Esprinet Group

Half-year Financial Report as at 30 June 2021

Approved by the Board of Directors on 6 September 2021

Parent Company:

Esprinet S.p.A.
VAT no.: IT 02999990969
Companies' Register of Milan, Monza and 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 30/06/2021: Euro 7,860,651

www.esprinet.com - info@esprinet.com

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) (RAC) (CRC)
Director	Lorenza Morandini	(InD) (CSC)
Director	Emanuela Prandelli	(InD) (RAC)
Director	Renata Maria Ricotti	(InD) (RAC) (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:

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

PricewaterhouseCoopers S.p.A.

Waiver of obligation to provide information on extraordinary transactions

Pursuant to Article 70, paragraph 8, and Article 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.

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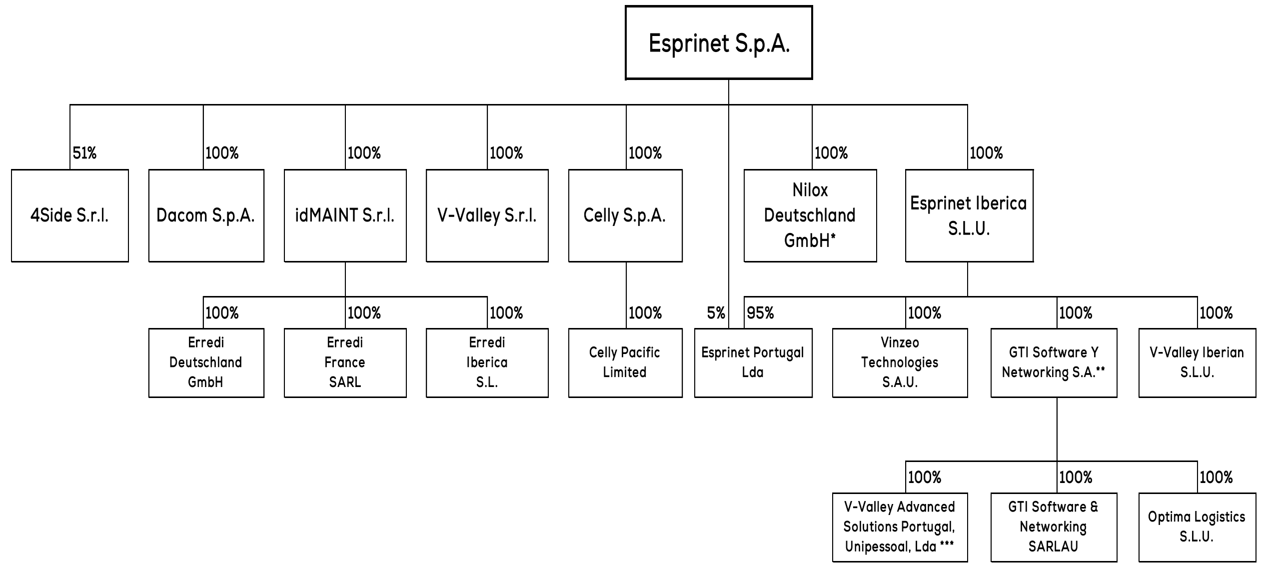
Activities and structure of the Esprinet Group

1. General information about the Esprinet Group

The structure of the Esprinet Group as at 30 June 2021 is as follows:



* Discontinued on 30 June 2021
** 100% of which 9,58% of own shares owned by GTI Software y Networking S.A.
*** 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 " Subgroup Italy" and the " Subgroup Iberica".
At period end, Subgroup Italy includes not only the parent company Esprinet S.p.A., but also the companies it directly controls, V-Valley S.r.l., Celly S.p.A., Nilox Deutschland GmbH (in liquidation from 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 Subgroup Italy, 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., while the subsidiary Celly S.p.A. also includes its wholly-owned subsidiary Celly Pacific LTD, a company incorporated under the laws of China operating in the same operating sector as Celly S.p.A.

At the same date, Subgroup Iberica is made up of the Spanish-law and Portuguese-law subsidiaries operating in the Iberian Peninsula, i.e. Esprinet Iberica S.L.U. and its subsidiaries Esprinet Portugal Lda, Vinzeo Technologies S.A.U., V-Valley Iberian S.L.U. and GTI Software Y Networking S.A., acquired and consolidated as at 1 October 2020. For the purposes of representation within the Subgroup Spain, the subsidiary GTI Software Y Networking 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. (collectively the "GTI Group").

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 the services provided by Intesa Sanpaolo S.p.A. for specialist activities.

2. Target Market Trend

The technology distribution industry

Europe

In the first half of 2021, the IT and electronics distribution industry generated revenues of around 41.9 billion euro, up (+10.3%) compared with roughly 38.0 billion euro in the first half of 2020, as measured by a research firm, Context (June 2021), with reference to a panel of distributors representative of the general trend.
A detailed look by quarter shows that the second quarter recorded an increase of +8.7% compared with the previous year, a decrease compared with the increase recorded in the first quarter (+11.7%).

Germany, the main European market with roughly 9.0 billion euro, recorded an increase of 3.9%, while the United Kingdom and Ireland, second in terms of importance, registered a more sizeable increase of +8.8%.
Italy (third country in terms of revenues - approximately 4.6 billion euro), Spain and Portugal recorded double-digit increases (Italy +15.9%, Spain + 18,7% and Portugal +12.7%).
France also recorded growth of +5.3%, due in particular to the performance in the second quarter.
It should also be noted that the countries in Eastern Europe (Poland, Czech Republic, Baltic Countries and Slovakia) once again together recorded growth well above the European average (+23.1%).

The table below summarises the distribution trend in the first two quarters:

	1st quarter. 2021 vs 2020	2nd quarter 2021 vs 2020	H1 2021 vs 2020
Total	**11.7%**	**8.7%**	**10.3%**
Germany	4.3%	3.6%	3.9%
UK & Ireland	9.9%	7.7%	8.8%
Italy	**21.0%**	**10.7%**	**15.9%**
France	3.7%	7.1%	5.3%
Spain	**20.2%**	**17.1%**	**18.7%**
Netherlands	3.5%	5.3%	4.4%
Poland	38.9%	19.1%	28.7%
Switzerland	17.1%	2.4%	9.8%
Sweden	15.3%	15.5%	15.4%
Austria	7.5%	13.5%	10.3%
Belgium	13.6%	4.8%	9.4%
Denmark	37.4%	22.0%	30.3%
Czech Republic	19.6%	15.5%	17.6%
Portugal	**13.0%**	**12.5%**	**12.7%**
Finland	-2.2%	4.4%	0.8%
Norway	5.9%	1.1%	3.6%
Baltics	24.4%	21.4%	22.8%
Slovakia	-9.9%	3.8%	-4.0%

Source: Context, June 2021

Italy

In the first half of 2021, the Italian technology distribution market mapped in the Context Panel grew by +15.9% compared with the same period in 2020.
Following growth of 21.0% in the first quarter, the second quarter recorded an increase of +10.7% compared to the second quarter of the previous year which, in June, saw a significant jump in the volume of revenues due to the effects of lockdown, namely remote working and distance learning.
Mobile Computing (notebooks and tablets), Desktop Computing and Smartphones, which together made a contribution of almost 60% to the total growth, recorded the following changes: notebooks +27.8%, tablets +27.6%, desktops +28.5%, smartphones +14.8%.
A sizeable contribution to total growth (roughly 8%) was also made by the monitors category, both desktop (+39.5% compared to the first half of the previous year) and large format (+70.4% compared to the first half of the previous year).
Computer components and accessories (around 6% of the total growth), recorded an increase of +24.7% and, more specifically the product category processors posted an increase of +39.5%.
As regards consumer products, in addition to the above-mentioned category of Smartphones, Smartwatches recorded a stand-out performance, with revenues up by 165.8%, contributing 6% to the total growth in absolute terms.
In Italy, the Group reported an increase of 18.2% in revenues, consolidating its market share.
'Business' customers in the distribution market increased by 7.9% and the Group increased its share, while the 'retail' market segment grew by 31.1% and, in this case, the Group underperformed.

Spain

In the first half of 2021, the Spanish technology distribution market grew by +18.7% compared with 2020, while the quarter just ended was up +17.1%. The first quarter recorded an increase of 20.2%.
Also in Spain, Mobile Computing (notebooks and tablets), Desktop Computing and Smartphones are the categories that, considered together, made the biggest contribution to total growth (57%), recording the following rates of growth: notebooks and tablets +17.2%, desktops +15.9%, smartphones +43.9%.
The same trend was noted in the monitors category which, as with Italy, made a notable contribution to total growth (5%): desktop monitors recorded an increase of +22.1% and large format displays grew by +51.1%.
Roughly 9% of the total increase was contributed by the revenues of Computer Components and Accessories, which recorded increases respectively of +30.5% (thanks in particular to the rise of +34.1% in processors and +40.4% in graphics cards) and +22.5%.
In Spain, the Group recorded growth of 26.4% in revenues, increasing its market share.
'Business' customers increased by 16.3% and the Group increased its share, while the 'retail' market segment grew by 22.5% and, in this segment, the Group underperformed.

Portugal

In the first half of 2021, the Portuguese technology distribution market mapped in the Context Panel grew by +12.7% compared with the same period in 2020, with the quarter just ended up +12.5%. The first quarter recorded an increase of 13.0%.
The categories Notebooks and Smartphones, with increases of +13.7% and +28.8% respectively compared to the same period of the previous year, made the biggest contributions to total growth.
In Portugal, the Group recorded growth of 75.7% in revenues, increasing its market share considerably.
"Business" customers registered growth of 11.6% and the Group strengthened its market share; by contrast, the "retail" market segment rose by 14.2% and the Group outperformed the market, increasing its market share significantly.

Group's results for the period

1. Summary of the Group's economic and financial results for the period

(euro/000)	6 months*							Q2 **					
	notes	2021	%	2020	notes	%	*% var. 21/20*	2021	%	2020	notes	%	*% var. 21/20*
Profit & Loss													
Sales from contracts with customers		2,236,823	100.0%	1,834,676		100.0%	22%	1,070,785	100.0%	920,914		100.0%	16%
Gross profit		116,791	5.2%	82,409		4.5%	42%	60,898	5.7%	40,316		4.4%	51%
EBITDA	(1)	41,717	1.9%	22,834	(1)	1.2%	83%	21,419	2.0%	10,906		1.2%	96%
Operating income (EBIT)		34,059	1.5%	14,612		0.8%	133%	17,513	1.6%	6,269		0.7%	179%
Profit before income tax		30,314	1.4%	10,739		0.6%	182%	16,226	1.5%	4,873		0.5%	233%
Net income		22,050	1.0%	7,683		0.4%	187%	11,842	1.1%	3,746		0.4%	216%
Financial data													
Cash flow	(2)	29,707		15,905	(2)								
Gross investments		3,514		1,850									
Net working capital	(3)	240,395		(130,921)	(3)								
Operating net working capital	(4)	232,245		(121,034)	(4)								
Fixed assets	(5)	250,830		236,965	(5)								
Net capital employed	(6)	469,605		86,186	(6)								
Net equity		364,743		388,963									
Tangible net equity	(7)	255,372		279,799	(7)								
Net financial debt	(8)	104,862		(302,777)	(8)								
Main indicators													
Net financial debt / Net equity		0.3		(0.8)									
Net financial debt / Tangible net equity		0.4		(1.1)									
EBIT / Finance costs - net		9.1		3.8									
EBITDA / Finance costs - net		11.1		5.9									
Net financial debt/ EBITDA	(9)	1.3		(5.2)	(9)								
ROCE	(10)	23.2%		11.4%	(10)								
Operational data													
N. of employees at end-period		1,650		1,325									
Avarage number of employees	(11)	1,624		1,323	(11)								
Earnings per share (euro)													
- Basic		0.45		0.16			181%	0.24		0.08			200%
- Diluted		0.44		0.16			175%	0.24		0.08			200%

(*) Comparative financial data indicators are calculated on 31 December 2020 figures.
(**) Not subject to limited audit.

(1) EBITDA is equal to the operating profit (EBIT) gross of amortisation, depreciation and write-downs.
(2) Sum of consolidated net profit 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, financial liabilities for leasing, cash and cash equivalents, assets/liabilities for derivative instruments and financial receivables from factoring companies.
(9) 12-month rolling EBITDA.
(10) Calculated as the ratio between (i) operating profit (EBIT) net of "non-recurring" components, the effects of IFRS 16 and taxes calculated at the effective tax rate of the latest set of annual consolidated financial statements published and, (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.
(11) Calculated as the average of opening balance and closing balance of consolidated companies.

The earnings and financial results in the first half of 2021 and those of the relative periods of comparison have been drawn up according to International Financial Standards ('IFRS'), endorsed by the European Union and in force during the period.
These results were subject to limited audit by the company PricewaterhouseCoopers S.p.A. with exception of figures relating only to the second quarter.

In the chart above, in addition to the conventional economic and financial indicators laid down by IFRSs, some 'alternative performance indicators', although not defined by the IFRSs, are presented.

These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute IFRS indicators; they are used internally by the management for measuring and controlling the Group's profitability, performance, capital structure and financial position.
As required by the ESMA/2015/1415 Guidelines issued by ESMA (European Securities and Market Authority) under Article 16 of the ESMA Regulation, updating the previous recommendation CESR/05-178b of the CESR (Committee of European Securities Regulators) and adopted by CONSOB with Communication No. 0092543 of 03/12/2015, the basis of calculation adopted is defined below the table.

2. Review of economic and financial results of the period

A) Esprinet Group's financial highlights

The Group's main earnings as at 30 June 2021 are hereby summarised:

(€/000)	H1 2021	H1 2020	% Var.	Q2 2021	Q2 2020	% Var.
Sales from contracts with customers	**2,236,823**	**1,834,676**	**22%**	**1,070,785**	**920,914**	**16%**
Cost of goods sold excl. factoring/securitisation	2,117,784	1,750,181	21%	1,008,814	879,483	15%
Financial cost of factoring/securisation[1]	1,750	1,692	3%	816	912	-11%
Gross Profit[2]	**117,289**	**82,803**	**42%**	**61,155**	**40,519**	**51%**
Gross Profit %	*5.24%*	*4.51%*		*5.71%*	*4.40%*	
Personnel costs	42,592	32,961	29%	21,730	16,077	35%
Other operating costs	32,980	25,891	27%	18,006	12,419	45%
EBITDA adjusted[3]	**41,717**	**23,951**	**74%**	**21,419**	**12,023**	**78%**
EBITDA adjusted %	*1.87%*	*1.31%*		*2.00%*	*1.31%*	
Depreciation e amortisation	2,283	2,184	5%	1,147	1,063	8%
IFRS 16 Right of Use depreciation	5,375	4,939	9%	2,759	2,475	11%
Goodwill impairment	-	-	n/s	-	-	n/s
EBIT adjusted[3]	**34,059**	**16,828**	**>100%**	**17,513**	**8,485**	**>100%**
EBIT adjusted %	*1.52%*	*0.92%*		*1.64%*	*0.92%*	
Non recurring costs[4]	-	2,216	-100%	-	2,216	-100%
EBIT	**34,059**	**14,612**	**>100%**	**17,513**	**6,269**	**>100%**
EBIT %	*1.52%*	*0.80%*		*1.64%*	*0.68%*	
IFRS 16 interest expenses on leases	1,581	1,682	-6%	790	834	-5%
Other financial (income) expenses	1,294	1,350	-4%	701	932	-25%
Foreign exchange (gains) losses	870	841	3%	(204)	(370)	-45%
Profit before income taxes	**30,314**	**10,739**	**>100%**	**16,226**	**4,873**	**>100%**
Income taxes	8,264	3,056	>100%	4,384	1,127	>100%
Net income	**22,050**	**7,683**	**>100%**	**11,842**	**3,746**	**>100%**

(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 destination, would be included in the cost of sales.
(3) Adjusted given gross of non-recurring items.
(4) Of which, with reference to the first half of 2020, 1.1 million euro otherwise included in "Other operating costs" and 1.1 million euro otherwise included in the item "Impairment of Goodwill".

Sales from contracts with customers, equal to 2,236.8 million euro, showed an increase of +22% compared with 1,834.7 million euro in the first half of 2020. Contributions to this result were provided by both organic growth (+17%) and the 88.0 million euro contribution from the GTI Group acquired in Spain in Q4 2020, from Dacom S.p.A. and the idMAINT Group, acquired in January 2021. The second quarter saw an increase of +16% (+11% without considering the contribution of 45.3 million euro from the aforementioned acquisitions) compared to the same period of the previous year (from 920.9 million euro to 1,070.8 million euro).

Gross Profit, amounting to 117.3 million euro, recorded an increase of +42% compared to 82.8 million euro recorded in the first half of 2020, due to both higher sales and the improvement in the percentage margin, which went from 4.51% to 5.24%, thanks also to the greater incidence of high margin business lines and the constant commitment to ensuring better customer satisfaction, both objectives of the Group's strategy. Deducting the positive contribution of 11.8 million euro from acquisitions which occurred after H1 2020 from the 2021 result, the change in gross profit is estimated to be around +27%, with an improved percentage margin from 4.51% to 4.91%. In the second quarter alone, the gross profit, amounting to 61.2 million euro, shows an improvement of +51% compared to the corresponding period of the previous year (+37% without considering the contribution of the aforementioned acquisitions), with an improved percentage margin from 4.40% to 5.71%.

EBITDA Adjusted and EBITDA, which were the same in the first half of 2021, given no non-recurring charges were recorded, while calculated gross of one-off costs of 1.1 million euro in the corresponding period of the previous year, they totalled 41.7 million euro, +74% compared to 24.0 million euro in the first half of 2020, a further improvement in percentage terms with respect to the growth in gross profit. The incidence on sales rose to 1.87% from 1.31% in H1 2020. Also deducting the contribution of 3.6 million euro of the newly acquired companies from the 2021 result, Adjusted EBITDA amounts to 38.1 million euro (+59%). In the second quarter alone, an increase of +78% was recorded (+66% without considering the contribution of the aforementioned acquisitions) compared with the corresponding period of the previous year.

EBIT Adjusted, equal to EBIT in the first half of 2021 given that no non-recurring expenses were recorded (instead totalling 2.2 million euro in the corresponding period of the previous year), amounted to 34.1 million euro, marking an increase of +102% (+83% net of acquisitions) with respect to the corresponding half in 2020. The incidence on sales rose to 1.52% from 0.92% in the previous period. The performance in the second quarter alone shows similar results: +106% (+91% without considering the aforementioned acquisitions) and an incidence of 1.64%.

EBIT, coinciding with EBIT Adjusted in the first half of 2021, but impacted by one-off costs of 2.2 million euro in the first half of 2020, recorded an increase of +133% compared to the first half of 2020, while the second quarter alone registered an improvement of +179%, again attributable to the trend in the aforementioned non-recurring items.

Profit before income taxes to 30.3 million euro (+182% compared to 10.7 million euro in the first half of 2020), while in the second quarter alone, it improved by +233%.

Net income amounted to 22.1 million euro, +187% (7.7 million euro in H1 2020). In the second quarter, an improvement of +216% was recorded compared with the corresponding quarter of the previous year.

The Group's main earnings, financial and net assets position as at 30 June 2021 are hereby summarised:

(euro/000)	30/06/2021	31/12/2020
Fixed assets	250,830	236,965
Operating net working capital	232,245	(121,034)
Other current assets/liabilities	8,150	(9,887)
Other non-current assets/liabilities	(21,620)	(19,858)
Total uses	**469,605**	**86,186**
Short-term financial liabilities	73,407	56,049
Lease liabilities	9,668	8,867
Current financial (assets)/liabilities for derivatives	(2)	(27)
Financial receivables from factoring companies	(994)	(147)
Current debts for investments in subsidiaries	1,959	220
Other current financial receivables	(8,562)	(9,617)
Cash and cash equivalents	(180,608)	(558,928)
Net current financial debt	(105,132)	(503,583)
Borrowings	102,437	107,069
Lease liabilities	105,827	93,999
Non - current debts for investments in subsidiaries	1,730	230
Other non - current financial receivables	-	(492)
Net financial debt (A)	104,862	(302,777)
Net equity (B)	364,743	388,963
Total sources of funds (C=A+B)	**469,605**	**86,186**

The distribution of technology is characterised by a high degree of seasonality and consequently the invested capital, in support of the business, is also subject to relevant fluctuations. In particular, the net working capital showed significant variability between 31 December and 30 June, also due to the effect of the channel support plans by the main suppliers in the peak season periods.

Net Invested Capital at 30 June 2021 amounted to 469.6 million euro and was covered by:

- shareholders' equity, including minority interests, amounting to 364.7 million euro (389.0 million euro as at 31 December 2020);
- a negative net financial position of 104.9 million euro, a decrease compared to both 31 December 2020 (positive for 302.8 million euro) and 30 June 2020 (positive for 113.2 million euro).

The net financial position, influenced by technical factors such as the seasonal nature of the business and the trend in customer and supplier behavioural models in the different periods of the year that influence working capital and do not, therefore, make it representative of the average levels of net financial debt observed in the first 6 months of 2021, is a negative 104.9 million euro, down compared to the previous periods: negative for 71.6 million euro as at 31 March 2021, positive for 302.8 million euro as at 31 December 2020 and positive for 113.2 million euro as at 30 June 2020.
The reduction compared to the balance recorded as at 31 March 2021 depends essentially on the purchases of own shares and the distribution of dividends to shareholders.
The reduction compared to 31 December 2020 is also due to the disbursement for the acquisition of Dacom S.p.A. and the idMAINT Group, the lower impact of non-recourse assignments to factors and the highly positive working capital situation as at 31 December 2020.
The disbursement for the acquisition of the GTI Group and the non-repeatability of the temporary favourable mismatch between the supplier payment and customer collection times resulting from the outbreak of the COVID-19 pandemic also augment the situation as at 30 June 2020.
As highlighted, the net financial position is strictly influenced also by the degree of use of factoring, securitisation and the other technical forms of advance collection of receivables with similar effects - i.e. "confirming" -, plans that generated an overall impact on the level of consolidated net financial debts amounting to roughly 342.3 million euro, in line with the 343.0 million euro as at 30 June 2020, but significantly lower than the 536.6 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) Subgroup Italy

The Italy Sub-Group's main earnings as at 30 June 2021 are hereby summarised:

(€/000)	H1 2021	H1 2020	% Var.	Q2 2021	Q2 2020	% Var.
Sales from contracts with customers	**1,437,595**	**1,206,889**	**19%**	**685,208**	**595,814**	**15%**
Cost of goods sold excl. factoring/securitisation	1,357,425	1,146,027	18%	642,259	566,222	13%
Financial cost of factoring/securisation(1)	1,082	1,030	5%	529	558	-5%
Gross Profit(2)	**79,088**	**59,832**	**32%**	**42,420**	**29,034**	**46%**
Gross Profit %	*5.50%*	*4.96%*		*6.19%*	*4.87%*	
Personnel costs	27,428	23,356	17%	14,095	11,399	24%
Other operating costs	26,081	21,080	24%	14,561	10,157	43%
EBITDA adjusted(3)	**25,579**	**15,396**	**66%**	**13,764**	**7,478**	**84%**
EBITDA adjusted %	*1.78%*	*1.28%*		*2.01%*	*1.26%*	
Depreciation e amortisation	1,691	1,587	7%	855	780	10%
IFRS 16 Right of Use depreciation	3,936	3,805	3%	2,050	1,901	8%
Goodwill impairment	-	-	n/s	-	-	n/s
EBIT adjusted(3)	**19,952**	**10,004**	**99%**	**10,859**	**4,797**	**>100%**
EBIT adjusted %	*1.39%*	*0.83%*		*1.58%*	*0.81%*	
Non recurring costs(4)	-	2,216	-100%	-	2,216	-100%
EBIT	**19,952**	**7,788**	**>100%**	**10,859**	**2,581**	**>100%**
EBIT %	*1.39%*	*0.65%*		*1.58%*	*0.43%*	

(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 destination, would be included in the cost of sales.
(3) Adjusted given gross of non-recurring items.
(4) Of which, with reference to the first half of 2020, 1.1 million euro otherwise included in "Other operating costs" and 1.1 million euro otherwise included in the item "Impairment of Goodwill".

Sales from contracts with customers, equal to 1,437.6 million euro, showed an increase of +19% compared with 1,206.9 million euro in the first half of 2020. Contributions to this result were provided by both organic growth (+15%) and the 43.9 million euro contribution from Dacom S.p.A. and the idMAINT Group, acquired in January 2021. The second quarter saw an increase of +15% (+11% without considering the contribution of 22.9 million euro from the aforementioned acquisitions) compared to the same period of the previous year (from 595.8 million euro to 685.2 million euro).

Gross profit, amounted to 79.1 million euro, marking an increase of +32% compared to 59.8 million euro recorded in the first half of 2020, due to both higher sales and the improvement in the percentage margin, which went from 4.96% to 5.50%, thanks also to the greater incidence of high margin business lines. Deducting the positive contribution of 5.2 million euro from acquisitions which occurred in Q1 2021 from the 2021 result, the change in gross profit is estimated to be around +24%, with an improved percentage margin from 4.96% to 5.30%. In the second quarter alone, the gross profit, amounting to 42.4 million euro, shows an improvement of +46% compared to the corresponding period of the previous year (+38% without considering the contribution of the aforementioned acquisitions), with an improved percentage margin from 4.87% to 6.19%.

EBITDA Adjusted and EBITDA, which were the same in the first half of 2021, given no non-recurring charges were recorded, while calculated gross of one-off costs of 1.1 million euro in the corresponding period of the previous year, they totalled 25.6 million euro, +66% compared to 15.4 million euro in the first half of 2020, a further improvement in percentage terms with respect to the growth in gross profit. The incidence on sales rose to 1.78% from 1.28% in H1 2020. Also deducting the contribution of 2.2 million euro of the newly acquired companies from the 2021 result, Adjusted EBITDA amounts to 23.4 million euro (+52%). In the second quarter alone, an increase of +84% was recorded (+73%

without considering the contribution of the aforementioned acquisitions) compared with the corresponding period of the previous year.

EBIT Adjusted, equal to EBIT in the first half of 2021 given that no non-recurring expenses were recorded, while calculated gross of one-off costs totalling 2.2 million euro in the corresponding period of the previous year, it amounted to 20.0 million euro, marking an increase of +99% (+79% net of acquisitions) with respect to the corresponding half in 2020. The incidence on sales rose to 1.39% from 0.83% in the previous period. In the second quarter alone, an increase of +126% was recorded (+111% without considering the aforementioned acquisitions) compared with the corresponding quarter of the previous year.

EBIT, coinciding with EBIT Adjusted in the first half of 2021, but adversely impacted by one-off costs of 2.2 million euro in the corresponding period of the previous year, recorded an increase of +156% compared to the first half of 2020, while the second quarter alone registered an improvement of +321%, with the trend in the aforementioned non-recurring items having even more of an impact.

The SubGroup Italy main earnings as at 30 June 2021 are hereby summarised:

(euro/000)	**30/06/2021**	**31/12/2020**
Fixed assets	203,767	193,600
Operating net working capital	146,258	(63,302)
Other current assets/liabilities	19,195	7,022
Other non-current assets/liabilities	(10,982)	(10,136)
Total uses	**358,238**	**127,184**
Short-term financial liabilities	55,186	32,596
Lease liabilities	7,117	6,581
Current debts for investments in subsidiaries	1,959	220
Financial receivables from factoring companies	(994)	(147)
Financial (assets)/liab. from/to Group companies	(10,000)	-
Other current financial receivables	(8,562)	(9,617)
Cash and cash equivalents	(86,225)	(331,980)
Net current financial debt	(41,519)	(302,347)
Borrowings	33,366	39,715
Lease liabilities	85,522	76,851
Non - current debts for investments in subsidiaries	1,730	230
Other non - current financial receivables	-	(492)
Net Financial debt (A)	79,099	(186,043)
Net equity (B)	279,139	313,227
Total sources of funds (C=A+B)	**358,238**	**127,184**

The net financial position was a negative 79.1 million euro, marking a reversal with respect to both the liquidity surplus of 186.0 million euro as at 31 December 2020, and the liquidity surplus of 48.4 million euro as at 30 June 2020.

The value of the exact net financial position as at 30 June 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 half.
The reduction compared to the balance recorded as at 31 December 2020 depends essentially on the purchases of own shares, the distribution of dividends to shareholders and the disbursement for new acquisitions (Dacom S.p.A. and idMAINT Group). The non-repeatability of the temporary

favourable mismatch between the supplier payment and customer collection times resulting from the outbreak of the COVID-19 pandemic also augments the situation as at 30 June 2020.
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 balance sheet assets, determine an overall effect on the level of consolidated net financial debts as at 30 June of 211.8 million euro (288.2 million euro as at 31 December 2020 and 193.8 million euro as at 30 June 2020).

B.2) Subgroup Iberica

The Subgroup Iberica main earnings as at 30 June 2021 are hereby summarised:

(€/000)	H1 2021	H1 2020	% Var.	Q2 2021	Q2 2020	% Var.
Sales from contracts with customers	**816,325**	**642,574**	**27%**	**392,784**	**328,589**	**20%**
Cost of goods sold excl. factoring/securitisation	777,474	619,036	26%	373,787	316,790	18%
Financial cost of factoring/securisation(1)	668	661	1%	287	353	-19%
Gross Profit(2)	**38,183**	**22,877**	**67%**	**18,710**	**11,446**	**63%**
Gross Profit %	*4.68%*	*3.56%*		*4.76%*	*3.48%*	
Personnel costs	15,165	9,605	58%	7,635	4,678	63%
Other operating costs	7,063	4,990	42%	3,496	2,345	49%
EBITDA adjusted(3)	**15,955**	**8,282**	**93%**	**7,579**	**4,423**	**71%**
EBITDA adjusted %	*1.95%*	*1.29%*		*1.93%*	*1.35%*	
Depreciation e amortisation	441	427	3%	247	203	22%
IFRS 16 Right of Use depreciation	1,439	1,134	27%	709	574	24%
Goodwill impairment	-	-	n/s	-	-	n/s
EBIT adjusted(3)	**14,075**	**6,721**	**>100%**	**6,623**	**3,646**	**82%**
EBIT adjusted %	*1.72%*	*1.05%*		*1.69%*	*1.11%*	
Non recurring costs	-	-	n/s	-	-	n/s
EBIT	**14,075**	**6,721**	**>100%**	**6,623**	**3,646**	**82%**
EBIT %	*1.72%*	*1.05%*		*1.69%*	*1.11%*	

(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 destination, would be included in the cost of sales.
(3) Adjusted given gross of non-recurring items.

Sales from contracts with customers totalled 816.3 million euro, +27% compared to 642.3 million euro in H1 20 (+20% excluding the sales realised by the GTI Group acquired in Q4 20). In the second quarter alone, sales recorded an increase of +20% (+13% excluding the contribution of the aforementioned acquisition) compared with the same period of the previous year.

Gross profit amounted to 38.2 million euro, marking an increase of +67% compared to 22.9 million euro recorded in the first half of 2020, due to both higher sales realised and the improvement in the percentage margin, from 3.56% to 4.68%. Deducting the positive contribution of 6.6 million euro from the GTI Group, acquired in the fourth quarter of 2020, from the 2021 result, it is estimated that the change in gross profit would, nonetheless, have been +38%. In the second quarter alone, the gross profit, amounting to 18.7 million euro, shows an improvement of +63% compared to the corresponding period of the previous year (+34% without considering the contribution of the aforementioned acquisition), with an improved percentage margin from 3.48% to 4.76%.

EBITDA Adjusted, which coincides with EBITDA given that no non-recurring costs were recorded in the two periods being compared, amounted to 16.0 million euro, marking an increase of +93% compared to 8.3 million euro in Q1 2020, driven by an improvement in gross profit. Excluding the positive contribution of 1.4 million euro of the acquisition of the GTI Group from the 2021 result, EBITDA would have been 14.6 million euro (+76%). The incidence on sales rose to 1.89% from 1.35% in Q1 2020. In the second quarter alone, an increase of +71% was recorded (+57% without considering the contribution of the aforementioned acquisition) compared with the corresponding quarter of the previous year.

EBIT Adjusted and EBIT, which are the same, amounted to 14.1 million euro, marking an increase of +109% (+90% net of the aforementioned acquisition) compared to the first half of 2020. The incidence on sales rose to 1.72% from 1.05% in H1 2020. In the second quarter alone, values increased by +82% (+66% without considering the contribution of the aforementioned acquisition) compared with the second quarter of the previous year.

The Subgroup Iberica main earnings as at 30 June 2021 are hereby summarised:

(euro/000)	30/06/2021	31/12/2020
Fixed assets	121,610	118,106
Operating net working capital	86,218	(57,470)
Other current assets/liabilities	(11,046)	(16,909)
Other non-current assets/liabilities	(10,638)	(9,722)
Total uses	**186,144**	**34,005**
Short-term financial liabilities	18,221	23,453
Lease liabilities	2,551	2,286
Current financial (assets)/liabilities for derivatives	(2)	(27)
Financial (assets)/liab. from/to Group companies	10,000	-
Cash and cash equivalents	(94,383)	(226,948)
Net current financial debt	(63,613)	(201,236)
Borrowings	69,071	67,354
Lease liabilities	20,305	17,148
Net Financial debt (A)	25,763	(116,734)
Net equity (B)	160,381	150,739
Total sources of funds (C=A+B)	**186,144**	**34,005**

The net financial position was a negative 25.7 million euro, marking a reversal with respect to both the liquidity surplus of 116.7 million euro as at 31 December 2020, and the liquidity surplus of 64.8 million euro as at 30 June 2020.

The value of the exact net financial position as at 30 June is influenced by technical factors like the seasonality of the business, the trend in "non-recourse" factoring of trade receivables (factoring and confirming) 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 half.
The reduction compared to the balance recorded as at 31 December 2020 relates essentially to the trends in working capital (negative for 57.5 million euro as at 31 December 2020 and positive for 86.2 million euro as at 30 June 2021), while respect to 30 June 2020, the balance was significantly impacted by the payment for the acquisition of the GTI Group and the non-repeatability of the temporary favourable mismatch between the supplier payment and customer collection times resulting from the outbreak of the COVID-19 pandemic.
The aforementioned programmes for the factoring and confirming of trade receivables, which define the complete transfer of risks and benefits to assignees and therefore allow the derecognition from balance sheet assets, determine an overall effect on the level of consolidated net financial debts as at 30 June of 130.4 million euro (248.4 million euro as at 31 December 2020 and 149.2 million euro as at 30 June 2020).

C) Esprinet Group's financial highlights Pre-IFRS 16

The Group's main earnings are shown below using the adjusted figures following the application of IFRS 16:

(€/000)	**H1 2021**	**H1 2020**	**% Var.**
	Pre-IFRS16	**Pre-IFRS16**	
Sales from contracts with customers	**2,236,823**	**1,834,676**	**22%**
Cost of goods sold excl. factoring/securitisation	2,117,784	1,750,181	21%
Financial cost of factoring/securisation[1]	1,750	1,692	3%
Gross Profit[2]	**117,289**	**82,803**	**42%**
Gross Profit %	*5.24%*	*4.51%*	
Personnel costs	42,592	32,961	29%
Other operating costs	38,952	31,836	22%
EBITDA adjusted[3]	**35,745**	**18,006**	**99%**
EBITDA adjusted %	*1.60%*	*0.98%*	
Depreciation e amortisation	2,283	2,184	5%
IFRS 16 Right of Use depreciation	-	-	n/s
Goodwill impairment	-	-	n/s
EBIT adjusted[3]	**33,462**	**15,822**	**>100%**
EBIT adjusted %	*1.50%*	*0.86%*	
Non recurring costs[4]	-	2,216	100%
EBIT	**33,462**	**13,606**	**>100%**
EBIT %	*1.50%*	*0.74%*	
IFRS 16 interest expenses on leases	-	-	n/s
Other financial (income) expenses	1,294	1,350	-4%
Foreign exchange (gains) losses	870	841	3%
Profit before income taxes	**31,298**	**11,415**	**>100%**
Income taxes	8,478	3,188	>100%
Net income	**22,820**	**8,227**	**>100%**

[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 destination, would be included in the cost of sales.
[3] Adjusted given gross of non-recurring items.
[4] Of which, with reference to the first half of 2020, 1.1 million euro otherwise included in "Other operating costs" and 1.1 million euro otherwise included in the item "Impairment of Goodwill".

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

(euro/000)	30/06/2021	31/12/2020
Fixed assets	138,807	136,746
Operating net working capital	232,245	(121,094)
Other current assets/liabilities	7,834	(10,087)
Other non-current assets/liabilities	(21,620)	(19,858)
Total uses	**357,266**	**(14,293)**
Short-term financial liabilities	73,407	56,049
Lease liabilities	-	-
Current financial (assets)/liabilities for derivatives	(2)	(27)
Financial receivables from factoring companies	(994)	(147)
Current debts for investments in subsidiaries	1,959	220
Other financial receivables	(8,562)	(9,617)
Cash and cash equivalents	(180,608)	(558,928)
Net current financial debt	(114,800)	(512,450)
Borrowings	102,437	107,069
Lease liabilities	-	-
Non-current debts for investments in subsidiaries	1,730	230
Other financial receivables	-	(492)
Net Financial debt (A)	(10,633)	(405,643)
Net equity (B)	367,899	391,350
Total sources of funds (C=A+B)	**357,266**	**(14,293)**

3. Sales trends by product family and customer type

(euro/million)	H1 2021	%	H1 2020	%	Var.	% Var.	Q2 2021	%	Q2 2020	%	Var.	% Var.
Retailers & E-Tailers	945.3	42.3%	834.6	45.5%	110.7	*13%*	464.2	43.4%	450.2	48.9%	14.0	*3%*
IT Resellers	1,375.2	61.5%	1,030.2	56.1%	345.0	*33%*	650.5	60.7%	508.5	55.2%	142.0	*28%*
IFRS15 and other adjustments *	(83.7)	-3.7%	(30.1)	-1.6%	(53.6)	*178%*	(43.9)	-4.1%	(37.8)	-4.1%	(6.1)	*16%*
Sales from contracts with customers	**2,236.8**	**100.0%**	**1,834.7**	**100.0%**	**402.1**	***22%***	**1,070.8**	**100.0%**	**920.9**	**100.0%**	**149.9**	***16%***

(*) Accounting adjustments for representation of principal vs agent, revenue recognition, future adjustments etc.

In the first six months of 2021, the market recorded growth of +11% in the Business Segment (IT Reseller) and +26% in the Consumer Segment (Retailer, E-tailer).
Group sales recorded above-market growth in the *Business Segment* (+33%), while the *Consumer Segment* recorded an increase of 13%.

(euro/million)	H1 2021	%	H1 2020	%	Var.	% Var.	Q2 2021	%	Q2 2020	%	Var.	% Var.
PC (notebook, tablet, desktop, monitor)	829.9	37.1%	704.5	38.4%	125.4	*18%*	371.9	34.7%	379.3	41.2%	(7.4)	*-2%*
Printing devices and supplies	206.6	9.2%	193.5	10.5%	13.1	*7%*	95.7	8.9%	88.4	9.6%	7.3	*8%*
Other IT products	184.1	8.2%	115.4	6.3%	68.7	*60%*	97.4	9.1%	59.1	6.4%	38.3	*65%*
Total IT Clients	**1,220.6**	**54.6%**	**1,013.4**	**55.2%**	**207.2**	***20%***	**565.0**	**52.8%**	**526.8**	**57.2%**	**38.2**	***7%***
Smartphones	577.9	25.8%	487.3	26.6%	90.6	*19%*	286.0	26.7%	250.3	27.2%	35.7	*14%*
White goods	33.4	1.5%	26.4	1.4%	7.0	*27%*	20.5	1.9%	16.4	1.8%	4.1	*25%*
Gaming hardware and software	10.4	0.5%	8.5	0.5%	1.9	*22%*	6.4	0.6%	4.8	0.5%	1.6	*33%*
Other consumer electronics products	70.3	3.1%	69.4	3.8%	0.9	*1%*	36.4	3.4%	40.5	4.4%	(4.1)	*-10%*
Total Consumer Electronics	**692.0**	**30.9%**	**591.6**	**32.2%**	**100.4**	***17%***	**349.3**	**32.6%**	**312.0**	**33.9%**	**37.3**	***12%***
Hardware (networking, storage, server & others)	246.8	11.0%	174.3	9.5%	72.5	*42%*	120.9	11.3%	79.2	8.6%	41.7	*53%*
Software, Services, Cloud	161.1	7.2%	85.5	4.7%	75.6	*88%*	79.5	7.4%	40.7	4.4%	38.8	*95%*
Total Advanced Solutions	**407.9**	**18.2%**	**259.8**	**14.2%**	**148.1**	***57%***	**200.4**	**18.7%**	**119.9**	**13.0%**	**80.5**	***67%***
IFRS15 and other adjustments *	(83.7)	-3.7%	(30.1)	-1.6%	(53.6)	*178%*	(43.9)	-4.1%	(37.8)	-4.1%	(6.1)	*16%*
Sales from contracts with customers	**2,236.8**	**100.0%**	**1,834.7**	**100.0%**	**402.1**	***22%***	**1,070.8**	**100.0%**	**920.9**	**100.0%**	**149.9**	***16%***

(*) Accounting adjustments for representation of principal vs agent, revenue recognition, future adjustments etc.

The *IT Clients* market, according to Context, in southern Europe in the first half of 2021, with an increase of +20% compared to the same period of the previous year, accounts for 55% of total growth, still highlighting significant changes in the PC domain (+23%), the effect of extraordinary results in the first quarter (+49%) and the slowdown in the second three-month period, as well as in Monitors (+36%), both desktop and large format. A significant contribution was also provided by the Computer Components and Accessories category which, thanks to the growth in processors, RAM and graphics cards, rose by 28%.
As regards *Consumer Electronics*, all categories posted double-digit increases: Smartphones +25%, Domestic appliances +22%, Gaming +40%, other CE products +24%, with SmartWatches standing out (+79%).
Advanced Solutions, after reduced results in the first quarter, changed course with significant increases in the second quarter (+13%): Hardware products (networking, storage, servers and other) recorded an increase of +16% in Q2 2021, bringing growth from the start of the year to 9%; in terms of Software, Services and Cloud, an increase of +11% was registered in the second quarter, bringing growth from the start of the year to 2%, testament in both cases to the recovery in companies' investments in infrastructures.

With sales at 2,236.8 million euro, growth of 22% compared to H1 2020, the Group recorded a major acceleration in *Advanced Solutions* also in the second quarter, posting an increase of +57% compared to the first half of the previous year, also thanks to the contribution from the acquisitions of the GTI Group in Spain, leader in the Cloud segment, and of the companies Dacom and IdMaint, leaders in the Automatic Identification and Data Capture segment, in Italy. In *IT Clients*, the Group registered notable increases in all categories: PCs (+18%), Printing (+7%) and Other IT products (+60%). Also in the *Consumer Electronics* area, sales were up in all categories: Smartphones +19%, Domestic appliances +27%, Gaming +22% and Other CE products +1%.

Also an analysis of the second quarter alone shows the same trends (albeit with different percentages), with the exception of the categories 'Other products' of the sub-category Consumer Electronics, which recorded a decrease of -10% compared to the general improvement registered in the half (+1%) and 'PC (notebook, tablet, desktop, monitor)' of the IT Clients sub-category, which instead recorded a decrease of -2%, compared to the general improvement recorded in the half (+18%).

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 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) and the whole 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. in GTI Software Y Networking S.A.

The deed of merger by incorporation in 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 and approval of the consolidated financial statements as at 31 December 2020 by 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 is subject to a lock-up period of one year from the grant 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 "Long-Term Incentive Plan 2018-2020", 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.).

Approval of the plan for the merger by incorporation of Celly S.p.A. in Esprinet S.p.A.

On 19 April 2021, Esprinet S.p.A.'s Board of Directors approved the plan for the merger by incorporation of the wholly-owned subsidiary Celly S.p.A.
This transaction is incorporated in the process mapped out to maximise commercial and operating synergies with the subsidiary launched with the purchase, at the end of October 2020, of the remaining shares held by the minority shareholder, and continued with the signing, on 4 January 2021, of a business rental agreement, as a result of which Esprinet S.p.A. took over all legal relationships in place with Celly S.p.A.'s customers and suppliers, with the exception of the receivables and payables already existing at the date the rental agreement was signed which, until the date of the merger, will continue to be owned by the subsidiary.

As this is a merger by incorporation of a wholly-owned subsidiary, the transaction will take place in "simplified" form, for which the resolution is not passed by the Shareholders' Meeting but by the Boards of Directors of the two companies through a public deed, based on the balance sheet positions of both companies as at 31 December 2020, as resulting from the financial statements approved by their Shareholders' Meetings.
The decision regarding the merger will be presented for approval to the Boards of Directors of the two companies, with the drafting of a public deed.

The legal effects of the merger will take effect from the first day after the one on which the last of the registrations at the relevant Chamber of Commerce of the two companies is completed, with the accounting and tax effects backdated to the first day of the financial year in progress at the merger date.
From the date of completion of the merger transaction, Esprinet S.p.A. will take over all the legal relationships of Celly S.p.A., also those prior to the date of the business rental, taking on all relevant rights and obligations in place prior to the merger.

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.

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, for a total amount of 18.7 million euro, plus penalties and interest, 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.

In relation to the aforementioned disputes, there are no updates to report regarding judgments, but solely the payment, between February and March 2021, as set forth in the administrative proceedings, of 23.3 million euro which, as all stages of legal proceedings are yet to be concluded, was recognised in the financial statements under the item "Other tax receivables".

Subsequent events

Relevant events occurred after period end are briefly described below:

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 by Vatec S.r.l. 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.

Approval of the plan for the merger by incorporation of V-Valley Iberian S.L.U. in GTI Software Y Networking S.A.

On 20 July 2021, Esprinet Iberica S.L.U., as sole shareholder, approved the project for the merger by incorporation of V-Valley Iberian S.L.U. in GTI Software Y Networking, S.A., 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, following the acquisition of the GTI Group on 1 October 2020. The new company that will be created will change its name to "V-Valley Advanced Solutions España, S.A.".

The legal effects of the merger will take effect from the first day after the one on which the last of the registrations at the relevant Register of Companies of the two companies is completed, with the accounting and tax effects backdated to 1 January 2021.

From the date of completion of the merger, GTI Software Y Networking S.A. will take over all the legal relationships of V-Valley Iberian S.L.U., taking on all relevant rights and obligations in place prior to the merger.

Relationships with related parties

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

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

It should be noted that, in the first half of this year, there were no transactions of 'greater importance' as defined by the 'Procedure for the discipline of Transactions with Related Parties', approved by the Board of Directors of Esprinet S.p.A. in compliance with CONSOB resolution no. 17221 of 12 March 2010, as amended and supplemented, which came into force on 1 January 2011.

Transactions with 'other related parties'

(euro/000)	Type	H1 2021 Sales	H1 2021 Costs	H1 2021 Receiv	H1 2021 Payab	H1 2020 Sales	H1 2020 Costs	H1 2020 Receiv	H1 2020 Payab
Sales									
Key managers and family	Sales of goods	10	-	7	-	8	-	3	-
Subtotal		**10**	**-**	**7**	**-**	**8**	**-**	**3**	**-**
Cost of Sales									
Smart Res S.p.A.	Cost of goods	-	6	-	-	-	-	-	-
Subtotal		**-**	**6**	**-**	**-**	**-**	**-**	**-**	**-**
Overheads and administrative cost									
Key managers and family	Overheads	-	(1)	-	-	-	-	-	-
Immobiliare Selene S.r.l.	Overheads	-	-	-	-	-	-	-	-
M.B. Immobiliare S.r.l.	Overheads	-	-	-	-	-	-	-	-
Subtotal		**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**
Finance costs - net									
Immobiliare Selene S.r.l.	Interes on guar. Deposits	-	-	-	-	-	-	-	-
M.B. Immobiliare S.r.l.	Interes on guar. Deposits	-	-	-	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**10**	**5**	**7**	**-**	**8**	**-**	**3**	**-**

* Gross values.

The aforementioned table details operations occurred between Group companies and: - companies where Esprinet S.p.A. directors and shareholders play important roles; - key managers and their close members of the family.
Sales relate to consumer electronics products sold under normal market conditions.

The total value of the aforementioned transactions is not material compared with the total volume of the Group's activities.

Main risks and uncertainties

Esprinet Group activities are exposed to risk factors that may influence its economic and financial situation.
The Group identifies, assesses and manages risks in compliance with internationally recognised models and techniques such as the Enterprise Risk Management - Integrated Framework (CoSo 3).
The identification of key risks has enabled their classification in the following categories:

- strategic risks;
- operational risks;
- compliance risks;
- financial risks.

A brief description of the main risks follows for each category identified, along with the response actions implemented to keep risk levels within acceptable thresholds for the Group.

Strategic risks include mainly the following: criticality in the ability to plan and implement strategic actions in a systematic and coordinated manner, and inadequacies as regards the following: the response to unfavourable macroeconomic scenarios, the response to changes in the needs of customers and suppliers, the management of the process of analysis/reaction to price trends (deflationary trends), the evaluation of M&A transactions and processes of integration with acquired

companies, the reaction to the market initiatives of competitors and new entrants/the vulnerability in the ability to recognise and respond to competitive threats.
Protection against strategic risks is usually linked to the quality of strategic planning processes and to the generation of new ideas and/or the validation of existing management models, to the frequency and effectiveness of business reviews and to the availability of competitive analysis methods and tools and the ability to correctly identify, analyse and interpret the sector, economic and market macro-trends.

Operating risks include primarily: the interruption of logistics, storage and transport services, the dependence on IT and "web" systems and on key suppliers, inefficient management of stock and inventory turnover and of the "pricing" and discount policies with a subsequent reduction in the company margin. This category also incorporates risks linked to criticalities relating to customer management and the inability to provide them with adequate service/support levels.
Operational risks are typically defended against by a mixture of rules and procedures aimed at guaranteeing adequate prevention from risky events, as well as by insurance tools and business continuity and disaster recovery plans aimed at minimising any possible financial impact of the risky events. The stipulation of contracts to protect the Group, its assets and profitability also represent tools for controlling operating risks. Furthermore, in order to maximise "Customer Satisfaction" and optimise the customer relationship, a special work group continues to operate, whose job is to analyse the matter and define new measures/tools to be introduced to reach said objectives.

Compliance risks: this type of risks concerns the possible violation of legislation, laws and regulations, including of a tax nature, which are applicable to the Group and the business in which it operates (please see paragraph '*Developments of disputes of Esprinet S.p.A. and of the Group*', point 26 '*Non-current provisions and other liabilities*' in the '*Notes to the condensed consolidated half-year financial statements*').
These risks are mainly guarded against by an external structure made up of professionals who also guarantee that internal administrative resources are updated on new laws and regulations of any possible interest to the Group. Other mitigation tools include the drafting of the appropriate procedures and the implementation of specific control activities.

Financial risks incorporate: credit, liquidity and market risk. Credit risk management strategies are as follows:

- in the case of cash and cash equivalents and financial derivatives, by the choice of leading national and international banks;
- in the case of trade receivables, within the limits of the ceiling negotiated and with the aim of optimising the balance of costs and benefits, by the transfer of the risk to leading insurance and/or factoring firms, as well as the application of special checking procedures regarding the assignment and periodical revision of lines of credit to customers, and the requirement of collateral in the case of customers whose ratings are insufficient to guarantee operations.

Liquidity risk management hinges on cash-flow planning and also on the maintenance of consistent amounts of unused lines of credit in Italy and in Spain of a mainly self-liquidating nature, aided by a conservative financial policy favouring stable financing sources including that for financing working capital.

Market risk, less relevant for the Group with respect to credit and/or liquidity risk, is mitigated, as regards the currency aspect, through spot hedges of individual purchases in foreign currency, and in relation to interest rates via hedging instruments like "IRS-Interest Rate Swap", however not used today in consideration of the extremely low risk.

COVID-19 health emergency

The first half of 2021 was again characterised by a factor of macroeconomic and financial instability related to the persistent global spread of the pandemic, as defined by the World Health Organisation, namely Coronavirus "COVID-19".
In response to the continuing health emergency situation exacerbated by the spread of variants of the virus, the government authorities in the various countries have renewed, especially in the first part of the half, the restriction measures aimed at limiting people's movements within and beyond national borders. These measures were then eased, at different rates and, nonetheless in a distinct manner, in relation to extra-national movements, only starting from the second part of the half, concurrently and in conjunction with the progress of the vaccination campaigns in the different nations.

Continuing on with the approach adopted in 2020, the Esprinet Group continued to operate 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 Companies-Unions protocol signed on 6 April 2021, which was promptly applied. The extension of (voluntary) "smart working" to all company personnel operating in offices was also confirmed for the whole of the first half of the year.

The pandemic also continued, in part, to cause risks of a shortages in the supplies of some products in the half just ended, on the one hand due to the reduced productive capacity of suppliers in the face of the general recovery in the demand for technology components, in particular micro-processors, and on the other due to the difficulties encountered in the transport sector, especially long-haul, with a slowdown in goods transit flows. However, the impact of the above risks on the Esprinet Group was small 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 mark 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 changes in the general macroeconomic situation in the European market in general and the Italian and Spanish markets in particular;
- 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;

there are no doubts over the existence of the going concern assumption for the Group but rather, in light of the above and also considering the results achieved in the first half, it is believed that there is no rationale for not confirming the assumptions made at the time of approval of the 2020 financial statements, also with reference to the objectives established for 2021 and subsequent years.

Other significant information

1. Research and development activities

The research and development of EDP and 'Web' activities are related to the definition and planning of new processes and services relating 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 interim report on operations, 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 "Long Term Incentive Plan 2021-2023", 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 rights). At the date of the close of the 2020 Annual Financial Report, 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.

Thus, this programme represents an opportunity for the Company to award its shareholders extra compensation on top of dividend distribution.

For further information, please refer to the '*Significant events occurred in the period*' paragraph in the Interim Directors' Report on Operations.

3. 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.

4. 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.

Further information can be found in the '*Notes to the Condensed Consolidated Half-Year Financial Statement*', paragraph '*Labour costs and number of employees*'.

5. 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:

(euro/000)	Net Income		Equity	
	30/06/21	30/06/20	30/06/21	31/12/20
Esprinet S.p.A. separate financial statements	**9,144**	**2,488**	**267,535**	**304,286**
Consolidation adjustments:				
Net equity and result for the year of consolidated companies net of minority interests	13,160	4,222	188,658	162,817
Esprinet S.p.A. 's investments in consolidated subsidiaries carryng amount	-	-	(102,896)	(89,428)
Goodwill from Esprinet Iberica S.L.U. business combination	-	-	1,039	1,039
Goodwill from Celly S.p.a. business combination	-	(1,100)	1,853	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	167	-	-	-
Deletion of non-realised (profit)/loss on inventory, net of fiscal effect	44	92	(156)	(201)
Deletion of subsidiaries dividend	(465)	-	-	-
Subsidiaries's risk provision deletion	-	-	783	783
4Side S.r.l. Option	-	-	471	471
Investments in subsidiaries write-down deletion	-	1,981	6,355	6,355
Other movements	-	-	867	867
Consolidated net equity and net result	**22,050**	**7,683**	**364,743**	**388,963**

Outlook and main risk factors in the second half of the year

The first half of 2021 closed with an extremely positive result and the Esprinet Group is continuing on its path of growth, thanks to the "ROCE Driven Strategy", which continues to be the bedrock of operating and financial management.
EBITDA Adjusted, which corresponds to EBITDA, as no non-recurring transactions were carried out in the half, rose by 74% in absolute terms, with an incidence on revenues of 1.87% compared to 1.31% in the previous year. This growth is the tangible result of the effectiveness of the strategy and its execution, the result of a combination of organic growth and the contribution of the latest acquisitions in the Advanced Solutions domain. The Group made significant efforts to capitalise on the opportunities related to the digital transformation process, accelerated by the pandemic, in which companies with investments in infrastructures and, consequently, high profit margin business lines, are increasingly becoming key players.
At the same time, we acquired additional market shares through the constant focus on customer satisfaction indexes.
The acquisitions in the Advanced Solutions domain concluded between the end of 2020 and early 2021 also contributed to the results in the first six months: GTI Software Y Networking S.A., a Spanish leader in the Cloud segment, and Dacom S.p.A. and idMAINT S.r.l., Italian leaders, respectively, in the distribution and supply of assistance services in the Automatic Identification and Data Capture segment. Thanks to a process of integration that is progressing smoothly, these companies contributed 3.6 million euro in additional EBITDA Adjusted.
In the medium-term, in addition to further optimising the working capital cycle, we will strive to increase profitability, concentrating investments on higher margin product lines and accelerating the process of transformation of the business model towards "as a service" solution.

During the summer, as expected, a slowdown in consumer demand was recorded, especially for PCs, plus significant instability in the supply chain, still severely impacted by the unavailability of electronic components. In addition, we still cannot fully measure the impacts on the second half of 2021 of the launch of the large-scale multi-year government investment plan connected with the NextGenEU programme, which could be a crucial growth vector for the market and for the Group over the coming years.

In light of the difficulties in estimating the impacts of these phenomena on volumes, and despite an extremely positive trend in percentage profit margins, in consideration of the risks connected with a contraction in the consumer market and the lack of expansion of the business market, as things stand, we are not further raising the profitability estimates for 2021, by reconfirming Adjusted EBITDA of more than 80 million euro, as we wait to see how product availability pans out over the next two months.

Vimercate, 6 September 2021

For and on behalf of the Board of Directors
The Chairman
Maurizio Rota

Consolidated statement of financial position

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

(euro/000)	Notes	30/06/2021	related parties*	31/12/2020	related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	**1**	13,871		12,498	
Right-of-use assets	**4**	111,517		99,928	
Goodwill	**2**	108,555		108,442	
Intangible assets	**3**	816		722	
Deferred income tax assets	**6**	13,559		12,950	
Receivables and other non-current assets	**9**	2,512	-	2,917	-
		250,830	**-**	**237,457**	**-**
Current assets					
Inventory	**10**	539,133		402,755	
Trade receivables	**11**	478,634	7	584,037	5
Income tax assets	**12**	234		410	
Other assets	**13**	60,081	-	40,186	-
Derivative financial assets	**14**	2		27	
Cash and cash equivalents	**17**	180,608		558,928	
		1,258,692	**7**	**1,586,343**	**5**
Total assets		**1,509,522**	**7**	**1,823,800**	**5**
EQUITY					
Share capital	**19**	7,861		7,861	
Reserves	**20**	333,176		347,602	
Group net income	**21**	22,128		31,405	
Group net equity		**363,165**		**386,868**	
Non-controlling interests		1,578		2,095	
Total equity		**364,743**		**388,963**	
LIABILITIES					
Non-current liabilities					
Borrowings	**22**	102,437		107,069	
Lease liabilities	**31**	105,827		93,999	
Deferred income tax liabilities	**24**	12,551		11,309	
Retirement benefit obligations	**25**	5,461		4,847	
Debts for investments in subsidiaries	**49**	1,730		230	
Provisions and other liabilities	**26**	3,608		3,702	
		231,614		**221,156**	
Current liabilities					
Trade payables	**27**	785,522	-	1,107,826	8
Short-term financial liabilities	**28**	73,407		56,049	
Lease liabilities	**36**	9,668		8,867	
Income tax liabilities	**29**	4,273		224	
Debts for investments in subsidiaries	**51**	1,959		220	
Provisions and other liabilities	**32**	38,336	-	40,495	-
		913,165	**-**	**1,213,681**	**8**
Total liabilities		**1,144,779**	**-**	**1,434,837**	**8**
Total equity and liabilities		**1,509,522**	**-**	**1,823,800**	**8**

(*) For further details on related parties, see the related section in the '*Interim Directors' Report on Operations*'.

Consolidated income statement

Below is the consolidated separate income statement, showing sales by *'function'* in accordance with the IFRS, supplemented with the additional disclosure required under CONSOB Resolution No. 15519 of 27 July 2006, whose data relating solely to the second quarter are not subject to a limited scope audit:

(euro/000)	Notes	H1 2021	non - recurring	related parties*	H1 2020	non - recurring	related parties*
Sales from contracts with customers	**33**	**2,236,823**	**-**	10	**1,834,676**	**-**	8
Cost of sales		(2,120,032)	-	(6)	(1,752,267)	-	-
Gross profit	**35**	**116,791**	**-**		**82,409**	**-**	
Sales and marketing costs	**37**	(34,969)	-	-	(24,888)	-	-
Overheads and administrative costs	**38**	(47,904)	-	1	(42,065)	(2,216)	-
Impairment loss/reversal of financial assets	**39**	141	-		(844)	-	
Operating income (EBIT)		**34,059**	**-**		**14,612**	**(2,216)**	
Finance costs - net	**42**	(3,745)	-	-	(3,873)	-	-
Profit before income taxes		**30,314**	**-**		**10,739**	**(2,216)**	
Income tax expenses	**45**	(8,264)	-	-	(3,056)	312	-
Net income		**22,050**	**-**		**7,683**	**(1,904)**	
- of which attributable to non-controlling interests		(78)			(130)		
- of which attributable to Group		22,128	-		7,813	(1,904)	
Earnings per share - basic (euro)	**46**	0.45			0.16		
Earnings per share - diluted (euro)	**46**	0.44			0.16		

(euro/000)	Notes	Q2 2021	non - recurring	related parties*	Q2 2020	non - recurring	related parties*
Sales from contracts with customers	**33**	**1,070,785**	**-**	7	**920,914**	**-**	8
Cost of sales		(1,009,887)	-	(6)	(880,598)	-	-
Gross profit	**35**	**60,898**	**-**		**40,316**	**-**	
Sales and marketing costs	**37**	(18,877)	-	-	(11,803)	-	-
Overheads and administrative costs	**38**	(24,669)	-	-	(21,832)	(2,216)	-
Impairment loss/reversal of financial assets	**39**	161	-		(412)	-	
Operating income (EBIT)		**17,513**	**-**		**6,269**	**(2,216)**	
Finance costs - net	**42**	(1,287)	-	-	(1,396)	-	-
Profit before income taxes		**16,226**	**-**		**4,873**	**(2,216)**	
Income tax expenses	**45**	(4,384)	-	-	(1,127)	312	-
Net income		**11,842**	**-**		**3,746**	**(1,904)**	
- of which attributable to non-controlling interests		(53)	-		(70)	-	
- of which attributable to Group		11,895	-		3,816	(1,904)	
Earnings per share - basic (euro)	**46**	0.24			0.08		
Earnings per share - diluted (euro)	**46**	0.25			0.08		

(*) Excluding fees paid to executives with strategic responsibilities, for which please refer to the specific paragraph in the 'Interim Directors' Report on Operations'. Further information on operation with Related Parties can be found in the relevant section in the 'Interim Directors' Report on Operations'.

Consolidated statement of comprehensive income

(euro/000)	H1 2021	H1 2020	Q2 2021	Q2 2020
Net income	**22,050**	**7,683**	**11,842**	**3,746**
Other comprehensive income:				
- Changes in translation adjustment reserve	19	(1)	20	(1)
Other comprehensive income not to be reclassified in the separate income statement				
- Changes in 'TFR' equity reserve	146	(24)	170	(307)
- Taxes on changes in 'TFR' equity reserve	(35)	6	(41)	85
Other comprehensive income	**130**	**(19)**	**149**	**(223)**
Total comprehensive income	**22,180**	**7,664**	**11,991**	**3,523**
- of which attributable to Group	22,250	7,799	11,926	3,611
- of which attributable to non-controlling interests	(70)	(135)	65	(88)

Consolidated statement of changes in shareholders' equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	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)	**-**	**(19)**	**-**	**7,683**	**7,664**	**(135)**	**7,799**
Allocation of last year net income/(loss)	-	23,553	-	(23,553)	**-**	-	**-**
Acquisition and deletion of Esprinet own shares	-	(1,656)	-	-	**(1,656)**	-	**(1,656)**
Transactions with owners	**-**	**21,897**	**-**	**(23,553)**	**(1,656)**	**-**	**(1,656)**
Currently active Share plans	-	624	-	-	**624**	-	**624**
Other variations	-	2	-	-	**2**	-	**2**
Balance at 30 June 2020	**7,861**	**358,759**	**(8,647)**	**7,683**	**365,656**	**2,373**	**363,283**
Balance at 31 December 2020	**7,861**	**354,111**	**(4,800)**	**31,791**	**388,963**	**2,095**	**386,868**
Total comprehensive income/(loss)	-	130	-	22,050	**22,180**	(70)	**22,250**
Allocation of last year net income/(loss)	-	31,791	-	(31,791)	**-**	-	**-**
Dividend payment	-	(27,234)	-	-	**(27,234)**	(447)	**(26,787)**
Purchases of own shares	-	-	(19,859)	-	**(19,859)**	-	**(19,859)**
Transactions with owners	**-**	**4,557**	**(19,859)**	**(31,791)**	**(47,093)**	**(447)**	**(46,646)**
Grant of share under share plans	-	(4,065)	4,396	-	**331**	-	**331**
Equity plans in progress	-	353	-	-	**353**	-	**353**
Other variations	-	9	-	-	**9**	-	**9**
Balance at 30 June 2021	**7,861**	**355,095**	**(20,263)**	**22,050**	**364,743**	**1,578**	**363,165**

Consolidated statement of cash flows[1]

(euro/000)	H1 2021	H1 2020
Cash flow provided by (used in) operating activities (D=A+B+C)	**(316,190)**	**(154,557)**
Cash flow generated from operations (A)	**41,774**	**22,818**
Operating income (EBIT)	34,059	14,612
Income from business combinations	(168)	-
Depreciation, amortisation and other fixed assets write-downs	7,657	8,222
Net changes in provisions for risks and charges	(147)	(673)
Net changes in retirement benefit obligations	(310)	33
Stock option/grant costs	683	624
Cash flow provided by (used in) changes in working capital (B)	**(354,436)**	**(173,036)**
Inventory	(119,757)	5,191
Trade receivables	130,414	74,237
Other current assets	(19,196)	5,505
Trade payables	(340,218)	(261,844)
Other current liabilities	(5,679)	3,875
Other cash flow provided by (used in) operating activities (C)	**(3,528)**	**(4,339)**
Interests paid	(2,078)	(2,346)
Received interests	29	63
Foreign exchange (losses)/gains	(528)	(911)
Income taxes paid	(951)	(1,145)
Cash flow provided by (used in) investing activities (E)	**(13,143)**	**(2,105)**
Net investments in property, plant and equipment	(3,238)	(1,763)
Net investments in intangible assets	(238)	(365)
Net investments in other non current assets	(51)	23
Dacom business combination	(9,131)	-
idMAINT business combination	(485)	-
Cash flow provided by (used in) financing activities (F)	**(48,987)**	**26,122**
Medium/long term borrowing	1,500	24,000
Repayment/renegotiation of medium/long-term borrowings	(16,692)	(7,785)
Leasing liabilities remboursement	(4,564)	(4,086)
Net change in financial liabilities	17,154	12,058
Net change in financial assets and derivative instruments	708	3,591
Dividend payments	(27,234)	-
Own shares acquisition	(19,859)	(1,656)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(378,320)**	**(130,540)**
Cash and cash equivalents at year-beginning	**558,928**	**463,777**
Net increase/(decrease) in cash and cash equivalents	**(378,320)**	**(130,540)**
Cash and cash equivalents at year-end	**180,608**	**333,237**

[1] Effects of transactions with related parties are omitted as non significant.

Notes to the condensed consolidated half-year financial statements

1. Contents and format of the consolidated financial statements

1.1 Regulations, accounting principles and valuation criteria

The Esprinet Group consolidated half-yearly financial report as at 30 June 2021 was drawn up in accordance with Article 154-ter (Financial Reports), paragraph 2, of Legislative Decree No. 58/1998 (T.U.F. - *Finance Consolidation Act)*, as well as CONSOB Communication no. DEM/6064293 of 28 July 2006 ("*Disclosure requirements of Italian listed companies pursuant to Article 114, paragraph 5, Legislative Decree No. 58/98*") and includes:

- the interim directors' report on operations;
- the condensed consolidated half-year financial statements;
- the declaration provided by Article 154-bis, paragraph 5 of the T.U.F.

The condensed consolidated half-year financial statements have been drawn up in compliance with IFRS - International Financial Reporting Standards -, using the same standards used in the Consolidated Financial Statements as at 31 December 2020 and with special reference to the provisions of IAS 34 'Interim Financial Reporting', pursuant to which they have been drafted in condensed form.
They do not include all the supplementary information required in the annual financial statements, therefore, they should be read together with the consolidated financial statements of the Esprinet Group as at 31 December 2020.

These condensed consolidated half-year financial statements as at 30 June 2021 were subject to limited audit by the company PricewaterhouseCoopers S.p.A. with exception of figures relating only to the second quarter.

1.2 Scope of consolidation

The consolidated financial statements derive from the interim accounts of the parent company Esprinet S.p.A. and its direct and/or indirect subsidiaries or associated companies, approved by their respective Boards of Directors.[2]
Wherever necessary, the interim accounts of subsidiaries have been suitably adjusted to ensure consistency with the accounting principles used by the parent company.

The table below lists companies included in the consolidation scope as at 30 June 2021, all consolidated on a line-by-line basis.

[2]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 S.p.A.	Vimercate (MB)	1,250,000	100.00%	Esprinet S.p.A.	100.00%
Esprinet Iberica S.L.U.	Saragozza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
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	51.00%	Esprinet S.p.A.	51.00%
Subsidiaries indirectly controlled:					
Celly Pacific LTD	Honk Kong (China)	935	100.00%	Celly S.p.A.	100.00%
Esprinet Portugal Lda	Porto (Portugal)	2,500,000	100.00%	Esprinet Iberica S.L.U.	95.00%
				Esprinet S.p.A.	5.00%
Vinzeo Technologies S.A.U.	Madrid (Spain)	30,704,180	100.00%	Esprinet Iberica S.L.U.	100.00%
V-Valley Iberian S.L.U.	Saragozza (Spain)	50,000	100.00%	Esprinet Iberica S.L.U.	100.00%
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%
GTI Software Y Networking S.A. **	Madrid (Spain)	585,032	100.00%	Esprinet Iberica S.L.U.	90.42%
Optima Logistics S.L.U.	Madrid (Spain)	3,005	100.00%	GTI Software Y Networking S.A.	100.00%
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	Sacavém (Portugal)	10,000	100.00%	GTI Software Y Networking S.A.	100.00%
GTI Software & Networking SARLAU	Casablanca (Morocco)	707,252	100.00%	GTI Software Y Networking 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% based on 9.58% of own shares held by GTI Software y Networking S.A

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.

With respect to 30 June 2020, by contrast, note should be taken of the entry to the scope of consolidation also of the GTI Group on 1 October 2020 and the increase, on 28 October 2020, of the share held by Esprinet S.p.A. in the subsidiary Celly S.p.A from 85% to 100% of the share capital. Lastly, it should be pointed out that, within the GTI Group and therefore, the Sub-Group Iberica, on 31 March 2021, the company Diode Espana S.A.U. was merged by incorporation in GTI Software Y Networking S.A., with accounting and tax effects backdated to 1 January 2021.

1.3 Principal assumptions, estimates and rounding

Within the scope of preparing these condensed consolidated half-year financial statements, several estimates and assumptions have been made on the values of revenue, costs, assets and liabilities in the financial statements and the disclosure relating to the contingent assets and liabilities at the interim reporting date. Unless otherwise stated, they have been consistently applied to all the years presented.

Due to the uncertainty associated with the unprecedented nature of COVID-19, in preparing these condensed consolidated half-year financial statements, the Group carefully evaluated and considered the impact of the pandemic on the half-year data and provided an update of the specific disclosure in the paragraph "COVID-19 health emergency" in the previous section "Main risks and uncertainties", to which reference should be made for more details.

All the significant assumptions and estimates were subject to further analysis in order to deal with the uncertainties connected with the unpredictability of the potential impact of the pandemic on the various items including, of particular interest for the Group, the impairment of non-financial assets, evaluation of expected credit losses, recognition of revenues, lease agreements, customer support. The analysis conducted did not highlight any critical situations that cannot be dealt with during the normal course of business.

A detailed description of the assumptions and estimates adopted can be found in the Notes to the Consolidated Financial Statements of the Esprinet Group as at 31 December 2020, but where the evaluation has led to particular conclusions, additional specific information is provided in the notes, while particular explanations are not provided if COVID-19 has not had any specific impact for the Group.

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

In this interim period, as permitted by IAS 34, income taxes were calculated based on the best estimate of the tax burden expected for the entire financial year. On the contrary, in the annual consolidated financial statement, current taxes have been calculated specifically based on the tax rates in force at the closing date of the financial statements.
Prepaid and deferred taxes have been instead estimated based on the tax rates expected to be in force at the time when the relevant assets or liabilities will be realised or settled.

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

1.4 Change in accounting policies

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

1.5 New or revised accounting standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated half-year financial statements as at 30 June 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 obligatorily applied with effect from 1 January 2021 after being endorsed by the competent authorities.

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 the IASB in January 2020 and become effective for years starting on 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 impact on the Group's condensed consolidated half-year 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. These amendments had no significant impacts on the Group's condensed consolidated half-year financial statements.

At the date of these condensed consolidated half-year financial statements, the competent bodies of the European Union had completed the approval process necessary for the application of the following accounting standards and amendments still not in force:

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 at make 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.

At the date of these condensed consolidated half-year financial statements, moreover, the competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

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 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.

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. This practical expedient is optional.

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.

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.

2. 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:

(euro/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 outflow on acquisition was equal to 22,0 million euro, as shown in the following table:

(euro/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 idMAINT S.r.l. Group

On 22 January 2021, Esprinet S.p.A. purchased the whole share capital of idMAINT S.r.l., a company specialised in pre and after 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:

(euro/000)	**Fair value idMAINT Group 22/01/2021**
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 outflow on acquisition was equal to 1.1 million euro, as shown in the following table:

(euro/000)	**idMAINT Group 22/01/2021**
Cash and cash equivalents	222
Financial liabilities	(379)
Net financial debt acquired	**(157)**
Cash paid	(707)
Deferred cash paid	0
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 the first half of 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.

3. Segment information

3.1 Introduction

An operating segment is a component of the Group:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues 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) and consumer electronics.

The B2B IT and consumer electronics distribution is aimed at professional dealers, including large-scale distributors/retailers, and regards traditional IT products (desktop PCs, PC notebooks, printers, photocopiers, servers, standard software), consumables (cartridges, tapes, toners, magnetic supports), networking products (modems, routers, switches), tablets, mobile telephone devices (smartphones) and related accessories and digital products, latest-generation "entertainment" products and household appliances.

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

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

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

3.2 Financial statements by operating segments

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

Separate income statement and other significant information by operating segments

(euro/000)	H1 2021			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. It & CE B2B		
Sales to third parties	1,420,498	816,325	-	2,236,823
Intersegment sales	17,097	-	(17,097)	-
Sales from contracts with customers	**1,437,595**	**816,325**	**(17,097)**	**2,236,823**
Cost of sales	(1,359,005)	(778,142)	17,115	(2,120,032)
Gross profit	**78,590**	**38,183**	**18**	**116,791**
Gross Profit %	*5.47%*	*4.68%*		*5.22%*
Sales and marketing costs	(24,363)	(10,607)	1	(34,969)
Overheads and admin. costs	(34,396)	(13,522)	14	(47,904)
Impairment loss/reversal of financial assets	121	20	-	141
Operating income (Ebit)	**19,952**	**14,074**	**33**	**34,059**
EBIT %	*1.39%*	*1.72%*		*1.52%*
Finance costs - net				(3,745)
Profit before income tax				**30,314**
Income tax expenses				(8,264)
Net income				**22,050**
- of which attributable to non-controlling interests				(78)
- of which attributable to Group				22,128
Depreciation and amortisation	**5,627**	**1,880**	150	**7,657**
Other non-cash items	**1,764**	**22**	-	**1,786**
Investments	**2,935**	**579**	-	**3,514**
Total assets	**1,011,362**	**586,727**	(88,567)	**1,509,522**

(euro/000)	H1 2020			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. IT & CE B2B		
Sales to third parties	1,192,103	642,574	-	1,834,676
Intersegment sales	14,786	-	(14,786)	-
Sales from contracts with customers	**1,206,889**	**642,574**	**(14,786)**	**1,834,676**
Cost of sales	(1,147,451)	(619,697)	14,881	(1,752,267)
Gross profit	**59,438**	**22,877**	**95**	**82,409**
Gross profit %	*4.92%*	*3.56%*		*4.49%*
Sales and marketing costs	(19,002)	(5,886)	-	(24,888)
Overheads and admin. costs	(32,130)	(9,945)	10	(42,065)
Impairment loss/reversal of financial assets	(519)	(326)	1	(844)
Operating income (Ebit)	**7,787**	**6,720**	**106**	**14,612**
EBIT %	*0.65%*	*1.05%*		*0.80%*
Finance costs - net				(3,873)
Profit before income tax				**10,739**
Income tax expenses				(3,056)
Net income				**7,683**
- of which attributable to non-controlling interests				(130)
- of which attributable to Group				7,813
Depreciation and amortisation	**6,491**	**1,561**	170	**8,222**
Other non-cash items	**1,910**	**45**	-	**1,955**
Investments	**1,535**	**315**	-	**1,850**
Total assets	**1,043,242**	**511,455**	(77,982)	**1,476,715**

(euro/000)	Q2 2021			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. It & CE B2B		
Sales to third parties	678,001	392,784		1,070,785
Intersegment sales	7,207	-	(7,207)	-
Sales from contracts with customers	**685,208**	**392,784**	**(7,207)**	**1,070,785**
Cost of sales	(643,045)	(374,074)	7,232	(1,009,887)
Gross profit	**42,163**	**18,710**	**25**	**60,898**
Gross Profit %	*6.15%*	*4.76%*		*5.69%*
Sales and marketing costs	(13,530)	(5,347)	-	(18,877)
Overheads and admin. costs	(17,841)	(6,835)	7	(24,669)
Impairment loss/reversal of financial assets	67	94	-	161
Operating income (Ebit)	**10,859**	**6,622**	**32**	**17,513**
EBIT %	*1.58%*	*1.69%*		*1.64%*
Finance costs - net				(1,287)
Profit before income tax				**16,226**
Income tax expenses				(4,384)
Net income				**11,842**
- of which attributable to non-controlling interests				(53)
- of which attributable to Group				11,895
Depreciation and amortisation	**2,905**	**930**	70	**3,905**
Other non-cash items	**822**	**(1)**	**-**	**821**
Investments	**409**	**428**	**-**	**837**
Total assets	**1,011,362**	**586,727**	(88,567)	**1,509,522**

(euro/000)	Q2 2020			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. It & CE B2B		
Sales to third parties	592,326	328,589		920,914
Intersegment sales	3,488	-	(3,488)	-
Sales from contracts with customers	**595,814**	**328,589**	**(3,488)**	**920,914**
Cost of sales	(566,983)	(317,143)	3,528	(880,598)
Gross profit	**28,831**	**11,446**	**40**	**40,316**
Gross profit %	*4.84%*	*3.48%*		*4.38%*
Sales and marketing costs	(9,037)	(2,766)	-	(11,803)
Overheads and admin. costs	(17,094)	(4,742)	4	(21,832)
Impairment loss/reversal of financial assets	(120)	(293)	1	(412)
Operating income (Ebit)	**2,580**	**3,645**	**45**	**6,269**
EBIT %	*0.43%*	*1.11%*		*0.68%*
Finance costs - net				(1,396)
Profit before income tax				**4,873**
Income tax expenses				(1,127)
Net income				**3,746**
- of which attributable to non-controlling interests				(70)
- of which attributable to Group				3,816
Depreciation and amortisation	**3,781**	**777**	**79**	**4,637**
Other non-cash items	**910**	**22**	**-**	**932**
Investments	**783**	**124**	**-**	**907**
Total assets	**1,043,242**	**511,455**	**(77,982)**	**1,476,715**

Statement of financial position by operating segments

(euro/000)	30/06/2021			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,864	3,007	-	13,871
Right-of-use assets	89,560	21,957	-	111,517
Goodwill	19,384	88,132	1,039	108,555
Intangible assets	748	68	-	816
Investments in others	75,659	-	(75,659)	-
Deferred income tax assets	5,599	7,887	73	13,559
Receivables and other non-current assets	1,953	559	-	2,512
	203,767	**121,610**	**(74,547)**	**250,830**
Current assets				
Inventory	359,607	179,757	(231)	539,133
Trade receivables	297,803	180,831	-	478,634
Income tax assets	58	176	-	234
Other assets	63,903	9,967	(13,789)	60,081
Derivative financial assets	-	2	-	2
Cash and cash equivalents	86,225	94,383	-	180,608
	807,596	**465,116**	**(14,020)**	**1,258,692**
Total assets	**1,011,363**	**586,726**	**(88,567)**	**1,509,522**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	257,430	95,761	(20,015)	333,176
Group net income	12,270	9,814	44	22,128
Group net equity	**277,561**	**160,268**	**(74,664)**	**363,165**
Non-controlling interests	1,578	113	(113)	1,578
Total equity	**279,139**	**160,381**	**(74,777)**	**364,743**
LIABILITIES				
Non-current liabilities				
Borrowings	33,366	69,071	-	102,437
Lease liabilities	85,522	20,305	-	105,827
Deferred income tax liabilities	3,629	8,922	-	12,551
Retirement benefit obligations	5,461	-	-	5,461
Debts for investments in subsidiaries	1,730	-	-	1,730
Provisions and other liabilities	1,892	1,716	-	3,608
	131,600	**100,014**	**-**	**231,614**
Current liabilities				
Trade payables	511,152	274,370	-	785,522
Short-term financial liabilities	55,186	28,221	(10,000)	73,407
Lease liabilities	7,117	2,551	-	9,668
Income tax liabilities	2,875	1,398	-	4,273
Debts for investments in subsidiaries	1,959	-	-	1,959
Provisions and other liabilities	22,335	19,791	(3,790)	38,336
	600,624	**326,331**	**(13,790)**	**913,165**
Total liabilities	**732,224**	**426,345**	**(13,790)**	**1,144,779**
Total equity and liabilities	**1,011,363**	**586,726**	**(88,567)**	**1,509,522**

(euro/000)	31/12/2020			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	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
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. Notes to statement of financial position items

Non-current assets

1) Property, plant and equipment

Changes occurred during the period in the item Property, plant and equipment are as follows:

(euro/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	-	1,102	-	**1,102**
Business combination acquisition - accumulated depreciation	-	(831)	-	**(831)**
Historical cost increase	303	1,561	1,413	**3,277**
Historical cost decrease	(52)	(756)	-	**(808)**
Historical cost reclassification	66	262	(328)	**-**
Increase in accumulated depreciation	(447)	(1,659)	-	**(2,106)**
Decrease in accumulated depreciation	46	693	-	**739**
Total changes	**(84)**	**373**	**1,085**	**1,373**
Historical cost	16,699	39,470	1,441	57,609
Accumulated depreciation	(14,097)	(29,641)	-	(43,738)
Balance at 30/06/2021	**2,602**	**9,829**	**1,441**	**13,871**

Investments refer for 1.0 million euro to the historical cost of warehouse equipment, furniture and furnishings, electronic machines, vehicles. Additional investments set out in the item "Industrial and commercial equipment and other assets", amounting to 0.5 million euro, refer primarily to the purchase of electronic machines by the parent company.

The decreases occurred in the item "*Industrial and commercial equipment and other assets*" refer exclusively to the decommissioning of electronic office machines and are attributable entirely to the parent company Esprinet S.p.A.

Investments pursuant to the item "Fixed assets in progress" refer primarily to plant and machinery in the process of being installed in the new additional Italian warehouse in Cavenago.

The item "*Acquisitions from business combinations*" refers to the first-time consolidation of the company Dacom S.p.A. and the idMAINT Group acquired on 22 January 2021 (acquisition of the GTI Group on 31 December 2020).

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.

2) Goodwill

Goodwill amounted to 108.6 million euro and, with respect to 108.4 million euro recognised as at 31 December 2020, increased due to the accounting of goodwill determined provisionally as permitted

by IFRS 3, which emerged following the first-time consolidation of the company Dacom S.p.A., acquired by the parent company in January 2021.
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:

(euro/000)	30/06/2021	31/12/2020	Var.		
Esprinet S.p.A.	19,384	19,271	113	CGU 1	Distribution B2B of Information Technology and Consumer Electronics (Italy)
Esprinet Iberica S.l.u.	89,171	89,171	-	CGU 2	Distribution B2B of Information Technology and Consumer Electronics (Iberian Peninsula)
Total	**108,555**	**108,442**	**113**		

The annual impairment test, carried out at the time of preparation of the financial statements as at 31 December 2020, did not bring to light any impairment loss with reference to the CGUs existing at that date.

IAS 36 also requires that the impairment test on the goodwill be carried out more frequently in the presence of indicators of impairment loss ('triggering events'), which may be both external or internal as regards the company.
IAS 34 clarifies that, at the time of drafting of interim financial statements, where the presence of said triggering events is identified, the impairment test must be carried out with the same methods as the annual impairment test.

The COVID-19 pandemic, which materialised in Europe in February 2020, and is still ongoing although with much more contained effects, is an event that has required additional evaluations in analysing the aforementioned triggering events.

For the purposes of the drafting of these condensed consolidated half-year financial statements, the Esprinet Group evaluated the existence and, if necessary, examined the actual implications, for each CGU, of the following impairment indicators:
- any deterioration in the macroeconomic and macro-financial conditions;
- any deterioration in the economic environment and market of operations;
- operating discontinuity;
- discontinuity in cost factors;
- unfavourable trend in market rates or other capital remuneration rates as such to affect the discount rate used in calculating the value in use;
- any verification of negative operating events;
- reduction in the value of the stock market capitalisation with respect to reported shareholders' equity.

We reached the conclusion that, for both CGUs, none of the indicators analysed suggested the existence of impairment. The main reasons are the growth in the markets of operations of the CGUs, owing to the steady demand for technology instruments and IT solutions with the spread of smart-working and e-learning, and in the absence of critical impacts on the discount rate used in calculating the value in use (WACC) in relation to the change in reference rates.
For the aforementioned CGUs, therefore, there was no need to carry out an impairment test on goodwill.

For more detailed information relating to the disclosure of the impairment testing of goodwill, please refer to the explanatory notes reported in the item '*Goodwill*' in the *Notes to the Consolidated Financial Statements* as at 31 December 2020.

3) Intangible assets

Changes occurred during the period in the item Intangible assets are as follows:

(euro/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 acquisitions - historical cost	-	147	-	-	-	**147**
Business combination acquisitions - accumulated depreciation	-	(114)	-	-	-	**(114)**
Historical cost increase	-	65	2	170	-	**237**
Historical cost decrease	-	(5)	-	-	-	**(5)**
Historical cost reclassification	-	74	-	(74)	-	**-**
Increase in accumulated depreciation	-	(175)	(1)	-	-	**(176)**
Decrease in accumulated depreciation	-	5	-	-	-	**5**
Total changes	**-**	**(3)**	**1**	**96**	**-**	**94**
Historical cost	3	13,526	36	269	4	**13,838**
Accumulated depreciation	(3)	(12,989)	(26)	-	(4)	**(13,022)**
Balance at 30/06/2021	**-**	**537**	**10**	**269**	**-**	**816**

The investments pursuant to the item 'Industrial patent and intellectual property rights' refer essentially to the software licences for long-term renewal and the upgrading of the management information system.

The item '*Business combination acquisitions'* refers to the first-time consolidation of the company Dacom S.p.A. and the idMAINT Group acquired on 22 January 2021 (acquisition of the GTI Group on 31 December 2020).

This item is amortised in three years.

4) Right-of-use assets

(euro/000)	30/06/2021	31/12/2020	Var.
Right-of-use assets	111,517	99,928	11,589

Changes occurred during the period in the item Right-of-use assets are as follows:

(euro/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	16,935	29	-	**16,964**
Increase in accumulated depreciation	(4,872) -	460	(43)	**(5,375)**
Decrease in accumulated depreciation	-	-	-	**-**
Total changes	**12,063 -**	**431**	**(43)**	**11,589**
Historical cost	131,315	4,667	375	**136,357**
Accumulated depreciation	(22,076) -	2,541	(223)	**(24,840)**
Balance at 30/06/2021	**109,239**	**2,126**	**152**	**111,517**

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 changes in the first six months of 2021 are mainly attributable to:

- new rental contract for the Madrid office of the Spanish subsidiary for roughly 4.5 million euro;
- new rental contract for the Arcese logistics hub for around 10.7 million euro;

aside from the depreciation charge for the period calculated based on the residual length of the contracts.

6) Deferred income tax assets

(euro/000)	30/06/2021	31/12/2020	Var.
Deferred income tax assets	13,559	12,950	609

The balance of this item is represented by prepaid tax assets due to tax losses carried forward (mainly referring to the Spanish subsidiaries) and from taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes which the Group expects to recover in future operating years following the creation of taxable profits.

14) Derivative financial assets (current)

(euro/000)	30/06/2021	31/12/2020	Var.
Derivate financial assets	2	27	(25)
Derivate financial assets	**2**	**27**	**(25)**

The negative balance of derivative financial assets, as at 30 June 2021, refers to the fair value of instruments used by GTI Networking Y Software S.A. to mitigate the exchange risk related to payables in foreign currency from suppliers.

9) Receivables and other non-current assets

(euro/000)	30/06/2021	31/12/2020	Var.
Guarantee deposits receivables	2,512	2,425	87
Trade receivables	-	492	(492)
Receivables and other non-current assets	**2,512**	**2,917**	**(405)**

As at 30 June 2021, the item *Guarantee deposits receivables* includes substantially guarantee deposits relating to utilities and lease agreements ongoing.

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 30 June 2021, as they are due entirely within the next year.

Current assets

10) Inventory

The movement in the inventory and in the corresponding provision for obsolescence during the period was as follows:

(euro/000)	30/06/2021	31/12/2020	Var.
Finished products and goods	544,282	409,772	134,510
Provision for obsolescence	(5,149)	(7,017)	1,868
Inventory	**539,133**	**402,755**	**136,378**

The net amount of inventories totalled 539.1 million euro, up +136.4 million euro compared with existing stock as at 31 December 2020.

A total of 5.1 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:

(euro/000)	30/06/2021	31/12/2020	Var.
Provision for obsolescence: year beginning	**7,017**	**7,046**	**(29)**
Uses/Releases	(2,162)	(4,949)	2,787
Accruals	195	4,649	(4,454)
Acquisition in business combination	99	271	(172)
Provision for obsolescence: period-end	**5,149**	**7,017**	**(1,868)**

The item 'Accrual' is the managements best estimate of the recoverability of the inventory value as at 30 June 2021.

The item 'Acquisition in business combinations' refers to the first-time consolidation of the company Dacom S.p.A. and the idMAINT Group acquired on 22 January 2021 (acquisition of the GTI Group on 31 December 2020).

11) Trade receivables

(euro/000)	30/06/2021	31/12/2020	Var.
Trade receivables - gross	484,867	590,220	(105,353)
Bad debt provision	(6,233)	(6,183)	(50)
Trade receivables - net	**478,634**	**584,037**	**(105,403)**

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 two countries where the Group operates, i.e. Italy and Spain. They are denominated almost entirely in euro and are short-term.

Net trade receivables includes 1.9 million euro of receivables transferred to factoring firms under 'with-recourse' factoring agreements, and are adjusted by credit notes to be issued to customers for an amount equal to 65.1 million euro as of 30 June 2021 and 81.5 million euro as at 31 December 2020.
Gross trade receivables are influenced not only by business volume trend, but also by seasonal drivers and by the impact of revolving programmes of trade receivables financing.

The change in gross trade receivables was caused by a lower use of technical forms of trade receivables disposal compared with 31 December 2020 (i.e. equal to approx. 342.3 million euro as at 30 June 2021 compared with 536.6 million euro as at 31 December 2020).

The following table illustrates the movement in the bad debt provision:

(euro/000)	30/06/2021	31/12/2020	Var.
Bad debt provision: year-beginning	**6,183**	**6,659**	**(476)**
Uses/Releases	(1,809)	(2,934)	1,125
Accruals	1,428	1,760	(332)
Acquisition in business combination	431	698	(267)
Bad debt provision: period-end	**6,233**	**6,183**	**50**

The item 'Acquisition in business combinations' refers to the first-time consolidation of the company Dacom S.p.A. and the idMAINT Group acquired on 22 January 2021 (acquisition of the GTI Group on 31 December 2020).

The financial performances of the Group show how the COVID-19 pandemic and the subsequent particular economic and financial context did not have material repercussions on the commercial creditor positions. Therefore, changes to the valuation of the recoverability of the receivables recorded in the financial statements according to the "Expected Credit Loss" model defined by the Group in compliance with IFRS 9 are not considered necessary.

12) Income tax assets current

(euro/000)	30/06/2021	31/12/2020	Var.
Income tax assets	234	410	(176)

Income tax assets refer mainly to a tax receivable for the direct taxes of the subsidiary GTI Software Y Networking S.A. that arose in 2020 prior to the entry to the tax consolidation regime with the holding company Esprinet Iberica S.L.U.

13) Other current assets

(euro/000)	30/06/2021	31/12/2020	Var.
Receivables from associates companies (A)	**-**	**-**	**-**
VAT receivables	2,276	1,539	737
Other tax assets	32,638	9,468	23,170
Other receivables from Tax authorities (B)	**34,937**	**11,007**	**23,930**
Receivables from factoring companies	994	147	847
Other financial receivables	8,562	9,617	(1,055)
Receivables from insurance companies	325	427	(102)
Receivables from suppliers	10,502	14,908	(4,406)
Receivables from employees	9	21	(12)
Receivables from others	137	94	43
Other receivables (C)	**20,529**	**25,214**	**(4,685)**
Prepayments (D)	**4,615**	**3,965**	**650**
Other assets (E= A+B+C+D)	**60,081**	**40,186**	**19,895**

VAT receivables refer to VAT receivables accrued by the subsidiaries included in the Subgroup Italy V-Valley S.r.l., Celly S.p.A. and Nilox Deutschland GmbH (around 1.1 million euro) and the Spanish subsidiary Vinzeo Technologies S.A.U. (roughly 1.1 million euro).

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 'Development of the disputes involving Esprinet S.p.A. and the Group' under the notes to item '26) Non-current provisions and other liabilities'.

Receivables from factoring companies, referring to the parent company for 0.9 million euro, relate to the residual amount still uncollected of the trade receivables sold 'without recourse' at the end of June 2021. At the time this report was drafted, the receivables due had been almost collected in full. The increase compared with the previous year-end balance, is mainly due to the temporary differences in the collection of transferred receivables with respect to 31 December 2020.

Customer financial receivables refer for 8.0 million euro to the guarantee deposit with the purchaser of the receivables assigned under the securitisation transaction conducted by the Group aimed at ensuring coverage of potential dilutions under this exercise or in the months following the transaction closing and refer for 0.5 million euro to the portion of receivables collectable within 12 months from

30 June 2021, that arose from a delivery of goods in 2011 from Esprinet S.p.A. 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 30 June 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. This item also includes mainly 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 the accrual date of which is deferred compared with that of the cash movement (mainly maintenance fees, insurance premiums, payables for lease contracts, undrawn credit facility fees).

17) Cash and cash equivalents

(euro/000)	30/06/2021	31/12/2020	Var.
Bank and postal deposit	180,571	558,899	(378,328)
Cash	33	29	4
Cheques	4	-	4
Total cash and cash equivalents	**180,608**	**558,928**	**(378,320)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. The level of liquidity, originated in the normal short-term financial cycle of collections, is partly temporarily and dramatically fluctuates not only along the calendar year but also during each month, mainly because payments from customers are concentrated at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.

For further details relating to the cash flows development please refer to the *Statement of cash flows* and to the following '*Cash flow analysis*' section.

Equity

The main changes in shareholders' equity items are explained in the following notes:

(euro/000)	30/06/2021	31/12/2020	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	353,439	352,402	1,037
Own shares (C)	(20,263)	(4,800)	(15,463)
Total reserves (D=B+C)	**333,176**	**347,602**	**(14,426)**
Net income for the year (E)	**22,128**	**31,405**	**(9,277)**
Net equity (F=A+D+E)	**363,165**	**386,868**	**(23,703)**
Non-controlling interests (G)	1,578	2,095	(517)
Total equity (H=F+G)	**364,743**	**388,963**	**(24,220)**

19) Share capital

The Esprinet S.p.A. *Share capital*, fully subscribed and paid-in as at 30 June 2021, is 7,860,651 euro and comprises 50,934,123 shares with no face 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.

The main information items used in reporting the value of the rights for the free assignment of the shares can be found in the '*Interim Directors' Report on Operations*', to which reference should be made.
The value of these rights was reported in the separate income statement under costs relating to salaried staff with a balancing item reported in the statement of financial position under the '*Reserves*' item.

20) Reserves

Reserves and profit carried over

The *Reserve and profit carried over* balance increased by 1.0 million euro, mainly due to combined effect of the allocation of profits from previous years, the distribution of dividends to shareholders and the conclusion of the 2018-2020 Equity Plan.
For further information, please refer to the '*Significant events occurred in the period*' paragraph in the 'Interim 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 No. 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) Net result

Consolidated net income pertaining to the Group for the first half of 2021 amount to 22.1 million euro (7.8 million euro in the first half of the previous year).

Non-current liabilities

22) Borrowings (non-current)

(euro/000)	30/06/2021	31/12/2020	Var.
Borrowings	102,437	107,069	(4,632)

The borrowings value refers to the valuation at the amortised cost of the portion of the medium-long term loans granted by the Group companies falling due beyond 12 months.

The change compared to the previous year is the result of the reclassification under current payables, as set forth in the loan repayment plans, of the instalments falling due within twelve months, partially offset by 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, net of repayments made in the first half of 2021, for a total debt in principal of 1.4 million euro, of medium/long-term loans granted to the subsidiaries Dacom S.p.A. and idMAINT S.r.l.

Details relating to the outstanding loans can be found in the paragraph '*Net financial indebtedness and loans covenants*'.

24) Deferred income tax liabilities

(euro/000)	30/06/2021	31/12/2020	Var.
Deferred income tax liabilities	12,551	11,309	1,242

The balance of this item is represented by higher taxes that the Group has to pay in the next few 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, and mainly relates to the cancellation of the tax amortisation of goodwill.

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 half-year are shown in the table below:

(euro/000)	30/06/2021	31/12/2020	Var.
Balance at year-beginning	**4,847**	**4,669**	**178**
Acquisition in business combination	1,060	-	1,060
Service cost	(39)	167	(206)
Interest cost	10	35	(25)
Actuarial (gain)/loss	(146)	173	(319)
Pensions paid	(274)	(197)	(77)
Other movements	3	-	3
Changes	**614**	**178**	**436**
Retirement benefit obligations	**5,461**	**4,847**	**614**

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 30 June 2021 (members, payments made, benefit revaluation). The discount rate reflects the market returns, at the condensed financial statements date of a panel of primary company bonds with a maturity date connected with the employee average residual permanence in the Group's companies (higher than 10 years).[3]

The 'Projected Unit Credit Cost' method used to assess the staff severance indemnity ('TFR') as per the IAS 19 accounting standard is based on demographic assumptions and on the following economic-financial assumptions:

	30/06/2021	31/12/2020
Cost of living increase	1.20%	1.00%
Discouting rate (1)	0.80%	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.

31) Lease liabilities (non-current)

(euro/000)	30/06/2021	31/12/2020	Var.
Lease liabilities (non-current)	105,827	93,999	11,828

The value of the non-current lease liabilities referring to the right-of-use assets as at 30 June 2021, equal to 105.8 million euro, compared to a value of 93.9 million euro as at 30 December 2020, subsequently changed as better described below:

(euro/000)	30/06/2021	31/12/2020	Var.
Lease liabilities	**93,999**	**100,212**	**- 6,213**
Acquisition in business combination		268	- 268
Increase from subscribed contracts	16,440	2,930	13,510
Termination/modification of contracts		(638)	638
Reclassification in current liabilities	(4,612)	(8,773)	4,161
Lease liabilities	**105,827**	**93,999**	**11,828**

The following table analyses the maturing dates of the financial liabilities booked as at 30 June 2021:

(euro/000)	Within 5 year	After 5 year	30/06/2021
Lease liabilities (non-current)	35,569	70,258	105,827

49) Debts for investments in subsidiaries (non-current)

(euro/000)	30/06/2021	31/12/2020	Var.
Debts for investments in subsidiaries (non-current)	1,730	230	1,500

[3] Please note that the iBoxx Eurozone Corporates AA10+ index was used as a parameter for the above mentioned calculation.

The item 'Debts for investments in subsidiaries (non-current)' as at 30 June 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 the year of the payable for the acquisition of the companies Dacom S.p.A. (1.4 million euro) and idMAINT S.r.l. (0.2 million euro) which occurred on 22 January 2021.

26) Non-current provisions and other liabilities

(euro/000)	30/06/2021	31/12/2020	Var.
Long-term liabilities for cash incentives	1,753	1,721	32
Provisions for pensions and similar obligations	1,606	1,691	(85)
Other provisions	249	290	(41)
Non-current provisions and other liabilities	**3,608**	**3,702**	**(94)**

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:

(euro/000)	30/06/2021	31/12/2020	Var.
Provisions for pensions: year-beginning	**1,691**	**1,661**	**30**
Uses/Releases	(237)	(105)	(132)
Accruals	99	135	(36)
Acquisition in business combination	53	-	53
Total variation	**(85)**	**30**	**53**
Provisions for pensions: period-end	**1,606**	**1,691**	**83**

(euro/000)	30/06/2021	31/12/2020	Var.
Other provisions: year-beginning	**290**	**127**	**163**
Uses/Releases	(41)	(40)	(1)
Accruals	-	203	(203)
Other provisions: period-end	**249**	**290**	**(41)**

Development of disputes involving Esprinet S.p.A. and the Group

The main disputes involving the Group are provided below, along with developments in the first half of 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

In the tax dispute for the 2002 tax period relating to VAT, IRPEG and IRAP, amounting to 6.0 million euro plus penalties and interest, it should be noted that, after Esprinet S.p.A. had obtained favourable judgements in both the first and second instance against the assessment notice issued in late 2007, on 3 August 2016 a Supreme Court judgement was filed that partially accepted the appeal made by the Italian Revenue Office. The Supreme Court referred the case to another section of the Regional Tax Commission, which will have to determine which part of the assessment will be upheld in relation to the disputed notice.
The Company reactivated the proceeding with the Regional Tax Commission on 10 November 2016.
The hearing, fixed on 17 September 2020, was then postponed.

Actebis Computer S.p.A. (now Esprinet S.p.A.) direct 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 by incorporation into Esprinet S.p.A.), as also disclosed in the financial statements for the previous year, all outstanding litigation has been resolved, with the exception of that pertaining to the year 2005, for which Esprinet, at the recommendation of the seller of Actebis and after the failure of a tax settlement proposal, paid the reduced penalties and lodged an appeal with the Provincial Tax Commission. This appeal was rejected on 8 October 2012. Esprinet S.p.A., at the recommendation of the seller's advisor, lodged an appeal, which was registered with the Regional Tax Commission on 20 May 2013.
On 23 September 2014, the appeal was rejected and Esprinet paid the sums inscribed on the tax roll as per the Regional Tax Commission decision, after receiving the corresponding funds from the seller.
The seller's advisor lodged an appeal against the ruling with the Supreme Court.
Based on information available, the hearing has not been scheduled.

Esprinet S.p.A. indirect taxes for the year 2011

On 30 November 2016, the Company was served a notice relating to an assessment claiming VAT of 1.0 million euro, plus penalties and interests. The tax authority claims that some transactions are taxable in respect of which a customer had previously filed a declaration of intent, but later failed to fulfil the requirements needed to qualify as a frequent exporter.
The notice of assessment follows tax checks carried out by the Direzione Regionale delle Entrate (Regional Revenue Office) - Large Taxpayer Office through questionnaires sent on 3 October 2016.
On 23 January 2017 the Company filed an appeal against the assessment notice and, pursuant to the administrative procedure, made an advance payment equal to 0.4 million euro, booked under 'Other tax assets'.
The hearing on the merit of the appeal was fixed on 24 November 2017.
On 10 January 2018 a judgement was issued that rejected the first instance claim.
On 23 February 2018 another advance equal to 1.5 million euro was paid, also posted under 'Other tax assets'.
The Company appealed on 16 July 2018 and the hearing was held before the Regional Tax Commission on 12 February 2019.
On 8 May 2019 a judgement was issued that rejected the Company's claim, condemning the Company to pay legal costs.
The Company filed an appeal before the Supreme Court on 4 December 2019.

Esprinet S.p.A. indirect taxes for the year 2012

On 2 October 2017 the Company was served a notice of assessment claiming VAT on taxable transactions entered with three customers for 3.1 million euro, along with penalties and interest.
The tax assessment refers to business relations with the three companies that, subsequent to a tax audit, failed to fulfil the requirements needed to qualify as frequent exporters. The notice of assessment served to the Company follows the tax audit carried out by the Direzione Regionale della Lombardia (Lombardy Regional Revenue Office) - Large Taxpayer Office.
The Company appealed against the notice of assessment on 30 November 2017.

On 18 May 2018 the hearing was held where the Provincial Tax Commission requested the appellant to file some documents by 30 June 2018 and scheduled the next hearing on 21 September 2018.
On 9 October 2018 a judgement was issued that upheld the Company's claim.
On 1 April 2019 the Italian Revenue Office lodged an appeal with the Regional Tax Commission against the first instance judgement favourable to the Company. On 31 May 2019, the Company filed its arguments.
On 17 February 2020, the hearing was held and the Commission upheld the Office's appeal, confirming the assessment notice.
The Company filed an appeal before the Supreme Court.
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".

Esprinet S.p.A. indirect taxes for the year 2013

On 31 July 2018 the Company was served a notice of assessment claiming VAT on taxable transactions entered with a customer for 66 thousand euro, along with penalties and interest.
The tax assessment refers to business relations with the customer company that, subsequent to a tax audit, failed to fulfil the requirements needed to qualify as frequent exporters.
On 29 October 2018 the Company lodged an appeal.
The hearing was held on 29 January 2019 and on 13 February 2019 the Provincial Tax Commission filed a judgement rejecting the claim.
The Company filed an appeal with the Regional Tax Commission, which upheld the appeal on 23 September 2020. The Revenue Agency filed an appeal at the Supreme Court.

Esprinet S.p.A. indirect taxes for the year 2013

On 20 December 2018 the Company was served a notice relating to an assessment claiming VAT for 2013 of 14.5 million euro, plus penalties and interest, due to alleged non-application of VAT to transactions with frequent exporters.
On 5 February 2019, the Company filed a tax settlement proposal pursuant to Article 6, paragraph 2 of Italian Legislative Decree 218/1997, whose proceedings were not defined.
Thus, the Company appealed on 30 May 2019.
Having failed to obtain a suspension of collection, on 11 December 2019, the Company made the payment of 6.2 million euro, pending judgement.
The first instance hearing was held on 23 September 2020 and on 19 November 2020 the unfavourable ruling was filed, against which the Company had submitted an appeal.
March 2021 saw the payment, as set forth in the administrative proceedings, of 18.2 million euro which, as all stages of legal proceedings are yet to be concluded, was recognised in the financial statements under the item "Other tax receivables", as occurred with previous payments.

Monclick S.r.l. direct taxes for the year 2012

On 7 September 2015 the Italian Revenue Office closed a tax audit relating to tax period 2012 (a year in which the company was still part of the Esprinet Group) serving a tax notice. From the tax audit report some breaches arose resulting in a disallowance of costs equal to 82 thousand euro, plus penalties and interest.
On 2 November the Company filed its comments. On 20 July 2016 the Italian Revenue Office notified tax assessment notices related to IRAP and direct taxation. On 29 September the Company filed a tax settlement proposal, leading to a cross-examination with the Office.
On 25 November 2016 the Office rejected the settlement proposal, and as a consequence the Company lodged a partial appeal on 16 January 2017.
On 26 June 2017 the matter was discussed and on 10 July 2017 a judgement was issued that upheld the appeal.

In July, the Company obtained cancellation of the amounts inscribed on the tax roll following the Provincial Tax Commission decision.
On 17 October 2017 the Italian Revenue Office lodged an appeal against the first instance judgement and the Company entered an appearance filing its counterarguments.
On 3 July 2018, the hearing was held and on 20 July 2018 the Regional Tax Commission issued a judgement that upheld the Italian Revenue Office's appeal.
On 16 July 2019 the Company lodged an appeal before the Supreme Court.

Edslan S.r.l. registration fees for the year 2016

On 4 July 2017, the Company was served a correction and settlement notice relating to the reassessment of the value of the business unit acquired on 8 June 2016 from Edslan S.p.A. (now I-Trading S.r.l.).
The higher registration fee claimed amounts to 182 thousand euro, plus penalties and interest.
On 21 September 2017, the Company filed a tax settlement proposal and on 11 October the first meeting was held at Tax Office, with a negative outcome.
On 29 December 2017, the company lodged an appeal that was filed with the Provincial Tax Commission on 24 January 2018.
The hearing was held on 19 June 2018 and on 18 September 2018 a judgement was issued that upheld the appeal condemning the Tax Office to pay legal costs.
On 18 March 2019, the appeal from the Office was served and on 17 May 2019 the Company filed its counterarguments. On 22 January 2020 the Regional Tax Commission rejected the appeal of the Italian Revenue Office with judgement filed on 28 February 2020.
The same Revenue Office filed an appeal to the Supreme Court on 1 December 2020 and the Company filed a cross-appeal on 8 January 2021.

Comprel S.r.l. direct and indirect taxes for the year 2006

On 16 September 2011, Comprel S.r.l. was served a notice of assessment relating to IRAP and VAT for the year 2006 and a further assessment relating to IRES for the year 2006 (the latter also notified to Esprinet S.p.A. being the consolidating company, under the new assessment proceeding, as per Article 40-bis of Italian Presidential Decree No. 600/1973) with a total recovery of 99 thousand euro, plus penalties and interest.

With respect to these tax assessments, Comprel filed a settlement proposal whose negative outcome led it to lodge an appeal with the Provincial Tax Commission, that issued its Judgement No. 106/26/13 on 9 May 2013, which rejected Comprel's joint appeals.

On 9 July 2013, an appeal was lodged against this judgement.

On 9 July 2014 the judgement No. 3801/2014 was issued that upheld the Company's appeal in relation to the related points 4, 6, 7 and 11.

On 14 January 2015 an appeal was lodged by the General Attorney with the Supreme Court challenging the Judgement No. 3801/2014 of 9 July 2014 rendered by the Regional Tax Commission of Milan. The Company filed a cross-appeal on 20 February 2015.
On 31 May 2019, the Company filed an application for facilitated settlement of the pending tax disputes (Arts. 6 and 7 of Italian Decree Law No. 119/2018).

Current liabilities

27) Trade payables

(euro/000)	30/06/2021	31/12/2020	Var.
Trade payables - gross	910,549	1,244,250	(333,701)
Credit notes to be received	(125,027)	(136,424)	11,397
Trade payables	**785,522**	**1,107,826**	**(322,304)**

The Trade payables balance, compared with 31 December 2020 is mainly influenced by the seasonality of the distribution business.

The amount is net of credit notes to be received that mainly relate to rebates referring to the achievement of commercial targets, to discounts for sales promotions, to contractual protections of inventory and to discounts for marketing activities.

28) Short–term financial liabilities

(euro/000)	30/06/2021	31/12/2020	Var.
Bank loans and overdrafts	50,060	44,725	5,335
Other financing payables	23,347	11,324	12,023
Short - term financial liabilities	**73,407**	**56,049**	**17,358**

Current bank loans and overdrafts refer to the valuation at the amortised cost of the short-term credit facilities and of the portion of medium-long term loans granted to the Group companies falling due within the next 12 months.
Details relating to the outstanding loans can be found in the paragraph '*Net financial indebtedness and loans covenants*'.

The positive change with respect to the previous year is due not only to an expansion in the scope of consolidation with the acquisitions in January 2021 of Dacom S.p.A. and idMAINT Group (payable acquired amounting to 6.3 million euro and 14.7 million euro as at 30 June 2021), and the repayment of portions of the medium/long-term loans according to the amortisation plans, but also to the effect of the renegotiation in May 2021 of 11 "amortising" loans taken out in 2020 by the Spanish subsidiaries and guaranteed by the Spanish 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.

The balance also includes the portion expiring in January 2022 of the loan taken out by the parent company relating to the supply to the customer "Guardia di Finanza" (GdF) - Revenue Guard Corps - in relation to whose transaction an identical short-term receivable due from GdF was recognised (0.5 million euro).

Other financing payables 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 increase in the payable is a direct consequence of the different timings in the collection of factored receivables with respect to 31 December 2020.

29) Income tax liabilities

(euro/000)	30/06/2021	31/12/2020	Var.
Income tax liabilities	4,273	224	4,049

Income tax liabilities, relating essentially to the parent company Esprinet S.p.A. for 2.3 million euro and the subsidiaries to Dacom S.p.A. for 0.2 million euro, idMAINT S.r.l. for 0.1 million euro and Esprinet Iberica S.L.U. for 1.4 million euro, reflect the excess amount of current income taxes for the first half of 2021 over the advances paid.

36) Lease liabilities (current)

(euro/000)	30/06/2021	31/12/2020	Var.
Lease liabilities (current)	9,668	8,867	801

The value of the current lease liabilities referring to the right-of-use assets as at 30 June 2021, amounting to 9.6 million euro, compared to a value of 8.8 million euro as at 31 December 2020, subsequently changed as better described below:

(euro/000)	30/06/2021	31/12/2020	Var.
Lease liabilities	**8,867**	**8,597**	**270**
Acquisition in business combination	-	107	(107)
Increase from subscribed contracts	524	43	481
Reclassification from non-current liabilities	4,612	8,773	(4,161)
Lease interest expenses	1,581	3,336	(1,755)
Payments	(5,916)	(11,777)	5,861
Termination/modification of contracts	-	(212)	212
Lease liabilities	**9,668**	**8,867**	**801**

32) Current provisions and other liabilities

Provisions and other liabilities include solely payables whose maturity is within the following 12 months.

(euro/000)	30/06/2021	31/12/2020	Var.
Social security liabilities (A)	**4,911**	**4,825**	**86**
Associates companies liabilities (B)	**-**	**-**	**-**
VAT payables	13,677	14,800	(1,123)
Withholding tax liabilities	607	461	146
Other tax liabilities	1,319	1,264	55
Other payables to Tax authorities (C)	**15,603**	**16,525**	**(922)**
Payables to personnel	8,795	9,985	(1,190)
Payables to customers	7,106	7,165	(59)
Payables to others	1,469	1,686	(217)
Total other creditors (D)	**17,370**	**18,836**	**(1,466)**
Accrued expenses and deferred income related to:			
- Accrued expenses for insurance costs	212	270	(58)
- Other deferred income	240	39	201
Accrued expenses and deferred income (E)	**452**	**309**	**143**
Provisions and other liabilities (F=A+B+C+D+E)	**38,336**	**40,495**	**(2,159)**

Social security liabilities mainly refer to payables to welfare institutions linked to wages and salaries paid in June and to social contributions accrued on deferred compensation, including monetary incentives.

VAT payables refer to the amounts due for VAT accrued in June by the parent company Esprinet S.p.A., as well as by the subsidiaries 4Side S.r.l., Dacom S.p.A., idMAINT S.r.l. and by all Iberian subsidiaries with the exception of Vinzeo Technologies S.A.U. The change in the balance compared to the previous year is strictly influenced by the ratio of sales made to purchases from suppliers for the parent company Esprinet S.p.A. and the Spanish subsidiaries.

Other tax liabilities are mainly taxes withheld on wages and salaries paid to employees during the month of June.

Payables to personnel refer to June salaries as well as to deferred 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 0.5 million euro to Directors relating to first half emoluments accrued (1.0 million euro in 2020), as well as payables of 0.4 million euro to the Group's network of agents relating to fees due and unpaid.

Accrued expenses and deferred income are income and/or expenses whose accrual date is deferred/anticipated compared with the cash collection/expenditure.

51) Debts for investments in subsidiaries (current)

(euro/000)	30/06/2021	31/12/2020	Var.
Debts for investments in subsidiaries (current)	1,959	220	1,739

The item Debts for investments in subsidiaries (current) as at 30 June 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.

5. Notes to income statement items

Sales and costs analysis of the period, having previously stated both the Group financial results and the sales by product family and customer type in the '*Interim Directors' Report on Operations*', are reported as follows:

33) Sales from contracts with customers

Sales by geographical area

(euro/million)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	Var.	% Var.
Italy	1,400.0	62.6%	1,184.2	64.5%	18%	667.4	62.3%	587.8	63.8%	79.6	14%
Spain	775.4	34.7%	613.6	33.4%	26%	369.9	34.5%	315.3	34.2%	54.6	17%
Portugal	40.4	1.8%	23.0	1.3%	76%	23.4	2.2%	11.7	1.3%	11.7	100%
Other EU countries	14.7	0.7%	8.8	0.5%	67%	7.9	0.7%	3.7	0.4%	4.2	114%
Extra EU countries	6.3	0.3%	5.1	0.3%	24%	2.2	0.2%	2.4	0.3%	(0.2)	-8%
Sales from contracts with clients	**2,236.8**	**100.0%**	**1,834.7**	**100.0%**	**22%**	**1,070.8**	**100.0%**	**920.9**	**100.0%**	**149.9**	**16%**

Sales by geographical area in the half shown a considerably better performance especially for Spanish activities (+26%) and in relation to sales in the Portuguese territory. The latter recorded a +76% improvement in sales performance, rewarding the investments made in the on-site warehouse. sales rose by +18% in Italy.
The increase in sales in EU countries is also influenced by the contribution from the acquisitions of the GTI Group in Spain, a leader in the Cloud segment, and the companies Dacom and idMAINT, leaders in the distribution and support services segment and in the Automatic Identification and Data Capture segment in Italy.

The performance in the second quarter alone, albeit with different percentages, shows the same trends, with the exception of sales realised outside the European Union, which decreased by -8% compared to the general improvement recorded in the half (+24%).

Sales by products and services

(euro/million)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Product sales	1,413.8	63.2%	1,189.1	64.8%	19%	674.5	63.0%	590.8	64.2%	14%
Services sales	6.7	0.3%	3.0	0.2%	*123%*	3.5	0.3%	1.5	0.2%	*133%*
Sales - Subgroup Italy	**1,420.5**	**63.5%**	**1,192.1**	**65.0%**	***19%***	**678.0**	**63.3%**	**592.3**	**64.3%**	***14%***
Product sales	815.7	36.5%	642.2	35.0%	*27%*	392.7	36.7%	328.4	35.7%	*20%*
Services sales	0.6	0.0%	0.4	0.0%	50%	0.1	0.0%	0.2	0.0%	-50%
Sales - Subgroup Spain	**816.3**	**36.5%**	**642.6**	**35.0%**	***27%***	**392.8**	**36.7%**	**328.6**	**35.7%**	***20%***
Sales from contracts with customers	**2,236.8**	**100.0%**	**1,834.7**	**100.0%**	***22%***	**1,070.8**	**100.0%**	**920.9**	**100.0%**	***16%***

The sales analysis by product family and customer type is presented under the relative paragraph in the *Interim Directors' Report on Operation* to which reference is made for further details.

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)	H1 2021	%	H1 2020	%	Var.	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Sales from contracts with customers as 'principal'	2,230.5	*99.7%*	1,832.3	*99.9%*	398.2	*22%*	1,067.6	*99.7%*	919.6	*99.9%*	*16%*
Sales from contracts with customers as 'agent'	6.3	*0.3%*	2.4	*0.1%*	3.9	*163%*	3.2	*0.3%*	1.3	*0.1%*	*146%*
Sales from contracts with customers	**2,236.8**	**100.0%**	**1,834.7**	**100.0%**	**402.1**	***22%***	**1,070.8**	**100.0%**	**920.9**	**100.0%**	**16%**

35) <u>Gross profit</u>

(euro/000)	H1 2021	%	H1 2020	%	% *Var.*	Q2 2021	%	Q2 2020	%	% *Var.*
Sales from contracts with customers	2,236,823	100.00%	1,834,676	100.00%	*22%*	1,070,785	100.0%	920,914	100.00%	*16%*
Cost of sales	2,120,032	94.78%	1,752,267	95.51%	*21%*	1,009,887	94.3%	880,598	95.62%	*15%*
Gross profit	**116,791**	**5.22%**	**82,409**	**4.49%**	***42%***	**60,898**	**5.69%**	**40,316**	**4.38%**	***51%***

Gross profit amounted to 116.7 million euro, marking an increase of +42% compared to 82.4 million euro recorded in the first half of 2020, due to both higher sales and the improvement in the percentage margin, which went from 4.49% to 5.22%, thanks also to the greater incidence of high margin business lines. In the second quarter alone, gross profit, amounting to 60.9 million euro, recorded an improvement of +51% compared to the same period of the previous year, with a percentage margin up from 4.38% to 5.69%.

As is prevalent 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.

Finally, gross profit is affected by the difference between the amount of trade receivables sold without recourse to factoring companies within the usual revolving programmes and the amounts collected. This latter effect was quantified at approximately 1.8 million euro for the six-month period under review (1.7 million euro in the same period of the previous year).

37-38-39) Operating costs

(euro/000)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Sales from contracts with customers	**2,236,823**		**1,834,676**		***22%***	**1,070,785**		**920,914**		***16%***
Sales and marketing costs	34,969	1.56%	24,888	1.36%	*41%*	18,877	1.76%	11,803	1.28%	*60%*
Overheads and administrative costs	47,904	2.14%	42,065	2.29%	*14%*	24,669	2.30%	21,832	2.37%	*13%*
Impairment loss/reversal of financial assets	(141)	-0.01%	844	0.05%	*+100%*	(161)	-0.02%	412	0.04%	*+100%*
Operating costs	**82,732**	**3.70%**	**67,797**	**3.70%**	***22%***	**43,385**	**4.05%**	**34,047**	**3.70%**	***27%***
- of which non recurring	-	0.00%	2,216	0.12%	*100%*	-	0.00%	2,216	0.24%	*100%*
'Recurring' operating costs	**82,732**	**3.70%**	**65,581**	**3.57%**	***26%***	**43,385**	**4.05%**	**31,831**	**3.46%**	***36%***

In the first half of 2021, operating costs, amounting to 82.7 million euro, increased by 14.9 million euro compared with the same period of 2020, with an incidence on sales of 3.70%, in line with the corresponding period of the previous year. In the second quarter alone, operating costs, equal to 43.4 million euro, increased by +27% compared with the same period of previous year.
Of the 14.9 million euro increase, 8.5 million euro is attributable to the expansion in the scope of consolidation: 5.4 million euro incurred by the GTI Group, acquired in the fourth quarter of 2020 and 3.1 million euro incurred by Dacom S.p.A. and the idMAINT Group, acquired in the first quarter of 2021.

Operating costs in the first half of 2020 included the effect of 2.2 million euro in non-recurring expenses. Net of these items, operating costs in the first half of 2021 were up +26% compared to the corresponding period of the previous year, with a percentage incidence on sales up from 3.70% to 3.57%, while in the second quarter alone, operating costs recorded an increase of +36%, with a percentage incidence on sales up to 4.05% from 3.46%.

Reclassification by nature of some categories of operating costs

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

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Sales from contracts with customers	**2,236,823**		**1,834,676**		***22%***	**1,070,785**		**920,914**		***16%***
Depreciation of tangible assets	2,106	0.09%	2,020	0.11%	*4%*	1,056	0.10%	991	0.11%	*6%*
Amortisation of intangible assets	176	0.01%	163	0.01%	*8%*	91	0.01%	71	0.01%	*28%*
Depreciation of right-of-use assets	5,375	0.24%	4,939	0.27%	*9%*	2,759	0.26%	2,475	0.27%	*11%*
Amort . & depreciation	**7,657**	**0.34%**	**7,122**	**0.39%**	***8%***	**3,905**	**0.36%**	**3,537**	**0.38%**	***10%***
Write-downs of fixed assets	-	0.00%	1,100	0.06%	*100%*	-	0.00%	1,100	0.12%	*100%*
Amort. & depr., write-downs (A)	**7,657**	**0.34%**	**8,222**	**0.45%**	***-7%***	**3,905**	**0.36%**	**4,637**	**0.50%**	***-16%***
Accruals for risks and charges (B)	99	0.00%	54	0.00%	*83%*	44	0.00%	29	0.00%	*52%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**7,756**	**0.35%**	**8,276**	**0.45%**	***-6%***	**3,949**	**0.37%**	**4,666**	**0.51%**	***-15%***

Labour costs and number of employees

The labour cost analysis for the period under review is detailed as follows:

(euro/000)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Sales from contracts with customers	**2,236,823**		**1,834,676**		***22%***	**1,070,785**		**920,914**		***16%***
Wages and salaries	31,231	1.40%	23,835	1.30%	*31%*	15,859	1.48%	11,647	1.26%	*36%*
Social contributions	9,239	0.41%	7,138	0.39%	*29%*	4,698	0.44%	3,480	0.38%	*35%*
Pension obligations	1,252	0.06%	1,211	0.07%	*3%*	677	0.06%	598	0.06%	*13%*
Other personnel costs	537	0.02%	455	0.02%	*18%*	292	0.03%	223	0.02%	*31%*
Employee termination incentives	123	0.01%	173	0.01%	*-29%*	70	0.01%	48	0.01%	*46%*
Share incentive plans	210	0.01%	143	0.01%	*47%*	134	0.01%	75	0.01%	*79%*
Total labour costs [1]	**42,592**	**1.90%**	**32,955**	**1.80%**	***29%***	**21,730**	**2.03%**	**16,071**	**1.75%**	***35%***

[1] Cost of temporary workers excluded.

As at 30 June 2021, labour costs amounted to 42.6 million euro, a more than proportional increase (+29%) compared to the growth in average personnel employed in the half with respect to the same period of the previous year (+23%), based primarily on the business combinations (all took place after the first half of 2020) and the increase in staff in both areas of operations of the Group, as set forth in the company development plans.
The item 'Share plans' refers to the pro-tempore costs of the 'Long-Term Incentive Plan' approved in May 2018 and the 'Long Term Incentive Plan' approved in April 2021 by the Shareholders' Meeting of Esprinet S.p.A.

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

	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	19	827	-	**846**	
Celly S.p.A.	-	-	-	**-**	
Celly Pacific LTD	-	3	-	**3**	
Dacom S.p.A.	1	26	7	**34**	
Idmaint S.r.l.	-	12	-	**12**	
Erredi Deutschland GmbH	-	3	-	**3**	
Erredi France SARL	-	1	-	**1**	
Erredi Iberica SL	-	10	-	**10**	
Nilox Deutschland GmbH	-	-	-	**-**	
4Side S.r.l.	3	11	-	**14**	
V-Valley S.r.l.	-	-	-	-	
Subgroup Italy	**23**	**893**	**7**	**923**	**878**
Esprinet Iberica S.L.U.	-	276	84	**360**	
Vinzeo Technologies S.A.U.	-	194	-	**194**	
V-Valley Iberian S.L.U.	-	-	-	**-**	
Esprinet Portugal Lda	-	38	-	**38**	
GTI Software Y Networking S.A	-	119	-	**119**	
Optima Logistics S.L.U.	-	2	4	**6**	
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	-	-	-	**-**	
GTI Software & Networking SARLAU	-	10	-	**10**	
Subgroup Spain	**-**	**639**	**88**	**727**	**746**
Group as at 30 June 2021	**23**	**1,532**	**95**	**1,650**	**1,624**
Group as at 31 December 2020	**23**	**1,492**	**83**	**1,598**	**1,458**
Var 30/06/2021 - 31/12/2020	-	40	12	52	166
Var %	0%	3%	14%	3%	11%
Group as at 30 June 2020	**22**	**1,228**	**75**	**1,325**	**1,323**
Var 30/06/2021 - 30/06/2020	1	304	20	325	301
Var %	5%	25%	27%	25%	23%

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

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.

	Plan 2018-2020	Plan 2021-2023 'Base' component	Plan 2021-2023 '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	1,086,345 (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 years	2 years
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 financial position, totalled 210 thousand euro with reference to employees (143 thousand euro in 2020) and 473 thousand euro with reference to directors (480 thousand euro in 2020).

42) Finance costs-net

(euro/000)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Sales from contracts with customers	**2,236,823**		**1,834,676**		***22%***	**1,070,785**		**920,914**		***16%***
Interest expenses on borrowings	977	0.04%	487	0.03%	*>100%*	508	0.05%	235	0.03%	*>100%*
Interest expenses to banks	56	0.00%	681	0.04%	*-92%*	52	0.00%	611	0.07%	*-91%*
Other interest expenses	1	0.00%	2	0.00%	*-50%*	1	0.00%	-	0.00%	*NA*
Upfront fees amortisation	265	0.01%	228	0.01%	*16%*	132	0.01%	114	0.01%	*16%*
IAS 19 expenses/losses	10	0.00%	17	0.00%	*-41%*	5	0.00%	8	0.00%	*-38%*
IFRS financial lease interest expenses	1,581	0.07%	1,682	0.09%	*-6%*	790	0.07%	834	0.09%	*-5%*
Derivatives ineffectiveness	-	0.00%	-	0.00%	*NA*	-	0.00%	-	0.00%	*NA*
Total financial expenses (A)	**2,887**	**0.13%**	**3,097**	**0.17%**	***-7%***	**1,487**	**0.14%**	**1,802**	**0.20%**	***-17%***
Interest income from banks	(3)	0.00%	(14)	0.00%	*-79%*	(2)	0.00%	(1)	0.00%	*100%*
Interest income from others	(26)	0.00%	(49)	0.00%	*-47%*	(8)	0.00%	(35)	0.00%	*-77%*
Derivatives ineffectiveness	17	0.00%	(2)	0.00%	*<100%*	13	0.00%	-	0.00%	*NA*
Total financial income(B)	**(12)**	**0.00%**	**(65)**	**0.00%**	***-82%***	**3**	**0.00%**	**(36)**	**0.00%**	***<100%***
Net financial exp. (C=A+B)	**2,875**	**0.13%**	**3,032**	**0.17%**	***-5%***	**1,490**	**0.14%**	**1,766**	**0.19%**	***-16%***
Foreign exchange gains	(625)	-0.03%	(867)	-0.05%	*-28%*	(306)	-0.03%	(687)	-0.07%	*-55%*
Foreign exchange losses	1,495	0.07%	1,708	0.09%	*-12%*	102	0.01%	317	0.03%	*-68%*
Net foreign exch. (profit)/losses (D)	**870**	**0.04%**	**841**	**0.05%**	***3%***	**(204)**	**-0.02%**	**(370)**	**-0.04%**	***-45%***
Net financial (income)/costs (E=C+D)	**3,745**	**0.17%**	**3,873**	**0.21%**	***-3%***	**1,286**	**0.12%**	**1,396**	**0.15%**	***-8%***

The overall balance between financial income and expenses, which is negative for 3.7 million euro, is essentially in line with the corresponding period of the previous year, albeit representative of a restructuring of medium/long-term loans and short-term treasury lines.

In the second quarter of 2021 alone, the overall balance of financial income and expenses, a negative 1.3 million euro, showed a slight improvement compared to 1.4 million euro of the corresponding period of the previous year, essentially the result of lower bank interest expense, partially offset by a less positive trend in exchange rate management.

45) Income tax expenses

(euro/000)	H1 2021	%	H1 2020	%	% Var.	Q2 2021	%	Q2 2020	%	% Var.
Sales from contracts with customers	**2,236,823**		**1,834,676**		***22%***	**1,070,785**		**920,914**		***16%***
Current and deferred taxes	**8,264**	**0.37%**	**3,056**	**0.17%**	***170%***	**4,384**	**0.41%**	**1,127**	**0.12%**	***289%***
Profit before taxes	30,314		10,739			16,226		4,873		
Tax rate	**27%**		**28%**			**27%**		**23%**		

Estimated income taxes for the first half, amounting to 8.3 million euro, more than doubled compared to the first half of 2020 due to the higher tax base, given the difference in the tax rate was, by contrast, negligible (27% compared to 28%).

46) Net income and earnings per share

(euro/000)	H1 2021	H1 2020	Var.	% Var.	Q2 2021	Q2 2020	Var.	% Var.
Net income attributable to Group	**22,128**	**7,813**	**14,315**	***183%***	**11,895**	**3,816**	**8,079**	***212%***
Weighed average no. of shares in circulation: basic	49,674,365	48,362,375			49,565,812	48,314,439		
Weighed average no. of shares in circulation: diluted	50,189,388	49,230,757			49,523,612	49,234,428		
Earnings per share in euro - basic	**0.45**	**0.16**	**0.29**	***181%***	**0.24**	**0.08**	**0.16**	***200%***
Earnings per share in euro - diluted	**0.44**	**0.16**	**0.28**	***175%***	**0.24**	**0.08**	**0.16**	***200%***

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).

6. Other significant information

6.1 Cash flow analysis

As shown in the following table, due to the trends in cash flows development in the *Consolidated statement of cash flows*, as at 30 June 2021, the Esprinet Group recorded a negative net financial indebtedness of 104.9 million euro, compared with a positive 113.2 million euro as at 30 June 2020.

(euro/000)	H1 2021	H1 2020
Net financial debt at year-beginning	**(302,777)**	**(272,275)**
Cash flow provided by (used in) operating activities	(316,190)	(154,557)
Cash flow provided by (used in) investing activities	(13,143)	(2,105)
Cash flow provided by (used in) changes in net equity	(47,093)	(1,656)
Total cash flow	**(376,426)**	**(158,318)**
Unpaid interests	(557)	(459)
Unpaid leasing interests	(259)	(273)
Lease liabilities posting	(16,934)	-
Net Financial debts (no cash) acquisitions	(10,224)	-
Deferred price acquisitions	(3,239)	-
Net financial debt at year-end	**104,862**	**(113,225)**
Short-term financial liabilities	73,407	52,364
Lease liabilities	9,668	8,673
Customers financial receivables	(8,562)	(9,476)
Current financial (assets)/liabilities for derivatives	(2)	-
Financial receivables from factoring companies	(994)	(654)
Current Debts for investments in subsidiaries	1,959	-
Cash and cash equivalents	(180,608)	(333,237)
Net current financial debt	**(105,132)**	**(282,330)**
Borrowings	102,437	73,277
Lease liabilities	105,827	96,323
Non current Debts for investments in subsidiaries	1,730	-
Customers financial receivables	-	(495)
Net financial debt at year-beginning	**104,862**	**(113,225)**

6.2 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'.

(euro/000)	30/06/2021	31/12/2020	30/06/2020
A. Bank deposits and cash on hand	180,604	558,928	333,226
B. Cheques	4	-	11
C. Other current financial assets	9,558	9,791	10,130
D. Liquidity (A+B+C)	190,166	568,719	343,367
E. Current financial debt	53,001	27,023	40,098
F. Current portion of non current debt	32,033	38,113	20,939
G. Current financial indebtedness (E+F)	85,034	65,136	61,037
H. Net current financial indebtedness (G-D)	**(105,132)**	**(503,583)**	**(282,330)**
I. Non-current financial debt	209,994	200,806	169,105
J. Debt instruments	-	-	-
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial indebtedness (I+J+K)	**209,994**	**200,806**	**169,105**
M. Net financial indebtedness (H+L)	**104,862**	**(302,777)**	**(113,225)**
Breakdown of net financial indebtedness:			
Short-term financial liabilities	73,407	56,049	52,364
Lease liabilities	9,668	8,867	8,673
Current debts for investments in subsidiaries	1,959	220	-
Current financial (assets)/liabilities for derivatives	(2)	(27)	-
Other current financial receivables	(8,562)	(9,617)	(9,476)
Financial receivables from factoring companies	(994)	(147)	(654)
Cash and cash equivalents	(180,608)	(558,928)	(333,237)
Net current financial debt	**(105,132)**	**(503,583)**	**(282,330)**
Other non - current financial receivables	-	(492)	(495)
Non - current debts for investments in subsidiaries	1,730	230	-
Borrowings	102,437	107,069	73,277
Lease liabilities	105,827	93,999	96,323
Net financial debt	**104,862**	**(302,777)**	**(113,225)**

The net financial position of the Group, a negative 104.9 million euro, corresponds to a net balance between gross financial payables for 179.5 million euro, financial receivables of 9.5 million euro, financial lease liabilities for 115.5 million euro and cash and cash equivalents of 180.6 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.

The non-recourse sale of receivables revolving programme focusing on selected customer segments, especially in GDO, continued during the first half of 2021 in both Italy and Spain as part of the processes aimed at the structural optimisation of the management of working capital. In addition to this, the securitisation programme also continued during the period, launched in Italy in July 2015 and renewed in July 2021, for additional trade receivables. 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 balance sheet assets in compliance with IFRS 9. The overall effect on the level of net financial payables as at 30 June 2021 is quantified at roughly 342.3 million euro (around 536.6 million euro as at 31 December 2020 and 343.0 million euro as at 30 June 2020).

With regard to medium/long-term financial debt, the table below shows, separately for each lender, the principal amount of loans due within and beyond the next financial year, broken down into 'Subgroup Italy' and 'Subgroup Iberica'. 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.

(euro/000)	30/06/2021			31/12/2020			Var.		
	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.
Carige	1,287	-	1,287	2,564	-	2,564	(1,277)	-	(1,277)
BCC Carate	2,547	-	2,547	2,532	1,277	3,809	15	(1,277)	(1,262)
Intesa Sanpaolo (GdF loan)	497	-	497	476	497	973	21	(497)	(476)
Intesa Sanpaolo	250	126	376	-	-	-	250	126	376
Banca Popolare di Sondrio	4,960	7,590	12,550	4,920	10,080	15,000	40	(2,490)	(2,450)
Cassa Depositi e Prestiti	7,000	24,500	31,500	7,000	28,000	35,000	-	(3,500)	(3,500)
BPER Banca	601	151	752	-	-	-	601	151	752
Unicredit	1,199	1,103	2,302	-	-	-	1,199	1,103	2,302
Total Subgroup Italy	**18,341**	**33,470**	**51,811**	**17,492**	**39,854**	**57,346**	**849**	**(6,384)**	**(5,535)**
Banco Sabadell	2,669	12,477	15,146	3,746	12,722	16,468	(1,077)	(245)	(1,322)
Bankia	2,006	8,578	10,584	1,993	9,584	11,577	13	(1,006)	(993)
Ibercaja	3,246	6,692	9,938	3,226	8,324	11,550	20	(1,632)	(1,612)
Bankinter	2,272	7,855	10,127	4,545	5,983	10,528	(2,273)	1,872	(401)
La Caixa	1,000	12,000	13,000	2,847	10,653	13,500	(1,847)	1,347	(500)
Kutxabank	750	750	1,500	750	1,125	1,875	-	(375)	(375)
Cajamar	1,749	5,769	7,518	1,368	6,150	7,518	381	(381)	-
BBVA	-	10,000	10,000	1,639	8,361	10,000	(1,639)	1,639	-
Santander	-	5,000	5,000	507	4,493	5,000	(507)	507	-
Total Subgroup Iberica	**13,692**	**69,121**	**82,813**	**20,621**	**67,395**	**88,016**	**(6,929)**	**1,726**	**(5,203)**
Total Group	**32,033**	**102,591**	**134,624**	**38,113**	**107,249**	**145,362**	**(6,080)**	**(4,658)**	**(10,738)**

The table below shows the carrying amounts in principal of the loans reported above, 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.

(euro/000)	**30/06/2021**	**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	1,287	2,564	(1,277)
Unsecured loan (agent: BCC Carate) to Esprinet S.p.A. repayable in six-monthly instalments by March 2022	2,547	3,809	(1,262)
Unsecured loan (agent: Banca Popolare di Sondrio) to Esprinet S.p.A. repayable in quarterly instalments by November 2023	12,550	15,000	(2,450)
Unsecured loan (agent: Cassa Depositi e Prestiti S.p.A.) to Esprinet S.p.A. repayable in six-monthly instalments by December 2025	31,500	35,000	(3,500)
Unsecured loan (agent: Intesa Sanpaolo) to idMAINT S.r.l. repayable in quarterly instalments by October 2022	376	-	376
Unsecured loan (agent: BPER Bank) to Dacom S.p.A. repayable in monthly instalments by September 2022	752	-	752
Unsecured loan (agent: Unicredit) to Dacom S.p.A. repayable in monthly instalments by May 2023	2,302	-	2,302
Unsecured loan (agent: Banco Sabadell) to Esprinet Iberica S.L.U. repayable in quarterly instalments by March 2024	2,790	3,287	(497)
Unsecured loan (agent: Bankia) to Esprinet Iberica S.L.U. repayable in quarterly instalments by February 2024	5,584	6,577	(993)
Unsecured loan (agent: Ibercaja) to Esprinet Iberica S.L.U. repayable in quarterly instalments by February 2024	5,551	6,550	(999)
Unsecured loan (agent: Bankinter) to Esprinet Iberica S.L.U. repayable in quarterly instalments by February 2022	2,272	3,778	(1,506)
Secured loan "ICO" (agent: Banco Sabadell) to Esprinet Iberica S.L.U. repayable in monthly instalments by June 2026	3,000	3,000	-
Secured loan "ICO" (agent: La Caixa) to Esprinet Iberica S.L.U. repayable in monthly instalments by June 2026	5,000	5,000	-
Secured loan "ICO" (agent: BBVA) to Esprinet Iberica S.L.U. repayable in monthly instalments by June 2026	5,000	5,000	-
Secured loan "ICO" (agent: Bankia) to Esprinet Iberica S.L.U. repayable in six-monthly instalments by July 2026	2,500	2,500	-
Secured loan "ICO" (agent: Bankinter) to Esprinet Iberica S.L.U. 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	4,018	4,018	-
Unsecured loan (agent: Ibercaja) to Vinzeo S.A.U repayable in six-monthly instalments by November 2024	4,387	5,000	(613)
Unsecured loan (agent: Banco Sabadell) to Vinzeo S.A.U repayable in six-monthly instalments by June 2023	3,356	4,181	(825)
Unsecured loan (agent: La Caixa) to Vinzeo S.A.U repayable in quarterly instalments by May 2024	3,000	3,500	(500)
Unsecured loan (agent: Banco Kutxabanka) to Vinzeo S.A.U repayable in six-monthly instalments by March 2023	1,500	1,875	(375)
Unsecured loan (agent: Cajamar) to Vinzeo S.A.U repayable in six-monthly instalments by July 2025	3,500	3,500	-
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: Bankinter) to Vinzeo S.A.U repayable in quaterly instalments by July 2026	3,605	4,000	(395)
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: Bankia) to Vinzeo S.A.U repayable in six-monthly instalments by July 2026	2,500	2,500	-
Total book value	**134,624**	**145,362**	**(10,738)**

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 11.1 million euro in principal as at 30 June 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 31.5 million euro in principal as at 30 June 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 and not drawn down in the first half of 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 (only to be verified annually);
- ratio of extended net financial indebtedness to shareholders' equity;
- ratio of EBITDA to net financial charges;
- amount of 'gross net financial position'.

As at 30 June 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.

6.3 Relationships with related parties

The details of the number and type of operations with related parties, the total value of which however is insignificant in relation to the overall volume of the Group's business operations, can be found under '*Relationships with related parties*'.

6.4 Non-recurring significant events and operations

In the first half of 2021, no non-recurring items were identified.

In the corresponding period of 2020, the following non-recurring transactions and events were identified:

- 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 to be carried out in Spain (GTI Group);
- 1.1 million euro relating to the write-down of goodwill allocated to the mobile phone accessories distribution CGU and attributable to the Celly Group;
- 0.2 million euro relating to the costs incurred in relation to the COVID-19 health emergency.

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

(euro/000)	Non - Recurring Charge Type	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Overheads and administrative costs	Write-down of goodwill	-	(1,100)	1,100	-	(1,100)	1,100
Overheads and administrative costs	Business combination acquisition costs	-	(905)	905	-	(905)	905
Overheads and administrative costs	Covid-19 costs	-	(211)	211	-	(211)	211
Total SG&A	**Total SG&A**	**-**	**(2,216)**	**2,216**	**-**	**(2,216)**	**2,216**
Operating Income (EBIT)	**Operating Income (EBIT)**	**-**	**(2,216)**	**2,216**	**-**	**(2,216)**	**2,216**
Profit before income taxes	**Profit before income taxes**	**-**	**(2,216)**	**2,216**	**-**	**(2,216)**	**2,216**
Income tax expenses	Income tax expenses	-	312	(312)	-	312	(312)
Net income/(loss)	**Net income/(loss)**	**-**	**(1,904)**	**1,904**	**-**	**(1,904)**	**1,904**

6.5 Seasonal nature of business

The table below highlights the impact of revenues per calendar quarter in the two-year period 2020-2019:

	2020			2019		
	Group	Italy	Iberica	Group	Italy	Iberica
Sales Q1	20.3%	22.0%	18.0%	22.2%	23.3%	20.4%
Sales Q2	20.5%	21.4%	18.8%	21.3%	21.6%	21.0%
Sales H1	**40.8%**	**43.4%**	**36.8%**	**43.5%**	**44.8%**	**41.4%**
Sales Q3	25.0%	24.2%	26.3%	22.6%	22.6%	22.6%
Sales Q4	34.1%	32.3%	36.9%	33.8%	32.5%	35.9%
Sales H2	**59.2%**	**56.6%**	**63.2%**	**56.5%**	**55.2%**	**58.6%**
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 revenues 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.

6.6. 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	**30/06/2021**				**31/12/2020**			
(euro/000)	**Carrying amount**	**Financial assets at FVTPL (1)**	**Financial assets amortized cost**	**Out of scope IFRS 9**	**Carrying amount**	**Financial assets at FVTPL (1)**	**Financial assets amortized cost**	**Out of scope IFRS 9**
Customer financial receivables	-		-		*492*		*492*	
Guarantee deposits	*2,512*		*2,512*		*2,425*		*2,425*	
Receiv and other non-curr. Assets	2,512		2,512		2,917		2,917	
Non-current assets	**2,512**	**-**	**2,512**	**-**	**2,917**	**-**	**2,917**	**-**
Trade receivables	478,634	155,340	323,294		584,037	163,417	420,620	
Receivables from factors	*994*		*994*		*147*		*147*	
Customer financial receivables	*8,562*		*8,562*		*9,617*		*9,617*	
Other tax receivables	*34,937*			*34,937*	*11,007*			*11,007*
Receivables from suppliers	*10,502*		*10,502*		*14,908*		*14,908*	
Receivables from insurances	*325*		*325*		*427*		*427*	
Receivables from employees	*9*		*9*		*21*		*21*	
Receivables from others	*137*		*137*		*94*		*94*	
Pre-payments	*4,615*			*4,615*	*3,965*			*3,965*
Rec.and other curr. Assets	60,081		20,529	39,552	40,186	-	25,214	14,972
Derivative financial assets	2	2			27	27	-	
Cash and cash equivalents	180,608		180,608		558,928		558,928	
Current assets	**719,325**	**155,342**	**524,431**	**39,552**	**1,183,178**	**163,444**	**1,004,762**	**14,972**

Liabilities	**30/06/2021**				**31/12/2020**			
(euro/000)	**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	102,437		102,437		107,069		107,069	
Lease liabilities	105,827		105,827		93,999		93,999	
Debts for investments in subsidiaries	1,730		1,730		230		230	
Provisions of pensions	*1,606*			*1,606*	*1,691*			*1,691*
Other provisions	*249*			*249*	*290*			*290*
Cash incentive liabilities	*1,753*		*1,753*		*1,721*		*1,721*	
Provis. and other non-curr. Liab	3,608		1,753	1,855	3,702		1,721	1,981
Non-current liabilities	**213,602**	**-**	**211,747**	**1,855**	**205,000**	**-**	**203,019**	**1,981**
Trade payables	785,522		785,522		1,107,826		1,107,826	
Short-term financial liabilities	73,407		73,407		56,049		56,049	
Lease liabilities	9,668		9,668		8,867		8,867	
Debts for investments in subsidiaries	1,959		1,959		220		220	
Social security liabilities	*4,911*		*4,911*		*4,825*		*4,825*	
Other tax liabilities	*15,603*			*15,603*	*16,525*			*16,525*
Payables to others	*17,370*		*17,370*		*18,836*		*18,836*	
Accrued expenses	*212*		*212*		*270*		*270*	
Deferred income	*240*			*240*	*39*			*39*
Provisions and other liabilities	38,336		22,493	15,843	40,495		23,931	16,564
Current liabilities	**908,892**	**-**	**893,049**	**15,843**	**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 items please see the analyses provided in the specific sections in the chapter '*Notes to the statement of financial position items*'.
The fair value measurement of financial assets and liabilities reported in the financial statements as provided for by IFRS 9 and as governed by IFRS 7 and IFRS 13, grouped by classes of risk, and the methods and the assumptions applied in their determination, are as follows:

Assets	**30/06/2021**						**31/12/2020**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. from others	Receiv. from insurance	Receiv. From employe	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. from others	Receiv. from insurance	Receiv. From employe
Customer financial receivables	-		-				*492*		*522*			
Guarantee deposits	*2,512*	-		*2,489*			*2,425*			*2,514*		
Rec.and other non-curr. Assets	2,512	-	-	2,489	-	-	2,917	-	522	2,514	-	-
Non - current assets	**2,512**	**-**	**-**	**2,489**	**-**	**-**	**2,917**	**-**	**522**	**2,514**	**-**	**-**
Trade receivables	478,634	478,634					584,037	584,037				
Receiv. from factors	*994*		*994*				*147*		*147*			
Customer financial receivables	*8,562*		*8,562*				*9,617*		*9,617*			
Receiv. from suppliers	*10,502*		*10,502*				*14,908*			*14,908*		
Receiv. from insurances	*325*				*325*		*427*				*427*	
Receiv. from employees	*9*					*9*	*21*					*21*
Receiv. from others	*137*			*137*			*94*			*94*		
Rec.and other curr. Assets	20,529	-	20,058	137	325	9	25,214	-	9,764	15,002	427	21
Derivate Financial Assets	2		2				27		27			
Cash and cash equivalents	180,608		180,608				558,928		558,928			
Current assets	**679,773**	**478,634**	**200,668**	**137**	**325**	**9**	**1,168,206**	**584,037**	**568,719**	**15,002**	**427**	**21**

Liabilities	**30/06/2021**					**31/12/2020**				
		Fair value					**Fair value**			
(euro/000)	**Carrying amount**	Trade payables	Financial payables	FVTPL derivate	Other payables	**Carrying amount**	Trade payables	Financial payables	FVTPL derivate	Other payables
Borrowings	102,437		102,809			107,069		107,806		
Debts for investments in subsidiaries	1,730		1,751			230		233		
Cash incentive liabilities	*1,753*				*1,753*	*1,721*				*1,721*
Provis. and other non-curr. Liab.	1,753	-	-	-	1,753	1,721	-	-	-	1,721
Non-current liabilities	**105,920**	**-**	**104,560**	**-**	**1,753**	**109,020**	**-**	**108,039**	**-**	**1,721**
Trade payables	785,522	785,522				1,107,826	1,107,826			
Short-term financial liabilities	73,407		74,729			56,049		57,639		
Debts for investments in subsidiaries	1,959		1,959			220		220		
Social security liabilities	*4,911*				*4,911*	*4,825*				*4,825*
Payables to others	*17,370*				*17,370*	*18,836*				*18,836*
Accrued expenses	*212*				*212*	*270*				*270*
Provis. and other Liab	22,493	-	-	-	22,493	23,931	-	-	-	23,931
Current liabilities	**883,381**	**785,522**	**76,688**	**-**	**22,493**	**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 are represented by prices listed 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.

Given their short-term maturity, the gross carrying value of current assets (excluding derivatives if any), trade payables, short-term financial liabilities and other debts (excluding liabilities for monetary incentives), is deemed a reasonable approximation of their 'fair value'.

The fair value of non-current assets and borrowings, including payables for 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 rate 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.

It should be noted that there were no reclassifications between hierarchical levels.
Adjustments to the value of financial assets, estimated following a precise assessment of the solvency of each debtor and, at mass level, of the estimates of Expected Credit Losses recorded on existing loans and receivables at the annual or interim reporting date, were shown under the item 'Impairment loss/reversal of financial assets' in the separate income statement. These adjustments totalled 0.1 million euro in releases in the first half of 2021 (0.8 million euro in negative adjustments in the first half of 2020).

6.7 Hedging derivatives analysis

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 30 June 2020

As at 30 June 2021, and as at 30 June 2020, the Group did not have any derivative instruments nor were any of said instruments in place during the half.

In the previous year, between October and November, the parent company Esprinet S.p.A. extinguished six 'IRS-Interest Rate Swap' ('IRS') contracts in place until then for a notional 58.7 million euro and hedging 81% of a pooled medium-term loan called *Term Loan Facility* as a result of its full early repayment on 26 September 2019.
The disclosure in relation to these instruments is detailed in the section of the Consolidated Financial Statements as at 31 December 2019 by the same name, to which reference should be made.

6.8 Non-hedging derivatives analysis

During the period some forward foreign currency purchases (USD) were entered into in response to the supplier payment forecasts; the volume of these transactions and the economic impacts were, nonetheless, insignificant.

6.9 Subsequent events

Relevant events occurred after period end are described in the 'Subsequent events' paragraph of the Interim Directors' Report on Operations, to which reference is made for more information.

6.10 Emoluments to board members and key managers

Information regarding emoluments both of Esprinet S.p.A. Board of Directors and Statutory Auditors, and of the Group key managers are described as follows.

The amounts below presented include all employee benefits on accrual basis, non-monetary benefits and the emoluments received as board members and statutory auditors of the Group entities.

(euro/000)	H1 2021			H1 2020		
	Emolument	Fringe benefit	Total	Emolument	Fringe benefit	Total
Board of Directors	1,328	4	1,332	1,877	6	1,883
Other key managers	446	-	446	-	-	-
Subtotal	**1,774**	**4**	**1,778**	**1,877**	**6**	**1,883**
Board of Statutory Auditors	71	-	71	71	-	71
Total	**1,845**	**4**	**1,849**	**1,948**	**6**	**1,954**

As defined by accounting standard IAS 24 and quoted by CONSOB Resolution no. 17221 of 12 March 2010, 'key managers are those persons having authority and responsibility for directly or indirectly planning, directing and controlling the activities of the entity preparing the financial statements, including any director (whether executive or otherwise) of that entity'.

The Board of Directors, the Board of Statutory Auditors and the Group Chief Operating Officer are deemed to be key managers in the Esprinet Group.

Vimercate, 6 September 2021

For and on behalf of the Board of Directors
The Chairman

Maurizio Rota

Statement on the 'Condensed consolidated half-year financial statements' pursuant to Article 154-bis Legislative Decree 58/98

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 declare that the administrative and accounting procedures used in drawing up the condensed consolidated half-year financial statements as at 30 June 2021, in the first half of 2021 were:

- appropriate to the features of the Group
- effectively applied.

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2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed consolidated half-year statements at 30 June 2021 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internally-accepted reference framework.

3. We further declare that:

3.1 the condensed consolidated half-year financial statements:

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 financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

3.2 The Interim Directors' Report on Operations contains a reliable analysis of the significant events that affected the Group during the first six months of the year and their impact on the condensed consolidated half-year statements, as well as a description of the main risks and uncertainties for the remaining six months of the year. The Interim Directors' Report on Operations also includes reliable information regarding significant operations with related parties.

Vimercate, 6 September 2021

Chief Executive Officer	Executive charged with drawing up the company accounting documents of Esprinet S.p.A.
(Alessandro Cattani)	(Pietro Aglianò)

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Esprinet SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Esprinet SpA and its subsidiaries (the Esprinet Group) as of 30 June 2021, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income,consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and related notes. The directors of Esprinet SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No.10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Esprinet Group as of 30 June 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 7 September 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