yet paid, but which are reasonably expected to be collected within the next fiscal year.

Receivables from suppliers, as at 31 December 2021, refer to credit notes received exceeding the amount owed at the end of December for a mismatch between the timing of their quantification and the payment of suppliers. They also include credits for advances requested by suppliers before the fulfilment of purchase orders.

Prepayments are costs (mainly maintenance and assistance fees, interest expenses on loans not drawn down) whose accrual is deferred with respect to that of the cash movement.

17) Cash and cash equivalents

(€/000)	31/12/2021	31/12/2020	Var.
Bank and postal deposit	242,774	327,068	(84,294)
Cash	10	22	(12)
Total cash and cash equivalents	**242,784**	**327,090**	**(84,306)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. These cash balances are in part temporary in nature as they arise as a result of the normal short-term financial cycle of collections/payments, which involves in particular a concentration of collections from customers in the middle and at the end of the month, where financial outgoings related to payments to suppliers are distributed more evenly over the month.

The market value of the cash and cash equivalents corresponds to their carrying amount.

The change with respect to 31 December 2020 is detailed in its components in the Cash Flow Statement to which reference should be made.

Equity

The main changes in shareholders' equity items are explained in the following notes:

(€/000)	31/12/2021	31/12/2020	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	271,497	291,855	(20,358)
Own shares (C)	(20,263)	(4,800)	(15,463)
Total reserves (D=B+C)	**251,234**	**287,055**	**(35,821)**
Net income for the year (E)	**18,460**	**9,370**	**9,090**
Net equity (F=A+D+E)	**277,555**	**304,286**	**(26,731)**
Non-controlling interests (G)	-	-	-
Total equity (H=F+G)	**277,555**	**304,286**	**(26,731)**

19) Share capital

The Company's *share capital*, fully subscribed and paid-in as at 31 December 2021, is 7,860,651 euro and comprises 50,934,123 shares with no nominal value, following the cancellation, on 22 June 2020, of 1,470,217 shares, as set forth in the resolution of the Shareholders' Meeting of 25 May 2020.

20) Reserves

Reserves and profit carried over

The value of *Reserves and retained earnings* decreased by 20.4 million euro essentially due to the combined effect of the allocation of profits from previous years, the distribution of dividends to shareholders, the merger deficit generated by the incorporation of the wholly-owned subsidiary Celly S.p.A., the conclusion of the 2018-2020 stock incentive plan and the start of the 2021-2023 stock incentive plan.

The plans provide for the right to free assignment of Esprinet shares to Group Directors and Executives. The value, accounted for among the costs of employees and the costs of the directors with a contra entry in the Reserves, was quantified on the basis of the elements described in detail in the section 'Share incentive plans' in the following chapter '6. Comments on income statement items to which reference should be made.

For further information on the events described, please refer to the '*Significant events occurred in the period*' paragraph in the 'Directors' Report on Operations' and the *Consolidated statement of changes in shareholders' equity*.

Own shares on hand

The amount refers to the total purchase price of 1,528,024 shares owned by the Company.

The decrease compared with 1,150,000 shares held as at 31 December 2020 is due to the allotment, between April and May 2021, of 1,086,345 shares to beneficiaries of the 2018-2020 Long Term Incentive Plan approved by the Shareholders' Meeting of Esprinet S.p.A. on 4 May 2018, and to the purchase of a further 1,464,369 shares between 20 April and 12 May 2021 at an average unit price of 13.56 euro, net of fees, in fulfilment of the resolution of the Shareholders' Meeting of Esprinet S.p.A. of 7 April 2021.

The following table shows the amount and the allocation of the reserves composing the equity as per Art. 2427(7-bis) of the Italian Civil Code and their past usage.

(€/000)			Summary of the uses in the three previous years:		
Type/description	Amount	Possible uses	Quota available	To cover losses	For other reason
Share capital	**7,861**	**---**	**-**		
Reserves:					
Share premium reserve (*)	5,260	A,B,C	5,260		
Revaluation reserve	30	A,B,C	30		
Legal reserve	1,572	B	-		
Merger surplus	9,146	A,B,C	9,146		
Extraordinary reserve	227,265	A,B,C	227,265		
Extraordinary reserve (**)	20,263	---	-		
Net profit from exchange operations reserve	6	---	-		
IFRS reserve	10,120	---	-		-
Total reserves	**273,662**		**241,701**	**-**	**-**
Total share capital and reserves	**281,523**		**241,701**		
Non-distributable quota (***)			-		
Residual distributable quota			**241,701**		

(*) Pursuant to Art. 2431 of the Italian Civil Code the entire amount of this reserve can be distributed solely provided that the legal reserve has reached the limit established by Art. 2430 of the Italian Civil Code, including through the transfer of the share premium reserve. This limit has been reached as at 31 December 2019.
(**) Pursuant to Art. 2358 of the Italian Civil Code, it represents the non-distributable portion corresponding to own shares on hand.
(***) Pursuant to Art. 2426(5), this is the non-distributable portion allocated to cover long-term costs not yet amortised.
Key: A: share capital increase B: cover of losses C: distribution to shareholders

21) Net result for the period

The year's net result amounts to 18.5 million euro, an increase of 9.2 million euro from previous year's net result of 9.3 million euro.

NON-CURRENT LIABILITIES

22) Borrowings

(€/000)	31/12/2021	31/12/2020	Var.
Borrowings	48,014	39,715	8,299

The *Borrowings* value refers to the valuation at the amortised cost of the portion of the medium-long term loans falling due beyond the following year.

The change compared with previous year is due to the combined effect of the reclassification to current payables, in accordance with the amortisation plans for medium/long-term loans, of the instalments falling due within 12 months and the recognition of said portion relating to the two new loans taken out in December 2021 for a total value in principal of 25.0 million euro.

Details relating to the outstanding loans can be found in the following '*Net financial indebtedness and loan covenants*' paragraph.

23) Derivative financial liabilities (non-current)

(€/000)	31/12/2021	31/12/2020	Var.
Derivative financial liabilities	-	620	(620)

The balance of *Derivative financial liabilities (non-current)*, as at 31 December 2020, related to the fair value of the Option subscribed between the Company and non-controlling shareholders of 4Side S.r.l. for the purchase of the remaining 49% of the subsidiary's share capital. The zeroing at 31 December 2021 follows the acquisition, during the year, of the minority capital of the subsidiary itself, as better indicated in the '*Significant events of the period'* in the Directors' Report on Operations to which reference should be made.

31) Lease liabilities (non-current)

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities (non - current)	81,162	76,382	4,780

The financial liability is related to the Rights of use existing at the reference balance sheet dates. The variation can be detailed as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities	**76,382**	**81,742**	**(5,360)**
Merger changes	65	-	65
Increase from subscribed contracts	11,758	956	10,802
Termination/modification of contracts	(87)	(83)	(4)
Reclassification non-current liabilities	(6,956)	(6,233)	(723)
Lease liabilities	**81,162**	**76,382**	**4,780**

The following table analyses the maturity dates of the financial liabilities booked as at 31 December 2021:

(€/000)	within 5 year	after 5 year	31/12/2021
Lease liabilities (non-current)	32.575	48.587	81.162

With reference to the application of IFRS 16 as from the financial statements as at 31 December 2019, the Company did not apply the standard to leases of intangible assets.

It should also be noted that the Company analyses the lease contracts with regards to the lease term, defining the 'non-cancellable' period for each of them, together with the effects of extension and early termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings, this valuation considered the specific facts and circumstances of each activity. With regard to the other categories of assets, mainly company vehicles, the Company generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Company's usual practice.

Lastly, liabilities related to rights of use are measured considering the variable payments due for the leases linked to indices or rates (e.g. ISTAT index), where contractually provided for.

24) Deferred income tax liabilities

(€/000)	31/12/2021	31/12/2020	Var.
Deferred income tax liabilities	3,126	3,064	62

The balance of this item depends on higher taxes that the Company has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

The following table shows the composition of the item in question:

(€/000)	31/12/2021			31/12/2020		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax liabilities						
Goodwills' amortisation	11,136	27.90%	3,107	10,796	27.90%	3,012
Foreign exchange estimate	79	24.00%	19	214	24.00%	52
Total deferred income tax liabilities			**3,126**			**3,064**

The time-related allocation of deferred income tax liabilities is as follows:

(€/000)		Within 1 year	1-5 year	After 5 year	Total
Deferred income tax liabilities	31/12/2021	19	-	3107	3,126
	31/12/2020	52	-	3,012	3,064

25) Retirement benefit obligations

Retirement benefit obligations reflect the staff severance provision ('TFR') and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

Changes occurred during the year are shown in the tables below:

(€/000)	31/12/2021	31/12/2020	Var.
Balance at year-beginning	**3,719**	**3,721**	**(2)**
Service cost	(120)	-	(120)
Interest cost	15	28	(13)
Actuarial (gain)/loss	(100)	118	(218)
Merger changes	819	-	819
Pensions paid	(251)	(148)	(103)
Changes	**363**	**(2)**	**365**
Retirement benefit obligations	**4,082**	**3,719**	**363**

Values recognised in the income statement are as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Amounts booked under personnel costs	(120)	-	(120)
Amounts booked under financial costs	15	28	(13)
Total	**(105)**	**28**	**(133)**

The Company, which has more than 50 employees as at 1 January 2007, transfers the staff severance provision quotas to third parties.

The increase in '*Payables for pension benefits*' is mainly attributable to the provision relating to Celly S.p.A. acquired following the merger by incorporation which took place in October 2021, but with accounting and tax effects backdated to 1 January 2021, which exceeds the uses ('paid services') and actuarial profits.

The balance relating to '*Merger changes*' relates to the company Celly S.p.A., merged by incorporation in October 2021, with accounting and tax effects backdated to 1 January 2021. For further information please refer to the '*Significant events occurred in the period*' paragraph in the '*Directors' Report on Operations*'.

The change in the 'actuarial gains or losses' compared with last fiscal year is essentially due to the misalignment between the forward-looking assumptions used in the valuation as at 31 December 2020 and the actual development of the provision as at 31 December 2021 (members, payments made, benefit revaluation). The discount rate used reflects the market returns, at the financial statements date, of a panel of primary company bonds with a maturity date connected with the employee average residual employment in the Company's companies (higher than 10 years)[11].

The method known as the 'Projected Unit Credit Cost' was used to account for benefits reserved to employees, using the following operating assumptions:

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender. These probabilities were calculated starting from the pension distribution by age and gender existing on 1 January 1987 with effect from 1984, 1985, 1986 referring to the credit segment personnel;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;
- probability of terminating employment for reasons other than death: an annual 6% frequency has been considered based on available statistical series for the Company;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/2021	31/12/2020
Cost of living increase	1.2%	1.0%
Discounting rate	0.98%	0.3%
Remuneration increase	n/a	n/a
Staff severance indemnity (TFR) - annual rate increase	2.4%	2.3%

Sensitivity analyses

Pursuant to IAS 19 Revised, a sensitivity analysis of changes in main actuarial hypothesis used in the calculation model is required.

As basic scenario the one above described was assumed and from that the most significant hypotheses (i.e. annual average discount rate, average cost of living increase and turn-over rate) were increased and decreased by half, a quarter and two percentage points respectively. The outputs thus obtained are summarised as follows:

(euro)		Sensitivity analysis
		Esprinet S.p.A.
Past Service Liability		
Annual discount rate	+0.50%	3,917,601
	-0.50%	4,258,569
Annual inflation rate	+0.25%	4,132,248
	-0.25%	4,033,476
Annual turnover rate	+2.00%	4,045,858
	-2.00%	4,133,012

[11] Please note that the iBoxx Eurozone Corporates AA10+ index was used as a parameter for the above mentioned calculation.

As required by IAS 19 Revised, the estimated expected payments (in nominal value) for the next few years are as follows:

(euro)	Future Cash Flow
Year	Esprinet S.p.A.
0 - 1	310,231
1 - 2	277,463
2 - 3	286,031
3 - 4	252,538
4 - 5	238,075
5 - 6	322,120
6 - 7	260,048
7 - 8	321,674
8 - 9	205,605
9 - 10	223,199
Over 10	1,742,197

33) Debt for investments in subsidiaries (non-current)

(€/000)	31/12/2021	31/12/2020	Var.
Debts for investments in subsidiaries (non-current)	1,615	230	1,385

The item 'Debt for investments in subsidiaries (non-current)' as at 31 December 2021 refers to the consideration to be paid, falling due after the next year, for the purchase by the parent company Esprinet S.p.A. of 15% of the share capital in the subsidiary Celly S.p.A., which already took place in 2020, plus the amounts due after 2022 of the payable for the acquisition of the companies Dacom S.p.A. (1.3 million euro) and idMAINT S.r.l. (0.2 million euro) which occurred on 22 January 2021.

26) Non-current provisions and other liabilities

(€/000)	31/12/2021	31/12/2020	Var.
Long-term liabilities for cash incentives	134	82	52
Provisions for pensions and similar obligations	1,692	1,189	503
Other provisions	1,388	911	477
Non-current provisions and other liabilities	**3,214**	**2,182**	**1,032**

The item *Long-term liabilities for cash incentives* as at 31 December 2021 refers to the portion of the variable consideration payable to the beneficiaries in the second year following the year of accrual.

The item '*Provisions for pensions and similar obligations*' includes the supplementary customer indemnity provision payable to agents based on current regulations governing the subject. The changes in the period were as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Provisions for pensions: year - beginning	**1,189**	**1,171**	**18**
Uses/Releases	(253)	(72)	(181)
Accruals	254	90	164
Merger changes	502	-	502
Provisions for pensions: year - end	**1,692**	**1,189**	**503**

The amount allocated to the item Other provisions is aimed at hedging the risks associated with the legal and tax disputes in progress and at covering the estimated lasting losses of the investee companies that exceed the value of the equity investment itself. Changes occurred in the period are as below:

(€/000)	31/12/2021	31/12/2020	Var.
Other provisions: year-beginning	**911**	**853**	**58**
Uses/Releases	(56)	(23)	(33)
Accruals	416	81	335
Merger changes	117	-	117
Other provisions: year-end	**1,388**	**911**	**477**

The outstanding balance refers in both financial years for 0.8 million euro to hedging the risk relating to the subsidiary Nilox Deutschland GmbH in liquidation from 2019.

Provisions refer for 0.3 million euro to the estimate made by management with the support of its external legal consultants for some outstanding positions with employees, agents and suppliers.

Development of disputes involving Esprinet S.p.A.

The main disputes involving the Company are provided below, along with developments in 2021 (and thereafter, until the date this financial report was drafted), for which the Company has conducted the pertinent risk assessments, with the support of its legal and/or tax consultants, and, where deemed appropriate, recognised the ensuing allocations to the provision for risks.

The main legal disputes, for which no provision has been deemed to exist since the risk has been assessed as possible, are as follows:

Esprinet S.p.A. direct taxes for the year 2002

The Company had a tax dispute in progress for the 2002 tax period relating to VAT, IRPEG and IRAP for an amount of 6.0 million euro, plus penalties and interest.

The Company had obtained favourable sentences in both first and second instance proceedings but, on 3 August 2016, the ruling of the Court of Cassation was filed with which the appeal of the Revenue Agency was partially upheld, with the consequent referral to another section of the Regional Tax Commission for a new assessment on the postponed part of the assessment.

Upon settlement and closure of the dispute, on 29 October 2021 Esprinet S.p.A. signed a settlement agreement with the Revenue Agency, paying a total of 0.8 million euro.

Actebis Computer S.p.A. (now Esprinet S.p.A.) indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), all outstanding disputes have been resolved, with the exception of that pertaining to the year 2005, for which Esprinet, at the recommendation of the seller of Actebis and supported by the latter's advisors, after the failure of a tax settlement proposal, lodged an appeal at the various stages of legal proceedings, with the enforcement of all payments due based on prior receipt of the funds from the seller.

Following the negative ruling of the Regional Tax Commission on 23 September 2014, the seller's advisors also filed an appeal before the Court of Cassation where the same is pending and the hearing has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2011

On 30 November 2016, the Company was served a notice relating to an assessment through which the Revenue Agency requested the recovery of VAT of 1.0 million euro, plus penalties and interests. The failure to apply VAT on taxable transactions carried out in 2011 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable sentence on 24 November 2017 before the Provincial Tax Commission, and on 12 February 2019 before the Regional Tax Commission.

As set forth in the administrative proceedings, payments totalling 2.5 million euro were made during the judicial process which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item 'Other tax receivables'.

On 4 December 2019, an appeal was filed with the Court of Cassation; the date of the hearing for the discussion of the case has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2012

On 2 October 2017, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 3.1 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2012 on three business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received a favourable ruling on 21 September 2018 before the Provincial Tax Commission, but an unfavourable one on 17 February 2020 before the Regional Tax Commission.

February 2021 saw the payment, as set forth in the administrative proceedings, of 5.1 million which, as all stages of legal proceedings are yet to be concluded, was recognised in the financial statements under the item 'Other tax receivables'.

On 25 September 2021, an appeal was filed with the Court of Cassation; the date of the hearing for the discussion of the case has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2013

On 31 July 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 66 thousand euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable ruling on 29 January 2019 before the Provincial Tax Commission, but a favourable one on 29 January 2020 before the Regional Tax Commission.

On 19 March 2021, the Revenue Agency filed an appeal with the Court of Cassation and the Company filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

Esprinet S.p.A. indirect taxes for the year 2013 bis

On 20 December 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 14.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other seven business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received an unfavourable ruling on 23 September 2020 before the Provincial Tax Commission and an unfavourable one on 14 February 2022 before the Regional Tax Commission.

As set forth in the administrative proceedings, payments totalling 24.5 million euro were made during the judicial process, of which 18.2 million euro in March 2021, which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item 'Other tax receivables'.

The Company will file an appeal before the Court of Cassation.

Esprinet S.p.A. indirect taxes for the year 2013 ter

On 13 September 2021, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 6.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal before the Provincial Tax Commission; the date of the hearing for the discussion of the case has not yet been set.

Monclick S.r.l. Direct taxes for the year 2012

On 20 July 2016, upon conclusion of a tax audit to which it was subject, the company received an assessment notice through which the Revenue

Agency requested the recovery of direct taxes for 82 thousand euro, as well as penalties and interest. The deduction or non-taxation of income components relating to 2012 (the year in which the company was still part of the Esprinet Group) is contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 26 June 2017 before the Provincial Tax Commission, but lost the appeal on 3 July 2018 before the Regional Tax Commission.

As envisaged by the administrative procedure, payments for a total of 162 thousand euro were made during the course of the judicial procedure, recorded in the income statement in 2018.

On 16 July 2019, the Company lodged an appeal before the Court of Cassation.

Edslan S.r.l. Registration tax for the year 2016

On 4 July 2017, the company, merged by incorporation into Esprinet S.p.A. in 2018, received an assessment notice through which the Revenue Agency requested the recovery of the registration tax for 182 thousand euro, as well as penalties and interest. The determination of the business unit acquired on 8 June 2016 by the selling company Edslan S.p.A. (now I-Trading S.r.l.) is contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 19 June 2018 before the Provincial Tax Commission, and on 22 January 2020 before the Regional Tax Commission.

On 8 January 2021, the company filed a counter-appeal before the Court of Cassation, whose date of the hearing for the discussion of the case has not yet been set, after appeal by the Revenue Agency.

The Company's and the Group's policies regarding the management of legal and tax-related disputes can be found under '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the *'Directors' Report on Operations'*.

CURRENT LIABILITIES

27) Trade payables

(€/000)	31/12/2021	31/12/2020	Var.
Trade payables - gross	827,597	770,583	57,014
Credit notes to be received	(82,598)	(99,341)	16,743
Trade payables	**744,999**	**671,242**	**73,757**

The balance of Payables to suppliers, compared to 31 December 2020, is largely influenced by the overall volumes of purchases and their trend over time, which in turn also depend on seasonal factors of the distribution business

The item 'Receivables – credit notes' refers mainly to the rebates related to commercial targets reached, to various incentives, to reimbursement of joint marketing activities with suppliers and to stocks contractual protections.

There are no trade payables with collaterals on corporate assets nor with a residual duration longer than 5 years.

28) Short-term financial liabilities

(€/000)	31/12/2021	31/12/2020	Var.
Bank loans and overdrafts	21,324	21,035	289
Other financing payables	9,994	10,985	(991)
Financial payables to subsidiaries	17,923	12,945	4,978
Short - term financial liabilities	**49,241**	**44,965**	**4,276**

Banks loans and overdraft are mainly represented by the valuation at amortised cost of the short-term credit lines and of the part due within the following year of the medium / long-term loans (16.8 million euro in principal as at 31 December 2021 and 17.5 million euro, again in principal, as at 31 December 2020), including the portion due in January 2022 of the loan relating to a supply made in 2011 to the customer 'Guardia di Finanza' (GdF) in relation to the operation of which an identical short-term receivable from the GdF (0.5 million euro) is recognised.

The change compared to the previous year depends on the combined effect of the following phenomena:

- the greater or lesser use of short-term forms of financing;
- the portion due within the next year of a new medium / long-term loan obtained by the Parent Company in December 2021;
- the repayment of the portions of medium / long-term loans according to the amortisation plans with the related reclassification from non-current financial payables of the instalments due within the 12 months following 31 December 2021;

Details relating to the outstanding loans can be found in the following '*Net financial indebtedness and loan covenants*' paragraph.

Other financing payables are mainly advances obtained from factoring companies and derive from the usual assignment of credits to the Company through recourse factoring and by outstanding payables received in the name and on behalf of clients transferred under the without-recourse factoring agreement. The change in debt is closely correlated to the volume and timing of the receivables factored.

Financial payables to subsidiaries refer to the relationship with the subsidiary V-Valley S.r.l. under the cash pooling contract signed in 2019 for centralised treasury management.

29) Income tax liabilities

(€/000)	31/12/2021	31/12/2020	Var.
Income tax liabilities	3,478	-	3,478

Current tax payables result from the higher amount of current taxes accrued in the year compared to the advances paid, in the opposite way to what occurred in the previous year.

34) Lease liabilities (current)

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities (current)	6,905	6,400	505

The liability is related to the Rights of use existing at the reference balance sheet dates.

The variation can be detailed as follows:

(€/000)	31/12/2021	31/12/2020	Var.
Lease liabilities	**6,400**	**6,374**	**26**
Merger changes	55	-	55
Increase from subscribed contracts	233	52	181
Reclassification non-current liabilities	6,956	6,233	723
Lease interest expenses	2,576	2,720	(144)
Termination/modification of contracts	-	(70)	70
Payments	(9,315)	(8,909)	(406)
Lease liabilities	**6,905**	**6,400**	**505**

35) Debt for investments in subsidiaries (current)

(€/000)	31/12/2021	31/12/2020	Var.
Debts for investments in subsidiaries (current)	1,854	220	1,634

The item Debt for investments in subsidiaries (current) as at 31 December 2021 refers to the consideration to be paid within twelve months in relation to the price for the purchase by the parent company Esprinet S.p.A. of the residual 15% of the share capital in the subsidiary Celly S.p.A., which already took place in October 2020, and all the shares and holdings of the companies Dacom S.p.A. (1.6 million euro) and idMAINT S.r.l. (0.1 million euro) acquired on 22 January 2021.

32) Provisions and other liabilities

Provisions and other liabilities solely includes payables whose maturity is within the following 12 months.

(€/000)	31/12/2021	31/12/2020	Var.
Payables to subsidiary and associated companies (A)	**284**	**1,395**	**(1,111)**
Social security liabilities (B)	**3,800**	**3,483**	**317**
VAT payables	-	3,485	(3,485)
Withholding tax liabilities	51	46	5
Other tax liabilities	1,314	1,152	162
Other payables to Tax authorities (C)	**1,365**	**4,683**	**(3,318)**
Payables to personnel	5,087	4,782	305
Payables to customers	3,154	3,044	110
Payables to others	959	1,231	(272)
Total other creditors (D)	**9,200**	**9,057**	**143**
Accrued expenses and deferred income related to:			
- Accrued expenses for insurance costs	288	270	18
- Other deferred income	40	28	12
Accrued expenses and deferred income (E)	**328**	**298**	**30**
Provisions and other liabilities (F=A+B+C+D+E)	**14,977**	**18,916**	**(3,939)**

The amount of *Payables to subsidiaries and associated companies* and the breakdown by nature, specifying that in the two years under comparison the values relate exclusively to transactions with subsidiaries, are summarised in the tables below:

(€/000)	31/12/2021	31/12/2020	Var.
Celly S.p.A.	-	465	(465)
idMAINT S.r.l.	13	-	13
V-Valley S.r.l.	23	7	16
4Side S.r.l.	1	403	(402)
Esprinet Portugal Lda	10	-	10
Esprinet Iberica S.L.U.	174	398	(224)
Vinzeo Technologies S.A.U.	16	110	(94)
V-Valley Advanced Solutions España, S.A.	47	12	35
Total payables to subsidiary and associated companies	**284**	**1,395**	**(1,111)**

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

VAT payables refer to the excess of the VAT payable accrued in December 2021 compared to the advance paid in the same month (opposite situation in the previous year).

Other tax liabilities are mainly taxes withheld on wages and salaries paid to employees during the month of December.

Payables to customers mainly refer to accounting movements linked to credit notes not yet settled relating to current trading relationships.

Payables to personnel refer to deferred monthly payables (holidays not taken, year-end bonus, 14th month salary, monetary incentives) accrued at the end of the year.

Payables to others mainly include payables amounting to 0.3 million euro to Directors for fees accrued in the year or in previous years (0.5 million as at 31 December 2020), and 0.4 million euro (as in the previous year) for fees accrued and not paid to the Company's agents' network.

Accrued expenses and deferred income are, respectively, charges/income whose accrual date is anticipated/deferred compared with the cash expenditure/collection.

5. GUARANTEES, COMMITMENTS AND POTENTIAL RISKS

Commitments and potential risks

(€/000)	31/12/2021	31/12/2020	Var.
Third-party assets on consignment to the Company	47,288	32,881	14,407
Bank guarantees issued in favour of subsidiaries	387,532	343,218	44,314
Bank guarantees issued in favour of other companies	11,716	11,845	(129)
Total guarantees issued	**446,536**	**387,944**	**58,592**

Third-party assets

This refers to the value of goods owned by third parties deposited at the Esprinet S.p.A. warehouses.

Guarantees issued for the benefit of subsidiaries

The amount refers mainly to guarantees or letters or comfort issued in favour of banks and factoring companies as guarantee for credit limits granted to the Company's subsidiaries, as well as guarantees issued to suppliers. The change compared with the previous year mainly refers to the increase in guarantees in favour of the subsidiary Vinzeo Technologies S.A.U. (12.9 million euro), as well as the subscription of new guarantees in favour of the subsidiary Dacom S.p.A. (20.0 million euro) and the subsidiary V-Valley Advanced Solutions España, S.A. (10.0 million euro).

Bank guarantees issued in favour of other companies

The amount refers mainly to bank guarantees issued for deposits in relation to property lease agreements and bank and insurance suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

6. NOTES TO INCOME STATEMENT ITEMS

It should be noted that in the *Directors' Report on Operations*, after comments on the Group's performance, some analyses of the economic results of Esprinet S.p.A. have been provided, completing the information provided in the following section.

33) Sales

The following are some breakdowns of sales performance. Sales by product family and by customer type has been moved to Directors' *Directors' Report on Operations*.

Sales by products and services

(euro/million)	2021	%	2020	%	Var.	% Var.
Product sales	2,822,5	99.7%	2,737.8	99.8%	84.6	3%
Services Sales	7.6	0.3%	6.6	0.2%	1.1	16%
Sales from contracts with customers	**2,830.1**	**100.0%**	**2,744.4**	**100.0%**	**85.7**	**3%**

Sales by geographic area

(euro/million)	2021	%	2020	%	% Var.
Italy	2,779.8	98.2%	2,697.1	98.3%	3%
Spain	30.6	1.1%	28.8	1.0%	6%
Portugal	2.2	0.1%	2.7	0.1%	-20%
Other EU countries	16.1	0.6%	13.9	0.5%	16%
Extra EU countries	1.4	0.0%	1.9	0.1%	-28%
Sales from contracts with clients Esprinet S.p.A.	**2,830.1**	**100.0%**	**2,744.4**	**100.0%**	**3%**

Sales as 'Principal' or 'Agent'

In accordance with the IFRS 15 accounting standard, the Company has identified the distribution of the hardware and software products, the distribution of its own-brand products and the provision of non-intermediated services as the activities in which its role requires it to represent the sales as 'principal'. Conversely, the distribution of cloud software and the brokerage of services were detected as business lines to be disclosed as 'agent'. The following table illustrates this distinction.

(euro/million)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers as 'principal'	2.826,0	99,9%	2.740,8	99,9%	85,2	3%
Sales from contracts with customers as 'agent'	4,1	0,1%	3,6	0,1%	0,5	14%
Sales from contracts with customers Esprinet S.p.A.	**2.830,1**	**100,0%**	**2.744,4**	**100,0%**	**85,7**	**3%**

35) Gross profit

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	2,830,090	100.00%	2,744,368	100.00%	85,722	3%
Cost of sales	2,691,685	95.11%	2,622,681	95.57%	69,004	3%
Gross profit	**138,405**	**4.89%**	**121,687**	**4.43%**	**16,718**	**14%**

The Gross profit amounted to 138.4 million euro, marking an increase of +14% compared to 2020 (121.7 million euro) due to the higher sales and percentage margin, which went from 4.43% in 2020 to 4.89% in 2021. Even considering that the 2021 result is influenced by the incorporation of Celly S.p.A. which in the previous year had achieved a gross profit of 5.3 million euro, the improvement would have amounted, however, to 11.4 million euro.

As it is prevalent in the sectors where the Company operates, the cost of sales is adjusted downwards to take into account the premiums/rebates for having achieved targets, development provisions and co-marketing, cash discounts (so-called ‘prompt payment discounts’) and other incentives.

It is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Lastly, the sales margin has been reduced by the difference between the amount of receivables transferred ‘without-recourse’ to factoring companies within the usual revolving programme and the amounts collected. In 2021, such effect amounted to 1.9 million euro (2.1 million euro in 2020).

37-38-39) Operating costs

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Sales and marketing costs	44,195	1.56%	33,680	1.23%	10,515	31%
Overheads and administrative costs	63,812	2.25%	60,679	2.21%	3,133	5%
Impairment loss/reversal of financial assets	(247)	-0.01%	3,474	0.13%	(3,721)	<-100%
Operating costs	**107,760**	**3.81%**	**97,833**	**3.56%**	**9,927**	**10%**
- of which non recurring	1,109	0.04%	4,893	0.18%	(3,784)	-77%
'Recurring' operating costs	**106,651**	**3.77%**	**92,940**	**3.39%**	**13,711**	**15%**

In 2021, operating costs came to 107.8 million euro, marking an increase of +10% (an increase of +15% compared to the previous year if excluding non-recurring cost items), with an increased incidence on sales up from 3.56% in 2020 to 3.81% in 2021 (increase from 3.39% to 3.77% excluding non-recurring costs). Considering that in the 2020 financial year the merged Celly S.p.A. had incurred charges of 8.2 million euro, the change would have been contained to +2%.

The non-recurring components are detailed in the following paragraph ‘Significant non-recurring events and transactions’ to which reference should be made.

The following table gives a detailed breakdown of operating costs in the two years compared:

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Sales & marketing personnel costs	36,041	1.27%	30,806	1.12%	5,235	17%
Other sales & marketing costs	8,154	0.29%	2,874	0.10%	5,280	>100%
Sales & marketing personnel costs	**44,195**	**1.56%**	**33,680**	**1.23%**	**10,515**	**31%**
Administr., IT, HR and general service personnel costs	17,884	0.63%	17,099	0.62%	785	5%
Directors' compensation	3,049	0.11%	3,576	0.13%	(527)	-15%
Consulting services	5,655	0.20%	6,387	0.23%	(732)	-11%
Logistics services	12,775	0.45%	11,520	0.42%	1,255	11%
Amortisation, depreciation and provisions	10,667	0.38%	9,622	0.35%	1,045	11%
Other overheads and administrative costs	13,782	0.49%	12,475	0.45%	1,307	10%
Overheads and administrative costs	**63,812**	**2.25%**	**60,679**	**2.21%**	**3,133**	**5%**
Impairment loss/reversal of financial assets	(247)	-0.01%	3,474	0.13%	(3,721)	<-100%
Total SG&A	**107,760**	**3.81%**	**97,833**	**3.56%**	**9,927**	**10%**

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- agents and other commercial freelance charges;
- management cost for the Cash and Carry stores.

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and freelance personnel (for financial statements auditing services, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of property, plant and equipment, amortisation of intangible assets, excluding that relating to rented assets and equipment allocated by function to sales costs, as well as provisions for risks;
- overheads and administrative costs, including utilities, bank commissions and fees, insurance, data connection and telephone costs.

The item *Impairment loss/reversal of financial assets* includes the adjustment of the nominal value of receivables to their estimated realisable value. The item in 2020 mainly included the non-recurring loss attributable for 2.6 million euro to the derecognition of the residual receivables claimed by the parent company from the importing supplier of the 'Sport Technology' product line.

Reclassification by nature of some categories of costs

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

Amortisation, depreciation, write-downs and provision

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Depreciation of tangible assets	3,101	0.11%	2,895	0.11%	206	7%
Amortisation of intangible assets	187	0.01%	162	0.01%	25	15%
Depreciation of right-of-use assets	7,859	0.28%	7,361	0.27%	498	7%
Amort . & depreciation	**11,147**	**0.39%**	**10,418**	**0.38%**	**729**	**7%**
Write-downs of fixed assets	-	0.00%	-	0.00%	-	0%
Amort. & depr., write-downs (A)	**11,147**	**0.39%**	**10,418**	**0.38%**	**729**	**7%**
Accruals for risks and charges (B)	670	0.02%	171	0.01%	499	292%
Amort. & depr., write-downs, accruals for risks (C=A+B)	**11,817**	**0.42%**	**10,589**	**0.39%**	**1,228**	**12%**

Depreciation and amortisation of fixed assets, both property, plant and equipment and intangible assets, reflect the adjustments shown in the second table, which allow for reconciliation with the respective tables.

(€/000)	2021	2020	Var.
Depreciation of tangible assets increasing the accumulated deprec.	3,346	3,208	138
Debited to subsidiaries	(245)	(313)	68
Depreciation of tangible assets	**3,101**	**2,895**	**206**
Amortisation of intangible assets increasing the accumulated deprec.	262	242	20
Debited to subsidiaries	(75)	(80)	5
Amortisation of intangible assets	**187**	**162**	**25**

Personnel costs

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Wages and salaries	33,615	1.19%	29,447	1.07%	4,168	14%
Social contributions	10,000	0.35%	8,980	0.33%	1,020	11%
Pension obligations	2,388	0.08%	2,177	0.08%	211	10%
Other personnel costs	963	0.03%	994	0.04%	(31)	-3%
Employee termination incentives	40	0.00%	1,014	0.04%	(974)	-96%
Share incentive plans	535	0.02%	305	0.01%	230	75%
Total labour costs (1)	**47,541**	**1.68%**	**42,917**	**1.56%**	**4,624**	**11%**

(1) Costs of temporary workers excluded.

In 2021, labour costs amounted to a total of 47.5 million euro, an increase of +11% compared to 2020 but, considering that in 2020 the merged Celly S.p.A. had incurred charges for 2.8 million euro, the change would have been +4% due to the increase in staff, as envisaged in the company development plans, and to the greater cost and/or presence of the human resources employed.

Details of the Company's employees as at 31 December 2021, broken down by qualification, can be found under '*Human Resources*' in the '*Directors' Report on Operations*'.

Share incentive plans

On 7 April 2021, the 'Long Term Incentive Plan' approved by the Shareholders' Meeting of Esprinet S.p.A. on 4 May 2018 came to maturity.

The shares subject to the aforementioned compensation plan were consequently delivered within 60 subsequent days, as set forth in the associated implementing Regulation.

On 22 April 2021, the rights to free assignment of the ordinary shares of Esprinet S.p.A. provided for in the 'Long Term Incentive Plan' approved by the Shareholders' Meeting of the same on 7 April 2021 were assigned.

The Company currently owns only 63,655 of the ordinary shares underlying the above-mentioned Plan. Therefore, it will need to acquire the remaining amount relating to the 1,011,318 rights effectively granted.

Both plans were subject to 'fair value' accounting determined by applying the 'Black-Scholes' model, taking account of the dividend yield, of the volatility of the Esprinet share, of the risk-free interest rate level envisaged at the respective rights assignment dates and, in relation to the 'Double Up' component, the probability of the trend in the share in the vesting period of the compensation plan.

The main elements of information and parameters used for the purposes of valuing the free allotment rights of the shares for the aforementioned compensation Plan are summarised in the following table.

	2018-2020 Plan	2021-2023 Plan "Base" component	2021-2023 Plan "Double Up" component
Allocation date	25/06/18	22/04/21	22/04/21
Vesting date	30/04/21	30/04/24	30/04/24
Expiry date	30/06/21	30/06/24	30/06/24
Total number of stock grant allocated	1.070.000	172.718	784.000
Total number of stock grant allowed	1.006.345[1]	172.718	784.000
Unit fair value (euro)	3.20	11.29	5.16
Total fair value (euro)	3,220,304	1,949,986	4,045,440
Rights subject to look-up (2 years)	20.0%	25.0%	25.0%
Duration lock-up	1 year	2 year	2 year
Risk free interest rate	1.1% [2]	-0.4%[5]	-0.4%[5]
Implied volatily	36.5% [3]	40.6%[6]	40.6%[6]
Duration (years)	3	3	3
Spot price [4]	3.58	13.59	13.59
"Dividend yield"	3.8%	3.8%	3.8%

[1] Decrease due to employment termination of some beneficiaries.
[2] 3-year BTP (Source: Bloomberg, 22 June 2018)
[3] 260-day volatility (source: Bloomberg, 22 June 2018)
[4] Official price of Esprinet S.p.A. shares at grant date
[5] 3-year IRS (source: Bloomberg, 21 April 2021)
[6] 3-year volatility calculated on the basis of the official prices at the close of the stock market in the previous three-year period as at 22/04/2021

Costs in the current income statement relating to the share incentive plans with a contra-entry in the '*Reserves*' item in the statement of equity and financial position, totalled 535 thousand euro with reference to employees (305 thousand euro in 2020) and 1,087 thousand euro with reference to directors (854 thousand euro in 2020).

Leases and contracts for services of multi-year duration

The costs relating to leases of modest value and those with a duration of less than 12 months, for which the Company availed itself of the exclusion from the application of IFRS 16, amount to 95 thousand euro and 4 thousand euro, respectively (102 thousand euro and 4 thousand euro respectively in 2020).

The following tables respectively contain the details of the costs and commitments for future payments relating to multi-year service contracts:

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Equipment	87	0.00%	107	0.00%	(20)	-19%
Data connection lines	177	0.01%	157	0.01%	20	13%
Cost Housing CED	118	0.00%	114	0.00%	4	4%
Total multi-year services costs	**382**	**0.01%**	**378**	**0.01%**	**4**	**1%**

(€/000)	2022	2023	2024	2025	2026	Over	Total
Equipment	111	55	51	47	15	-	279
Data connection lines	132	-	-	-	-	-	132
Cost housing CED	87	-	-	-	-	-	87
Multi-year services commitments	**330**	**55**	**51**	**47**	**15**	**-**	**498**

42) Finance costs - net

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Interest expenses on borrowings	626	0.02%	424	0.02%	202	48%
Interest expenses to banks	37	0.00%	665	0.02%	(628)	-94%
Other interest expenses	211	0.01%	1	0.00%	210	>100%
Upfront fees amortisation	496	0.02%	447	0.02%	49	11%
IAS 19 expenses/losses	15	0.00%	28	0.00%	(13)	-46%
IFRS financial lease interest expenses	2,576	0.09%	2,720	0.10%	(144)	-5%
Expenses for changes in FV	-	0.00%	625	0.02%	(625)	-100%
Intercompany interest expenses	8	0.00%	6	0.00%	2	34%
Total financial expenses (A)	**3,969**	**0.14%**	**4,916**	**0.18%**	**(947)**	**-19%**
Interest income from banks	(2)	0.00%	(12)	0.00%	10	-83%
Interest income from others	(23)	0.00%	(226)	-0.01%	203	-90%
Interest incomes from intercompany	(27)	0.00%	(3)	0.00%	(24)	>100%
Gains for changes in FV	(629)	-0.02%	(2)	0.00%	(627)	>100%
Total financial income(B)	**(681)**	**-0.02%**	**(243)**	**-0.01%**	**(438)**	**>100%**
Net financial exp. (C=A+B)	**3,288**	**0.12%**	**4,673**	**0.17%**	**(1,385)**	**-30%**
Foreign exchange gains	(460)	-0.02%	(2,005)	-0.07%	1,545	-77%
Foreign exchange losses	1,745	0.06%	1,595	0.06%	150	9%
Net foreign exch. (profit)/losses (D)	**1,285**	**0.05%**	**(411)**	**-0.01%**	**1,696**	**<-100%**
Net financial (income)/costs (E=C+D)	**4,573**	**0.16%**	**4,262**	**0.16%**	**311**	**7%**

The overall balance of financial income and expenses, a negative 4.6 million euro, worsened by 0.3 million euro compared to the corresponding period of the previous year (4.3 million euro), due primarily to negative exchange rate management influenced by the unfavourable trends in the euro-dollar exchange rate from the third quarter of 2021. However, this phenomenon was almost entirely offset by an improvement in pure banking financial management (-0.4 million euro in bank interest) and by the financial income (expense in 2020) relating to the cancellation of the option signed between the Company and the minority Shareholders of the subsidiary 4Side S.r.l. for the purchase of the remaining 49% of the subsidiary's capital as a result of the advance payment of this purchase in the course of 2021, outside the option contract in question, as indicated in the '*Significant events of the period*' in the Directors' Report on Operations to which reference should be made.

43) Investment expenses/(incomes)

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,368**		**85,722**	**3%**
Investments expenses / (incomes)	465	0.02%	(4,755)	-0.17%	5,220	-110%

The item, as at 31 December 2021, fully includes the dividend received from the subsidiary 4Side S.r.l. while as at 31 December 2020 it represented the write-downs of the investments in the merged Celly S.p.A. (4.6 million euro) and in the Portuguese subsidiary Esprinet Portugal Lda (155 thousand euro).

45) Income tax expenses

(€/000)	2021	%	2020	%	Var.	% Var.
Sales from contracts with customers	**2,830,090**		**2,744,367**		**85,723**	**3%**
Current tax - IRES (Corporation income tax)	5,563	0.20%	1,726	0.06%	3,837	>100%
Current tax - IRAP (Regional tax on productive activities)	1,353	0.05%	1,293	0.05%	60	5%
Income taxes previous years	355	0.01%	(130)	0.00%	485	<-100%
Current income taxes	**7,271**	**0.26%**	**2,889**	**0.11%**	**4,382**	**152%**
Deferred tax - IRES (Corporation income tax)	720	0.03%	2,523	0.09%	(1,803)	-71%
Deferred tax - IRAP (Regional tax on productive activities)	86	0.00%	55	0.00%	31	56%
Deferred income taxes	**806**	**0.03%**	**2,578**	**0.09%**	**(1,772)**	**-69%**
Total tax - IRES (Corporation income tax)	6,638	0.23%	4,119	0.15%	2,519	61%
Total tax - IRAP (Regional tax on productive activities)	1,439	0.05%	1,348	0.05%	91	7%
Total tax	**8,077**	**0.29%**	**5,467**	**0.20%**	**2,610**	**48%**

The following table illustrates the reconciliation between the theoretical and the effective tax rate:

(€/000)	2021	2020
Result before taxes [A]	**26,537**	**14,837**
Operating profit (EBIT)	**30,645**	**23,854**
(+) bad debt provision	596	711
(+) provision for risks and charges	669	171
Taxable amout for IRAP [B]	**31,910**	**24,736**
Theoretical taxation IRES (= A*24%)	6,369	3,561
Theoretical taxation IRAP (= B*3.90%)	1,244	965
Total theoretical taxation [C]	**7,613**	**4,526**
Theoretical tax rate [C/A]	**28.7%**	**30.5%**
(-) tax relief - ACE (Aiuto alla Crescita Economica)	(195)	(303)
Other permanent differences	659	1,244
Total effective taxation [D]	**8,077**	**5,467**
Effective tax rate [D/A]	*30.4%*	*36.8%*

7. OTHER SIGNIFICANT INFORMATION

7.1 EMOLUMENTS PAID TO THE BOARD MEMBERS, STATUTORY AUDITORS AND KEY MANAGERS

The following tables show the remuneration paid to the management and control body and to key managers in office as at 31 December 2021:

(euro/000)				Fixed compensation			Variable non-equity compensation					
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Remuneration from subordinate employment	Compensation for commitee participation	Bonuses and other incentives	Profit sharing	Non monetary benefits [2]	Other remuneration	Total	Severance indemnity for end of office or termination of employment
Maurizio Rota	Chairman	01.01/ 31.12.2021	2024 [1]	450	-	-	-	-	5	-	455	-
Marco Monti	Deputy Chairman	01.01/ 31.12.2021	2024 [1]	47	-	5	-	-	-	-	52	-
Alessandro Cattani	Chief Executive Officer	01.01/ 31.12.2021	2024 [1]	450	-	-	278	-	4	-	731	-
Chiara Mauri	Independent Director	01.01/ 31.12.2021	2024 [1]	30	-	18	-	-	-	-	48	-
Angelo Miglietta	Independent Director	07.04/ 31.12.2021	2024 [1]	22	-	31	-	-	-	-	53	-
Lorenza Morandini	Independent Director	07.04/ 31.12.2021	2024 [1]	22	-	13	-	-	-	-	35	-
Emanuela Prandelli	Independent Director	01.01/ 31.12.2021	2024 [1]	30	-	13	-	-	-	-	43	-
Renata Maria Ricotti	Independent Director	01.01/ 31.12.2021	2024 [1]	30	-	35	-	-	-	-	65	-
Angela Sanarico	Independent Director	07.04/ 31.12.2021	2024 [1]	22	-	13	-	-	-	-	35	-
Giovanni Testa	Chief Operating Officer	01.01 /31.12.2021	-		366		167		4		536	
Maurizio Dallocchio	Chairman Statutory auditor	07.04/ 31.12.2021	2024 [1]	33	-	-	-	-	-	-	33	-
Maria Luisa Mosconi	Permanent Auditor	07.04/ 31.12.2021	2024 [1]	29	-	-	-	-	-	-	29	-
Silvia Muzi	Permanent Auditor	07.04/ 31.12.2021	2024 [1]	29	-	-	-	-	-	-	29	-
(I) Compensation in the company preparing the financial statements				**1,195**	**366**	**128**	**444**	**-**	**13**	**-**	**2,146**	**-**
				-	-	-	-	-	-	-	-	-
(II) Compensation from subsidiaries and associates				**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
(III) Total				**1,195**	**366**	**128**	**444**	**-**	**13**	**-**	**2,146**	**-**

[1] Date of approval of the financial statements for the year ending 31 December 2023.
[2] 'Fringe benefit' represented by the use of the company car.

The table below illustrates the Monetary incentive plans for members of the Board of Directors, the general manager and other key managers (data in thousand euro).

Beneficiaries	Bonus of the year			Bonus from previous year		
	Pyable/ Paid	Deferred	Period	No longer eligible for payment	Pyable/ Paid	Still deferred
Maurizio Rota	-	-	2019	-	51	-
Alessandro Cattani	-	-	2019	-	51	-
Alessandro Cattani	-	-	2020	-	-	93
Alessandro Cattani	185	93	2021	-	-	-
Giovanni Testa	-	-	2020	-	-	33
Giovanni Testa	133	33	2021	-	-	-
Total	**318**	**126**		**-**	**102**	**126**

In the above reported tables, information is provided regarding the emoluments of directors, the general manager and statutory auditors of Esprinet S.p.A. and key managers, payable to them in respect of the positions held by them in the latter company and in other Group companies during 2021.

As defined by IAS 24 accounting standard and recalled by CONSOB Resolution No. 17221 of 12 March 2010, ‘key managers are those persons having direct and indirect authority and responsibility for planning, directing and controlling the activities of the entity preparing the financial statements, including any director (whether executive or otherwise) of that entity’.

No advances have been made and no loans have been granted to the directors, to the general manager and the statutory auditors of Esprinet S.p.A. for the performance of these functions, including in companies within the scope of consolidation.

The aforementioned compensation includes all paid or payable emolument items (gross of tax and social contribution withholdings), benefits in kind and compensation received as directors or statutory auditors for Group companies.

The table below illustrates the incentive plans based on financial instruments other than stock options, for members of the Board of Directors, the general manager and other key managers.

Beneficiaries	Options held at 1° January 2021		Options held in 2021	Options assigned (taken up) in 2021	Options assigned in 2021	Options held at 31 December 2021		
	Quantity	Average strike price	Quantity	Quantity	Quantity	Quantity	Average strike price	Average due date
Maurizio Rota	264,343	free	(264,343)	-	-	-		from 22/04/2021 to 30/04/2024[1]
Alessandro Cattani	264,343	free	(264,343)	-	679,717	679,717		
Giovanni Testa	75,000	free	(75,000)	-	113,201	113,201		

(1) Date of the Shareholders’ Meeting for the approval of the Financial Statements at 31 December 2023 and presentation of the Consolidated Financial Statements at 31 December 2023

The following table shows the remuneration paid to the management and control body and to key managers whose office ceased during the year:

(euro/000)				Fixed compensation			Variable non-equity compensation					
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Remuneration from subordinate employment	Compensation for commitee participation	Bonuses and other incentives	Profit sharing	Non monetary benefits[2]	Other remuneration	Total	Severance indemnity for end of office or termination of employment
Matteo Stefanelli	Non-executive Director	01.01/ 07.04.2021	2021 [1]	8	-	11	-	-	-	-	19	-
Tommaso Stefanelli	Non-executive Director	01.01/ 07.04.2021	2021 [1]	8	-	11	-	-	-	-	19	-
Mario Massari	Indipendent Director	01.01/ 07.04.2021	2021 [1]	8	-	12	-	-	-	-	20	-
Cristina Galbusera	Indipendent Director	01.01/ 07.04.2021	2021 [1]	8	-	10	-	-	-	-	18	-
Ariela Caglio	Indipendent Director	01.01/ 07.04.2021	2021 [1]	8	-	-	-	-	-	-	8	-
Bettina Solimando	Chairman Statutory auditor	01.01/ 07.04.2021	2021 [1]	12	-	-	-	-	-	-	12	-
Patrizia Paleologo Oriundi	Permanent Auditor	01.01/ 07.04.2021	2021 [1]	11	-	-	-	-	-	-	11	-
Franco Aldo Abbate	Permanent Auditor	01.01/ 07.04.2021	2021 [1]	11	-	-	-	-	-	-	11	-
(I) Compensation in the company preparing the financial statements				**73**	**-**	**44**	**-**	**-**	**-**	**-**	**117**	**-**
Franco Aldo Abbate[3]	Permanent Auditor	01.01/ 07.04.2021		6	-	-	-	-	-	-	6	-
(II) Compensation from subsidiaries and associates				**6**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**-**
(III) Total				**79**	**-**	**44**	**-**	**-**	**-**	**-**	**123**	**-**

[1] Date of approval of the financial statements for the year ending 31 December 2020 on 7 April 2021.
[2] 'Fringe benefit' represented by the use of the company car.
[3] Pro-quota 01/01/2021-07/04/2021 remuneration as Statutory Auditor of the subsidiaries 4Side S.r.l. and Dacom S.p.A..

7.2 NET FINANCIAL INDEBTEDNESS AND FINANCIAL PAYABLES ANALYSIS

As set forth in 'Warning notice no. 5/21' issued by CONSOB on 29 April 2021, the following table provides information relating to the '*financial indebtedness*'(or also 'net financial position') determined in substantial compliance with the criteria indicated by the European Securities and Markets Authority ('ESMA') in the document called 'Guidelines on disclosure obligations' of 4 March 2021. With reference to the same table, it should be underlined that net financial indebtedness, measured according to the ESMA criteria, coincides with the notion of 'net financial payables'.

(€/000)	31/12/2021	31/12/2020
A. Bank deposits and cash on hand	242,784	327,090
B. Cheques	-	-
C. Other current financial assets	71,983	10,763
D. Liquidity (A+B+C)	314,767	337,853
E. Current financial debt	41,241	34,092
F. Current portion of non current debt	16,758	17,492
G. Current financial indebtedness (E+F)	57,999	51,584
H. Net current financial indebtedness (G-D)	**(256,768)**	**(286,269)**
I. Non-current financial debt	130,791	116,455
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial indebtedness (I+J+K)	**130,791**	**116,455**
M. Net financial indebtedness (H+L)	**(125,977)**	**(169,814)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	31,319	32,020
Lease liabilities	6,905	6,400
Debts for investments in subsidiaries (current)	1,854	220
Other current financial receivables	(9,857)	(9,617)
Financial receivables from factoring companies	(3,128)	(147)
Financial receivables/liabilities from/to Group companies	(41,077)	11,945
Cash and cash equivalents	(242,784)	(327,090)
Net current financial debt	**(256,768)**	**(286,269)**
Non-current financial (assets)/liabilities for derivatives	-	620
Other non - current financial receivables	-	(492)
Borrowings	48,014	39,715
Lease liabilities	81,162	76,382
Debts for investments in subsidiaries (non-current)	1,615	230
Net financial debt	**(125,977)**	**(169,814)**

The net financial position, positive in the amount of 126.0 million euro, corresponds to a net balance of gross financial payables of 79.3 million euro, financial receivables due from Group companies for 41.1 million, payables for the purchase of equity investments for 3.5 million euro, financial receivables equal to 13.0 million euro, financial lease liabilities of 88.1 million euro and cash and cash equivalents equal to 242.8 million euro.

The cash and cash equivalent 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 Company's distinctive financial cycle.

A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the without-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the spot figure at the end of a period does not represent the net financial indebtedness or the average treasury resources for the same period.

During 2021, as part of the working capital management policies, the programme of non-recourse assignment of receivables without recourse on a revolving basis to selected segments of customers, mostly belonging to the large-scale retail sector, continued. In addition to this, the securitisation programme for additional trade receivables also continued during the period, launched in Italy in July 2015 and renewed uninterruptedly every three years, most recently in July 2021. Considering the fact that the aforementioned programmes entail the full transfer of the risks and benefits to the assignees, the receivables subject to assignment are eliminated from income statement assets in compliance with IFRS 9. The overall effect on the level of net financial payables as at 31 December 2021 is quantified at roughly 299.2 million euro (276.7 million euro as at 31 December 2020).

With regard to medium/long-term financial payables, the table below shows, for each loan obtained, the principal amount of loans due within and beyond the next financial year. It should be noted that the amounts shown may differ from the individual carrying amounts because the latter are representative of the amortised cost calculated by applying the effective interest rate method.

(€/000)	31/12/2021			31/12/2020			Var.		
	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.
Cassa Depositi e Prestiti	7,000	21,000	28,000	7,000	28,000	35,000	-	(7,000)	(7,000)
Carige	-	-	-	2,564	-	2,564	(2,564)	-	(2,564)
BCC Carate	1,277	10,000	11,277	2,532	1,277	3,809	(1,255)	8,723	7,468
Intesa Sanpaolo (GdF loan)	497	-	497	476	497	973	21	(497)	(476)
BPER Banca	2,984	12,016	15,000	-	-	-	2,984	12,016	15,000
Banca Pop. di Sondrio	5,000	5,080	10,080	4,920	10,080	15,000	80	(5,000)	(4,920)
Total loan	**16,758**	**48,096**	**64,854**	**17,492**	**39,854**	**57,346**	**(734)**	**8,242**	**7,508**

The following table, on the other hand, shows the book value in principal of the loans obtained, separately for each individual loan, the weighted average rate applied in 2021 was approx. 1.2%. (approximately 1.5% in 2020).

(€/000)	31/12/2021	31/12/2020	Var.
Unsecured loan (agent: Cassa Depositi e Prestiti S.p.A.) repayable in six-monthly instalments by December 2025"	28,000	35,000	(7,000)
Pool loan 'GdF' (agent: Intesa Sanpaolo) repayable in yearly instalments by January 2022	497	973	(476)
Unsecured loan (agent: Carige) repayable in six-monthly instalments by December 2021	-	2,564	(2,564)
Unsecured loan (agent: BCC Carate) repayable in six-monthly instalments by March 2022	1,277	3,809	(2,532)
Unsecured loan (agent: BCC Carate) repayable in six-monthly instalments by December 2026	10,000	-	10,000
Unsecured loan (agent: BPER Banca) repayable in six-monthly instalments by December 2024	15,000	-	15,000
Unsecured loan (agent: Banca Popolare di Sondrio) repayable in quarterly instalments by November 2023	10,080	15,000	(4,920)
Total book value	**64,854**	**57,346**	**7,508**

The loan granted by Intesa Sanpaolo and identified as the 'GdF loan' relates to a supply of products in 2011 to the customer 'Guardia di Finanza' (GdF). In relation to this transaction, a financial receivable of the same amount and maturity was booked.

The unsecured amortising 5-year loan granted by Cassa Depositi e Prestiti S.p.A., expiring in December 2025, for a total of 28.0 million euro in principal as at 31 December 2021, provides for the annual commitment of observance of a given ratio of net financial indebtedness to EBITDA at consolidated level, but also half-yearly observance of a given ratio of consolidated net financial indebtedness to shareholders' equity, under penalty of the potential acceleration clause for reimbursements in the event they are not observed.

Such economic-financial covenant structures are typical for transactions of this nature.

In addition to the medium/long-term loan indicated above, the Company also has an 'unsecured' 3-year RCF-Revolving Credit Facility in place, expiring in September 2022, taken out by Esprinet S.p.A. with a pool of domestic and international banks for a total of 152.5 million euro (only used for roughly three months in the first half of the previous year and not drawn down in 2021), it too subject to a structure of covenants, as detailed below,, to be verified every six months on the basis of the data of the consolidated and certified financial statements:

- ratio of net financial indebtedness to EBITDA;
- ratio of extended net financial indebtedness to Equity;
- ratio of EBITDA to net financial charges;
- absolute amount of gross financial indebtedness.

As at 31 December 2021, all covenants to which the medium/long-term loan and the Revolving Credit Facility are subject, according to management estimates (as the same must be verified in the consolidated financial statements and certified by the independent auditors), were respected.

Loan agreements, including those that do not contain financial covenants and the Revolving Credit Facility mentioned above, also contain the usual 'negative pledge', 'pari passu' and similar clauses none of which had been breached at the time this report was drafted.

7.3 CASH FLOW ANALYSIS

(€/000)	2021	2020
Net financial debt at year-beginning	**(169,814)**	**(163,712)**
Cash flow provided by (used in) operating activities	34,045	15,194
Cash flow provided by (used in) investing activities	(15,573)	(5,625)
Cash flow provided by (used in) changes in net equity	(46,646)	(1,656)
Total cash flow	**(28,174)**	**7,913**
Unpaid interests	(534)	(517)
Unpaid leasing interests	(222)	(224)
Right of use asset posting	(11,904)	-
Variation FV 4Side option	620	(620)
Deferred price Celly investment	(3,239)	(450)
Financial liabilities (no cash) Celly merger	(384)	-
Net financial debt at year-end	**(125,977)**	**(169,814)**
Short-term financial liabilities	31,319	32,020
Lease liabilities	6,905	6,400
Other current financial receivables	(9,857)	(9,617)
Financial receivables from factoring companies	(3,128)	(147)
Debts for investments in subsidiaries (current)	1,854	220
Financial (assets)/liab. From/to Group companies	(41,077)	11,945
Cash and cash equivalents	(242,784)	(327,090)
Net current financial debt	**(256,768)**	**(286,269)**
Borrowings	48,014	39,715
Lease liabilities	81,162	76,382
Debts for investments in subsidiaries (non-current)	1,615	230
Non-current financial (assets)/liab. for derivatives	-	620
Other non - current financial receivables	-	(492)
Net financial debt at year-end	**(125,977)**	**(169,814)**

As shown in the previous table, as a result of cash flow trends detailed in the *Statement of cash flows*, as at 31 December 2021, Esprinet S.p.A. booked a cash surplus equal to 126.0 million euro, compared to a cash surplus of 169.8 million euro as at 31 December 2020.

7.4 SHAREHOLDINGS

Below is the *Shareholding schedule*, which provides data relating to the investee companies obtained from the respective 'reporting packages' for the year ended 31 December 2021 prepared in accordance with IFRS accounting standards:

Direct subsidiaries:

N.	Name	Headquarters	Interest held	Group interest held
1	Celly Pacific Limited	Honk Kong - (China)	100.00%	100.00%
2	V-Valley S.r.l.	Vimercate (MB) - Italy	100.00%	100.00%
3	Dacom S.p.A.	Milan - Italy	100.00%	100.00%
4	IdMAINT S.r.l.	Milan - Italy	100.00%	100.00%
5	4Side S.r.l.	Legnano (MI) - Italy	100.00%	100.00%
6	Nilox Deutschland GmbH	Düsseldorf - Germany	100.00%	100.00%
7	Esprinet Iberica S.L.U.	Saragozza - Spain	100.00%	100.00%
8	Esprinet Portugal Lda	Porto - Portugal	5.00%	100.00%

N.	Name	Currency	Share capital	Net equity	Result for the period	Carrying amount
1	Celly Pacific Limited	EUR	1,132	387,038	(2,476)	3,941
2	V-Valley S.r.l.	EUR	20,000	5,515,919	909,781	20,000
3	Dacom S.p.A.	EUR	3,600,000	15,196,270	2,600,624	12,709,314
4	IdMAINT S.r.l.	EUR	42,000	1,331,632	366,355	963,079
5	4Side S.r.l.	EUR	100,000	3,565,566	180,421	2,948,143
6	Nilox Deutschland GmbH	EUR	400,000	(791,932)	(9,143)	-
7	Esprinet Iberica S.L.U.	EUR	54,692,844	143,262,703	9,890,072	75,725,162
8	Esprinet Portugal Lda	EUR	2,500,000	2,974,752	1,164,577	-

Compared to 31 December 2020, note should be taken of the entry of the companies Dacom S.p.A. and idMAINT S.r.l. into the consolidation area starting from 22 January 2021, the purchase on 16 November 2021 of the residual 49% stake in 4Side S.r.l., thus raising the share to 100% ownership and, finally, the obtainment of direct control of the equity investment in Celly Pacific Limited, already wholly owned by Celly S.p.A., merged by incorporation into Esprinet S.p.A. in October 2021 but with retroactive accounting and tax effects as at 1 January 2021.

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

7.5 SUMMARY OF SUBSIDIARIES' MAIN FINANCIAL AND ECONOMIC FIGURES

The following tables show key data from the subsidiaries' draft financial statements as at 31 December 2021 as approved by the respective Boards of Directors. Please note that the financial statements have been drawn up in accordance with local accounting policies.

(€/000)	Celly Pacific LTD	Dacom S.p.A.	idMAINT S.r.l.	Nilox Deutschland GmbH	V-Valley S.r.l.	4 Side S.r.l.	Esprinet Iberica S.L.U.
Sales from contracts with customers	1	87,130	2,187	(19)	148,833	11,596	787,157
Cost of sales	(0)	(78,503)	(1,095)	23	(146,873)	(9,516)	(752,464)
Gross profit	**0**	**8,627**	**1,092**	**4**	**1,960**	**2,080**	**34,693**
Sales and marketing costs	(0)	(2,687)	(1)	-	-	(1,081)	(6,773)
Overheads and administrative costs	(0)	(2,575)	(593)	(14)	(799)	(757)	(19,612)
Impairment loss/reversal of financial assets	(0)	230	(1)	-	8	-	(241)
Operating income (EBIT)	**(0)**	**3,596**	**497**	**(9)**	**1,169**	**242**	**8,067**
Finance costs - net	(0)	(57)	(1)	-	8	(5)	(777)
Investments expenses/(incomes)	-	-	-	-	-	-	-
Result before income taxes	**(0)**	**3,539**	**496**	**(9)**	**1,177**	**237**	**7,291**
Income tax expenses	-	(950)	(127)	-	(284)	(77)	(1,718)
Net result before non-controlling interests	**(0)**	**2,589**	**369**	**(9)**	**892**	**160**	**5,572**
Net result	**(0)**	**2,589**	**369**	**(9)**	**892**	**160**	**5,572**

(€/000)	Celly Pacific LTD	Dacom S.p.A.	idMAINT S.r.l.	Nilox Deutschland GmbH	V-Valley S.r.l.	4 Side S.r.l.	Esprinet Iberica S.L.U.
ASSETS							
Non-current assets							
Property, plant and equipment	0	140	6	-	-	81	1,935
Goodwill	-	-	-	-	-	-	23,424
Intangible assets	-	27	-	-	-	3	36
Investments	-	-	191	-	-	-	91,394
Deferred income tax assets	-	50	33	-	9	992	4,725
Receivables and other non-current assets	-	39	11	135	-	2	348
	0	**256**	**242**	**135**	**9**	**1,078**	**121,862**
Current assets							
Inventory	0	19,734	1,170	-	-	1,896	86,297
Trade receivables	0	22,261	216	30	40,457	5,148	51,276
Income tax assets	-	-	39	-	1	48	228
Other assets	0	264	361	3	19,503	36	39,142
Cash and cash equivalents	0	6,670	93	55	-	3,271	85,979
	1	**48,929**	**1,879**	**88**	**59,961**	**10,399**	**262,922**
Total assets	**1**	**49,185**	**2,120**	**223**	**59,970**	**11,477**	**384,784**
EQUITY							
Share capital	0	3,600	42	400	20	100	55,203
Reserves	0	9,109	921	(1,183)	4,626	2,662	56,546
Net result for the period	(0)	2,589	369	(9)	892	160	5,572
	0	**15,298**	**1,332**	**(792)**	**5,538**	**2,922**	**117,322**
Non-controlling interests							
Total equity	**0**	**15,298**	**1,332**	**(792)**	**5,538**	**2,922**	**117,322**
LIABILITIES							
Non-current liabilities							
Borrowings	-	502	-	-	-	-	24,273
Deferred income tax liabilities	-	-	0	-	-	-	-
Retirement benefit obligations	-	545	227	-	-	199	-
Provisions and other liabilities	-	2	-	-	-	-	-
	-	**1,049**	**227**	**-**	**-**	**199**	**24,273**
Current liabilities	**-**						
Trade payables	0	10,281	188	79	66	6,665	168,886
Short-term financial - liabilities	-	19,658	251	-	722	1,000	62,691
Income tax liabilities	0	488	-	-	-	-	188
Provisions and other liabilities	0	2,411	121	936	53,644	691	11,425
	0	**32,838**	**561**	**1,015**	**54,432**	**8,356**	**243,190**
Total liabilities	**0**	**33,887**	**788**	**1,015**	**54,432**	**8,555**	**267,462**
Total equity and liabilities	**1**	**49,185**	**2,120**	**223**	**59,970**	**11,477**	**384,784**

7.6 RELATIONSHIPS WITH RELATED PARTIES

The following sections provide details of the statement of financial position and the separate income statement arising from transactions with related parties, identified in accordance with IAS 24, with the exception of transactions with directors and key managers highlighted in the section of the same name to which reference should be made.

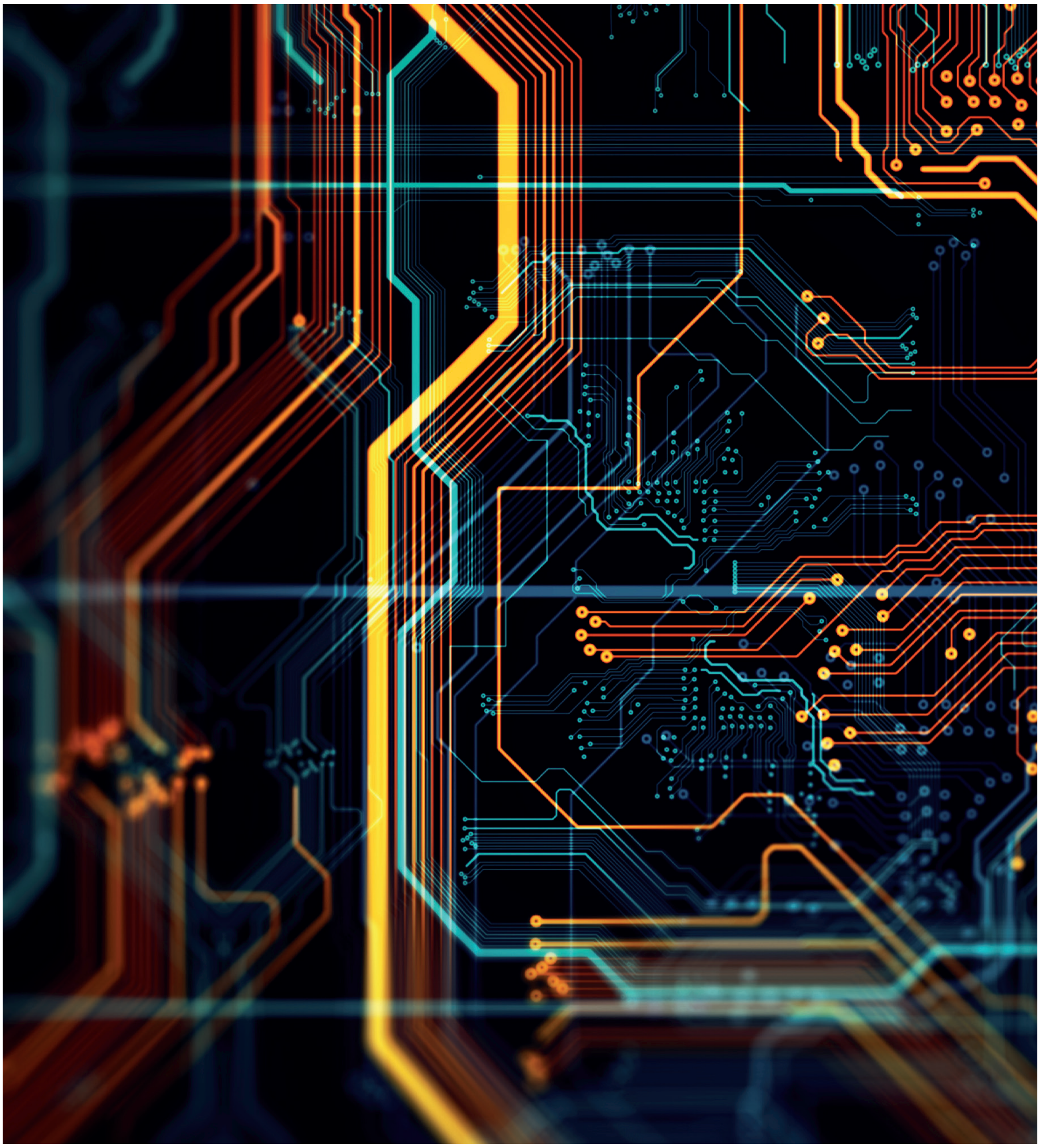
7.6.1 Intercompany costs and sales

Details of sales and costs recorded by Esprinet S.p.A. in relation to Group companies are as follows.

7.6.2 Relationships with subsidiaries

The following is a summary of Esprinet S.p.A.'s relationships with its subsidiaries. Intercompany receivables and payables have been detailed in the '*Notes to the statement of equity and financial position items*'. Intercompany costs and sales have been detailed in the previous section.

Please note that the relationships between Esprinet S.p.A. and its subsidiaries have been conducted in accordance with market conditions.



Relationships with subsidiaries subject to management and coordination

(€/000)	Type	2021		2020	
		Sales	Cost	Sales	Cost
Sales					
V-Valley Advanced Solutions España, S.A.	Sales of goods	84	-	-	-
Dacom S.p.A.	Sales of goods	252	-	-	-
Nilox Deutschland GmbH	Sales of goods	(23)	-	(105)	-
Esprinet Iberica S.L.U.	Sales of goods	28,504	-	27,312	-
Vinzeo SAU	Sales of goods	1,572	-	151	-
Esprinet Portugal Lda	Sales of goods	2,169	-	2,722	-
Celly S.p.A.	Sales of goods	-	-	237	-
Subtotal		**32,558**	**-**	**30,317**	**-**
Cost of sales					
4Side s.r.l.	Purchase of goods	-	120	-	121
4Side s.r.l.	Transport costs	-	(4)	-	(4)
Dacom S.p.A.	Purchase of goods	-	46	-	-
V-Valley Advanced Solutions España, S.A.	Purchase of goods	-	327	-	-
Esprinet Portugal Lda	Transport costs	-	1	-	-
Esprinet Portugal Lda	Purchase of goods	-	21	-	-
Vinzeo SAU	Purchase of goods	-	6		-
Vinzeo SAU	Transport costs	-	1		
Esprinet Iberica S.L.U.	Transport costs	-	33	-	22
Esprinet Iberica S.L.U.	Purchase of goods	-	1,300	-	1,244
Celly S.p.A.	Transport costs	-	-	-	(7)
Celly S.p.A.	Purchase of goods	-	-	-	235
Subtotal		**-**	**1,850**	**-**	**1,611**
Sales and marketing costs					
V-Valley S.r.l.	Fees on sales	-	2,199	-	2,194
Subtotal		**-**	**2,199**	**-**	**2,194**
Overheads and administrative costs					
Dacom S.p.A.	Hardware and software support costs	-	(28)	-	-
Dacom S.p.A.	Administrative services	-	(149)	-	-
4Side s.r.l.	Administrative services	-	10	-	152
4Side s.r.l.	Hardware and software support costs	-	(1)	-	-
V-Valley S.r.l.	Hardware and software support costs	-	(70)	-	(70)
V-Valley S.r.l.	Administrative services	-	(138)	-	(134)
Esprinet Iberica S.L.U.	Hardware and software support costs	-	(951)	-	(969)
Esprinet Iberica S.L.U.	Administrative services	-	(90)	-	(85)
Vinzeo SAU	Hardware and software support costs	-	(109)	-	(62)
Vinzeo SAU	Administrative services	-	(6)	-	3
V-Valley Iberian S.L.U.	Administrative services	-	-	-	(12)
V-Valley Iberian S.L.U.	Hardware and software support costs	-	-	-	(11)
Esprinet Portugal Lda	Hardware and software support costs	-	(17)	-	(63)
Esprinet Portugal Lda	Administrative services	-	(55)	-	(64)
V-Valley Advanced Solutions España, S.A.	Administrative services	-	(25)	-	-
V-Valley Advanced Solutions España, S.A.	Hardware and software support costs	-	(304)	-	-
Celly S.p.A.	Hardware and software support costs	-	-	-	(159)
Celly S.p.A.	Administrative services	-	-	-	(657)
Subtotal		**-**	**(1,932)**	**-**	**(2,129)**
Finance costs - net					
Dacom S.p.A.	Interests income	1	-	-	-
4Side s.r.l.	Interests income	1	-	3	-
Esprinet Portugal Lda	Interests income	7	-	-	-
V-Valley S.r.l.	Interests expenses	-	8	-	6
Esprinet Iberica S.L.U.	Interests income	17	-	-	-
Subtotal		**26**	**8**	**3**	**6**
Total		**32,585**	**2,125**	**30,320**	**1,682**

Esprinet S.p.A. manages and co-ordinates its subsidiaries resident in Italy.

These activities consist in setting general and operational strategic policies for the Group, drafting general policies regarding human and financial resources management, defining and adapting:

- the corporate governance and internal control model;
- the Group Management and Organisational Model pursuant to Italian Legislative Decree 231/01;
- the System Security Planning Paper (SSPP) pursuant to Italian Legislative Decree 196/03;
- the Code of Ethics;
- administrative-accounting procedures regarding financial reports.

Group co-ordination especially involves the centralised management of administrative, corporate and cash services, which, in addition to enabling the subsidiaries to achieve economies of scale, also enable them to focus their internal resources on managing the core business.

National consolidated tax regime – Subgroup Italy

In 2019, V-Valley S.r.l. opted again for the 'National consolidated tax regime' for the 3-year period 2019-2021.

The economic ratios, as well as the responsibilities and mutual obligations, between the consolidating company and the aforementioned subsidiaries are defined in the 'Consolidation regulations governing Esprinet Group member companies'.

Tax liabilities are usually reported under the item '*Income tax liabilities*', net of advances and the withholding taxes paid and tax credits, in general. The current Corporate Income Tax (IRES) is also reported under '*Income tax liabilities*' calculated on the basis of the estimated positive and negative taxable amounts of the subsidiaries that participated in the national consolidated tax regime, net of advances paid, withholding taxes withheld and tax credits attributable to the companies themselves; as a contra-entry to the tax liability, the corresponding receivables of the consolidating company from Group companies for the current tax corresponding to the positive taxable amounts transferred under the national consolidated tax regime are recorded.

Payables for compensations due to subsidiaries with negative taxable amounts are reported under the item '*Payables to subsidiaries*'.

The deferred and prepaid Corporate Income Tax (IRES) is calculated on the temporary differences between the values of assets and liabilities determined in accordance with the statutory requirements and the corresponding tax values referring exclusively to the single companies.

The current, deferred and pre-paid Regional Business Tax (IRAP) is determined exclusively in the case of single companies.

4Side S.r.l.

During the year 4Side S.r.l. sold goods from the parent company for 0.1 million euro.

4Side S.r.l. paid also approximately 9 thousand euro to the parent company mainly for administrative activities related to the corporate purpose and interest on the outstanding loan amounting to 1 thousand euro.

Dacom S.p.A.

During the year, Dacom S.p.A. purchased goods from the parent company totalling 0.2 million euro and, conversely, sold products to Esprinet S.p.A. totalling 46 thousand euro.

Dacom S.p.A. also paid approximately 0.2 million euro mainly for the recharging of personnel costs, EDP consultancy costs, use of data lines and interest income on the existing loan for 1 thousand euro.

Nilox Deutschland GmbH

During the year, the parent company issued credit notes to the subsidiary Nilox Deutschland GmbH for 23 thousand euro.

V-Valley S.r.l.

As a result of the commission agreement signed on 20 October 2010, in 2021, V-Valley entered into purchase agreements in its own name, but on behalf of the client Esprinet S.p.A. The total amount of the agreements signed was 147 million euro (146 million euro in 2020), against which commission on sales accrued for 2.2 million euro (2.2 million euro in 2020).

Moreover, on the basis of a 'service agreement' signed between Esprinet S.p.A. and V-Valley, the latter paid a fee of 0.2 million euro to the parent company in 2021 for the rental of equipment, recharging of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers, as well as for administrative activities related to its business purpose.

In 2011, Esprinet S.p.A. resolved in favour of V-Valley, a letter of credit (granted to Aosta Factor and still in place in 2021) for 20 million euro; in 2013 a letter of credit was granted to IFI Italia S.p.A. and still in place in 2021 for 18 million euro, through which Esprinet acts as guarantor for the company's use of the same.

The letter of credit granted to Ubi Factor S.p.A. in 2018 for 5 million euro, through which Esprinet acted as guarantor for the company's use of the same, was terminated in 2021.

Esprinet Iberica S.L.U.

During the year Esprinet Iberica purchased goods from Esprinet S.p.A. totalling 28.5 million euro and also sold products to Esprinet S.p.A. totalling 1.3 million euro.

Esprinet Iberica also paid approximately 1.1 million euro according to a service agreement to lease equipment, for the use of data lines and administrative services, and loan interest of about 17 thousand euro.

Esprinet Portugal Lda

In 2021, Esprinet Portugal purchased goods from the parent company for 2.2 million euro and, conversely, sold products to Esprinet S.p.A. totalling 22 thousand euro.

Esprinet Portugal also paid roughly 72 thousand euro primarily for the recharge of EDP consultancy, sundry administrative services and interest income on the loan settled during the year of 7 thousand euro.

Vinzeo Technologies S.A.U.

During the year, Vinzeo purchased goods from the parent company totalling 1.6 million euro and, conversely, sold products to Esprinet S.p.A. totalling 7 thousand euro.

Vinzeo also paid approximately 115 thousand euro to the parent company for the use of data lines and administrative services.

V-Valley Advanced Solutions España, S.A.

In 2021, V-Valley Advanced Solutions España, S.A. purchased goods from the parent company totalling around 0.1 million euro and, conversely, sold products to Esprinet S.p.A. totalling 0.3 million euro.

V-Valley Advanced Solutions España, SA also paid 0.3 million euro mainly for the charge-back of EDP consultancy and sundry administrative services.

7.6.3 Relationships with other related parties

Relationships with other related parties, as defined by IAS 24, are described in paragraph 3 'Relations with related parties' in the Directors' Report on Operations, to which refer for more details.

7.7 NON-RECURRING SIGNIFICANT EVENTS AND OPERATIONS

In the 2021, the following non-recurring items were identified:

- 1.1 million euro relating to costs incurred in relation to the expansion of the warehouses in Italy.

In 2020, the following non-recurring transactions and events were identified:

- 1.2 million euro relating to the costs incurred as a result of the termination of the contract of the former Group director and CFO;
- 0.9 million euro, relating primarily to advisory services, incurred in relation to the business combination in Spain (former GTI Group);
- 0.2 million euro relating to the costs incurred to face the Covid-19 health emergency;
- 2.6 million euro relating to the write-off of the residual balance of the receivables (nominal value of 11.4 million euro and already written-down in 2018 for the amount of 8.8 million euro) from the supplier of the 'Sport Technology' line, following the settlement of the legal dispute.

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

(€/000)	Non - Recurring Charge Type	2021	2020
Overheads and administrative costs	Extension warehouse costs	(1,109)	-
Overheads and administrative costs	Employee termination incentives	-	(1,150)
Overheads and administrative costs	Business combination acquisition costs	-	(905)
Overheads and administrative costs	Covid-19 costs	-	(211)
Total SG&A	**Total SG&A**	**(1,109)**	**(2,266)**
Impairment loss/reversal of financial assets	Write-off of the residual balance receivable "Sport Technology" product line	-	(2,627)
Impairment loss/reversal of financial assets	**Impairment loss/reversal of financial assets**	**-**	**(2,627)**
Operating Income (EBIT)	**Operating Income (EBIT)**	**(1,109)**	**(4,893)**
Profit before income taxes	**Profit before income taxes**	**(1,109)**	**(4,893)**
Income tax expenses	Income tax expenses	309	1,262
Net income/(loss)	**Net income/(loss)**	**(800)**	**(3,631)**

7.8 MAIN DISPUTES PENDING

Developments in pending legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item '*Non-current provisions and other liabilities*'.

Similarly, the '*Directors' Report on Operations*' also contains the Group's policies regarding the management of legal and tax-related disputes under '*Main risks and uncertainties*'.

7.9 DISCLOSURE ON RISKS AND FINANCIAL INSTRUMENTS

7.9.1 Financial instruments pursuant to IFRS 9: classes of risk and fair value

The following tables illustrate together the financial instrument items in the statement of financial position and the financial assets and liabilities categories in accordance with the accounting standard IFRS 9.

For further details about the contents of individual items please see the analyses provided in the specific sections in the chapter '*Notes to the statement of equity and financial position items*'.

ASSETS (€/000)	31/12/2021				31/12/2020			
	Carrying amount	Financial assets FVTPL [1]	Financial assets amortized cost	Out of scope IFRS 9	Carrying amount	Financial assets FVTPL [1]	Financial assets amortized cost	Out of scope IFRS 9
Customer financial receivables	-		-		492		492	
Guarantee deposits	1,744		1,744		1,744		1,744	
Rec.and other non-curr. Assets	1,744		1,744	-	2,236		2,236	-
Non-current assets	**1,744**	**-**	**1,744**	**-**	**2,236**	**-**	**2,236**	**-**
Trade receivables	284,092	112,625	171,467		301,561	130,638	170,923	
Receivables from subsidiaries	116,815		116,815		58,043		58,043	
Other tax receivable	34,568			34,568	9,434			9,434
Receivables from factors	3,128		3,128		147		147	
Customer financial receivables	9,857		9,857		9,617		9,617	
Receivables from insurances	2,852		2,852		417		417	
Receivables from suppliers	6,396		6,396		7,855		7,855	
Receivables from others	102		102		89		89	
Pre-payments	3,163			3,163	3,433			3,433
Receiv and other curr. Assets	176,881		139,150	37,731	89,035		76,168	12,867
Cash and cash equivalents	242,784		242,784		327,090		327,090	
Current assets	**703,757**	**112,625**	**553,401**	**37,731**	**717,686**	**130,638**	**574,181**	**12,867**

LIABILITIES (€/000)	31/12/2021				31/12/2020			
	Carrying amount	Financial liabilities FVTPL [1]	Financial liabilities amortized cost	Out of scope IFRS 9	Carrying amount	Financial liabilities FVTPL [1]	Financial liabilities amortized cost	Out of scope IFRS 9
Borrowings	48,014		48,014		39,715		39,715	
Lease liabilities	81,162		81,162		76,382		76,382	
Derivative financial liabilities	-	-			620	620		
Debts for investments in subsidiaries	1,615		230		230		230	
Provisions for pensions	1,692			1,692	1,189			1,189
Other provisions	1,388			1,388	911			911
Cash incentive liabilities	134		134		82		82	
Provis. and other non-curr. liab.	3,214		134	3,080	2,182		82	2,100
Non-current liabilities	**134,005**	**-**	**129,540**	**3,080**	**119,129**	**620**	**116,409**	**2,100**
Trade payables	744,999		744,999		671,242		671,242	
Short-term financial liabilities	49,241		49,241		44,965		44,965	
Lease liabilities	6,905		6,905		6,400		6,400	
Debts for investments in subsidiaries	1,854		220		220		220	
Payables to assoc. and subsidiaries	284		284		1,395		1,395	
Social security liabilities	3,800		3,800		3,483		3,483	
Other tax liabilities	1,365			1,365	4,683			4,683
Payables to others	9,200		9,200		9,057		9,057	
Accrued expenses (insurance)	288		288		270		270	
Deferred income	40			40	28			28
Provisions and other liabilities	14,977	-	13,572	1,405	18,916	-	14,205	4,711
Current liabilities	**817,976**	**-**	**814,937**	**1,405**	**741,743**	**-**	**737,032**	**4,711**

[1] 'FVTPL' - Fair Value Through Profit and Loss: includes derivatives at fair value through profit and loss

As can be seen in the previous table, the statement of financial position classifications provides an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and financial receivables;
  - receivables from insurance companies;
  - intercompany receivables;
  - trade receivables (except for component measured at fair value);
  - other receivables;
  - receivables from suppliers;
  - receivables from employees;
  - payables from suppliers;
  - financial payables;
  - lease liabilities;
  - financial payables for investments in subsidiaries;
  - intercompany payables;
  - sundry payables.
- financial instruments measured at fair value since initial recognition:
  - derivative financial assets;
  - derivative financial liabilities;
  - trade receivables (portion not measured at amortised cost).

Qualitative disclosures regarding the different risk categories can be found under the same section in the '*Notes to the consolidated financial statements*'.

The fair value measurement of financial assets and liabilities reported in the statement of financial position as provided for by IFRS 9 and governed by IFRS 7 and IFRS 13, grouped by category, and the methods and the assumptions applied in determining them, are as follows:

ASSETS (€/000)	31/12/2021						31/12/2020					
	Carrying amount	Fair Value					Carrying amount	Fair Value				
		Trade receiv	Financial receiv	Receiv. from insurers	Receiv. from Group	Other Receiv.		Trade receiv	Financial receiv	Receiv. from insurers	Receiv. from Group	Other Receiv.
Customer financial receivable	-		-				492		522			
Guarantee deposits	1,744	-	-			1,659	1,744					1,825
Rec. and other non-curr. Assets	1,744	-	-			1,659	2,236	-	522			1,825
Non-current assets	**1,744**	**-**	**-**	**-**	**-**	**1,659**	**2,236**	**-**	**522**	**-**	**-**	**1,825**
Trade receivables	284,092	284,092					301,561	301,561				
Receivables from subsid.	116,815				116,815		58,043				58,043	
Receiv. from factors	3,128		3,128				147		147			
Customer financial receivable	9,857		9,857				9,617		9,617			
Receiv. from insurances	2,852			2,852			417			417		
Receiv. from suppliers	9,396					9,396	7,855					7,855
Receiv. from others	102					102	89					89
Rec. and other curr. Assets	142,150	-	12,985	2,852	116,815	9,498	76,168	-	9,764	417	58,043	7,944
Cash and cash equival.	242,784		242,784				327,090		327,090			
Current assets	**669,026**	**284,092**	**255,769**	**2,852**	**116,815**	**9,498**	**704,819**	**301,561**	**336,854**	**417**	**58,043**	**7,944**

LIABILITIES (€/000)	31/12/2021						31/12/2020					
	Carrying amount	Fair Value					Carrying amount	Fair Value				
		Trade payables	Financial liabilities	FVTPL Derivate	Other payab	Payab. to Group		Trade payables	Financial liabilities	FVTPL Derivate	Other payab	Payab. to Group
Borrowings	48,014		47,300				39,715		39,923			
Derivative financial liabilities	-			-			620			620		
Debts for investments in subsidiaries	1,615		1,635				230		233			
Cash incentive liabilities	*134*				*134*		*82*				*82*	
Provisions and other liabilities	134				134		82				82	
Non-current liabilites	**49,763**	**-**	**48,935**	**-**	**134**	**-**	**40,647**	**-**	**40,156**	**620**	**82**	**-**
Trade payables	744,999	744,999					671,242	671,242				
Short-term financial liabilities	49,241		49,724				44,965		45,496			
Debts for investments in subsidiaries	1,854		1,854				220		220			
Payables to assoc. and subsidiar.	*284*					*284*	*1,395*					*1,395*
Social security liabilities	*3,800*				*3,800*		*3,483*				*3,483*	
Payables to others	*9,200*				*9,200*		*9,057*				*9,057*	
Accrued expenses (insurance)	*288*				*288*		*270*				*270*	
Provisions and other liabilities	13,572				13,288	284	14,205				12,810	1,395
Current liabilites	**809,666**	**744,999**	**51,578**	**-**	**13,288**	**284**	**730,632**	**671,242**	**45,716**	**-**	**12,810**	**1,395**

IFRS 13 identifies a hierarchy of assessment techniques based on three levels:

- Level 1: the data used in the assessments is represented by prices quoted on markets where assets and liabilities identical to those being assessed are traded;
- Level 2: the data used in the assessments, other than listed prices referred to in Level 1, are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: non-observable data; where observable data is not available and, therefore, there is little or no market activity for the assets and liabilities being assessed.

Assets and liabilities recorded in the financial statements at fair value, as specified in greater detail below, corresponds to a level 2 in the hierarchy with the exception of 'Trade receivables' (portion not measured at amortised cost) and 'Financial payables for investments in subsidiaries' which, also deriving from estimates made by management, corresponds to level 3.

Given their short-term maturity, the gross carrying value of current assets and liabilities (excluding items specially measured) is deemed a reasonable approximation of their fair value.

The fair value of non-current assets and financial payables, including payables for equity investment in subsidiaries, was estimated by discounting expected future cash flows from principal and interest, according to the terms and the maturity dates of each agreement, and using the interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The interest rates used were obtained from the 'Forward' and the 'Spot' Curve as at 31 December, as published by financial providers, plus any spread provided for by the agreement (such spread was not taken into account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2.

The derivative financial payables present as at 31 December 2020 comprised the difference between the valuation of the 49% of the remaining interests in 4Side S.r.l. and the forward price valuation payable under the option contract entered with the minority shareholder (exercisable from 20 March 2023 onwards).

The fair value so measured corresponds to a level 3 in the fair value hierarchy being based also on management estimates about future financial performance of the subsidiary.

The liability as at 31 December 2021 is no longer present as the option contract was terminated as a result of the advance purchase by Esprinet S.p.A. of said 49% from the minority shareholders of 4Side S.r.l..

As shown in the preceding tables, no reclassifications among hierarchic levels were made. Please refer to the 'Derivatives analysis' paragraph for more information relating to existing derivative instruments.

Disclosures regarding net gains or losses, interest income and expenses, fee income and expenses arising from financial instruments have been already provided in the table dedicated to finance costs under '42) *Financial income and expense*'.

Adjustments to the value of financial assets, estimated following a precise assessment of the solvency of each debtor, were shown under the related item 'Impairment loss/reversal of financial assets' in the separate income statement. These adjustments totalled 0.2 million euro (3.5 million euro in 2020 including 2.6 million euro relating to the non-recurring event represented by the write-off of the residual amount receivable due from the long-standing supplier of the 'Sport Technology' line, due to the settlement signed in December 2020).

7.9.2 Additional information about financial assets

During the year, as in the previous year, it was not necessary to make any changes in the method of accounting for financial assets (not recognising the initial recognition at fair value and subsequent recognition at cost of certain balance sheet items, as required by international accounting standards).

As highlighted in the section '*Trade and other receivables*', in case of impairment by credit losses, the value of receivables is adjusted. This transaction is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the financial assets written down.

The following table illustrates the change in the bad debt provision relating to trade receivables.

(€/000)	Starting provision	Additions	Uses	Merger changes	Final provision
2021 Financial year	3,619	596	(2,111)	323	2,427
2020 Financial year	4,081	711	(1,173)	-	3,619

Esprinet S.p.A. usually transfers financial assets.

These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.

The year 2020 saw also the continuation of the trade receivables securitisation programme structured by UniCredit Bank AG, launched in July 2015 and renewed uninterruptedly every three years, with the latest renewal in July 2021, under which trade receivables are assigned without recourse on a revolving basis to a 'special purpose vehicle' under Law No. 130/1999.

In the case of factoring of receivables with recourse and advances of trade bills, the Group continues to recognise all of these assets, the carrying amount of which continues to be posted in the financial statements, under 'trade receivables' with an offsetting entry under the current financial liabilities as 'other financing payables' and 'payables to banks'.

As at 31 December 2021, the receivables transferred with recourse against which portfolio advances were obtained subject to collection amounted to 0.0 million euro (as at 31 December 2020); while advances of trade bills amounted to 4.5 million euro (3.9 million euro as at 31 December 2020).

The financial assets' gross book value is the Company's maximum exposure to credit risk.

Below is an analysis of the status of trade receivables due from customers and the seniority of those that have not suffered lasting losses in value:

(€/000)	31/12/2021	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	286,519	122,647	73,094	90,778
Bad debt provision	(2,427)	(2,427)	-	-
Net trade receivables	**284,092**	**120,220**	**73,094**	**90,778**

(€/000)	31/12/2020	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	305,180	134,381	63,952	106,847
Bad debt provision	(3,619)	(3,619)	-	-
Net trade receivables	**301,561**	**130,762**	**63,952**	**106,847**

(€/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. past due not impaired at 31/12/2021	73,094	1,811	787	357	70,139
Receiv. past due not impaired at 31/12/2020	63,952	6,322	581	181	56,868

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, Esprinet S.p.A. does not believe that premises for allocating provisions for doubtful receivables for amounts not yet overdue exist with the exception of receivables falling within the 'hold to collect' cluster. This cluster concerns receivables assigned to third parties on the basis of binding programmes for which the cashable value has been taken into account by such third parties.

There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by Esprinet S.p.A. to limit its credit risk (the percentages refer to trade receivables as at 31 December 2021):

- traditional credit insurance (covering 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 61% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 13% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and property mortgages) for approx. 1% of receivables.

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

The other financial assets governed by IFRS 7 and IFRS 13 have not suffered any permanent losses in value. The changes in the related bad debt provision are shown below, together with two summary tables providing information on their status and the seniority of receivables overdue:

(€/000)	Starting provision	Additions	Uses	Final provision
2021 Financial year	-	-	-	-
2020 Financial year	8,823	-	(8,823)	-

The bad debt provision for other receivables set aside in previous years for 8.8 million euro and relating to the assessment of the recoverability of the receivable from the supplier of the 'Sport Technology' line, was fully used in 2020, following the settlement of the dispute and consequent closure of the credit position.

(€/000)	31/12/2021				31/12/2020			
	Carrying amount	Receiv. Impaired	Receiv. past due not impaired	Receiv. not past due not impaired	Carrying amount	Receiv. Impaired	Receiv. past due not impaired	Receiv. not past due not impaired
Customer financial receivable	-				*492*			*492*
Guarantee deposits	*1,744*			*1,744*	*1,744*			*1,744*
Rec. and other non-current assets	1,744	-	-	1,744	2,236	-	-	2,236
Non-current assets	**1,744**	**-**	**-**	**1,744**	**2,236**	**-**	**-**	**2,236**
Receivables from subsidiar.	*116,815*		*289*	*116,526*	*58,043*		*(445)*	*54,488*
Receivables from factors	*3,128*			*3,128*	*147*		*57*	*90*
Customer financial receivable	*9,857*			*9,857*	*9,617*			*9,617*
Receivables from insurances	*2,852*		*2,852*		*417*		*417*	
Receivables from suppliers	*6,396*		*6,665*	*(269)*	*7,855*		*8,216*	*(361)*
Receivables from others	*102*		*102*		*89*		*89*	
Rec. and other current assets	139,150	-	9,908	129,242	76,168		8,334	67,834
Cash and cash equivalents	242,784		242,784		327,090		327,090	
Gross Current assets	**381,934**	**-**	**252,692**	**129,242**	**403,258**	**-**	**335,424**	**67,834**
Bad debts provision	-	-			-	-		
Net Current assets	**381,934**	**-**	**252,692**	**129,242**	**403,258**	**-**	**335,424**	**67,834**

(€/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from subsidiaries	289	946	-	241	(898)
Receivables from factoring companies	-	-	-	-	-
Receivables from insurance companies	2,852	398	83	51	2,320
Receivables from suppliers	6,665	198	(6)	164	6,309
Receivables from others	102	102	-	-	-
Receiv. past due not impaired at 31/12/2021	**9,908**	**1,644**	**77**	**456**	**7,731**
Receivables from subsidiaries	(445)	1,040	(1)	(534)	(950)
Receivables from factoring companies	417	270	9	55	83
Receivables from insurance companies	57	-	-	-	57
Receivables from suppliers	8,216	70	1	1,148	6,997
Receivables from others	89	89	-	-	-
Receiv. past due not impaired at 31/12/2020	**8,334**	**1,469**	**9**	**669**	**6,187**

Receivables from factoring companies relate wholly to 'without-recourse' factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the ending date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the sold customers and the Company.

It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

7.9.3 Additional information about financial liabilities

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(€/000)	Carrying amount 31/12/2021	Future cash flow	in 6 months	6-12 months	1-2 year	2-5 year	after 5 year
Borrowings	48,014	49,226	220	221	20,922	27,863	-
Lease liabilities	81,162	98,405	1,187	1,152	8,799	24,615	62,652
Derivative financial liabilities	-	-	-	-	-	-	-
Debts for investments in subsidiaries	1,615	1,615	-	-	1,015	600	-
Cash incentive liabilities	*134*	*134*	-	-	*134*	-	-
Provisions and other non-curr. Liabilities	134	134	-	-	134	-	-
Non-current liabilities	**130,925**	**149,380**	**1,407**	**1,373**	**30,870**	**53,078**	**62,652**
Trade payables	744,999	745,278	745,055	55	55	113	-
Short-term financial liabilities	49,241	49,407	40,373	9,034	-	-	-
Lease liabilities	6,905	6,698	3,256	3,442	-	-	-
Debts for investments in subsidiaries	1,854	1,854	1,739	115	-	-	-
Payables to assoc. and subsidiaries	*284*	*284*	*284*	-	-	-	-
Social security liabilities	*3,800*	*3,800*	*3,800*	-	-	-	-
Payables to others	*9,200*	*9,200*	*9,200*	-	-	-	-
Accrued expenses (insurance)	*288*	*288*	*288*	-	-	-	-
Provisions and other liabilities	13,572	13,572	13,572	-	-	-	-
Current liabilities	**816,571**	**816,809**	**803,995**	**12,646**	**55**	**113**	**-**

(€/000)	Carrying amount 31/12/2020	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	After 5 years
Borrowings	39,715	41,230	259	237	14,213	26,521	-
Lease liabilities	76,382	95,305	1,203	1,169	8,488	23,043	61,402
Derivative financial liabilities	620	620	-	-	-	620	-
Debts for investments in subsidiaries	230	230			115	115	
Cash incentive liabilities	*82*	*82*	-	-	*82*	-	-
Provisions and other non-curr. liabilities	82	82	-	-	82	-	-
Non-current liabilities	**117,029**	**137,467**	**1,462**	**1,406**	**22,898**	**50,299**	**61,402**
Trade payables	671,242	671,919	335,836	335,835	242	6	-
Short-term financial liabilities	44,965	45,151	36,571	8,580	-	-	-
Lease liabilities	6,400	6,351	3,154	3,197	-	-	-
Debts for investments in subsidiaries	220	220	-	220	-	-	-
Payables to assoc. and subsidiaries	*1,395*	*1,395*	*1,395*	-	-	-	-
Social security liabilities	*3,483*	*3,483*	*3,483*	-	-	-	-
Payables to others	*9,057*	*9,057*	*9,057*	-	-	-	-
Accrued expenses (insurance)	*270*	*270*	*270*	-	-	-	-
Provisions and other liabilities	14,205	14,205	14,205	-	-	-	-
Current liabilities	**737,032**	**737,846**	**725,387**	**347,832**	**242**	**6**	**-**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

The Company maintains a medium/long-term loan contract, that contains standard acceleration clauses for reimbursements in case certain economic-financial covenants are not met when checked against data from the consolidated and certified financial statements.

The details relating to said loan and the covenants to which it is subject can be found in the following paragraph '*Net financial indebtedness and loans covenants*', to which reference should be made.

With the exception of the non-fulfilment in relation to 31 December for the years 2018, 2017 and 2016, again without producing any consequences, of a part of the financial ratios provided for in the loan agreements, the Company has never been in a non-fulfilment or default situation with regard to the clauses concerning the nominal principal, interest, amortisation plan or repayment of loans payable.

Up to now the Company has not issued any instruments containing both a liability and an equity component.

7.9.4 Hedging derivatives analysis

Introduction

Esprinet S.p.A. signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.

The aim of these transactions hedging against interest rate risk is to fix the funding cost of medium/long-term floating-rate loans by entering into derivative contracts enabling receipt of a floating rate in return for payment of a fixed rate.

Hedging operations are therefore reported in the financial statements according to the requirements of the IFRS 9 accounting principle regarding 'hedge accounting' and in order to verify the hedge effectiveness, the Company periodically carries out effectiveness tests.

Derivative instruments as at balance sheet date

At the end of the year, the Company did not have any hedging derivatives in place.

Instruments terminated during the year

During the year, the Company did not extinguish any hedging derivatives in place.

7.9.5 Sensitivity analyses

Since Esprinet S.p.A. is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the '*Director's Report on Operations*').

A sensitivity analysis regarding the interest rate risk was performed in order to show how profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period.

For these purposes, the 2021 market interest rate trend was taken into account together with the Group's estimates on rates in the immediate future and a forward shift of spot/forward interest rate curves +/-100 basis points was simulated. The following tables show the results of the simulation (net of tax effects); each item includes both the current and non-current portion:

Scenario 1: +100 basis points

(€/000)	31/12/2021		31/12/2020	
	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	614	614	1,096	1,096
Debts for investments in subsidiaries	25	25	6	6
Financial liabilities	(277)	(277)	(911)	(911)
Derivate financial liabilities	-	-	(11)	(11)
Total	**362**	**362**	**180**	**180**

Scenario 2: -100 basis points

(€/000)	31/12/2021		31/12/2020	
	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	(9)	(9)	(12)	(12)
Debts for investments in subsidiaries	(75)	(75)	-	-
Financial liabilities	36	36	117	117
Derivate financial liabilities	-	-	11	11
Total	**(48)**	**(48)**	**116**	**116**

7.10 Subsequent events

'*Subsequent events*' are described in the special section of the *Directors' Report on Operations*, to which reference should be made for details.

7.11 Compensation for Esprinet S.p.A. auditing services

The following table drafted pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation, shows the emoluments posted during the financial year on the accrual basis of accounting for auditing services and others performed by the same independent auditors and/or bodies belonging to its network:

Description	Provider of serivice	Entity	Fees (€/000)	
			2021	2020
Auditing services	PwC S.p.A.	Esprinet S.p.A.	338.2	293.0
Other services	PwC S.p.A.	Esprinet S.p.A.	15.0	30.0
Total			**353.2**	**323.0**

8. PUBLICATION OF THE DRAFT FINANCIAL STATEMENTS

The draft financial statements and their publication were approved by the Esprinet Board of Directors during the meeting of 8 March 2022, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 8 March 2022

On behalf of the Board of Directors

The Chairman

Maurizio Rota

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the Company; and
- the effective application

of the administrative and accounting procedures used in drawing up the consolidated financial statements for 2021.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements as at 31 December 2021 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, a generally internationally-accepted reference framework.

In this regard, no significant aspects emerged.

3. We further declare that:

3.1 the consolidated financial statements as at 31 December 2021:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;

b) correspond to the amounts shown in the Company's accounts, books and records;

c) provide a fair and correct representation of the equity, economic and financial situation and cash flows of the Company and its consolidated subsidiaries.

3.2 The Directors' Report on Operations includes a reliable analysis of the performance and results of operations as well as of the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Vimercate, 8 March 2022

Chief Executive Officer
of Esprinet S.p.A.

(Alessandro Cattani)

Executive charged with drawing up
the company accounting documents
of Esprinet S.p.A.

(Pietro Aglianò)

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the Company; and
- the effective application

of the administrative and accounting procedures used in drawing up the financial statements for 2021.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the financial statements as at 31 December 2021 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, a generally internationally-accepted reference framework.

In this regard, no significant aspects emerged.

3. We further declare that:

3.1 Financial Statements as at 31 December 2021:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;

b) correspond to the amounts shown in the Company's accounts, books and records;

c) provide a true and fair view of the equity, financial and economic situation and cash flows of the issuer.

3.2 The Directors' Report on Operations includes a reliable analysis of the performance and operating result as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Vimercate, 8 March 2022

Chief Executive Officer of Esprinet S.p.A.	Executive charged with drawing up the company accounting documents of Esprinet S.p.A.
(Alessandro Cattani)	(Pietro Aglianò)

Parent Company: Esprinet S.p.A.

VAT Number: IT 02999990969

Companies' Register of Milan, Monza e Brianza, Lodi and Tax Number: 05091320159
R.E.A. (economic and administrative index) 1158694

Registered Office and Administrative HQ: Via Energy Park, 20 - 20871 Vimercate (MB)

Subscribed and paid-in share capital as at 31/12/2021: Euro 7.860.651

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