



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of Esprinet SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Esprinet SpA (hereinafter, also, “the Company”), which comprise the statement of financial position as of 31 December 2020, the separate income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Investments in subsidiaries

Note 5 “Investments” to the separate financial statements as of 31 December 2020.

In the separate financial statements as of 31 December 2020 investments in subsidiaries, valued at cost, amounted to Euro 83 million.

The Company verifies annually if there is an indication that investments in subsidiaries might be impaired and, when necessary, compares the carrying amount of the investments to their respective recoverable amounts, in compliance with the requirements established by the International Accounting Standard “IAS 36 - Impairment of Assets”.

The recoverable amount of investments in subsidiaries has been measured as the higher of value in use, which has been calculated as the present value of future cash flows for 2021-2025 and the estimate of a terminal value, and fair value less costs of disposal, determined through the income approach.

As of 31 December 2020, and as a result of the analysis performed, the directors recognized in the separate income statement an impairment loss amount of Euro 4,8 million.

We consider the valuation of investments in subsidiaries a key audit matter due to its materiality and the level of judgement required by the directors in the estimation process with reference to potential indicators of impairment and the estimate of the recoverable amount.

We gained an understanding and evaluated the procedures implemented by the directors to verify the carrying amount of the investments in subsidiaries and their potential impairment indicators.

We verified the method used by the directors to identify and evaluate potential impairment indicators of the investments in subsidiaries. We compared book values of investments with the corresponding equity values as of 31 December 2020 and compared the business performance of each investment with forecasts set out by the directors.

We discussed with the directors, and the auditors of the subsidiaries, the financial performance as well as the corresponding information and data used in the context of the impairment tests performed.

We verified the valuation method, mathematical accuracy and reasonableness of the assumptions used in the impairment test.

In order to support the analyses, we engaged experts belonging to the PwC network.

Revenue recognition net of rebates and discounts

Note 2.4.2 “Critical accounting estimates and assumptions - Revenues adjustments and credit notes to be issued toward customers” to the separate financial statements as of 31 December 2020



Key Audit Matters

The Company operates in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics. In line with industry's practices, the Company recognizes rebates and discounts to customers based on contractual agreements in place. Such adjustments, including the year-end estimate, are accounted for as a reduction in revenues and account receivables.

Revenue recognition, net of rebates and discounts, required audit focus due to the significant number of transactions and elements of uncertainty inherent in the estimation process due to numerous contracts with a variety of contractual terms and complex calculations.

Auditing procedures performed in response to key audit matters

We gained an understanding and evaluated the internal control system implemented by the Company related to the revenue recognition process under IFRS 15, including adjustments for rebates and discounts towards customers.

We validated the operating effectiveness of key controls (manual and automated) identified, in certain instances engaging experts in IT systems and business process analysis belonging to the PwC network.

We carried out testing procedures on a sample basis and analyzed the supporting documentation obtained to verify the existence, completeness, accuracy and cut-off of transactions.

Additionally, we verified the reasonableness of the directors' assumptions by comparing prior year's estimate against actual results and comparing estimates as of 31 December 2020 with credit notes issued after year-end.

We analyzed the main commercial agreements in place with customers to verify that related contractual terms were properly evaluated by the directors in the revenue's adjustments computation.

We performed external confirmation procedures on a sample basis with the aim of obtaining additional evidence to support trade receivables booked and related revenues.

Accounting of costs adjustments from suppliers

Note 2.4.2 "Critical accounting estimates and assumptions - Costs adjustments and credit notes due from vendors" to the separate financial statements as of 31 December 2020

The Company has agreements in place with suppliers for reimbursements of joint marketing activities, contractual stock protection, rebates for

We gained an understanding and evaluated the internal control system implemented by the Company related to



Key Audit Matters

achieving targets and incentives of various kind. These adjustments, including the year-end estimate, are accounted for as a reduction in costs and account payables.

The accounting for costs adjustments from suppliers required audit focus, due to the significant number of transactions and elements of uncertainty inherent to the estimation process due to numerous contracts with a variety of contractual terms and complex calculations.

Auditing procedures performed in response to key audit matters

adjustments from suppliers. We validated the operating effectiveness of the key controls (manual and automated) identified.

We carried out testing procedures on a sample basis through the analysis of the supporting documentation and the contractual terms in place with suppliers.

Additionally, we verified the reasonableness of the directors' assumptions by comparing prior year's estimate against actual results and comparing estimates as of 31 December 2020 with credit notes received after year-end.

We performed external confirmation procedures on a sample basis with the aim of obtaining additional evidence to support trade payables and related costs.

Contingent liabilities and Provisions for risks and charges

Note 26 "Non-current provisions and other liabilities" to the separate financial statements as of 31 December 2020

The Company is involved in several tax disputes.

Consistent with previous years, the directors, with the support of external legal and tax counsel, do not consider the risk of occurrence of significant liabilities related to these matters to be probable. As such, no specific provision has been recorded. The Company directors' judgement is high in connection with these disputes, specifically with reference to the assessment of the uncertainties related to their expected results.

Management's assessment of risks related to these proceedings was an area of focus in the context of our audit activities. This was due to the complexity and uncertainty of management's estimate.

We analyzed management's process to identify and evaluate contingent liabilities and estimate related accruals.

Among other things, these activities have been performed through various discussions held with Esprinet's directors with the aim of gaining an understanding of the liabilities' estimation process, the defensive strategy and actions which have been defined based on claims received.

We analyzed supporting documentation underlying the facts of these disputes and have obtained confirmations directly from the company's external tax and legal counsel.

Key Audit Matters

Auditing procedures performed in response to key audit matters

We verified the adequacy of the financial statements disclosure based on international financial reporting standards requirements, also considering information and data obtained during our audit.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 8 May 2019, the shareholders of Esprinet SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Esprinet SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Esprinet SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Esprinet SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Esprinet SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 16 March 2021

PricewaterhouseCoopers SpA

Signed by

Andrea Martinelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers