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Q1 2021 Results Conference Call

May 17, 2021

Forward Looking Statement

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Q1 2021
KEY METRICS

Q1 2021 at a glance

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Q1 2021 results reward the Group's strategy once again

P&L PERFORMANCE: DOUBLE-DIGIT GROWTH

- Q1 2021 all the economic and financial indicators in strong growth:

  I. **Sales up +28% yoy to 1,166 M€**

  II. **EBITDA Adjusted up +70% to 20.3 M€**

- ESPRINET **outperformed the market in all three countries:** Italy +23%, Spain +36%, Portugal +50%
- ESPRINET breaks new **market share record**
- **Gross profit: improving on all business lines**, stood at 4.81% (compared to 4.63% in Q1 20), despite the growing weight of PC and smartphone sales

SOLID BALANCE SHEET SUPPORTING GROWTH STRATEGY

- **Cash Cycle** closes at **5 days**, with an improvement of -3 days compared to Q4 20 and of -15 days compared to Q1 20
- **Net Financial Position** as of March 31, 2021 negative for 71.6 M€, an improvement compared to March 31, 2020 (negative for 127.1 M€) and down compared to December 31, 2020 (positive for 302.8 M€)
- **ROCE** at **19.7%** thanks to the efficient management of the cash conversion cycle and the increase in operating profitability

CAPITAL ALLOCATION

- On May 11, 2021 paid **dividend of 0.54 euros per share**, a pay-out ratio up to 50%, recovering the dividend suspended in 2020 at the moment of maximum uncertainty linked to the pandemic, for a total of 26.8 M€
- **From April 20, 2021 until May 12, 2021 purchased 1,464,369 ordinary shares**, corresponding to 2.88% of the share capital which were added to the shares already owned bringing the total to 1,528,024 shares corresponding to 3% of the share capital. Average purchase price of 13.56 € for a total of 19.9 M€. 1,011,318 shares will serve the Long Term Incentive Plan, the others will be cancelled

Q1 2021 Financial Highlights

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(M/€)	31/03/2021	31/03/2020	Var. %
Sales from contracts wit	1,166.0	913.8	28%
Gross Profit	56.1	42.3	33%
Gross Profit %	*4.81%*	*4.63%*	
EBITDA adj.	**20.3**	**11.9**	**70%**
EBITDA adj. %	*1.74%*	*1.31%*	
EBIT adj.	**16.5**	**8.3**	**98%**
EBIT adj. %	*1.42%*	*0.91%*	
EBIT	**16.5**	**8.3**	**98%**
EBIT %	*1.42%*	*0.91%*	
Net Income	**10.2**	**3.9**	**159%**
Net Income %	*0.88%*	*0.43%*	

- Net Invested Capital as of March 31, 2021 stands at 470.7 M€ and is covered by:
  - Shareholders' equity, including non-controlling interests, for 399.1 M€ (361.8 M€ as of March 31, 2020)
  - Cash negative for 71.6 M€ (negative for 127.1 M€ as of March 31, 2020)
- Cash positive (Pre-IFRS 16) for 46.0 M€ (negative for 20.4 M€ as of March 31, 2020)

(M/€)	31/03/2021	31/03/2020	31/12/2020
Fixed Assets	137.9	118.8	137.0
Operating Net Working Capital	235.1	285.5	(121.0)
Other current asset (liabilities)	4.2	(2.8)	(9.9)
Other non-current asset (liabilities)	(20.8)	(17.4)	(19.9)
Net Invested Capital *[ante IFRS16]*	**356.3**	**384.1**	**(13.7)**
RoU Assets *[IFRS16]*	114.4	104.8	99.9
Net Invested Capital	**470.7**	**489.0**	**86.2**
Cash	(219.7)	(116.6)	(558.9)
Short-term debt	62.3	80.7	18.2
Medium/log-term debt[1]	138.0	74.2	145.4
Financial assets	(26.6)	(17.9)	(10.3)
Net financial debt *[ante IFRS16]*	**(46.0)**	**20.4**	**(405.6)**
Net Equity *[ante IFRS16]*	**402.4**	**363.7**	**391.9**
Funding sources *[ante IFRS16]*	**356.3**	**384.1**	**(13.7)**
Lease liabilities *[IFRS16]*	117.7	106.7	102.9
Net financial debt	**71.6**	**127.1**	**(302.8)**
Net Equity	**399.1**	**361.8**	**389.0**
Funding sources	**470.7**	**489.0**	**86.2**

[1] Including the amount due within 1 year

[2] Net financial debt ante IFRS 16

A solid financial structure

CONSISTENT DISCIPLINE IN BALANCE SHEET MANAGEMENT

Cash Conversion Cycle

- closes at **5 days**
- an improvement of -3 days compared to Q4 20
- thanks to better Inventory Days (-1) and DPOs (2), substantial stability of the DSOs

NFP

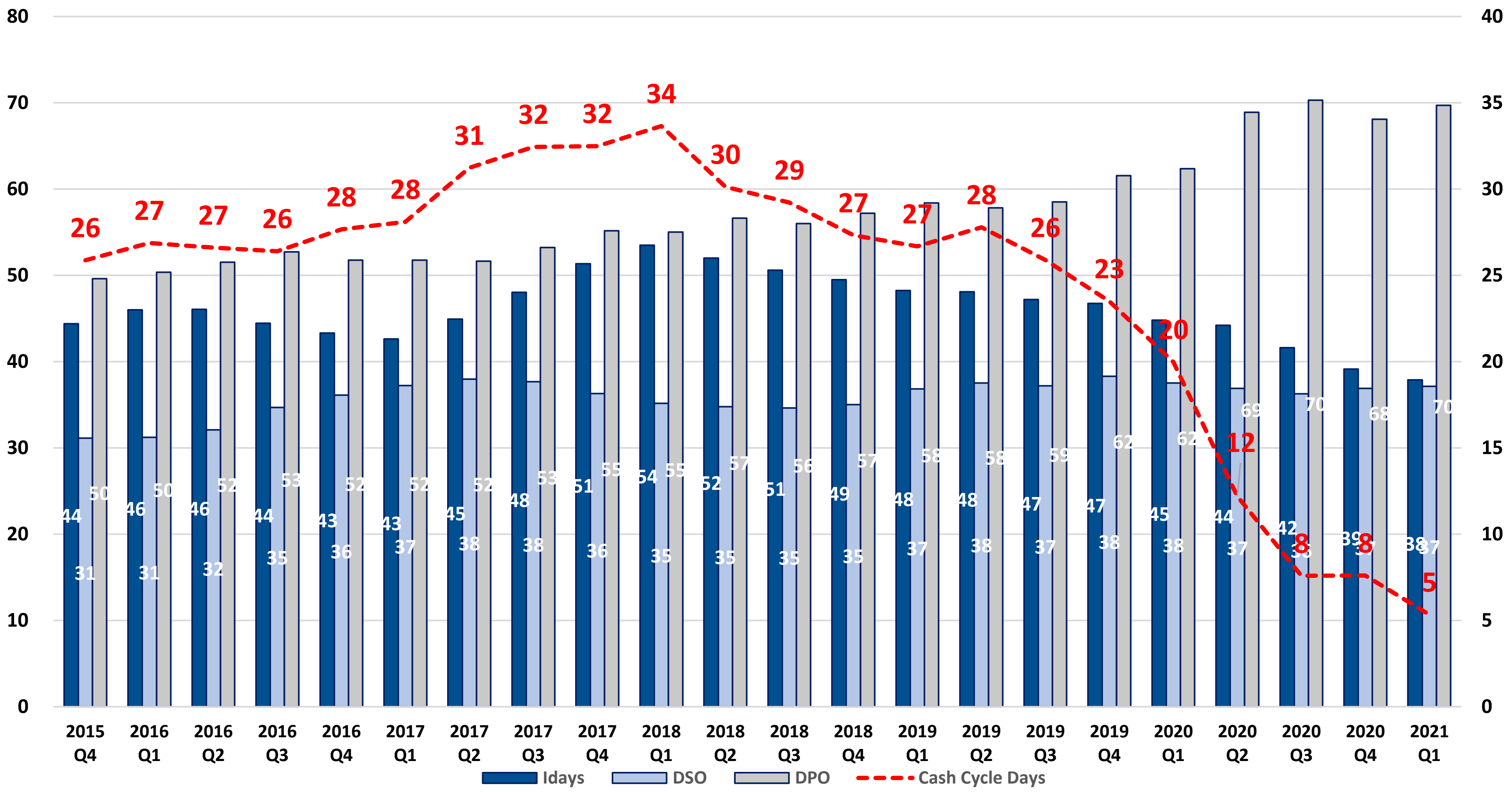
- **negative for 71.6 M€,** net of IFRS 16 effects (positive for 46.0 M€ pre IFRS 16)
- an improvement compared to March 31, 2020 (negative for 127.1 M€) and down compared to December 31, 2020 (positive for 302.8 M€)

ROCE(*)

- stood at **19.7%**, compared to 8.6% in Q1 20
- thanks to the efficient management of the cash conversion cycle and the increase in operating profitability

(*) Average Capital Employed last 5 quartes: equal to the average of "Loans" at the closing date of the period and at the four previous quarterly closing dates (excluding the equity effects of IFRS 16).
NOPAT Adj last 4 quarters: equal to the sum of the EBIT- excluding the effects of the IFRS16 accounting principle - of the last four quarters less adjusted taxes.
ROCE: NOPAT Adj last 4 quarters / Average Capital Employed last 5 quartes.

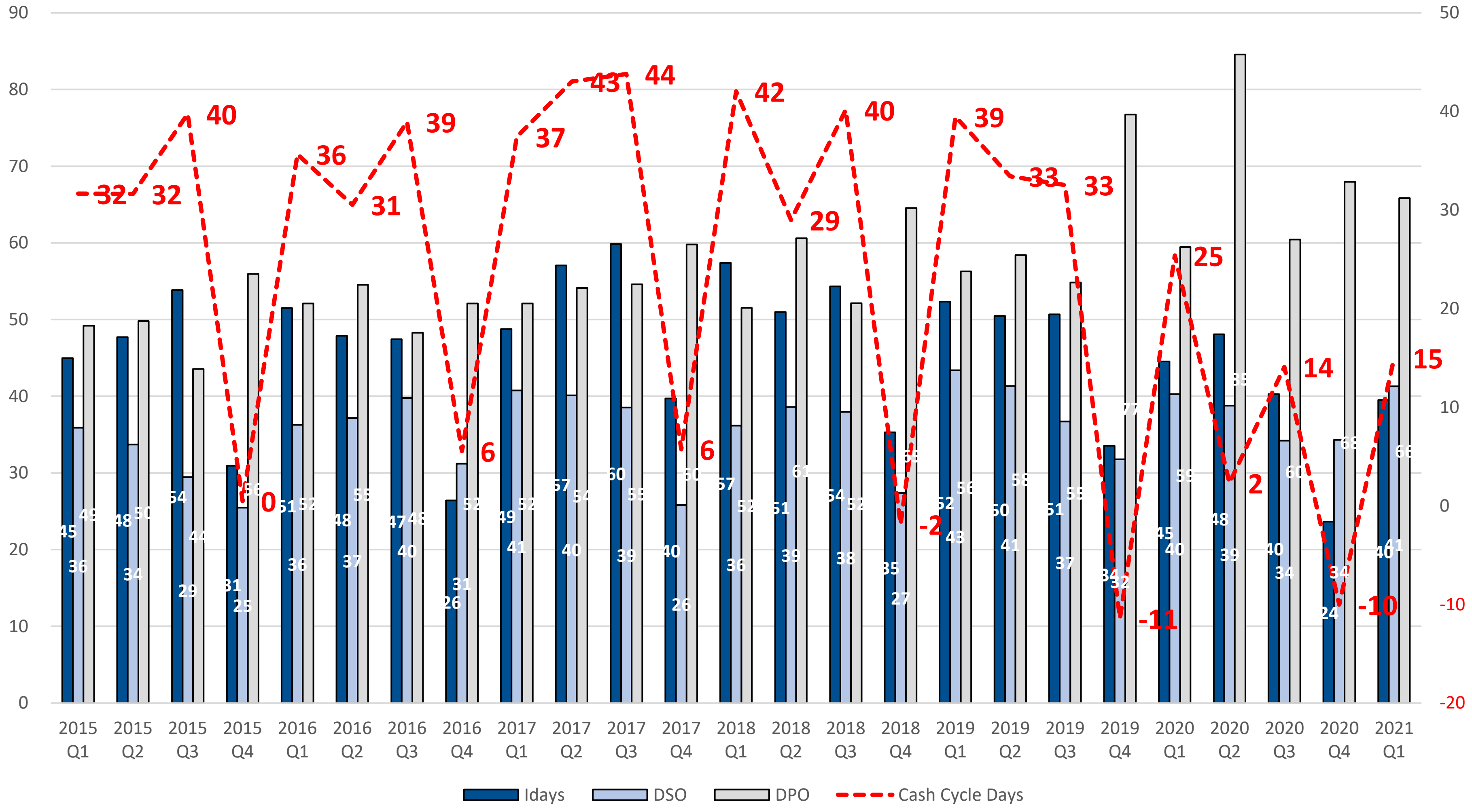
Working Capital Metrics 4-qtr average



Idays (Inventory Days): 4-qtr average of (quarter-end Inventory / quarterly Sales * 90)
DSO (Days of Sales Outstanding): 4-qtr average of (quarter-end Trade Receivables / quarterly Sales * 90)
DPO (Days of Purchases Outstanding): 4-qtr average of (quarter-end Trade Payables / quarterly Cost of Sales * 90)

- Q1 2021: the new best performance ever
- Continuous reduction of cash cycle days due to higher inventory rotation and longer payment terms from suppliers
- As of March 31, 2021 working capital days stand at 5 improving year-on-year (-15)
- Compared to Q4 2020 metrics, Idays decreased -1 day, DSO stable and DPO increased +2 days for a final resulta at 5 days that outperforms the previous quarter

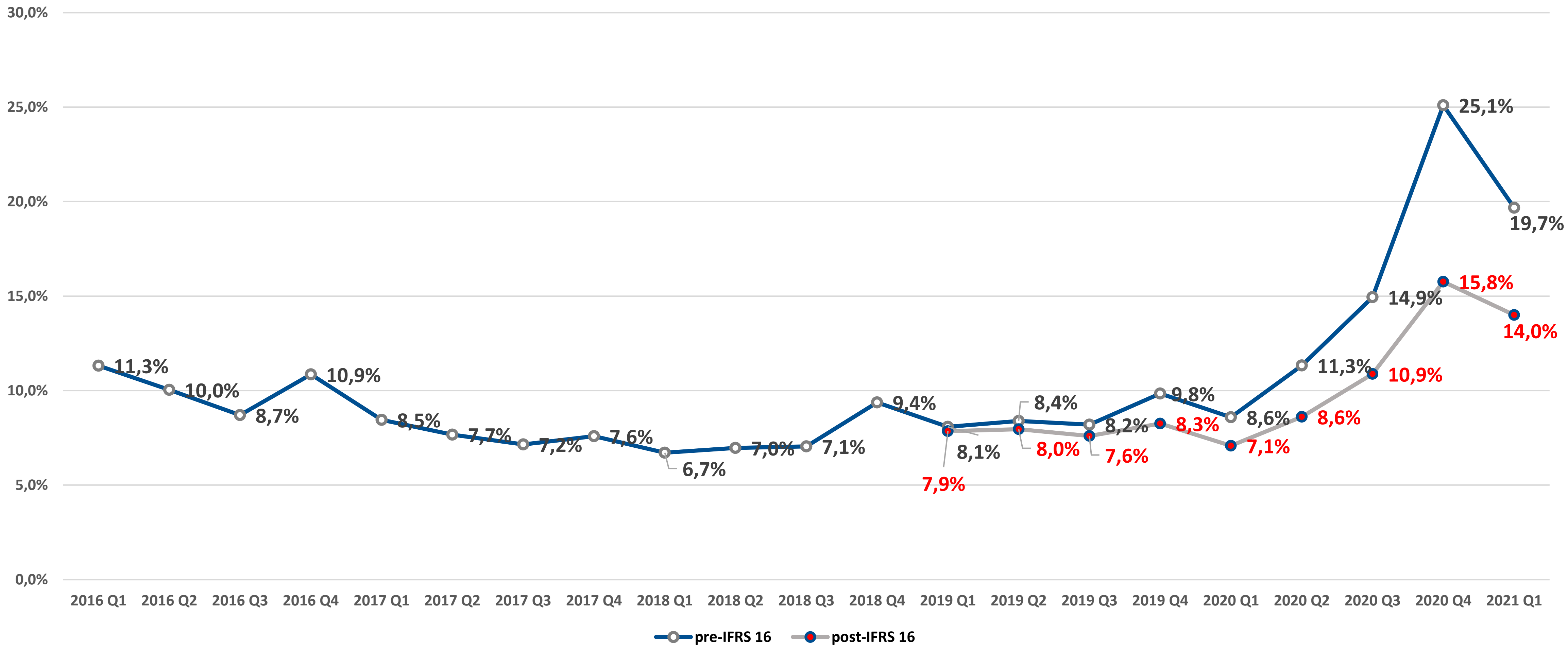
Working Capital Metrics quarter-end



- As of March 31, 2021 working capital days stand at 15.
- Inventory days amounted to 40 days, DSOs amounted to 41 days mainly having reduced the recourse to factoring, the DPO stood at 66 days.

Idays (Inventory Days): quarter-end Inventory / quarterly Sales * 90
DSO (Days of Sales Outstanding): quarter-end Trade Receivables / quarterly Sales * 90
DPO (Days of Purchases Outstanding): quarter-end Trade Payables / quarterly Cost of Sales * 90

ROCE Evolution Up To Q1 2021



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STRATEGY & EXECUTION

ROCE Driven Strategy

NOPAT

CAPITAL EMPLOYED

FOCUS ON PROFITABILITY IMPROVEMENT

CORE BUSINESS

- **Customer Satisfaction**
- **PCs & Smartphones**: volumes without additional fixed costs
- Organic & inorganic growth on **Advanced Solutions and on Consumer Electronics high margin niches**

IN PROGRESS

- **Consumption Model**: Cloud, DaaS and Managed Print Service to grow profitability
- **Outsourcing** of logistics & marketing to profit from high-added value lying in Tech without down or upstream integration

CAPITAL EMPLOYED OPTIMIZATION

- **Cash Conversion Cycle optimization**
  - ✓ Achieve industry standard levels in **Inventory Days** moving from > 40 days to low 30s
  - ✓ Keep **DSOs** stable
  - ✓ Keep **DPOs** stable leveraging on faster credit notes collection times and on opportunistic extra-payment terms

- **Keep on growing businesses which imply low Working Capital absorption**
  - ✓ Consumption Models
  - ✓ Outsourcing
  - ✓ PCs & Smartphones

Sales Evolution

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Q1 2021: 1,166 M€ (+28% vs 914 M€ in Q1 2020)

BY GEOGRAPHY

		Esprinet	Market(*)
733 M€	Italy	23% ▲	21% ▲
405 M€	Spain	36% ▲	20% ▲
17 M€	Portugal	50% ▲	13% ▲

11 M€ Other (+40%)

BY PRODUCT CATEGORY

		Esprinet	Market(*)
656 M€	IT Clients	35% ▲	36% ▲
343 M€	Consumer Electronics	23% ▲	22% ▲
207 M€	Advanced Solutions	48% ▲	-4% ▼

-40 M€ IFRS15 and other adjustments

BY CUSTOMER TYPE

		Esprinet	Market(*)
481 M€	Retailers & E-tailers	25% ▲	23% ▲
725 M€	IT Resellers	39% ▲	18% ▲

-40 M€ IFRS15 and other adjustments

(*) Source: Context

Drill down on business sector sales

- **Significant boost** to profitability coming **from increased volumes of high gross profit margin Advanced Solutions** business lines.
- **Sales of Advanced Solutions grew by 48%** compared to Q1 2020, in a market(*) that decreased by 4%, entailing a significant market share growth.
  In detail:
  - Hardware (networking, storage, servers and others) +32%
  - Software, Services, Cloud +82%
- The integration process of GTI Group in Spain and of Dacom and idMAINT in Italy is progressing steadily and the contribution to sales and EBITDA Adj. of the combined entities in Q1 was respectively of **42.8 M€ of sales and 2.1 M€ of EBITDA Adj.**, resulting in a for a total **4,91% EBITDA Margin** for the three acquired companies alone.
- ROCE of these acquisitions is well above WACC.
- **XaaS** ("Everything as a Service") in Q1 2021 up to **30.5 M€** (6.3 M€ in Q1 2020): a 384% growth. Without the contribution of the GTI Group acquisition the organic growth would have been of 68% for a total of 10.6 M€ against 6.3 M€ of Q1 2020.
- The Customer Satisfaction Program of Esprinet (*"Together is Better"*), started almost two years ago, is steadily progressing not only through massive re-training of the entire workforce and the change of compensation schemes but also by means of the progressive redesign of internal procedures based on the ongoing active listening process of customers suggestions.
- The results of this ongoing multi-year effort led to an **increase in sales in the IT reseller segment by 39%**, in a market(*) that grew by 18%, again providing a significant market share growth in this higher margin customer segment.

(*) *Source: Context*

Drivers of profitability

- **Growing margins on all business lines** thanks to the constant commitment to improve **customer satisfaction** index.

- Customer satisfaction also results in further **consolidated market shares** in all product and customer segments in all three geographies.

- The growing revenues of PCs and Smartphones and the almost absence of additional fixed costs, have contributed to bottom line growth exploiting the operating leverage.

- The incidence of operating **costs on revenues decreased to 3.37%** compared to 3.69% in Q1 2020.
  The amount of operating costs, equal to 39.3 M€, instead shows an increase of 5.6 M€ compared to Q1 2020 mainly following the acquisition of the GTI Group in Spain, Dacom S.p.A. and idMAINT Group in Italy.

- The balance between financial income and expenses, negative by 2.5 M€, is in line with Q1 2020 but representing a different mix between medium / long-term loans and short-term bank credit facilities. The balance includes 0.8 M€ of IFRS 16 related lease costs as well as 1.1 M€ of losses on exchange rates.

- **The tax rate is reduced** due to the combined effect of the higher incidence of the results in Spain, subject to a lower tax rate compared to Italy, and due to an estimated higher incidence of permanent differences in Q1 2020 which were not replicated in Q1 2021 which is more in line with the nominal tax rates of the countries were the group is active.

Guidance

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- We expect **the first half of 2021 should confirm a favorable comparison** against the previous year whilst **the second half opens up to multiple scenarios** relating to the uncertainty linked to the pandemic.

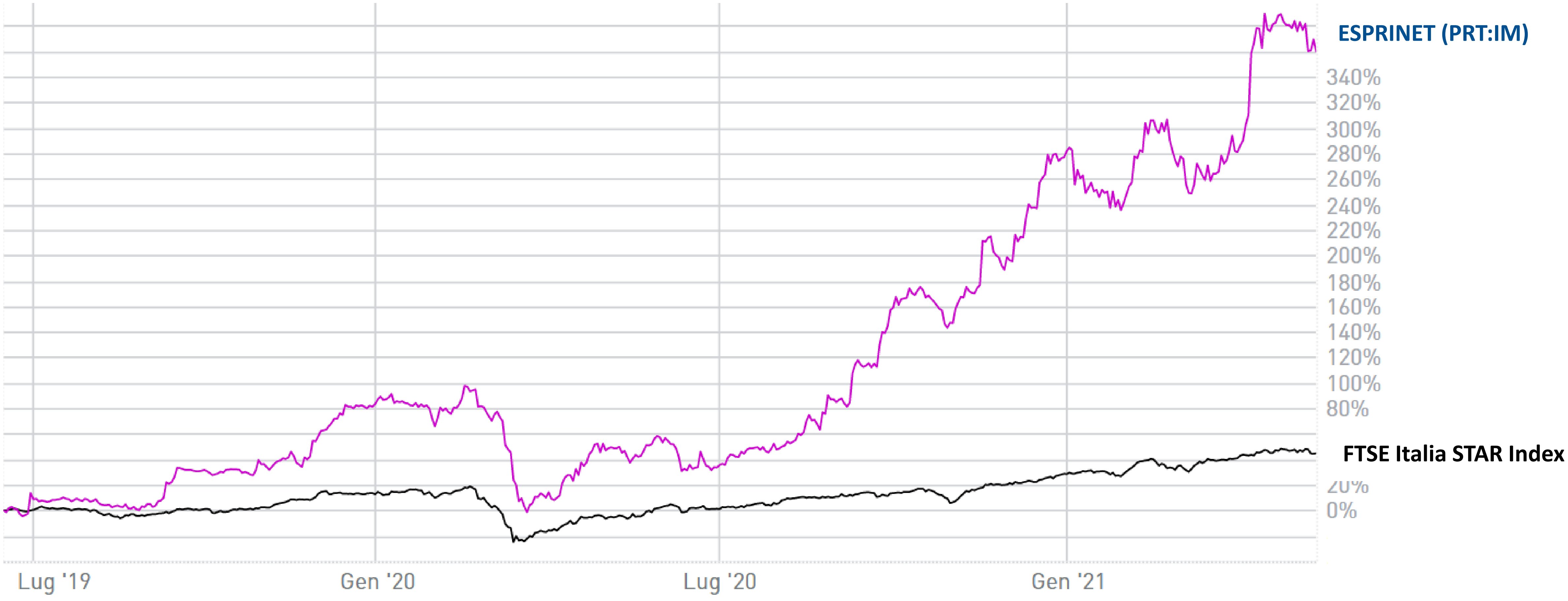
    - **The conservative scenario** still implies a certain level of growth in the coming quarters even if expecting a slowdown in demand for mobile products which might be partially replaced by the purchase of goods and services such as apparel, travel and outdoor eating that so far have been constrained by the restrictions that we expect should be gradually removed as an effect of the end of the pandemic. The conservative scenario also implies a prolonged level of shortage of products as experienced so far.
    - **The optimistic scenario**, on the other hand, presumes a more robust growth assuming an improvement of the shortage of products experienced so far, a still sustained demand for consumer products and an acceleration of IT infrastructure spending by companies.

- The demand for products linked to the strengthening of digital infrastructures could also accelerate if the national investment plans within the **Next Generation EU program** will be implemented quickly**.**

- In order to assist customers and suppliers in the digital transformation, **the Group's strategic guidelines will be developed further in terms of the Consumption model (Cloud, DaaS and MPS) and Outsourcing of logistics and digital services.**

- Based on these premises, certain of the growing centrality of the IT distribution industry in the current global context, and with the expectation of greater visibility of the trend in consumer demand in the final part of the year, **the guidance for the year 2021 forecasts sales exceeding Euro 5.0 billion and an Adjusted EBITDA of more than Euro 80 million.**

Share performance since launch of "ROCE driven strategy"



Upcoming Events

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EVENT	DATE
Italian Investment Conference 2021 organized by Unicredit & Kepler Cheuvreux	**May 18, 2021**
Virtual Tech Day organized by Intermonte	**May 19, 2021**
Mid & Small Virtual | Spring organized by Virgilio IR	**June 15-17, 2021**
Mid & Small Virtual | Summer organized by Virgilio IR	**July 26 - August 6, 2021**
Board of Directors Approval of the Half-Year Financial Report as at June 30, 2021	**September 7, 2021**
Berenberg Pan-European Discovery Conference organized by Berenberg	**September 8-9, 2021**
STAR Conference Fall 2021 organized by Borsa Italiana	**October 12-13, 2021**
Board of Directors Approval of the Additional Financial Information as at September 30, 2021	**November 11, 2021**
Mid & Small in Milan organized by Virgilio IR	**December 1-2, 2021**

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Q&A

Thank you

GRAZIE • GRACIAS • OBRIGADO • DANKE • MERCI • 감사 • 謝謝 • 感謝

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ANNEX

Shareholders & Analyst Coverage

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DECLARANT & DIRECT SHAREHOLDER	% ON ORDINARY CAPITAL	% ON VOTING CAPITAL
Francesco Monti	16.16%	16.16%
Giuseppe Calì	11.26%	11.26%
Axopa S.r.l. (Maurizio Rota and Alessandro Cattani)	9.79%	9.79%
Paolo Stefanelli (*)	5.22%	5.22%
JP Morgan	5.01%	5.01%
Own shares	3.00%	3.00%
Free float	**49.56%**	**49.56%**

Italian Stock Exchange (PRT:IM)

Number of shares: 50.93 million

YTD Average volume of 420,523 shares per day (**)

ANALYST COVERAGE

Kepler Cheuvreux

Mediobanca

Intesa Sanpaolo

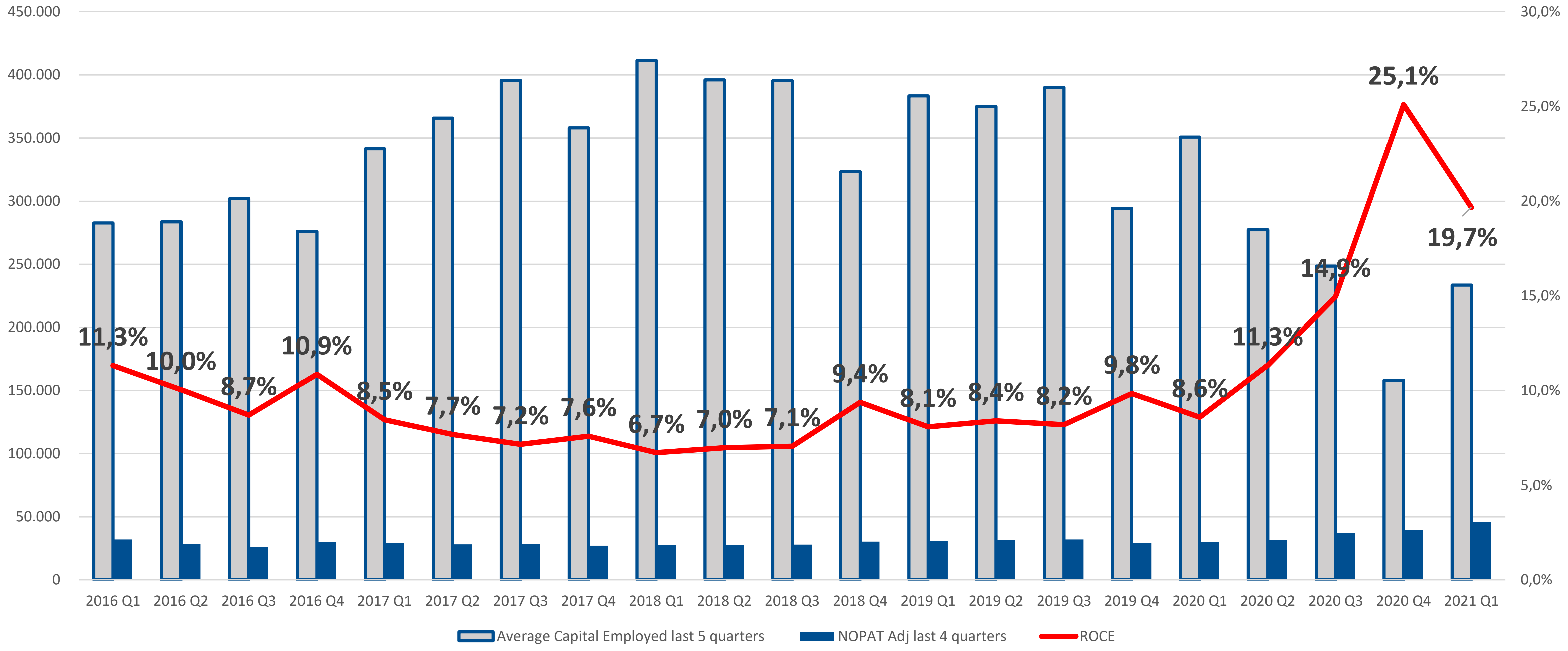
IRTOP Consulting

Intermonte

Midcap Partners

(*) Paolo Stefanelli's heirs.
(**) Periodo: 1st January - 13th May, 2021.

ROCE Evolution Up To Q1 2021



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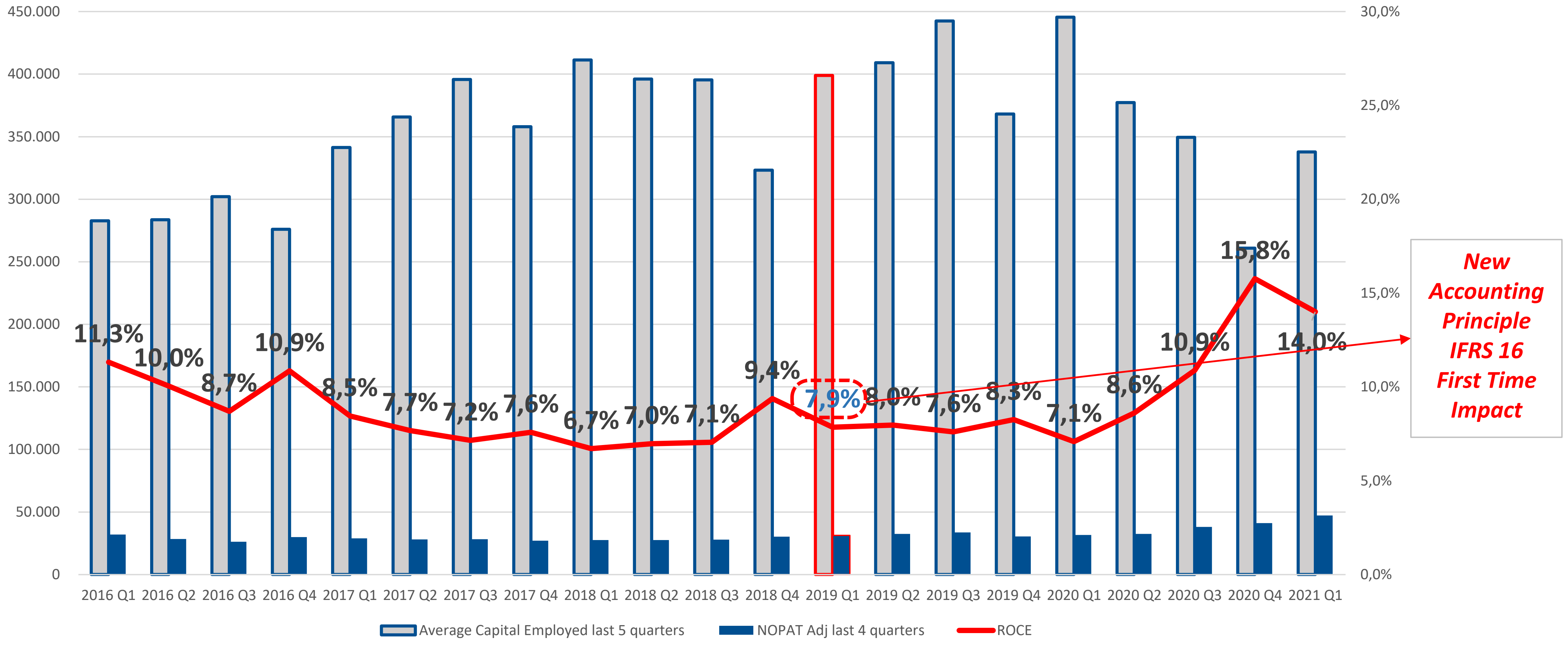
ROCE IFRS16 Evolution Up To Q1 2021



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