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ANNUAL FINANCIAL REPORT

FINANCIAL YEAR 2022

Parent Company: Esprinet S.p.A.
Partita Iva: IT 02999990969
Companies' Register of Milan, Monza e Brianza, Lodi
and Tax Number: 05091320159
R.E.A. (economic and administrative index) 1158694
Registered Office and Administrative HQ: Via Energy
Park, 20 20871 Vimercate (MB)
Subscribed and paid-in share capital
as at 31/12/2022: Euro 7.860.651

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ANNUAL FINANCIAL REPORT

FINANCIAL YEAR 2022*

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* This document constitutes a copy, in Pdf format, of the Annual Financial Report of Esprinet S.p.A. as at 31 December 2022 and does not constitute the document in ESEF format required by the ESEF Technical Standards referred to in the Delegated Regulation (EU) 2019/815 (so-called 'ESEF Regulation'). The 2022 Annual Financial Report in ESEF format is available in the Investors - Shareholders' Meeting - 2023 section of the Company's website (www.esprinet.com).

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DIRECTORS' REPORT ON OPERATIONS

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

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

[*] The reports of the Board of Statutory Auditors and the Independent Auditors, is published in a specific section in the Investors - Shareholders' Meeting - 2023 section of the Company's website (www.esprinet.com).

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DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR 2022

GROUP'S CONSOLIDATED RESULTS OVERVIEW

1. LETTER FROM THE CHAIRMAN

Dear Shareholders,

The Esprinet Group closed the year 2022 with a consolidated net income of 47.3 million euro, up by +7% compared to 44.1 million euro in 2021 against sales of approximately 4.7 billion euro, substantially unchanged compared to the previous year.

Despite a year marked by serious geopolitical turbulence following the invasion of Ukraine by Russia and the consequent impacts on inflation, interest rates and in general the sentiment of consumers and businesses, the Group recorded a further improvement in its net income attributable to shareholders, beating the record results of the previous year.

THE OVERTAKING YEAR

Our Group was founded in 2000 as a result of the merger of three Italian distributors active mainly in the sale of PCs and printers.

Over the years, the Group has expanded both geographically and in terms of products distributed, but in the minds of many technology manufacturers (Vendors in our jargon) and in that of many investors the perception has remained of an Italian company that sells PCs to retailers.

However, the year just ended marks a substantial turning point in our history and, consequently, we believe, also in the type of perception the market will have of us.

The turnover from activities carried out on foreign markets, Spain in particular, has risen to about 40% of the Group total but it is even more important to note that the EBITDA weighting generated in these geographies accounts for approximately 45% of the total.

The Group is now active in four countries and two continents and has significantly diversified the territorial areas in which it generates its profits, effectively reducing its risk of dependence on the Italian market's macroeconomic performance, which still remains in any case the leading market.

A second major opportunity for transformation was represented by the change in the customer mix.

In 2021, the weighting of sales to retailers and, therefore, indirectly the weighting of sales driven by household consumption was about 45% while in the year just closed, thanks to the strong focus on activities in the Solutions segment (products for data centres, software, Cloud, Cybersecurity for medium and large companies), the weighting of sales to retailers fell to 38%.

The Group now has a much greater exposure to the dynamics of business and government demand than that to consumers, in line with the strategy outlined in 2021.

Finally, and this is the reason we can state that this year is the "overtaking" year, the real big change came from the change in the product mix distributed.

The Group classifies sales from PCs and telephones in a category called "Screens" and sales of professional solutions for businesses in a category called "Solutions".

In 2022, for the first time in the Group history, the EBITDA generated by Solutions was higher than that generated by Screens which in any case account for 58% of Group turnover compared to 19% for Solutions.

Adding the EBITDA generated by the sale of Solutions and that of the sale of Services, a value is obtained which is approximately 24% higher than that generated by Screens, with an incidence now equal to more than 42% of the Group's total profitability.

After more than 20 years of experience, the Group has completed an important first stage by becoming primarily a Value-Added Distributor (VAD in the industry jargon), progressively unshackling itself from its history as a distributor of low-margin PCs and printers.

Much remains to be done to further improve our positioning on the market, and in any case we do not deny our history and also our current business on the Screens "volume" lines, which in any case generate an interesting profit volume.

It is certain that our strategy of moving towards higher value-added product/service segments and customers has excellently resulted so far in outstanding economic and financial results: from 2018 to 2022, we managed to double the EBITDA generated from approximately 45 million euro to approximately 91 million euro, with sales from the Solutions area in turn doubling from 2018 to 2022.

This is the fundamental message for our investors: our Group has formulated a long-term strategy aimed at improving its ability to create value and year after year it has been determined in its execution so as to change our historical positioning, a prelude, we believe, to further future accelerations in the development of this new business model.

TECHNOLOGY DISTRIBUTION

The distribution segment, measured by the British research company Context (January 2023) through a panel of distributors largely representative of the general trend, recorded sales of approximately 90.6 billion euro in 2022, an increase (+2.5%) compared to 88.4 billion euro in 2021. In particular, the trend by quarter highlights the following: -1.8% Q1 2022 vs Q1 2021, +1.2% Q2 2022 vs Q2 2021, +9.8% Q3 2022 vs Q3 2021, +1.4% Q4 2022 vs Q4 2021.

Although Germany remains the largest market with a turnover of 18.3 billion euro, it is the only country in western Europe to have recorded a drop (-1.7%), while the market comprising the United Kingdom and Ireland, the second largest with sales of 15.7 billion euro, recorded an increase of +2.7%.

With a flat trend compared to last year (+0.2%), Italy maintained its weighting in the European countries panel at 10.5%, confirming itself as the third country at 9.5 billion euro.

Growth in France was decidedly more sustained (+ 4.5%), reaching 8.3 billion euro in sales and a market share of 9.1%.

In the Iberian Peninsula, Spain and Portugal showed respectively +4.3% (with a market at almost 7.0 billion euro) and +10.1% (with a market at 1.7 billion euro) compared to 2021.

It is worth noting the continuing growth of Poland (+8.7%), which, with a turnover that reached 5.7 billion euro in 2022, consolidated its share in the panel of European countries.

Finally, among the countries with the highest growth rates, we note Sweden (+9.3% to 2.8 billion euro in sales in 2022) and Austria (+7.0% to 2.3 billion euro in sales in 2022).

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

MARKET EVOLUTION

In 2022, with the return to normality in all product lines supply chain, perhaps with only a few minor exceptions, we witnessed a further expansion of the ICT sector with growth rates higher than the trends of local economies, supported above all by the double-digit growth in Infrastructure and Software. The key role played by IT investments, strengthened by the massive multi-year Recovery and Resilience government investment plans, indispensable for the process of digital transformation of both public administration and the private sector, clearly stood out for their stability and competitiveness in the uncertain post-pandemic scenario, especially in southern Europe.

On the other hand, however, the demand of IT Clients suffered a strong contraction, not only due to the challenging comparison with the previous year when the effects of the pandemic resulted in the greater use of smart working and distance learning following the lockdown, but also especially due to the impacts of the geopolitical and macroeconomic context which, with the persistent volatility of energy costs and inflation peaks, rising interest rates, as well as fears of recession, have affected consumer confidence.

In the future, in order to make our way of producing, working and living more efficient and sustainable, we believe that digital and ecological transformation will continue to be a fundamental vector in our growth. The evolution of the Cloud market and the significant development in the Cybersecurity, Big Data and Analytics, Artificial Intelligence, Blockchain, and one day perhaps also the Metaverse market, will continue to give a strong drive.

All the players in the ICT chain, from producers to consumers and businesses, are constantly looking for the best way to disseminate or use IT technologies and in this scenario, with a careful look at the future, in its role as enabler of the technological experience, Esprinet continues to invest in solutions and services, in skills and people for an increasingly digital and sustainable context.

ACTIVITIES IN ITALY

In 2022, Italian activities recorded a decline in sales despite the excellent performance of the high-margin Solutions and Services segments, where the Group is concentrating investments in people, skills and expansion of business areas, which however did not fully offset the sharp slowdown recorded in the Screens line (PCs and Phones) in the consumer customer segment (Retailers and E-tailers).

In any case we satisfactorily recorded an increase in the profitability deriving both from the shift of the product mix described above, both from the brilliant results obtained from business customers but also from the stabilisation or increase substantially on all business lines, thanks to the beneficial effects of the still ongoing Customer Satisfaction improvement plans.

In July 2022, the Group signed a partnership with Alkemy Play, a division dedicated to small and medium-sized enterprises of Alkemy, a company also listed on Euronext Star Milan (ALK), specialized in the evolution of the business model of large and medium-sized companies in step with technological innovation. This collaboration is part of Esprinet's vision of creating new business opportunities by integrating its portfolio of products and solutions with a complete range of services, supporting SMEs in their digitalisation process.

In November 2022, again in line with the strategic lines of the business plan focusing on the distribution of high value-added solutions, the Group further strengthened its Solution segment with the acquisition of Bludis S.r.l., active in the software solutions business in the Communication, Cybersecurity and IT Management areas, working mainly with innovative and emerging Vendors.

The corporate strategy for human capital enhancement, which is developing within the "Together is Better" (TIB) programme, and for the acquisition of talents, continue to produce excellent results and, the company was not only again awarded the prestigious "Great Place to Work" certification, but confirmed for the second year running its "Top Employer".

ACTIVITIES IN THE IBERIAN PENINSULA

The activities of the Esprinet Group in the Iberian peninsula, which now accounts for 40% of total sales with almost 1.9 billion euro, recorded very significant growth rates, consolidating its market share.

In June 2022, the process was launched for the integration of the subsidiary Vinzeo Technologies S.A.U. into Esprinet Iberica S.L.U., a company that was already the parent company of the distribution activities in Spain, in line with the strategy announced in the business plan, which identifies the evolution of the historical transactional distribution model towards an increasingly greater focus and differentiation of the distribution activities technologies in terms of volume and value.

Following this process, which involved the transfer of all product sales in the Solutions segment to V-Valley Advanced Solutions España, Esprinet Iberica is now the only corporate vehicle of the Group in Spain responsible for the distribution of all the other lines and, therefore, “Screens” and the “Devices”.

Thanks to this integration, we will be able to further improve our customers service level and offer even more development opportunities to our Vendors.

CONCLUSIONS

If in 2021 the international macroeconomic scenario was influenced by the Covid-19 pandemic, in 2022 the invasion of Ukraine by Russia had even greater impacts.

Despite the impacts on the economic climate linked to a war scenario that sadly takes us back to times we had hoped to have left behind, our Group has once again demonstrated the quality of its strategy but also and above all an excellent ability to implement it.

Thanks to a network of consolidated relationships with the major international technology producers, thanks to an increasingly loyal customer base, excellent relations with the financial system and a solid balance sheet, we can look to the future with confidence despite the complex times we have been experiencing for different reasons for many years.

Once again, however, the future is in the hands of our employees who, with seriousness, dedication and a spirit of enterprise, represent the Group’s main competitive factor.

To them, to our customers and suppliers, to our shareholders and to all our stakeholders in general, I again this year extend my heartfelt thanks and best wishes for a healthy, successful and peaceful 2023.

Thank you for investing in our Company.

Maurizio Rota

Chairman of the Board of Directors

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

The 2022 economic and financial results and those of the periods of comparison have been drawn up according to International Financial Reporting Standards ('IFRS') endorsed by the European Union and in force during the period. In the chart displayed below, in addition to the conventional financial indicators laid down by IFRS, some 'alternative performance indicators', although not defined by the IFRS, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute conventional IFRS indicators; they are used internally by the management for measuring and controlling the Group's profitability, performance, capital structure and financial position, as they considered particularly relevant. As required by the ESMA/2015/1415 Guidelines issued by ESMA (European Securities and Market Authority) under Art. 16 of the ESMA Regulation, updating the previous recommendation CESR/05-178b of the CESR (Committee of European Securities Regulators) and adopted by CONSOB with Communication No. 0092543 of 03/12/2015, the basis of calculation adopted is defined below the table.

(euro/000)	notes	2022	%	2021	%	% Var. 22/21
Profit & Loss						
Sales from contracts with customers		4,684,164	100.0%	4,690,947	100.0%	*-0%*
Gross profit		242,969	5.2%	231,890	4.9%	*5%*
EBITDA	(1)	87,918	1.9%	84,726	1.8%	*4%*
Operating income (EBIT)		70,658	1.5%	68,411	1.5%	*3%*
Profit before income taxes		62,895	1.3%	60,774	1.3%	*3%*
Net income		47,346	1.0%	44,080	0.9%	*7%*
Financial data						
Cash flow	(2)	64,606		60,394		
Gross investments		12,506		6,182		
Net working capital	(3)	258,371		(63,728)		
Operating net working capital	(4)	261,593		(75,832)		
Fixed assets	(5)	258,453		245,222		
Net capital employed	(6)	492,250		158,941		
Net equity		409,217		386,118		
Tangible net equity	(7)	289,262		275,390		
Net financial debt	(8)	83,033		(227,177)		
Main indicators						
Net financial debt / Net equity		0.2		(0.6)		
Net financial debt / Tangible net equity		0.3		(0.8)		
EBIT / Finance costs - net		9.1		9.0		
EBITDA / Finance costs - net		11.3		11.1		
Net financial debt/ EBITDA		0.9		(2.7)		
ROCE	(9)	13.3%		20.5%		
Operational data						
No. of employees at end-period		1,806		1,720		
Average number of employees	(10)	1,763		1,659		

(euro/000)	notes	2022	%	2021	%	% Var. 22/21
Earnings per share (euro)						
Basic		0.96		0.89		*8%*
Diluted		0.95		0.88		*8%*

(1) EBITDA is equal to the operating profit (EBIT) gross of amortisation, depreciation and write-downs.

(2) Sum of consolidated net income and amortisation/depreciation.

(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of net current financial debts.

(4) Sum of trade receivables, inventory and trade payables.

(5) Equal to non-current assets net of non-current derivative financial assets.

(6) Equal to capital employed as of period end, calculated as the sum of net working capital plus fixed assets net of non-current non-financial liabilities.

(7) Equal to shareholders' equity less goodwill and intangible assets.

(8) Sum of financial payables, financial liabilities for leasing, cash and cash equivalents, derivative assets and liabilities and financial receivables.

(9) Calculated as the ratio of (i) EBIT, net of non-recurring items, the effects of IFRS 16 and taxes calculated at the effective tax rate of the latest issued consolidated financial statements, to (ii) average invested capital (calculated as the sum of net working capital and fixed capital) at the closing date of the period under review and the four preceding quarters.

(10) Calculated as the average of opening balance and closing balance of consolidated companies.

3. SHARE PERFORMANCE

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

The graph below illustrates the share performance from 1 January to 31 December 2022:

The Esprinet share closed 2022 at an official price of 6.74 euro, a decrease of -47.75% compared to the closing price on 31 December 2021 (12.90 euro).

Compared with a placement price of 1.4 euro per share in July 2001, taking into account the 1:10 share split-up effected during 2005, there is a share appreciation of +381%, which does not take into account dividends distributed and the related reinvestment.

During the course of the year, the share recorded a maximum price of 13,25 euro in January and then started a downward trend, reaching a minimum of 5.76 euro on 13 October 2022.

The average price for the year was 8.21 euro.

The average daily volumes traded in 2022 were 158,939 (-60%) compared[1] to 396,519 in 2021. Volumes peaked at 668,435 shares traded on 9 March 2022 and on the same month the maximum average daily volume traded peaked as well, at 280,777 shares.

On 13 March 2023, the Esprinet share price was 7.37 euro (+9% compared to the closing price). Average daily trading up to the same date was 168,117 shares per day.

1 Simple arithmetic mean (source: Bloomberg).

CORPORATE GOVERNANCE

1. COMPANY OFFICERS

BOARD OF DIRECTORS

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

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

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

BOARD OF STATUTORY AUDITORS

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

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

INDEPENDENT AUDITORS

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

PricewaterhouseCoopers S.p.A.

2. WAIVER OF OBLIGATION TO PROVIDE INFORMATION ON EXTRAORDINARY TRANSACTIONS

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

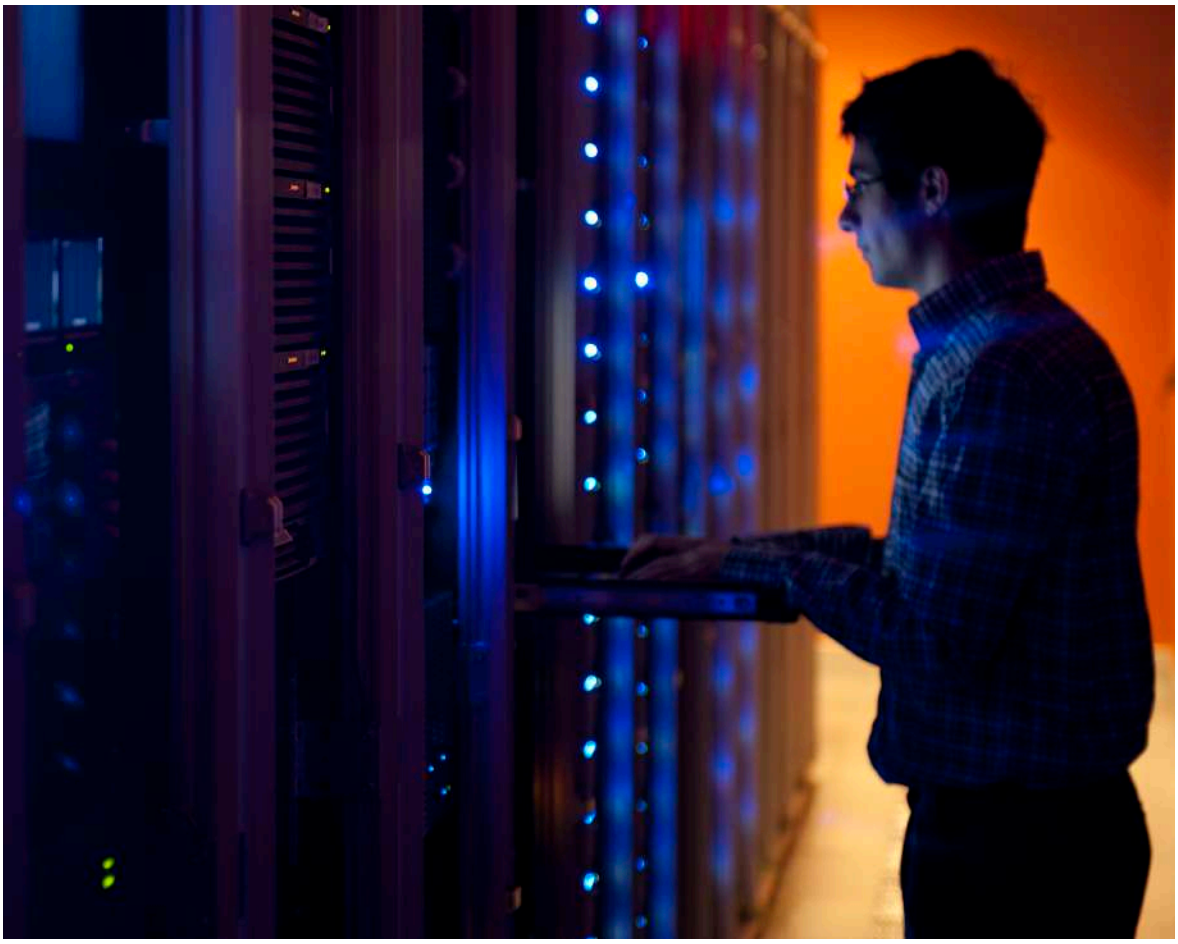
3. CORPORATE GOVERNANCE

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

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

The 'Report on Corporate Governance and ownership structure' is available under Investors - 2023 Shareholders' Meeting section on the Company website (www.esprinet.com).

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



ACTIVITIES AND STRUCTURE OF THE ESPRINET GROUP

1. DESCRIPTION OF THE ACTIVITIES

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

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

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

The main activity consists in the distribution of IT products (hardware, software and services) and consumer electronics products. The products range marketed by the Group consists of 680 brands from leading technology manufacturers (vendors), including, to name a few, the world's leading technology manufacturers HP, Apple, Samsung, Asus, Lenovo, Dell, Microsoft, Acer, Xiaomi, Epson.

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

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

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

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

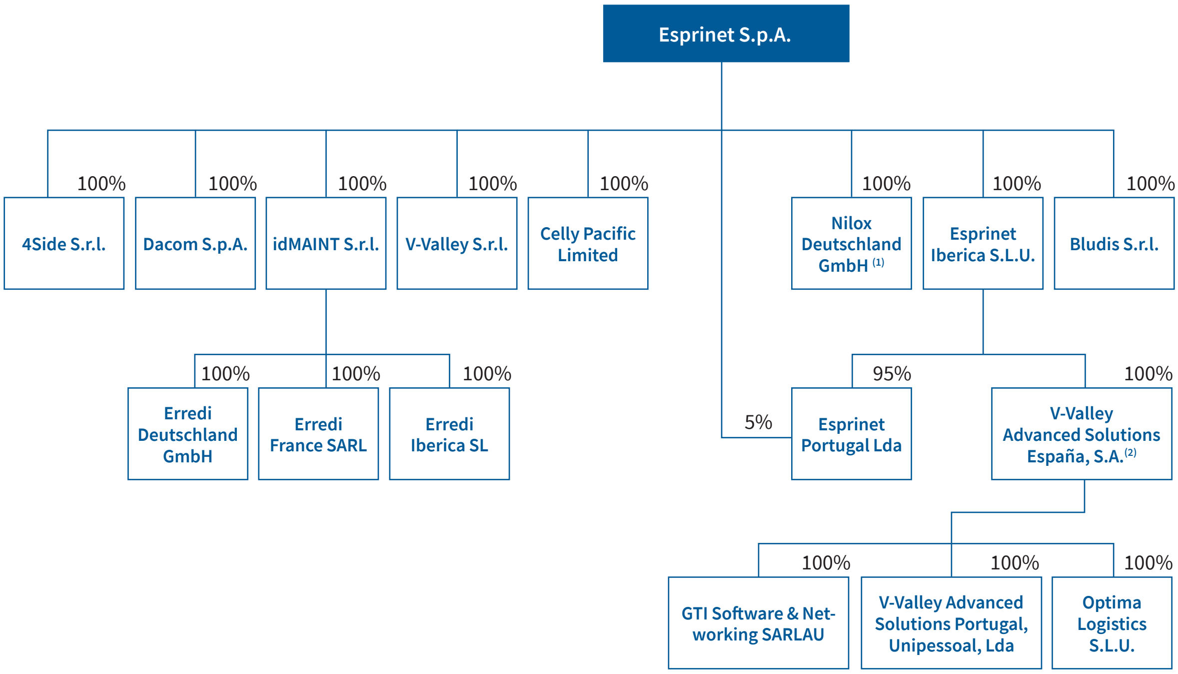
Customers served in the two territories, made up of the various types of IT resellers present in the Italian and Iberians markets, range from value-added resellers (VAR) to system integrators/corporate resellers, from dealers to shops (independent and/or affiliated stores), from major general and/or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

Professional clients served in the B2B area in 2022 totalled approximately 30,000, of which approximately 20,000 were in Italy and approximately 10,000 in Spain.

Logistics activities are carried out at the main logistics centres at Cambiago (MI), Cavenago (MB), Pregnana Milanese (MI) and Zaragoza (Spain) all leased premises, totalling approx. 159,000 sqm (approx. 112,000 sqm in Italy and 47,000 sqm in Spain).

2. GROUP STRUCTURE

The chart below illustrates the structure of the Esprinet Group as at 31 December 2022:



(1) Discontinued on 31 December 2022.

(2) 100% of which 9.58% of own shares owned by V-Valley Advanced Solutions España, S.A..

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

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

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

At period end, the Italian Subgroup includes not only the parent company Esprinet S.p.A., but also the companies it directly controls, V-Valley S.r.l., Celly Pacific LTD., Nilox Deutschland GmbH (in liquidation since 16 September 2019), 4Side S.r.l., Bludis S.r.l. (acquired on 3 November 2022), Dacom S.p.A. and idMAINT S.r.l..

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

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

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

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

ITALIAN SUBGROUP

V-Valley S.r.l.

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

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

4Side S.r.l.

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

Dacom S.p.A.

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

idMAINT S.r.l. and its subsidiaries

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

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

Celly Pacific LTD

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

Nilox Deutschland GmbH

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

Bludis S.r.l.

On 3 November 2022, Esprinet S.p.A. acquired 100% of the share capital of Bludis S.r.l. with operational headquarters in Rome. Bludis S.r.l. is the vehicle under Italian law in which, in July 2022, the company SPIN S.r.l. conferred the business unit active in the distribution of software solutions in the Communication, Cybersecurity and IT Management areas, which works mainly with innovative and emerging Vendors.

IBERIAN SUBGROUP

Esprinet Iberica S.L.U.

Originally established by the Group to aid in the Spanish acquisitions made between the end of 2005 and the end of 2006, following the mergers in 2007, Esprinet Iberica S.L.U. is now the third largest electronics distributor in Spain from a stand-alone point of view. However, considering the consolidated values, as a result of the various business combinations, Esprinet Iberica S.L.U. is the market leader.

With effect from September 2022, the company merged by incorporation with Vinzeo Tecnologies S.A.U. (already fully acquired on 1 July 2016), a distributor since 2009 of Apple products and holder of important distribution agreements both in the ICT “volume” segment (i.e. HP, Samsung, Asus, Toshiba, Lenovo) and in the “value” segment (mainly Hewlett-Packard Enterprise).

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

Esprinet Portugal Lda

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

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

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

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

STRUCTURE AND TARGET MARKET TRENDS

B2B DISTRIBUTION OF IT AND CONSUMER ELECTRONICS

THE IT DISTRIBUTION CHAIN

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

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

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

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

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

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

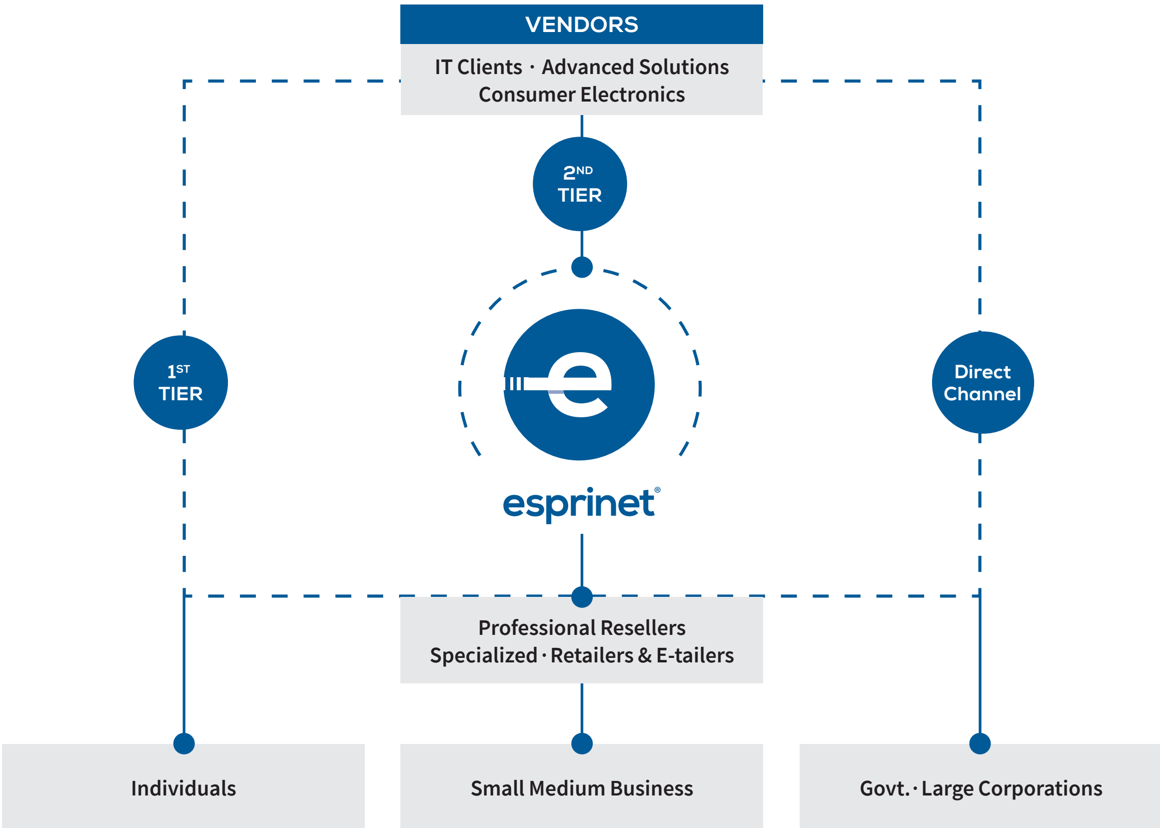
a) the so-called 'addressed' market, which is the total volume of IT product sales made by distributors or effectively passing through the so-called 'indirect channel' (that is, the sales flow that does not pass directly from the producer to the retailer or from the producer to the IT end-user);

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

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

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

The chart below illustrates the typical IT products distribution chain:



Europe

The distribution segment, measured by the British research company Context (January 2023) through a panel of distributors largely representative of the general trend, recorded sales of approximately 90.6 billion euro in 2022, an increase (+2.5%) compared to 88.4 billion euro in 2021. In particular, the trend by quarter highlights the following: -1.8% Q1 2022 vs Q1 2021, +1.2% Q2 2022 vs Q2 2021, +9.8% Q3 2022 vs Q3 2021, +1.4% Q4 2022 vs Q4 2021.

Although Germany remains the largest market with a turnover of 18.3 billion euro, it is the only country in western Europe to have recorded a drop (-1.7%), while the market comprising the United Kingdom and Ireland, the second largest with sales of 15.7 billion euro, recorded an increase of +2.7%.

With a flat trend compared to last year (+0.2%) at 9.5 billion euro, Italy maintained its weighting in the European countries panel at 10.5%.

Growth in France was decidedly more sustained (+ 4.5%), reaching 8.3 billion euro in sales and a market share of 9.1%.

In the Iberian Peninsula, Spain and Portugal showed respectively +4.3% (with a market at almost 7.0 billion euro) and +10.1% (with a market at 1.7 billion euro) compared to 2021.

It is worth noting the continuing growth of Poland (+8.7%), which, with a turnover that reached 5.7 billion euro in 2022, consolidated its share in the panel of European countries.

Finally, among the countries with the highest growth rates, we note Sweden (+9.3% to 2.8 billion euro in sales in 2022) and Austria (+7.0% to 2.3 billion euro in sales in 2022).

The following table summarises the distribution trend in each country in 2021 and 2022 (values are in billion euro), the development in the last two quarters, in the second half of the year and in 2022 as a whole, compared with the same periods in the previous year:

Country	2021 (euro/mld)	2022 (euro/mld)	Q3-22 vs Q3-21	Q4-22 vs Q4-21	2H 2022 vs 2H 2021	2022 YTD vs 2021 YTD
Total	**88.4**	**90.5**	**9.8%**	**1.4%**	**5.1%**	**2.5%**
Germany	18.6	18.3	5.9%	-2.7%	1.0%	-1.7%
UK-Ireland	15.3	15.7	8.7%	1.0%	4.5%	2.7%
Italy	9.5	9.5	11.7%	-1.0%	4.2%	0.2%
France	7.9	8.3	11.4%	5.5%	8.1%	4.5%
Spain	6.7	7.0	9.4%	6.3%	7.6%	4.3%
Poland	5.3	5.7	17.4%	1.9%	8.4%	8.7%
Netherlands	5.1	5.2	9.4%	-1.2%	3.5%	1.6%
Switzerland	4.0	4.2	6.4%	11.3%	9.1%	3.6%
Sweden	2.5	2.8	13.1%	5.9%	9.0%	9.3%
Austria	2.1	2.3	15.9%	4.3%	9.1%	7.0%
Belgium	2.1	2.2	9.9%	6.5%	8.0%	5.5%
Czech Republic	2.2	2.1	7.4%	-2.6%	1.5%	-2.5%
Portugal	1.6	1.7	17.4%	8.4%	12.3%	10.1%
Denmark	1.7	1.7	18.6%	-4.3%	5.5%	1.1%
Finland	1.3	1.3	11.1%	-0.2%	4.8%	4.4%
Norwat	1.1	1.1	2.5%	-2.1%	-0.1%	-0.5%
Baltics	0.9	0.9	7.3%	-0.9%	2.9%	4.5%
Slovakia	0.4	0.5	25.2%	1.9%	10.7%	5.1%

Source: Context, January 2023.

Italy

IT, electronics consumption and distribution sector

In 2022, the Italian Information & Communication Technology ("ICT") market measured through IDC data (February 2023), which monitors the purchases of end users in different European countries, recorded an increase of +11.3%, going from 25.6 billion euro to 28.5 billion euro of sales.[2]

Going into the detail of the product categories, among devices, "PCs" recorded a significant fall: -12.7%, with sales of 3.7 billion euro in 2022. This result is attributable to the negative performance of "Portable PCs" (-20.0% from 3.4 billion euro to 2.7 billion euro), not offset by the growth in "Desktop PCs" (+18.5%), which reached 945 million euro. The "Tablets" segment, whose turnover in 2022 amounted to 793 million euro, fell by 6.5%.

The "Mobile Phones" market reached 7.4 billion euro, showing a considerable growth of 21.5%.

In the peripherals category, the "Hardcopy" segment showed a 19% increase in turnover, while "PC Monitors" grew by 8.7%, bringing the market to 437 million euro.

[2] Excluding the IT Services segment. The following markets are therefore monitored: Hardware (Devices & Infrastructure) and Software.

In the *infrastructure area*, “Servers” and “Storage” recorded significant growth: the former, with +49.2%, recorded sales of 847 million euro, while storage products, with +7.1%, reached a level of 344 million euro.

Spending in the “IaaS” category grew sharply: +33.3%, passing from 676 million euro to 900 million euro in turnover. The “Enterprise Network” category instead grew by 35.9% (756 million euro).

Lastly in the “Software” area, the market reached 10.7 billion euro with an increase of 13.1%.

In this context, in 2022 the Italian distribution market (source: Context, January 2023) recorded a trend substantially in line with 2021 (+0.2%). Analysing the trend by semester, the first half-year recorded -3.9%, while the second showed a growth of +4.2% compared to the same period of the previous year (+11.7% Q3 2022 vs Q3 2021 and -1.0% Q4 2022 vs Q4 2021).

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

Spain

IT, electronics consumption and distribution sector

In 2022, the Italian Information & Communication Technology ("ICT") market measured through IDC data (February 2023), which monitors the purchases of end users in different European countries, recorded an increase of 7.5%, going from 17.7 billion euro to 19.1 billion euro of sales.

Also in Spain, "PCs" recorded a decrease (-3.0%), with sales going from 3.5 billion euro in 2021 to 3.4 billion euro in 2022. It should be noted that the aforementioned fall is entirely attributable to "Portable PCs" (-8.4%, going from 3.0 billion euro to 2.7 billion euro); in fact, "Desktop PCs" increased by 29.7%.

The "Tablets" segment, whose turnover reached 773 million euro in 2022, also recorded a growth of +5.4%.

The "Mobile Phones" market at 5.3 billion euro reported growth of 3.5%.

Among peripherals, the "Hardcopy" segment closed 2022 on a positive note with +4.1%; "PC Monitors" also grew with a significant +21.2%.

In the *infrastructure area*, "Servers" and "Storage", as was the case in the Italian market, have recorded a strong growth showing with the following trends, respectively: +9.2%, bringing the market to 380 million euro, and +11.8% at 233 million euro. In Spain, spending in the "IaaS" category also jumped significantly (+38.5%, passing from 467 million euro to 646 million euro). The "Enterprise Network" category also performed well, with a growth of 28.4% (448 million euro).

In the "Software" area, the increase of 13.8% brought turnover to 6.3 billion euro.

In this scenario, in 2022 the Spanish distribution market (source: Context, January 2023) grew by 4.3% compared to 2021, in line with the Esprinet Group.

Portugal

IT, electronics consumption and distribution sector

In 2022, the Portuguese Information & Communication Technology ("ICT") market measured through IDC data (February 2023), which monitors the purchases of end users in different European countries, recorded an increase of 3.9%, settling at 3.7 billion euro.

Among device, the "PCs" recorded a significant slowdown of 27.9%, with sales down in 2022 to 727 million euros. This fall is exclusively attributable to "Portable PCs" (-31.1%) in the Portuguese market as well; "Desktop PCs" showed an increase of 4.5%. "Tablets" also closed with on positive note (+14.2%).

The "Mobile Phones" market reached 996 million euro in turnover, with a considerable growth of 19.4%.

The peripherals, both in the "Hardcopy" segment and in the "PC Monitor" segment, recorded an increase of 7.7% and 25.3% respectively.

In the infrastructure area, 2022 saw all segments grow: "Servers" with +26.1%, "Storage" with +27.8%, the "IaaS" segment with +34.3% and the "Enterprise Network" category with +32.3%.

As in Italy and Spain, the "Software" area jumped (+12.8%) and the market amounted to 1.2 billion euro.

In 2022, the Portuguese distribution market (source: Context, January 2023) grew by 10.1% compared to 2021 and Esprinet's market share recorded an increase of almost a percentage point.

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

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

1. INCOME TREND

A. ESPRINET GROUP'S FINANCIAL HIGHLIGHTS

The Group's financial highlights as at 31 December 2022 are hereby summarised:

(euro/000)	notes	2022	2021	% Var.
Sales from contracts with customers		**4,684,164**	**4,690,947**	***0%***
Cost of goods sold excl. factoring/securitisation		4,433,031	4,454,299	*-0%*
Financial cost of factoring/securisation	(1)	6,826	3,755	*82%*
Gross Profit	(2)	**244,307**	**232,893**	***5%***
Gross Profit %		*5.22%*	*4.96%*	
Personnel costs		87,056	83,295	*5%*
Other operating costs		66,579	63,456	*5%*
EBITDA adjusted	(3)	**90,672**	**86,142**	***5%***
EBITDA adjusted %		*1.94%*	*1.84%*	
Depreciation and amortisation		5,728	5,289	*8%*
IFRS 16 Right of Use depreciation		11,532	11,026	*5%*
Goodwill impairment		-	-	*n/a*
EBIT adjusted	(3)	**73,412**	**69,827**	***5%***
EBIT adjusted %		*1.57%*	*1.49%*	
Non recurring costs	(4)	2,754	1,416	*94%*
EBIT		**70,658**	**68,411**	***3%***
EBIT %		*1.51%*	*1.46%*	
IFRS 16 interest expenses on leases		3,260	3,183	*2%*
Other financial (income) expenses		3,439	2,745	*25%*
Foreign exchange (gains) losses		1,064	1,709	*-38%*
Profit before income taxes		**62,895**	**60,774**	***3%***
Income taxes		15,549	16,694	*-7%*

(euro/000)	notes	2022	2021	% Var.
Net income		**47,346**	**44,080**	*7%*
- of which attributable to non-controlling interests		-	(103)	*100%*
- of which attributable to the Group		**47,346**	**44,183**	*7%*

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.

(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.

(3) Adjusted given gross of non-recurring items.

(4) Of which 2.8 million euro otherwise included in "Other operating costs" and, with reference to 2021, of which 1.4 million euro otherwise included in "Other operating costs".

Sales from contracts with customers amounted to 4,684.2 million euro and were substantially in line with the result of the previous year of 4,690.9 million euro (the change was substantially stable even if excluding the value of sales of 4.7 million euros from the newly acquired Bludis S.r.l., consolidated as of 3 November 2022).

Gross profit amounted to 244.3 million euro, marking an increase of +5% compared to 2021 (232.9 million euro), substantially due to the improvement in the percentage margin, which rose from 4.96% to 5.22%, thanks also to the greater incidence of high margin product categories. The increase in the percentage margin is particularly significant as it is obtained despite the higher cost of transport to customers due to increased fuel costs, and the increase in the cost of programmes for the assignment of receivables without recourse as a result of the growth in interest rates ordered by the European Central Bank. Deducting the positive contribution of 1.6 million euro deriving from acquisitions in 2022, the change in gross profit is estimated to be around +4%, with an improved percentage margin from 4.96% to 5.19%.

Adjusted EBITDA, amounting to 90.7 million euro, +5% compared to 86.1 million euro in 2021, is calculated gross of non-recurring costs amounting to 2.8 million euro incurred by the parent company Esprinet S.p.A. in relation to the voluntary public tender offer for all of the ordinary shares of the Italian company Cellularline S.p.A. The incidence on sales increased to 1.94% from 1.84% in 2021, despite the increase in the weight of operating costs as a result of inflationary phenomena that had a heavy impact on utility costs and the cost of personnel indemnities accrued both in Italy and in Spain to compensate for the non-renewal and/or adjustment of national collective labour agreements. Also excluding from the 2022 result the contribution of 0.9 million euro of the aforementioned acquisitions, the Adjusted EBTIDA would have been estimated at 89.8 million euro (+4% compared to the previous year).

Adjusted EBIT, gross of the aforementioned non-recurring expenses, amounted to 73.4 million euro, up +5% compared to 2021 (+4% excluding the positive contribution of 0.9 million euro relating to the acquisitions in 2022). The incidence on sales rose to 1.57% from 1.49% in the previous period.

EBIT, equal to 70.7 million euro, recorded an increase of +3% compared to the 2021 financial year.

Pre-tax profit amounted to 62.9 million euro, up by +3% compared to 60.8 million euro in 2021.

Net income amounted to 47.3 million euro, +7% (44.1 million euro in 2021).

The Group's main financial and equity position as at 31 December 2022 are hereby summarised:

(euro/000)	31/12/2022	31/12/2021
Fixed assets	258,453	245,222
Operating net working capital	261,593	(75,832)
Other current assets/liabilities	(3,222)	12,104
Other non-current assets/liabilities	(24,574)	(22,553)
Total uses	**492,250**	**158,941**
Short-term financial liabilities	82,163	55,195
Lease liabilities	10,740	9,829
Current financial (assets)/liabilities for derivatives	24	2
Financial receivables from factoring companies	(3,207)	(3,128)
Current debts for investments in subsidiaries	2,455	1,854
Other current financial receivables	(10,336)	(9,857)
Cash and cash equivalents	(172,185)	(491,471)
Net current financial debt	(90,346)	(437,576)
Borrowings	71,118	106,531
Lease liabilities	101,661	102,253
Non-current debts for investments in subsidiaries	600	1,615
Net financial debt (A)	83,033	(227,177)
Net equity (B)	409,217	386,118
Total sources of funds (C=A+B)	**492,250**	**158,941**

Net Invested Capital as at 31 December 2022 amounted to 492.3 million euro and was financed by:

- shareholders' equity, amounting to 409.2 million euro (386.1 million euro as at 31 December 2021);
- the net financial position amounted to a negative 83.0 million euro (positive 227.2 million euro as at 31 December 2021).

The value of the exact net financial position as at 31 December 2022 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 trends in the behaviour of customers and suppliers at different times of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned factoring and securitisation programmes, which define the complete transfer of risks and benefits to the assignees and therefore involve the derecognition of receivables from the statement of financial position assets in compliance with IFRS 9, determine an overall effect on the level of consolidated net financial payables as at 31 December 2022 of 540.2 million euro (561.0 million euro as at 31 December 2021).

Equity totalled 409.2 million euro, an increase compared to 386.1 million euro as at 31 December 2021.

Equity and financial indicators confirm the strength of the Group.

B. FINANCIAL HIGHLIGHTS BY GEOGRAPHICAL AREA

B.1 ITALIAN SUBGROUP[3]

The Italian Subgroup's financial highlights as at 31 December 2022 are hereby summarised:

(euro/000)	notes	2022	2021	% Var.
Sales from contracts with customers		**2,832,515**	**2,929,470**	***-3%***
Cost of goods sold excl. factoring/securitisation		2,674,270	2,776,240	*-4%*
Financial cost of factoring/securisation	(1)	3,564	2,093	*70%*
Gross Profit	(2)	**154,681**	**151,137**	***2%***
Gross Profit %		*5.46%*	*5.16%*	
Personnel costs		55,392	52,580	*5%*
Other operating costs		49,919	49,397	*1%*
EBITDA adjusted	(3)	**49,370**	**49,160**	**0%**
EBITDA adjusted %		*1.74%*	*1.68%*	
Depreciation and amortisation		3,706	3,448	*7%*
IFRS 16 Right of Use depreciation		8,444	8,103	*4%*
Goodwill impairment		-	-	*n/a*
EBIT adjusted	(3)	**37,220**	**37,609**	***-1%***
EBIT adjusted %		*1.31%*	*1.28%*	
Non recurring costs	(4)	2,754	1,109	*>100%*
EBIT		**34,466**	**36,500**	***-6%***
EBIT %		*1.22%*	*1.25%*	

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.

(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.

(3) Adjusted given gross of non-recurring items.

(4) Of which 2.8 million euro otherwise included in "Other operating costs" and, with reference to 2021, of which 1.1 million euro otherwise included in "Other operating costs".

Sales from contracts with customers amounted to 2,832.5 million euro and showed a decrease of -3% with the result of last year equal to 2,929.5 million euro (-3% excluding the value of Sales of 4.7 million euro from the newly acquired Bludis S.r.l., consolidated from 3 November 2022).

Gross profit amounted to 154.7 million euro, marking an increase of +2% compared to 2021 (151.1 million euro), substantially due to the improvement in the percentage margin, which rose from 5.16% to 5.46%, thanks also to the greater incidence of high margin product categories. The increase in the percentage margin is particularly significant as it is obtained despite the higher cost of transport to customers due to increased fuel costs, and the increase in the cost of programmes for the assignment of receivables without recourse as a result of the growth in interest rates ordered by the European Central Bank. Deducting the positive contribution of 1.6 million euro from acquisitions, the change in gross profit is estimated to be around +1%, with an improved percentage margin from 5.16% to 5.41%.

3 Includes Bludis S.r.l. acquired on 3 November 2022.

Adjusted EBITDA, amounting to 49.4 million euro, substantially in line with the 2021 result, is calculated gross of non-recurring costs amounting to 2.8 million euro incurred by the parent company Esprinet S.p.A. in relation to the voluntary public tender offer for all of the ordinary shares of the Italian company Cellularline S.p.A. The incidence on sales increased by 1.74% to 1.68% in 2021, despite the increase in the weight of operating costs as a result of inflationary phenomena that had a heavy impact on utility costs and the cost of personnel indemnities accrued to compensate for the non-renewal and/or adjustment of national collective labour agreements. Also excluding from the 2022 result the contribution of 0.9 million euro of the aforementioned acquisitions, the Adjusted EBTIDA would have been estimated at 48.5 million euro (-1% compared to the previous year).

Adjusted EBIT, gross of the aforementioned non-recurring expenses, amounted to 37.2 million euro and showed a fall of -1% compared to 2021 (-3% excluding the positive contribution of 0.9 million euro relating to the acquisitions from the 2022 result). The incidence on sales rose to 1.31% from 1.28% in the previous period.

EBIT, equal to 34.5 million euro, recorded a decrease of -6% compared to the 2021 financial year.

The Italian Subgroup's main financial and equity position as at 31 December 2022 are hereby summarised:

(euro/000)	31/12/2022	31/12/2021
Fixed assets	214,826	199,337
Operating net working capital	78,531	(61,426)
Other current assets/liabilities	15,592	30,725
Other non-current assets/liabilities	(11,011)	(10,800)
Total uses	**297,938**	**157,836**
Short-term financial liabilities	53,733	33,950
Lease liabilities	7,656	7,184
Current debts for investments in subsidiaries	2,455	1,854
Financial receivables from factoring companies	(3,207)	(3,128)
Financial (assets)/liab. from/to Group companies	(27,500)	(40,000)
Other current financial receivables	(10,336)	(9,857)
Cash and cash equivalents	(127,916)	(253,463)
Net current financial debt	(105,115)	(263,460)
Borrowings	34,568	48,515
Lease liabilities	82,924	82,931
Non-current debts for investments in subsidiaries	600	1,615
Net Financial debt (A)	12,977	(130,399)
Net equity (B)	284,961	288,235
Total sources of funds (C=A+B)	**297,938**	**157,836**

The net financial position was a negative 13.0 million euro, a deterioration compared to the liquidity surplus of 130.4 million euro as at 31 December 2021.

The value of the exact net financial position as at 31 December 2022 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 trends in the behaviour of customers and suppliers at different times of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned programmes for the factoring and securitisation of trade receivables, which result in complete transfer of risks and benefits to assignees and therefore allow their derecognition from statement of financial position assets, determine an overall effect on the level of consolidated net financial payables as at 31 December 2022 of 255.8 million euro (319.6 million euro as at 31 December 2021).

B.2 IBERIAN SUBGROUP[4]

The Iberian Subgroup's financial highlights as at 31 December 2022 are hereby summarised:

(euro/000)	notes	2022	2021	% Var.
Sales from contracts with customers		**1,886,078**	**1,795,499**	***5%***
Cost of goods sold excl. factoring/securitisation		1,793,342	1,712,061	*5%*
Financial cost of factoring/securisation	(1)	3,262	1,662	*96%*
Gross Profit	(2)	**89,474**	**81,776**	***9%***
Gross Profit %		*4.74%*	*4.55%*	
Personnel costs		31,665	30,715	*3%*
Other operating costs		17,092	14,377	*19%*
EBITDA adjusted	(3)	**40,717**	**36,684**	***11%***
EBITDA adjusted %		*2.16%*	*2.04%*	
Depreciation and amortisation		1,623	1,551	*5%*
IFRS 16 Right of Use depreciation		3,088	2,923	*6%*
Goodwill impairment		-	-	*n/a*
EBIT adjusted	(3)	**36,006**	**32,210**	***12%***
EBIT adjusted %		*1.91%*	*1.79%*	
Non recurring costs	(4)	-	307	*-100%*
EBIT		**36,006**	**31,903**	***13%***
EBIT %		*1.91%*	*1.78%*	

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.

(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.

(3) Adjusted given gross of non-recurring items.

(4) Of which 0.3 million euro with reference to 2021, otherwise included in "Other operating costs".

Sales from contracts with customers, equal to 1,886.1 million euro, showed an increase of +5% compared with 1,795.5 million euro in 2021.

Gross profit amounted to 89.5 million euro, marking an increase of +9% compared to 2021 (81.8 million euro), substantially due to the improvement in the percentage margin, which rose from 4.55% to 4.74%, thanks also to the greater incidence of high margin product categories. The increase in the percentage margin is particularly significant as it is obtained despite the higher cost of transport to customers due to increased fuel costs, and the increase in the cost of programmes for the assignment of receivables without recourse as a result of the growth in interest rates ordered by the European Central Bank.

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

Adjusted EBITDA and EBITDA, equivalent since there were no non-recurring items in the two periods compared, amounted to 40.7 million euro, +11% compared to 36.7 million euro in 2021, driven by the improvement in the gross profit, which fully absorbed the growth in operating costs as a result mainly of the dynamics related to the flows of personnel, the costs of operating the logistics hub launched in March 2021 and credit risk protection measures. The incidence on sales increased from 2.04% to 2.16% of the corresponding period in 2021, despite the increase in the weight of operating costs as a result of inflationary phenomena that had a heavy impact on utility costs and the cost of personnel indemnities accrued to compensate for the non-renewal and/or adjustment of national collective labour agreements.

Adjusted EBIT and EBIT, coinciding same as non-recurring costs were not recognised, stood at 36.0 million euro and show an increase of +12% compared to the corresponding value of 2021.

The Iberian Subgroup's main financial and equity position as at 31 December 2022 are hereby summarised:

(euro/000)	31/12/2022	31/12/2021
Fixed assets	118,416	120,490
Operating net working capital	183,130	(14,151)
Other current assets/liabilities	(18,815)	(18,622)
Other non-current assets/liabilities	(13,563)	(11,753)
Total uses	**269,168**	**75,964**
Short-term financial liabilities	28,430	21,245
Lease liabilities	3,084	2,645
Current financial (assets)/liabilities for derivatives	24	2
Financial (assets)/liab. from/to Group companies	27,500	40,000
Cash and cash equivalents	(44,269)	(238,008)
Net current financial debt	14,769	(174,116)
Borrowings	36,550	58,016
Lease liabilities	18,737	19,322
Net Financial debt (A)	70,056	(96,778)
Net equity (B)	199,112	172,742
Total sources of funds (C=A+B)	**269,168**	**75,964**

The net financial position was a negative 70.0 million euro, a deterioration compared to the liquidity surplus of 96.8 million euro as at 31 December 2021.

The value of the exact net financial position as at 31 December 2022 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 trends in the behaviour of customers and suppliers at different times of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned programmes for the factoring and securitisation of trade receivables, which define the complete transfer of risks and benefits to assignees and therefore allow the derecognition from statement of financial position assets, determine an overall effect on the level of consolidated net financial payables as at 31 December 2022 of 284.5 million euro (241.4 million euro as at 31 December 2021).

ESPRINET S.P.A.

The main economic, financial and equity position of the parent company Esprinet S.p.A. as at 31 December 2022 are hereby summarised:

(euro/000)	notes	2022	2021	% Var.
Sales from contracts with customers		**2,719,248**	**2,830,090**	**-4%**
Cost of goods sold excl. factoring/securitisation		2,574,723	2,688,794	-4%
Financial cost of factoring/securisation	(1)	3,210	1,888	70%
Gross Profit	(2)	**141,315**	**139,408**	**1%**
Gross Profit %		*5.20%*	*4.93%*	
Personnel costs		50,180	47,541	6%
Other operating costs		49,055	48,966	0%
EBITDA adjusted	(3)	**42,080**	**42,901**	**-2%**
EBITDA adjusted %		*1.55%*	*1.52%*	
Depreciation, amortisation, impairment		3,554	3,288	8%
IFRS 16 Right of Use depreciation		8,160	7,859	4%
Goodwill impairment		-	-	n/a
EBIT adjusted	(3)	**30,366**	**31,754**	**-4%**
EBIT adjusted %		*1.12%*	*1.12%*	
Non recurring costs	(4)	2,754	1,109	>100%
EBIT		**27,612**	**30,645**	**-10%**
EBIT %		*1.02%*	*1.08%*	
IFRS 16 interest expenses on leases		2,619	2,576	2%
Other financial (income) expenses		1,795	2,678	-33%
Foreign exchange (gains) losses		817	(681)	<100%
Cost (income) from investments		-	(465)	100%
Profit before income taxes		**22,381**	**26,537**	**-16%**
Income taxes		6,321	8,077	-22%
Net income		**16,060**	**18,460**	**-13%**

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.

(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.

(3) Adjusted given gross of non-recurring items.

(4) Of which 2.8 million euro otherwise included in "Other operating costs" and, with reference to 2021, of which 1.1 million euro otherwise included in "Other operating costs".

Sales from contracts with customers amounted to 2,719.2 million euro, down by 4% compared to 2,830.1 million euro in 2021.

Gross profit amounted to 141.3 million euro and shows an increase of +1% (+1.9 million euro) compared to 2021 mainly due to the improvement in the percentage margin, which rose from 4.93% to 5.20% in 2022, thanks also to the greater incidence of high margin product categories. The increase in the percentage margin is particularly significant as it is obtained despite the higher cost of transport to customers due to increased fuel costs, and the increase in the cost of programmes for the assignment of receivables without recourse as a result of the growth in interest rates ordered by the European Central Bank.

Adjusted EBITDA, amounting to 42.1 million euro and showing a drop of 2% compared to the 2021 result, is calculated gross of non-recurring costs amounting to 2.8 million euro incurred in relation to the voluntary public tender offer for all of the ordinary shares. The incidence on sales increased to 1.55% from 1.52% in 2021, despite the increase in the weight of operating costs as a result of inflationary phenomena that had a heavy impact on utility costs and the cost of personnel indemnities accrued to compensate for the non-renewal and/or adjustment of national collective labour agreements.

Adjusted EBIT, before the aforementioned non-recurring expenses, amounted to 30.4 million euro, shows a drop of -4% compared to 2021. The incidence on sales, at 1.12%, is in line with that of the previous year.

EBIT, equal to 27.6 million euro, recorded a decrease of -10% compared to the 2021 financial year.

Pre-tax profit amounted to 22.4 million euro, a decrease of -16% compared to 26.5 million euro in 2021.

Net income amounted to 16.1 million euro, a drop of -13% (18.5 million euro in 2021).

The main financial and equity position of the parent company Esprinet S.p.A. as at 31 December 2022 are hereby summarised:

(euro/000)	31/12/2022	31/12/2021
Fixed assets	225,623	210,534
Operating net working capital	(10,841)	(134,976)
Other current assets/liabilities	81,319	86,442
Other non-current assets/liabilities	(9,903)	(10,422)
Total uses	**286,198**	**151,578**
Short-term financial liabilities	52,131	31,319
Lease liabilities	7,307	6,905
Financial receivables from factoring companies	(3,207)	(3,128)
Debts for investments in subsidiaries (current)	2,455	1,854
Financial (assets)/liab. From/to Group companies	(25,922)	(41,077)
Other current financial receivables	(10,336)	(9,857)
Cash and cash equivalents	(121,130)	(242,784)
Net current financial debt	(98,702)	(256,768)
Borrowings	34,568	48,014
Lease liabilities	80,442	81,162
Debts for investments in subsidiaries (non-current)	600	1,615
Net Financial debt (A)	16,908	(125,977)
Net equity (B)	269,290	277,555
Total sources of funds (C=A+B)	**286,198**	**151,578**

The Net Financial Position was negative for 16.9 million euro, compared to a liquidity surplus of 126.0 million euro as at 31 December 2021.

The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in 'non-recourse' factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period.

The aforementioned programmes for the factoring and securitisation of trade receivables, which result in complete transfer of risks and benefits to assignees and therefore allow their derecognition from statement of financial position assets, determine an overall effect on the level of consolidated net financial payables as at 31 December of 226.4 million euro (299.2 million euro as at 31 December 2021).

Equity totalled 269.3 million euro (277.6 million euro as at 31 December 2021).

C. GROUP'S FINANCIAL HIGHLIGHTS PRE-IFRS 16

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

(euro/000)	notes	2022 Pre-IFRS16	2021 Pre-IFRS16	% Var.
Sales from contracts with customers		**4,684,164**	**4,690,947**	**-0%**
Cost of goods sold excl. factoring/securitisation		4,433,031	4,454,299	*-0%*
Financial cost of factoring/securisation	(1)	6,826	3,755	*82%*
Gross Profit	(2)	**244,307**	**232,893**	**5%**
Gross Profit %		*5.22%*	*4.96%*	
Personnel costs		87,056	83,295	*5%*
Other operating costs		80,389	75,808	*6%*
EBITDA adjusted	(3)	**76,862**	**73,790**	**4%**
EBITDA adjusted %		*1.64%*	*1.57%*	
Depreciation and amortisation		5,728	5,289	*8%*
IFRS 16 Right of Use depreciation		-	-	*n/a*
Goodwill impairment		-	-	*n/a*
EBIT adjusted	(3)	**71,134**	**68,501**	**4%**
EBIT adjusted %		*1.52%*	*1.46%*	
Non recurring costs	(4)	2,754	1,416	*94%*
EBIT		**68,380**	**67,085**	**2%**
EBIT %		*1.46%*	*1.43%*	
IFRS 16 interest expenses on leases		-	-	*n/a*
Other financial (income) expenses		3,439	2,745	*25%*
Foreign exchange (gains) losses		1,064	1,709	*-38%*
Profit before income taxes		**63,877**	**62,631**	**2%**
Income taxes		15,806	17,042	*-7%*
Net income		**48,071**	**45,589**	**5%**
- of which attributable to non-controlling interests		-	(103)	*100%*
- of which attributable to the Group		**48,071**	**45,692**	**5%**

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring, confirming and securitisation programmes.

(2) Gross of amortisation/depreciation that, by function, would be included in the cost of sales.

(3) Adjusted given gross of non-recurring items.

(4) Of which 2.8 million euro otherwise included in "Other operating costs" and, with reference to 2021, of which 1.4 million euro otherwise included in "Other operating costs".

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

(euro/000)	31/12/2022 Pre-IFRS 16	31/12/2021 Pre-IFRS 16
Fixed assets	151,044	137,316
Operating net working capital	260,266	(75,859)
Other current assets/liabilities	(2,266)	11,850
Other non-current assets/liabilities	(24,574)	(22,553)
Total uses	**384,470**	**50,754**
Short-term financial liabilities	82,163	55,195
Lease liabilities	-	-
Current financial (assets)/liabilities for derivatives	24	2
Financial receivables from factoring companies	(3,207)	(3,128)
Current debts for investments in subsidiaries	2,455	1,854
Other financial receivables	(10,336)	(9,857)
Cash and cash equivalents	(172,185)	(491,471)
Net current financial debt	101,086	(447,405)
Borrowings	71,118	106,531
Lease liabilities	-	-
Non-current debts for investments in subsidiaries	600	1,615
Net Financial debt (A)	(29,368)	(339,259)
Net equity (B)	413,838	390,013
Total sources of funds (C=A+B)	**384,470**	**50,754**

2. OPERATING NET WORKING CAPITAL

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

(euro/000)	notes	31/12/2022			31/12/2021		
		Group	Italy	Iberica	Group	Italy	Iberica
Trade receivables [a]		**701,071**	**428,784**	**272,287**	**585,522**	**351,984**	**233,538**
Trade receivables net of VAT	(1)	576,493	351,462	225,031	481,518	288,511	193,007
Sales from contracts with customers	(2)	4,684,164	2,798,087	1,886,077	4,690,947	2,895,448	1,795,499
[A] Days Sales Outstanding - DSO	(3)	45	46	44	37	36	39
Inventory [b]		**672,688**	**409,558**	**263,130**	**529,502**	**349,006**	**180,496**
[B] Days Sales of Inventory - DSI	(4)	55	56	55	43	46	39
Trade payables [c]		**1,112,166**	**759,811**	**352,355**	**1,190,856**	**762,416**	**428,440**
Trade payables net of VAT	(1)	913,998	622,796	291,202	979,014	624,931	354,083
Cost of Sales		4,441,195	2,679,172	1,762,023	4,459,057	2,779,336	1,679,721
Total SG&A		69,333	52,673	16,660	64,872	50,506	14,366
[C] Days Payable Outstanding - DPO	(5)	74	83	60	79	81	76
Operating net working capital [a+b-c]		**261,593**	**78,531**	**183,062**	**(75,832)**	**(61,426)**	**(14,406)**
Cash conversion Cycle [A+B-C]		**26**	**19**	**39**	**1**	**1**	**2**
Operating net working capital/Sales		**5.6%**	**2.8%**	**9.7%**	**-1.6%**	**-2.1%**	**-0.8%**

(1) Net of VAT measured by applying the ordinary rate of 22% for the Italian Subgroup and 21% for the Iberian Subgroup.

(2) Amounts net of intercompany sales.

(3) (Trade receivables net of VAT / Sales and services sales) * 365.

(4) (Inventory / Cost of sales) * 365.

(5) [Trade payables net of VAT / (Purchases + Cost of services and other Operating costs)] * 365.

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

(euro/000)	notes	Esprinet S.p.A.	
		31/12/2022	31/12/2021
Trade receivables [a]		**348,798**	**284,092**
Trade receivables net of VAT	(1)	285,900	232,862
Sales from contracts with customers	(2)	2,687,620	2,797,532
[A] Days Sales Outstanding - DSO	(3)	39	30
Inventory [b]		**373,486**	**325,931**
[B] Days Sales of Inventory - DSI	(4)	53	44
Trade payables [c]		**733,125**	**744,999**
Trade payables net of VAT	(1)	600,922	610,655
Cost of Sales	(5)	2,575,723	2,689,835
Total SG&A	(6)	51,850	49,531
[C] Days Payables Outstanding - DPO	(7)	83	81
Operating net working capital [a+b-c]		**(10,841)**	**(134,976)**
Cash conversion Cycle [A+B-C]		**9**	**(7)**
Operating net working capital / Sales		**-0.4%**	**-4.8%**

(1) Net of VAT measured by applying the ordinary rate of 22%.

(2) Net of intercompany sales amounting to 31.6 million euro (32.6 million euro in 2021) as per the table shown in the separate financial statements.

(3) (Trade receivables net of VAT / Sales and services sales) * 365.

(4) (Inventory / Cost of sales) * 365.

(5) Net of intercompany costs amounting to 3.5 million euro (1.9 million euro in 2021) as shown in the table displayed in the separate financial statements.

(6) Net of intercompany costs and recharges for 0.1 million euro net of chargebacks relative to the personnel service equal to 0.5 million euro (0.3 million euro in 2021) as per the table shown in the separate financial statements.

(7) [Trade payables net of VAT / (Purchases + Costs of services and other Operating costs)] * 365.

3. SALES BY PRODUCT FAMILY AND CUSTOMER TYPE

GROUP SALES BY CUSTOMER TYPE AND PRODUCT FAMILY

SALES BY CUSTOMER TYPE

(euro/million)	2022	%	2021	%	Var.	% Var.
Retailer/e-tailers	1,837.0	39.2%	2,190.2	46.7%	(353.2)	*-16%*
IT Resellers	3,059.6	65.3%	2,648.2	56.5%	411.4	*16%*
Adjustments	(212.4)	-4.5%	(147.5)	-3.1%	(64.9)	*44%*
Sales from contracts with customers	**4,684.2**	**100.0%**	**4,690.9**	**100.0%**	**(6.7)**	***-0%***

In 2022, the market in Southern Europe recorded growth of +9% in the *Business Segment* (IT Reseller) and down by 9% in the *Consumer Segment* (Retailer, E-tailer). Compared to the previous year, Group sales outperformed the market in the *Business Segment* (3,059.6 million euro, +16%) and underperformed in the *Consumer Segment* (1,837.0 million euro, -16%).

The weight of sales to IT Resellers in 2022 rose to 62% compared to 55% in the previous year, gradually reducing the weight of the *Consumer Segment*, which is subject to greater discount pressures.

SALES BY PRODUCT FAMILY

(euro/million)	2022	%	2021	%	Var.	% Var.
PCs (notebook, tablet, desktop, monitor)	1,551.0	33.1%	1,640.2	35.0%	(89.2)	*-5%*
Printing devices and supplies	365.1	7.8%	396.8	8.5%	(31.7)	*-8%*
Other IT products	345.2	7.4%	367.2	7.8%	(22.0)	*-6%*
Total IT Clients	**2,261.3**	**48.3%**	**2,404.2**	**51.3%**	**(142.9)**	***-6%***
Smartphones	1,205.5	25.7%	1,254.4	26.7%	(48.9)	*-4%*
White goods	91.0	1.9%	81.6	1.7%	9.4	*12%*
Gaming hardware and software	47.7	1.0%	49.8	1.1%	(2.1)	*-4%*
Other consumer electronics products	241.1	5.2%	174.5	3.7%	66.6	*38%*
Total Consumer Electronics	**1,585.3**	**33.8%**	**1,560.3**	**33.3%**	**25.0**	***2%***
Hardware (networking, storage, server & others)	698.2	14.9%	528.0	11.3%	170.2	*32%*
Software, Services, Cloud	351.8	7.5%	345.9	7.4%	5.9	*2%*
Total Advanced Solutions	**1,050.0**	**22.4%**	**873.9**	**18.6%**	**176.1**	***20%***
Adjustments	(212.4)	-4.5%	(147.5)	-3.1%	(64.9)	*44%*
Sales from contracts with customers	**4,684.2**	**100.0%**	**4,690.9**	**100.0%**	**(6.7)**	***-0%***

Analysing the details by product family, sales recorded -6% in the *IT Clients* segment, in line with the market as measured by the English research company Context. All categories are down compared to last year: PC -5%, Printers and Consumables -8% and Other Products -6%.

The *Consumer Electronics* segment, on the other hand, recorded growth of 2%, thanks above all to the +38% increase in Other products, which include televisions. Appliances also showed significant growth (+12%), while Smartphones and Gaming decreased by 4%. According to Context data, the market records a flat trend compared to last year.

In the *Advanced Solutions* segment, the Group registered sales of 1,050 million euro, +20% compared to 873.9 million euro in 2021, with growth of 2% in Software, Services and Cloud, and an increase of 33% in Hardware (networking, storage, servers and other). By performing better than the market, which, again according to the measurements of the English research company Context, marks a +16% increase, the Group has consolidated its position in this segment.

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

SALES BY CUSTOMER TYPE

(euro/million)	2022	%	2021	%	Var.	% Var.
Retailer/e-tailers	1,098.2	40.4%	1,282.1	45.3%	(183.9)	*-14%*
IT Resellers	1,648.3	60.6%	1,557.7	55.0%	90.6	*6%*
Adjustments	(27.3)	-1.0%	(9.7)	-0.3%	(17.6)	*181%*
Sales from contracts with customers	**2,719.2**	**100.0%**	**2,830.1**	**100.0%**	**(110.9)**	***-4%***

The Company's Sales show a decrease of 14% in the *Consumer Segment* (1,098.2 million euro), not offset by the growth of 6% in the *Business Segment* (1,648.3 million euro).

SALES BY PRODUCT FAMILY

(euro/million)	2022	%	2021	%	Var.	% Var.
PCs (notebook, tablet, desktop, monitor)	686.6	25.3%	771.5	27.3%	(84.9)	*-11%*
Printing devices and supplies	276.4	10.2%	296.9	10.5%	(20.5)	*-7%*
Other IT products	223.1	8.2%	256.9	9.1%	(33.8)	*-13%*
Total IT Clients	**1,186.1**	**43.6%**	**1,325.3**	**46.8%**	**(139.2)**	***-11%***
Smartphones	664.8	24.5%	791.7	28.0%	(126.9)	*-16%*
White goods	71.9	2.6%	63.6	2.3%	8.3	*13%*
Gaming hardware and software	33.7	1.2%	38.0	1.3%	(4.3)	*-11%*
Other consumer electronics products	198.1	7.3%	158.8	5.6%	39.3	*25%*
Total Consumer Electronics	**968.5**	**35.6%**	**1,052.1**	**37.2%**	**(83.6)**	***-8%***
Hardware (networking, storage, server & others)	422.0	15.5%	321.9	11.4%	100.1	*31%*
Software, Services, Cloud	169.9	6.3%	140.5	5.0%	29.4	*21%*
Total Advanced Solutions	**591.9**	**21.8%**	**462.4**	**16.3%**	**129.5**	***28%***
Adjustments	(27.3)	-1.0%	(9.7)	-0.3%	(17.6)	*181%*
Sales from contracts with customers	**2,719.2**	**100.0%**	**2,830.1**	**100.0%**	**(110.9)**	***-4%***

The analysis of s by product line shows a decline in the *IT Clients* segment. All product categories were down: PCs (-11%), Printers and Consumables (-7%) and Other Products (-13%).

The *Consumer Electronics* segment also slowed down compared to last year (-8%), despite the 25% growth in Other products, which include televisions, and the 13% growth in Household appliances, which did not offset the decline in Smartphones (-16%) and Gaming products (-11%).

In the *Advanced Solutions* segment, the Company registered sales of 591.9 million euro, +28% compared to 462.4 million euro in 2021, with growth of +21% in Software, Services and Cloud, and an increase of +31% in Hardware (networking, storage, servers and other).

SIGNIFICANT EVENTS OCCURRING IN THE PERIOD

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

ANNUAL SHAREHOLDERS' MEETING OF THE PARENT COMPANY ESPRINET S.P.A.

The Ordinary and Extraordinary Shareholders' Meeting of Esprinet S.p.A. was held on 14 April 2022, which, as regards the various items on the agenda:

Ordinary session:

- approved the financial statements for the year ended 31 December 2021, allocating 18.5 million euro of the net income realised to increase the extraordinary reserve;
- resolved the distribution of a dividend of 0.54 euro per share, excluding own shares in the portfolio as at 25 April 2022;
- acknowledged the Consolidated Financial Statements and the Sustainability Report as at 31 December 2021;
- approved the Report on Remuneration;
- authorised the purchase of own ordinary shares for 18 months from the approval date and, nonetheless, up to a maximum limit of 5% of the Company's share capital;
- approved the integration of the remuneration of the independent auditors following the expansion of the consolidation scope and the auditing of the ESEF financial statements.

Extraordinary session:

- approved the cancellation of 516,706 own ordinary shares in the Company's portfolio, acquired in implementation of the Shareholders' Meeting resolution of 7 April 2021, with no reduction of share capital.

CANCELLATION OF OWN SHARES ON HAND

On 10 May 2022, the resolution of cancelling 516,706 own shares on hand was filed at the Register of Companies of Milan, Monza Brianza and Lodi, with no reduction in the share capital of Esprinet S.p.A. in compliance with the Extraordinary Shareholders' Meeting held on 14 April 2022.

VOLUNTARY PUBLIC TENDER OFFER FOR THE SHARES OF CELLULARLINE S.P.A.

On 6 May 2022, Esprinet S.p.A., in line with the provisions of its 2022-24 Strategic Plan, sent to the Board of Directors of Cellularline S.p.A., an Italian company listed on Euronext STAR Milan, a non-binding expression of interest aimed at promoting a voluntary public tender offer concerning all the ordinary shares of the company, targeted at its *delisting* (the "**OPA**" or "**Public Tender Offer**").

On 8 September 2022, CONSOB, having completed the preliminary investigation activities required by the legislation, approved the Public Tender Offer document.

The tender offer was promoted through the wholly-owned subsidiary 4Side S.r.l. (the"**Offeror**"), subject to the fulfilment of certain conditions of effectiveness that may be waived by the Offeror, established at a price of 3.75 euro per share and with a subscription period between 19 September 2022 and 14 October 2022.

The number of shares subscribed to the tender offer was equal to approximately 11.48% of the share capital of Cellularline S.p.A. (the "**Issuer**"), a quantity lower than the non-waiver threshold of 50% plus one share of the Issuer's share capital. The shares tendered in the OPA were therefore returned to the availability of their respective holders, without any charges or expenses borne by them, already on Monday 17 October 2022.

In order to cover the financial requirements stemming from the payment obligations connected with the OPA, calculated in the assumption of the full acceptance by all shareholders and, therefore, equal to the maximum outlay, the Offerer would have used the shareholders' loans provided by Esprinet S.p.A., which could have been converted to capital contributions and/or other shareholders' equity contributions.

In turn, Esprinet S.p.A. would have obtained the funds through the disbursement in its favour, close to the date of payment of the consideration, of a cash loan of up to 120.0 million euro. In addition, Esprinet S.p.A. would have been able to call on an additional cash credit facility of up to 35.0 million euro in order to wholly or partly refinance Cellularline's financial indebtedness.

STRENGTHENING AND RENEWAL OF THE FINANCIAL STRUCTURE

On 29 July 2022 and 31 August 2022, Esprinet S.p.A. stipulated an amortising 3-year loan agreement with two pools of domestic and international banks for a maximum amount of 155.0 million euro and an unsecured 3-year RCF-Revolving Credit Facility for 180.0 million euro.

The loan agreement for a maximum amount of 155.0 million euro was aimed, inter alia, at supporting the potential voluntary public tender offer for all of the ordinary shares of Cellularline S.p.A., through the wholly-owned subsidiary 4Side S.r.l., and meeting any needs for the replacement of the committed indebtedness structure of said entity.

As a result of the non-fulfilment of the conditions for the exercise of the voluntary Public Tender Offer, the loan was not used.

The RCF of 180.0 million euro represents the natural replacement of the three-year RCF signed on 30 September 2019, given it is targeted, like the latter, at supporting the Group's working capital and business development requirements.

The amount of the loan is higher than the 152.5 million euro of the previous RCF based on the greater subscription offers received by the banks which, taking account of the integration operations concluded between some of them in the meantime, are the same ones that made up the previous pool.

The two loans are both secured by a structure of financial covenants typical for these types of transactions, as well as the usual "negative pledge", "pari passu" and similar clauses.

The economic-financial covenants are as follows:

- ratio of net financial position to EBITDA;
- ratio of extended net financial position to shareholders' equity;
- ratio of EBITDA to net financial expense;
- absolute amount of gross financial indebtedness.

Both pools of financing banks are composed of Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A. and Crédit Agricole Italia S.p.A. while Caixabank S.A. and Banca Monte dei Paschi di Siena S.p.A. are also involved in the RCF disbursing pool.

Previously, on 27 May 2022 and 16 June 2022, Esprinet S.p.A., as part of the consolidation and periodic renewal of its sources of committed financing, had subscribed two additional unsecured amortised 3-year loans of 8.0 million euro and 5.0 million euro (principal) with domestic banks.

MERGER BY INCORPORATION OF VINZEO TECHNOLOGIES S.A.U. IN ESPRINET IBÉRICA S.L.U.

A deed of merger by incorporation in Esprinet Iberica S.L.U. of its wholly-owned subsidiary Vinzeo Technologies S.A.U. was signed on 4 August 2022.

The transaction falls under the process of maximising the commercial and operating synergies between the two companies, with Vinzeo Technologies S.A.U. operating primarily in the distribution of PCs (notebooks, tablets, desktops, monitors) and consumer electronics, both also subject to the activities of the parent company Esprinet Iberica S.L.U.

The merger takes effect from 1 September 2022 for legal purposes, the date on which Esprinet Iberica S.L.U. took over all the legal relationships of Vinzeo Technologies S.A.U., therefore assuming all its rights and obligations prior to the merger.

The accounting and tax effects of the merger are instead backdated to 1 January 2022.

PURCHASE OF 100% OF THE COMPANY SHARES OF BLUDIS S.R.L.

On 3 November 2022, after the signing of a binding agreement with the seller the day before, Esprinet S.p.A. acquired 100% of the capital of Bludis S.r.l..

Bludis S.r.l. is the vehicle under Italian law in which, in July 2022, the company SPIN S.r.l. conferred the business unit active in the distribution of *software* solutions in the *Communication*, *Cybersecurity* and *IT Management* areas, which works mainly with innovative and emerging Vendors. In 2021, this business unit generated turnover of 12.9 million euro with an EBITDA of 2.2 million euro.

The acquisition of the share capital of Bludis S.r.l. is estimated at 8.7 million euro, paid in cash for 7.0 million euro and based on a provisional financial position with a neutral NFP. The final price will be determined on the basis of adjustment mechanisms linked to the calculation of actual shareholders' equity on the date of the transaction and to the credit position. The balance will be paid within 180 days of the transaction date.

The transaction is part of a broader business strategy in line with the 2022-2024 business plan, which focuses on increasing profitability also through growth in value-added distribution in the *Solutions* segment.

Bludis S.r.l., within the Esprinet Group, will be maintained as a separate *legal entity*.

In order to ensure operational continuity, the registered office will remain in Rome and the *governance* envisages Mr. Giuseppe Di Girolamo remaining as Chief Executive Officer, with marketing responsibilities.

DEVELOPMENTS IN TAX DISPUTES

Esprinet S.p.A. has a number of pending lawsuits involving requests for the payment of indirect taxes brought against the Company, in relation to transactions undertaken between 2011 and 2016. 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 authorities are now claiming VAT from the Company on those sales transactions.

The total value of the aforementioned disputes amounts to 95.4 million euro plus penalties and interest relating to disputes for transactions carried out by the Company in the years from 2011 to 2016, in relation to which 35.1 million euro, in the form of an all-inclusive amount, has already been paid, as envisaged by the administrative procedure, pending the final judgement, and booked to the financial statements under the item ‘Other tax receivables’.

As part of the aforementioned disputes, on 28 February 2022, a negative ruling was filed pertaining to the second instance hearing held on 14 February 2022 relating to a dispute concerning the 2013 tax year (disputed tax equal to 14.5 million euro). With the support of its advisors, Esprinet filed an appeal against this ruling to the Court of Cassation on 23 May 2022.

On 21 July 2022 and 5 October 2022, the Inland Revenue-Collection Agency granted the instalment of the amounts envisaged by the administrative procedure in relation to two VAT disputes for the year 2013.

The instalment plan was granted in 18 monthly payments with a unit value of, respectively, 0.2 million euro starting from August 2022 and 0.7 million euro starting from October 2022. The amounts paid in 2022 for a total of 2.9 million euro, as the sets of proceedings have not yet been concluded, were recognized in the balance sheet under the item “Other tax receivables”, as envisaged by administrative procedures.

On 23 December 2022, three notices of assessment were received in relation to transactions carried out in the years from 2014 to 2016 for which the Revenue Agency requested the recovery of VAT for a total amount of 70.2 million euro, in addition to penalties and interest, for which, although believing it had acted correctly, on 18 January 2023 the Company filed a tax settlement proposal simply to avoid tax litigation.

SUBSEQUENT EVENTS

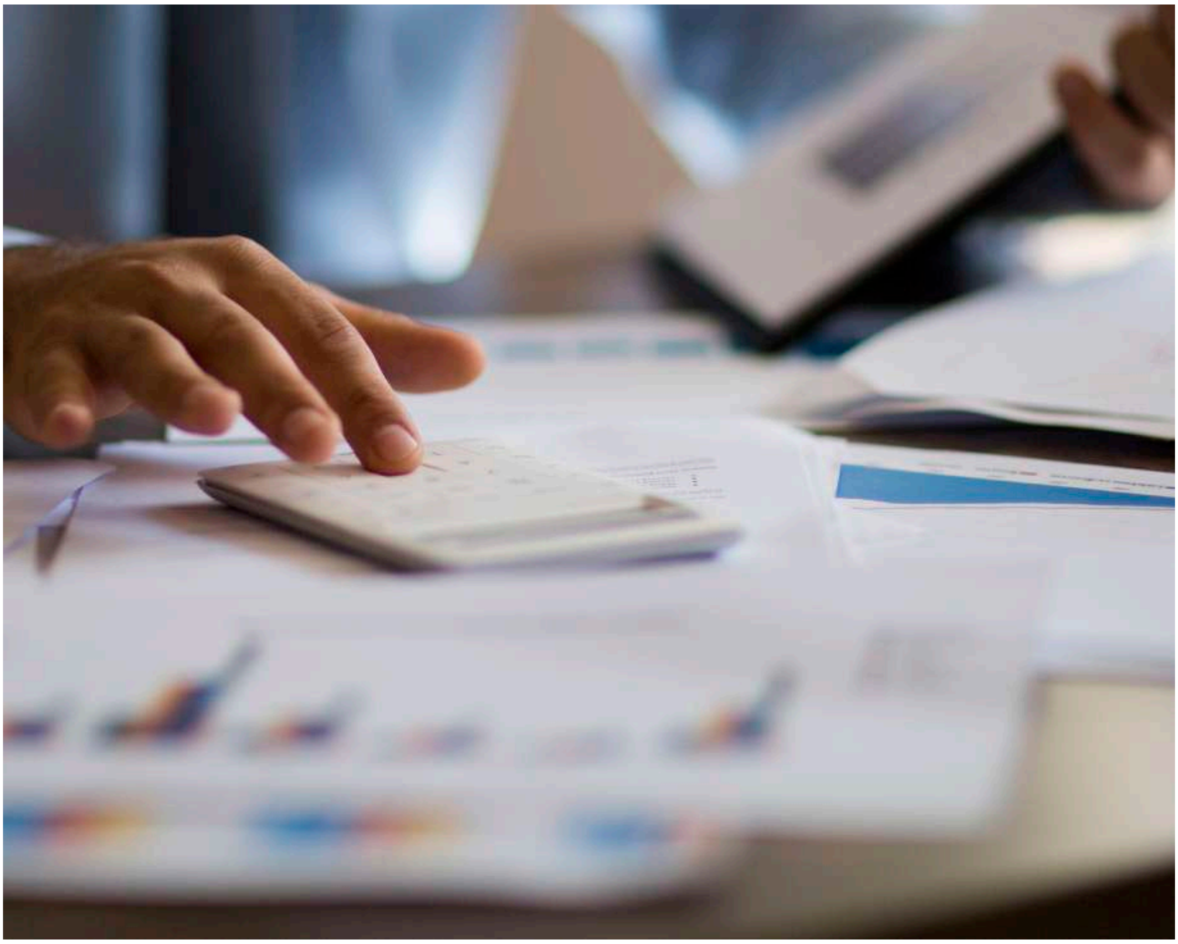
SIGNING OF A COMPANY LEASE AGREEMENT BETWEEN ESPRINET S.P.A. AND THE SUBSIDIARY 4SIDE S.R.L.

On 6 March 2023, Esprinet S.p.A. signed a business lease agreement with the subsidiary 4Side S.r.l. in preparation for the subsequent merger by incorporation of the aforementioned subsidiary, which is expected to be completed in the second half of 2023, subject to the fulfilment of all regulatory obligations required by the merger procedure, including the approval of the 2022 financial statements by the two companies and the expiration of the legal time limits for the protection of third parties.

By virtue of this lease agreement, Esprinet S.p.A., from 1 April 2023, will manage the company as tenant and will take over all legal relationships with customers and suppliers with the exception of receivables and payables already in place at the date of signing of the lease agreement which, until the date of the merger, will continue to be owned by the subsidiary.

DEVELOPMENTS IN TAX DISPUTES

For a better presentation, developments in tax disputes occurred after the period under review are disclosed under the paragraph 'significant events occurring in the period'.



BUSINESS OUTLOOK

The Covid emergency now appears to have been fully overcome with a return to normality of the procurement of all product lines, with very few limited exceptions.

The long-term demand for the digital solutions distributed by the Group is expected by all analysts to grow strongly both due to constant product innovation and to the increased adoption of these technologies by large segments of the population and companies following the pandemic shock.

In addition to this structural scenario, which applies substantially to any geographical market, in Italy and Spain, the two main countries in which the Group operates, there is also an important demand acceleration driver represented by funds linked to the NRRPs (National Recovery and Resilience Plans): these countries are recipients of almost the 55% of the total amount allocated by the European Union and over 20% of this figure is allocated to digital innovation.

The combination of these phenomena makes it possible to look at medium/long-term demand with great optimism.

In the first few months of 2023, a climate of macroeconomic uncertainty still prevails, making short-term planning extremely difficult.

In fact, if we look to the next few months, it is necessary to highlight how the inflationary scenario and the interest rate increases already sustained in addition to those that many analysts expect for the near future leads to consider the possibility of the countries where the Group operates entering a period of recession.

On the other hand, some analysts predict an increase in GDP, albeit more limited than forecasts made available before the invasion of Ukraine by Russia, supported by the wide availability of savings accumulated during the pandemic period and by the speed with which European economies in particular have been able to react to the changing context.

Since the change in demand for Information Technology has historically been a multiple of the GDP growth rate, it is difficult to predict short-term trends.

Sector analysts, such as IDC, currently expect a low single-digit percentage increase in demand in the Group's reference markets considering, however, a strong reduction in the volumes of PCs and in Italy also of televisions.

The Group decisively continues to implement its business plan, which focuses on expanding its presence in the greater added-value "Solutions" and services segments, finding value in lower profitability lines such as telephones and computers ("Screens") only with optimal management of working capital levels.

In the short term, therefore, the reduction of excess inventory, accumulated due to the combined effect of the reopening of post-pandemic supply chains and the slowdown in consumer demand, has become a priority for the Group.

This is accompanied by the continuous search for development opportunities also in other areas of Western Europe for the "Solutions" business lines and the acceleration of the spread of value-added services in the portfolio, with particular emphasis on operational rental (Esprirent).

Despite the short-term uncertainty, with its proven ability to execute, to achieve excellent relations with its customers and suppliers ecosystem attested also by record results in terms of Customer Satisfaction and a very favourable long-term scenario, the Group believes it will be able to achieve, also in 2023, very satisfactory economic results together with the desired marked improvement in the level of net working capital absorption, consequently guaranteeing excellent returns on invested capital.

As usual, the Group will present its profitability guidance for the current fiscal year at the time of the presentation of the first quarter results expected in mid-May.

HUMAN RESOURCES

PRINCIPLES

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

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

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

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

EMPLOYMENT

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

	notes	Executives	Clerks and middle management	Workers	Total	Average [1]
			31/12/2022			
Esprinet S.p.A.		20	874	-	**894**	868
V-Valley S.r.l.		-	-	-	**-**	-
Celly Pacific Ltd		-	3	-	**3**	3
Nilox Deutschland Gmbh		-	-	-	**-**	-
Dacom S.p.A.		-	27	6	**33**	34
idMAINT S.r.l.		-	13	-	**13**	12
Erredi Deutschland GmbH		-	2	-	**2**	2
Erredi France SARL		-	1	-	**1**	1
Erredi Iberica S.L.		-	9	-	**9**	10
4 Side S.r.l.		3	9	-	**12**	13
Bludis S.r.l.		1	38	-	**39**	19
Subgroup Italy		**24**	**976**	**6**	**1,006**	**962**
Esprinet Iberica S.L.U.		-	475	71	**546**	585
Esprinet Portugal L.d.A.		-	50	-	**50**	47
Vinzeo Technologies S.A.U.	[2]	-	-	-	**-**	-
V-Valley Advanced Solutions España, S.A.		-	188	-	**188**	155
V-Valley Advanced Solutions Portugal, Unipessoal, Lda		-	-	-	**-**	-
Optima Locistic S.L.U.		-	-	-	**-**	-
GTI Software & Networking SARLAU		-	16	-	**16**	14
Subgroup Iberica		**-**	**729**	**71**	**800**	**801**
Esprinet Group		**24**	**1,705**	**77**	**1,806**	**1,763**

[1] Equal to the average between the balance as at 31 December 2022 and the balance as at 31 December 2021 and, in the event of a merger, represented in the incorporating company.

[2] Company merged into Esprinet Iberica SLU as at 31 December 2022.

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

[1] Equal to the average between the balance as at 31 December 2022 and the balance as at 31 December 2021 and, in the event of a merger, represented in the incorporating company.

[2] Company merged into Esprinet Iberica SLU as at 31 December 2022.

The increase in the workforce, in addition to the ordinary replacements of staff who resigned, retired, absent due to parental leave or leave of absence, is attributable for 39 units to the acquisition of the company Bludis on 3 November 2022.

The following table details the changes in incoming and outgoing personnel by individual company and which, as regards the Iberian subgroup, is influenced by the merger of the company Vinzeo Technologies S.A.U. into Esprinet Iberica S.L.U. and by other intercompany personnel movements:

	notes	Headcount as at 31/12/2021	Increases	Decreases	Headcount as at 31/12/2021
Esprinet S.p.A.		842	148	96	894
Celly Pacific Limited		3	-	-	3
Bludis S.r.l.	(1)	-	40	1	39
Dacom S.p.A.		34	6	7	33
idMAINT S.r.l.		11	3	1	13
Erredi Deutschland GmbH		2	1	1	2
Erredi France SARL		1	-	-	1
Erredi Iberica SL		10	3	4	9
Nilox Deutschland GmbH		-	-	-	-
4Side S.r.l.		14	2	4	12
V-Valley S.r.l.		-	-	-	-
Subgroup Italy		**917**	**203**	**114**	**1,006**
Esprinet Iberica S.L.U.		356	310	120	546
Vinzeo Technologies S.A.U.	(2)	269	97	366	-
Esprinet Portugal Lda		43	19	12	50
V-Valley Advanced Solutions España, S.A.		122	103	37	188
V-Valley Advanced Solutions Portugal, Unipessoal, Lda		-	-	-	-
Optima Logistics S.L.U.		-	-	-	-
GTI Software & Networking SARLAU		13	4	1	16
Subgroup Iberica		**803**	**533**	**536**	**800**
Esprinet Group		**1,720**	**736**	**650**	**1,806**

(1) Of which 39 increases related to the acquisition of the company on 2 November 2022.

(2) Merged into Esprinet Iberica S.L.U. as at 31 December 2022, subject to the transfer of 36 people to V-Valley Advanced Solutions Espana S.A..

With respect to the breakdown by gender, the table below highlights a constant predominance of female employees in the Group: 54.4% as at 31 December 2022 (54.2% as at 31 December 2021).

	31/12/2022												
	Italy								Iberian Peninsula (Spain and Portugal)				
	Esprinet S.p.A.	V-Valley S.r.l.	Celly Pacific Limited	Dacom S.p.A.	idMAINT [1]	Nilox Gmbh	4Side S.r.l.	Bludis S.r.l	Esprinet Iberica S.L.U.	Esprinet Portugal L.d.A.	V-Valley Advanced Solutions España, S.A. [2]	Group	%
Men	425	-	1	17	19	-	7	24	215	19	97	824	45.6%
Women	469	-	2	16	6	-	5	15	331	31	107	982	54.4%
Total	**894**	**-**	**3**	**33**	**25**	**-**	**12**	**39**	**546**	**50**	**204**	**1,806**	**100%**
Graduation	334	-	3	6	13	-	2	15	181	27	111	692	38.3%
High School Cert.	520	-	-	24	10	-	10	23	237	23	64	911	50.4%
Secondary School Cert.	40	-	-	3	2	-	-	1	128	-	29	203	11.2%
Total	**894**	**-**	**3**	**33**	**25**	**-**	**12**	**39**	**546**	**50**	**204**	**1,806**	**100%**

(1) A subgroup, formed by idMAINT S.r.l., Erredi Deutschland GmbH, Erredi France SARL, Erredi Iberica SL.

(2) Means a subgroup, consisting of V-Valley Advanced Solutions España, S.A., V-Valley Advanced Solutions Portugal, Unipessoal, Lda, Optima Logistic S.L.U. and GTI Software & Networking SARLAU.

TRAINING

We support and provide training activities that promote the professional and personal growth of all employees. After the launch, in 2021, of the new Reskill training approach based on a digital environment oriented towards self-development and knowledge sharing, 2022 was a year characterized by the introduction of new content in the Group's training landscape, some of which form an integral part of its corporate strategy, others localized according to the needs of the different countries.

Excluding the health and safety training that continues to be managed by the Internal Audit team, a total of 15,178 hours were provided in the Italy Group in 2022 (a slight decrease compared to 2021, which saw an extraordinary result in consideration of the launch of Reskill, with 16,154 hours; and in any case up compared to previous years, with 14,148 in 2020 and 11,874 in 2019), while for the Iberian Group a total of 20,257.2 hours of training were provided with a more than significant increase compared to 8,116 hours in 2021 (as well as compared to 2,173 in 2020 and 3,867 in 2019).

The main training effort of the Italy Group (and, as stated below, also in part of the Spain and Portugal Group) is closely linked to the ESG strategy, and in particular to the Human Capital pillar, with 2,242 hours provided. Alongside Welfare initiatives, characterized by economic support for employees and family members, it was decided to expand the strategy also with a completely new training proposal aimed at enhancing the concepts of diversity and inclusion. Starting from the assumption that everyone's contribution is relevant to business success, we have involved managers and employees in a course that will continue into the next year and which began with the provision of training dedicated to Unconscious Biases, with the aim of providing tools to raise awareness of how unconscious prejudices can influence decisions and consequently preclude opportunities. Often pivotal in some processes where biases come into play (for example, recruiting and performance management), managers have undergone basic training dedicated to them, and have also undertaken a further in-depth training on de-biasing techniques. In addition and in line with the additional economic bonuses provided thanks to the company Welfare system, it was also decided to make available training courses on some complex issues that employees may have to face during their life. In particular, these webinars covered issues relating to parenting, disability and care giving. The objective is to support employees by providing tools, contacts and sharing opportunities with experts and among colleagues, regarding life experiences that have an impact on their work-life balance.

At the end of a three-year training period largely dedicated to the Customer Centricity business strategy, in 2022 contents dedicated to this topic also achieved second place in terms of most widely distributed content, with 1,553 hours of training. The main training was dedicated to the importance of identifying and understanding the relational characteristics, whether internal or external, of customers we interface with on a daily basis, with the aim of fostering a profitable relationship. Interpersonal relationships, after that of daily habits, was in fact the second pillar identified as critical for our Customer Centricity.

Lastly, once again this year, great attention was paid to the development of a management culture increasingly oriented towards feedback, already promoted since the previous year as a fundamental element of an organizational context attentive to the development and growth of human capital. In 2022, for a total of 1,397 hours, veritable feedback workshops were organized, where managers and employees, in separate and customized ways, practised writing and using particular communication techniques aimed at exchanging feedback. In addition, the management change linked to the performance management tool launched in 2021, Feedback4you, and based on the concept of continuous feedback, continued.

In addition to these main training areas, 2022 also identified other projects. Among the most important significant ones, those related to training in relation to Cybersecurity issues in addition to financial and especially on renting skills, with the provision of financial conversations: training and exercise opportunities held by Esprifinance colleagues, indispensable to support the three-year plan business strategy. There were also management change training projects linked to strategic and business issues such as Social Engagement, a course held by Digital Marketing colleagues and aimed at promoting social channels as veritable working tools.

Lastly, the company's focus on language training continued, with 3,414 hours provided for the Italy Group: in addition to the already consolidated "small group" and one-to-one courses, the new language training platform accessible through Reskill (Language Corner) contributed 1,024 hours in Italy.

The training projects with the greatest impact in the Iberian Subgroup in 2022 include:

- the launch of the collaboration with The Power Business School, which allowed us to give all employees the opportunity to participate in its most important training programs, such as: Power Skills, The Power Digital Marketing, Digital Transformation, Power Sales, Security Awareness and The Power MBA, among others available in this extensive program. During 2022, 193 people participated in one or more training programs at The Power Business School, completing a total of 10,634 hours of training;
- a significant investment in training for all managers and employees for the launch of a new feedback and performance management system (Feedback4you), for which 1,017 hours were provided;
- the launch of a new initiative aimed at promoting the values of Diversity & Inclusion in the Group for which a first course was created on "Breaking unconscious prejudices" providing 643 hours of training in 2022 and which will continue with other initiatives in the 2023.

On the other hand, of note is the resumption of the training program for the Diploma Global Technology Distribution Council (GTDC) - an association of the information technology (IT) distribution sector composed of the main distribution companies worldwide - which certifies the acquisition by part of participants of a detailed understanding of the wholesale distribution business model, emphasizing the financial aspects and the generation of sustainable value, to which 680 hours of training were dedicated.

In addition to these initiatives, there is the continuity of the training project on Customer Centricity (aimed at listening more effectively and efficiently to customer needs), as well as the 8 Values Journey course (1,663 hours), for which other meetings were held in 2022 dedicated to the Group's values, as well as language training in English, Italian, Spanish and Portuguese, with 1,307 hours of training.

RECRUITMENT

Also in 2022 Esprinet continued to invest heavily on talent acquisition as a corporate value and driver for the future, with the aim of better managing and optimising the recruiting process and improving the Candidate Customer Experience. We have built a new Employee Value Proposition, where we have defined our pillars and the added value we can offer as an employer.

Recruiting activity remained very intense in 2022, with 225 searches managed in Italy and 206 in the Iberian subgroup (21 and 11 of which were concluded through internal resources, with job postings or job rotations, respectively), a figure in strong growth compared to the previous year, with 150 searches managed in Italy and 140 for the Esprinet Iberica Group. Some of these selections are still in progress in 2023, while 192 selections for Italy and 173 for the Iberian Group were completed as at 31 December 2022, with recruitment in 2022 or early 2023. Most of the new hires focused on sales roles, albeit with significant numbers also in the staff and marketing functions. Also for this year, the trend of hiring highly specialized profiles with significant experience continued, in line with increasingly challenging strategic projects.

A new corporate project relating to the world of Talent Acquisition was implemented in 2022: following the constant demand, in the various surveys carried out, for internal growth through scheduled job rotations, the first Graduate Program was launched at the beginning of 2022, with the inclusion of six young talents who, in the cities of Vimercate and Madrid, will have the opportunity to undertake a dedicated course within various company functions, including abroad, for a period of 36 months. This process will allow us to provide a practical response to the need to create transversal figures who, through training in five different organizational areas (Channel & Digital Marketing, Sales, Product Marketing, Credit & Finance and Supply Chain), will be fully trained on the Esprinet systems.

Activities for Employer Branding and consolidation of relations with local universities also continued, especially with the Sole24ore Business School, Master Publitalia, and the Bicocca University for Italy, and with the Complutense University of Madrid, the Rey Juan Carlos Primero, the Polytechnic and the EAE Business School in Spain.

The collaboration also continued in Italy with local high schools, such as the Vanoni Institutes in Vimercate and Mosè Bianchi in Monza, with whom we organised Project Work related to the world of human resources, providing ideas for constructing a curriculum vitae and advice on how to effectively perform in a job interview.

Again on the issue of Employer Branding, an increasingly significant collaboration was consolidated with the Social Media Strategy & ADS structure, with the structuring of a Social strategy that made it possible to share emotional and informative posts on a page dedicated to HR, on Facebook and Instagram, with the aim of better communicating the corporate culture to people outside the company.

Finally, starting from the end of 2022, a new ATS (Application Tracking Software) system was implemented in partnership with Sap Success Factor, which will further improve the candidate experience and the recruiting and on-boarding process for new people.

ORGANISATION

To encourage all Group employees to propose and share tips and ideas, the internal survey played a key role also in 2022: in the various Countries, through open questions, each employee was able to express their opinions with a view to business improvement. All the contributions (both in terms of quantitative results and in terms of comments collected from the open questions) were presented through meetings dedicated to all function managers, who were then able to create customised improvements for their relative areas.

Also in 2022, the Net Promoter Score (NPS), a management tool used to assess loyalty and satisfaction levels in company-employee relationships, was central to the assessments. In the Group, the total redemption rate was 89%, with a net increase compared to 2021 (79%).

Following the listening process activated thanks to the company survey, the Group continued its implementation of new initiatives related to employee satisfaction.

SMART WORKING AND FLEXIBILITY

Flexibility remains an important issue for our people and most of the comments received in the internal survey focus on the constant improvement of the work-life balance. For this reason, we have continued to work, through focus groups with managers, on possible actions.

In summary, here are the details of the 2022 initiatives implemented in Italy, Spain and Portugal:

- switching to a monthly mode for using smart working days (eight days), also available in half-days portions, also for the Spanish and Portuguese companies of the Group;
- retention of the five additional extraordinary Smart Working days basket to be used during the year;
- friday off for the summer months for the Group's Italian companies: also in 2022, for the second consecutive year, the entire Italian company population was able to work remotely in the morning and use holiday time in the afternoon for the entire summer period.

SHARING AND TRANSPARENCY OF INITIATIVES

Constant sharing and transparency of results through Town Hall, meetings directly managed by the Group's Chief Executive Officer with the possibility for all employees to ask questions on any topic, also anonymously.

2022 was also an important year because in addition to the "Great Place to Work®" certification obtained in all the countries involved in the survey (Italy, Spain, Portugal and Morocco), for the first time Esprinet Italia and Esprinet Portugal were ranked in the "Great Place to Work®" classification, taking ninth and sixth place in the reference cluster, respectively. In addition, the benchmarking and comparison process with best practices through the Top Employer certification continues, which in 2022 saw a significant improvement in the assessment of single HR processes.

As regards the organizational structure, an important change was made since Esprinet Iberica S.L.U., in September 2022, finalized the merger by incorporation with effect from 1 January 2022 of the company Vinzeo Technologies S.A., with the transfer of all of the company's employees to the organizational functions of Esprinet Iberica S.L.U..

PERFORMANCE MANAGEMENT AND "COMPENSATION"

In 2022, the first performance development cycle based on the new process introduced in 2021 and based on continuous feedback, Feedback4you, was completed. The review involved 733 people in Italy, who received, in addition to the feedback already shared during the year, also a final feedback. The final feedback included a summary rating indicating how well the person meets expectations with respect to the role held and more in-depth feedback from their manager, in line with what had already been shared during the year.

In addition, at the beginning of 2022, development meetings were held between HR and function managers, with the aim of sharing an overview of the resources in the various teams and above all aimed at identifying the main development actions (e.g. shadowing, job rotation, training).

For the Iberica Group, during 2022, a change management process was launched involving both managers and employees to promote a new approach to feedback management (continuous feedback), seen as a fundamental element for everyone's growth and development, and the new "Feedback 4 you" performance development system, already in use in Italy, was launched.

The new approach is no longer based on annual feedback given by the manager to his or her employee, but on several continuous occasions for feedback exchanged throughout the year, whenever they are needed and, again in the participatory perspective, the possibility has been introduced for employees to request feedback from their manager at any time of the year. The elements being assessed are linked to the company's values and assigned priorities.

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

For Directors, managers with strategic responsibilities and other Key Managers of the Group a variable incentive plan for the three-year period 2021 – 2023 is in place, which will be summarised on occasion of the Shareholders' Meeting of Esprinet S.p.A., convened for the approvale of the 2023 Financial Statements.

WELFARE AND WELLBEING

Esprinet believes that corporate welfare is a key strategic element and, given the strong appreciation on the part of all employees, in 2022 we also designed the Esprinet4you program based on the needs of Esprinet employees. The goal was to formulate initiatives really able to contribute to improving the quality of their lives.

As regards the Group in Italy, first of all, we increased for all employees the Welfare amount that can be spent on a dedicated platform.

We have also confirmed some additional "bonuses" for some specific categories of employees, to support parenting, disability and care giving:

- supplement to maternity leave (specifically, supplement of 70% for the first 2 months of optional maternity leave);
- increase in paternity leave days (from 10 to 20 days of leave).

In 2022, at Esprinet Italia, we have continued to invest in the concept of Care Giving, making the Care Manager service available to the entire company. The Care Manager is an external personalized guidance service, for employees and their family, on educational and social assistance services in the area.

As regards the Iberian Group, in January 2022 an extraordinary welfare bonus of 250 euros was paid to each employee, to be spent on services such as health and protection, family care, leisure, culture, training, etc.

In addition, in 2022 the following subsidies for employees were also promoted:

- birth/adoption bonus for employees having or adopting a child in 2022;
- marriage and civil partnership bonus for employees getting married or entering a civil partnership in 2022;
- annual disability bonus for employees with disabilities and for employees with parents, children or spouse with disabilities;
- support for maternity/paternity leave, granting all employees returning from full-time maternity or paternity leave in 2022, 80 hours of additional leave to be taken during the first year of their child's life.

PROTECTED CATEGORIES

In addition to the forms of employment or exemption established by the regulations in force in the various countries in which the Group operates, the following are worth mentioning: Esprinet S.p.A. renewed or signed agreements with the Provinces of Milan and Monza e Brianza in Italy for the employment of disabled people at some of the Company's offices.

With regard to Spain, in addition to the signing by Esprinet Iberica S.L.U. of collaboration contracts with organizations dedicated to the employment of people with disabilities, a recruitment project should be noted, in collaboration with the Down Foundation of Zaragoza, which allowed five people with intellectual disabilities to experience an internship at the Zaragoza office, which turned into an employment contract for three people at the company.

HEALTH, SAFETY AND ENVIRONMENT

GENERAL PRINCIPLES AND ACTIONS UNDERTAKEN

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

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

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

All companies had their Certifications confirmed by BSI in 2022, a leading international certification body.

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

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

TRAINING AND INVOLVEMENT

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

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

IDENTIFICATION AND EVALUATION OF RISKS IN THE WORKPLACE AND THE ENVIRONMENTAL IMPACT OF OPERATIONS

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

COMPLIANCE WITH LAWS AND OTHER REGULATIONS

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

CONCLUDING CONDUCT

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

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

EFFECTIVE COMMUNICATION

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

AUDIT

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

MEMBERSHIP OF WASTE DISPOSAL CONSORTIA

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

Esprinet Iberica is a member of the Recyclia, Ecoembes and Punto Verde consortia while Esprinet Portugal Lda is a member of Erp Portugal, Ponto Verde and ValorPneu, V-Valley Advanced Solutions España S.A.U. is a member of Recyclia and Ecoembes and lastly V-Valley Advanced Solutions Portugal Unipessoal Lda is a member of Erp Portugal and Ponto Verde.

DISCLOSURE AS PER ITALIAN LEGISLATIVE DECREE 32/2007 AND ITS INTERPRETATION

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

'COMPULSORY' DISCLOSURE

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

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

'VOLUNTARY' DISCLOSURE

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

The 'pure' IT products distribution activities (hardware, software and services) and consumer electronic products, undertaken at the four main logistics sites at Cambiago, Cavenago and Pregnana Milanese in Italy (approx. 112,000 sqm), and at Zaragoza in Spain (approx. 47,000 sqm), do not create any special problems for the environment. The Group constantly monitors the use of energy at its various premises and has adopted strict disposal procedures for any type of waste.

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

RISKS CLASSIFICATION

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

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

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

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

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

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

During 2022, the envisaged activity plan was adequately implemented, including an audit plan and a plan to strengthen controls on the risks considered to be priorities.

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

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

With regard to 2023, the Group's activities will be mainly focused on monitoring existing risk control levels since the annual review of the main business risks has led to the substantial confirmation of the existing mapping with sporadic changes.

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

GLOBAL MACROECONOMIC CONTEXT

The year 2022 was characterized by strong uncertainty and significant downward pressures at macroeconomic level, mainly due to the military offensive in Ukraine initiated by the armed forces of the Russian Federation on 24 February 2022, which has had a heavy impact on inflation, already rising before the outbreak of the conflict, resulting in a leap that involved multiple product categories, first and foremost energy raw materials.

In the meantime, the main global central banks (including the European Central Bank) have responded to this context by adopting restrictive monetary policies starting from the second quarter of 2022, raising interest rates on numerous occasions, which have led to a significant increase in the cost of money.

The direct impact in 2022 of the aforementioned tensions on the Esprinet Group was limited and bearable overall, as it does not operate on the markets of the countries currently directly involved in the conflict and also because it is not an "energy-intensive" company, in addition to being able to rely on a sound financial structure.

Lastly, in 2023 it is expected that the macroeconomic context, in particular in Europe, will continue to be influenced by the aforementioned tensions, especially and at least for the first half of the year, with the possibility of leading, limited to the current year, to recession or in any case to a pronounced decline in GDP growth in the main Western economies. The inflation rate, on the other hand, is expected to decline starting from the second half of the year.

RISKS CLASSIFICATION

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

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

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

STRATEGIC RISKS

INADEQUATE RESPONSE TO UNFAVOURABLE MACRO-ECONOMIC SCENARIOS

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

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

In 2022, the Italian distribution market remained flat (+0.2%) compared to 2021, while the Spanish market posted an increase of +4.3% and the Portuguese one of 10.1% (Source: Context, January 2023).

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

INADEQUATE RESPONSE TO CUSTOMERS' AND SUPPLIERS' DEMANDS

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

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

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

COMPETITION

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

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

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

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

The Group also competes with multinational groups of extremely high financial standing, both in Italy and in the Iberian peninsula and in all other markets in which it operates.

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

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

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

PRICE CHANGES

The technology sector is typically characterized by a tendentially deflationary price trend linked to the phenomenon of high product obsolescence and strong market competition. There is also a risk linked to more economic factors, such as the fluctuations of the US dollar and the Chinese currency, representing the two main currencies at the source of the IT products technology content and the inflation in the last year.

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

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

BUSINESS COMBINATIONS

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

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

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

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

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

OPERATING RISKS

DEPENDENCY ON IT SYSTEMS

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

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

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

CYBERSECURITY

The Group has invested considerable resources in order to prevent and monitor the risks associated with dependence on information systems and improve the degree of IT security. For example, the continual maintenance of the hardware installed and the updating of the relative software, the signing of insurance policies against damages caused indirectly by possible system crashes, the housing of the data centre in safe environments, the stipulation of contracts to protect the company with leading cloud service providers (Microsoft), the construction of anti-intrusion and anti-virus defences by carrying out penetration tests aimed at verifying the robustness of the aforementioned defences, the continual back-up of system-resident data, the provision of business continuity and disaster recovery plans and the testing of the latter through the execution of “shutdown and restart tests on redundant systems”, the use of expert advisors in the sector and the definition of new key roles in the Internal Control System with specific expertise in IT such as the Chief Information Security Officer. Hard disk encryption systems, behaviour control systems and a training program on cybersecurity issues were also implemented. In addition, starting from 2023, further development areas are planned in the areas of incident management, secure system configuration, monitoring of information systems and management of third-party risks in the IT area.

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

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

MEDIUM-/LONG-TERM INTERRUPTIONS OF LOGISTICS CHAIN

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

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

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

DEPENDENCY ON SUPPLIERS AND RISK OF NON-OBSERVANCE OF EXTRA-CONTRACTUAL AGREEMENTS

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

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

Despite the high number of vendors in its portfolio, the Esprinet Group shows a certain degree of risk concentration in that the incidence of the top 10 suppliers accounted for over 73% of the total amount (76% in 2021).

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

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

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

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

DEPENDENCY ON SUPPLIERS OF CRITICAL SERVICES

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

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

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

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

LOW PROFIT MARGINS

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

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

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

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

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

REDUCTION IN VALUE OF INVENTORY

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

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

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

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

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

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

DEPENDENCY ON KEY MANAGERS

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

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

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

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

PHYSICAL DESTRUCTION OF COMPANY ASSETS AND PRODUCTS ASSIGNED FOR SALE

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

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

CUSTOMER RELATIONSHIP MANAGEMENT / CUSTOMER SATISFACTION

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

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

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

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

FRAUD PERPETRATED BY EMPLOYEES

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

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

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

RELIABILITY OF THE ADMINISTRATIVE-ACCOUNTING SYSTEM

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

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

CRITICAL ISSUES IN THE MANAGEMENT OF INTERNATIONAL TRADE (DUAL USE)

Although the revenue from sales of products and/or services in non-EU countries represents a residual portion of the Esprinet Group's turnover, it is not possible to exclude a priori, depending on the product in question, the risk that dual-use products (i.e. potentially usable for military as well as civil purposes) may be exported outside the European borders, without authorisation, with the consequent exposure of the Group itself to the application of significant administrative and financial sanctions, as well as penalties for its top management by the competent authorities.

To mitigate this risk, appropriate operating procedures have been adopted that provide for the automatic system block of any order issued by customers located in non-EU countries, whose release is allowed only to personnel operating in the relevant functions, in addition to Esprinet S.p.A. having activated appropriate consulting channels and having equipped itself of platform that makes it possible to carry out an initial screening of counterparties and an initial analysis of the products subject to export.

COMPLIANCE RISKS

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

LEGAL AND TAX DISPUTES

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

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

LEGAL DISPUTES

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

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

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

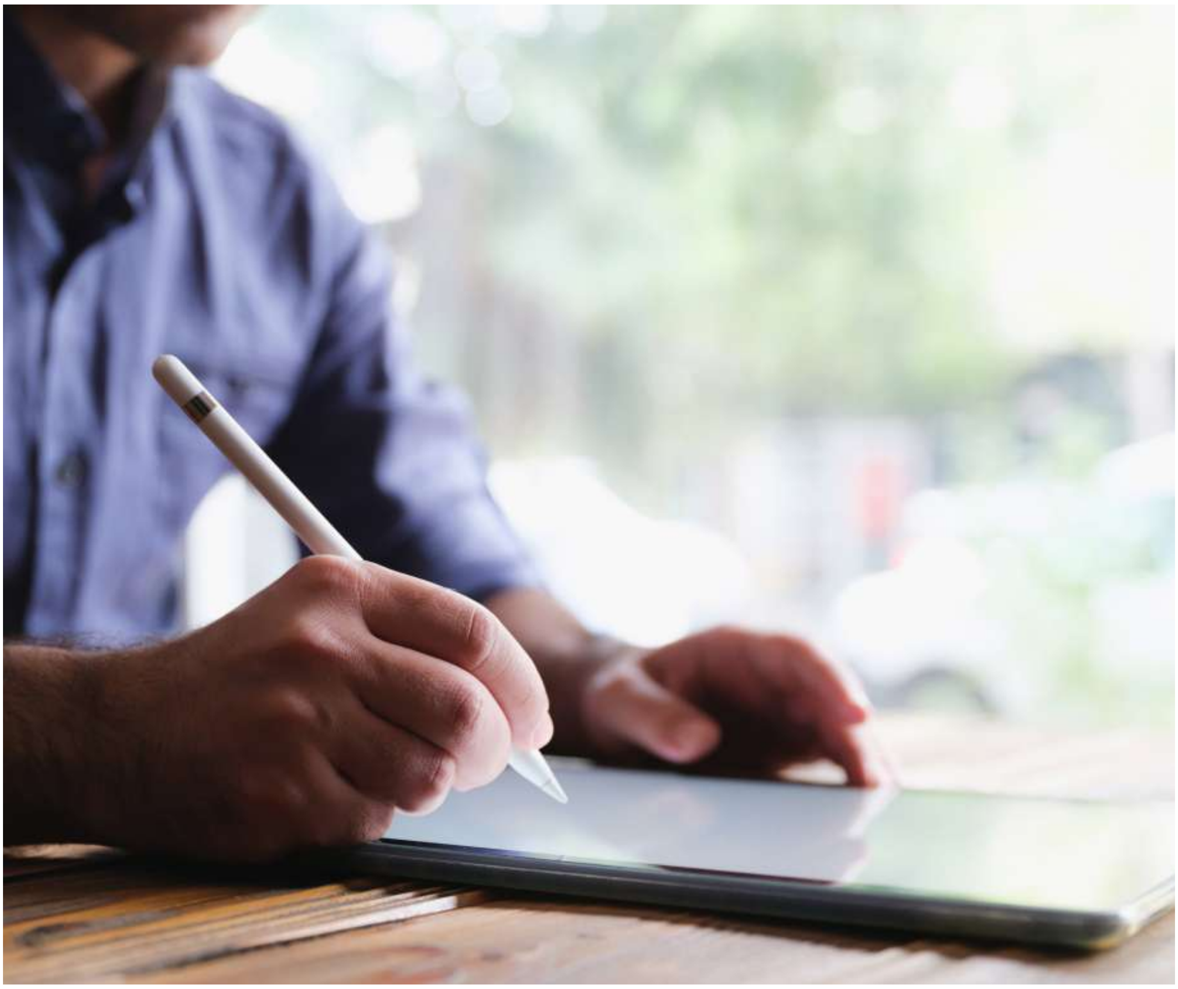
The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the *Provision for risks and charges*.

TAX DISPUTES

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

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

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



FINANCIAL RISKS

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

These risks may be summarised as follows:

a) credit risk;

b) liquidity risk;

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

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

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

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

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

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

CREDIT RISK

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

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

Management strategies dealing with this risk are as follows:

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

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

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

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

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

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

% top 10 customers	2022	2021
Esprinet Group	32%	37%
Esprinet S.p.A.	37%	41%

LIQUIDITY RISK

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

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

Liquidity risk management hinges on cash-flow planning and also on the maintenance of consistent amounts of unused lines of credit in Italy, Spain and Portugal of a mainly self-liquidating nature, aided by a conservative financial policy favouring stable financing sources including that for financing working capital. As at 31 December 2022, the Group had unused credit lines of 515 million euro (509 million euro as at 31 December 2021), or approx. 79% (approx. 78% as at 31 December 2021) of the total of the existing credit lines.

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

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

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

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

MARKET RISK: THE CURRENCY RISK

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

In 2022, these purchases were mainly in US dollars and amounted to 2.8% of the Esprinet Group's total purchases (5.2% in 2021).

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

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

MARKET RISK: THE INTEREST RATE RISK

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

The bank lines available to the Esprinet Group have a cost largely based on interest rates indexed to the 'Europe Interbank Offered Rate' or Euribor. In almost all contracts, this parameter has a zero "floor".

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

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

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

MARKET RISK: THE OTHER PRICE RISKS

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

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

OTHER SIGNIFICANT INFORMATION

1. RESEARCH AND DEVELOPMENT ACTIVITIES

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

2. NUMBER AND VALUE OF OWN SHARES

At the date of the close of this financial report, Esprinet S.p.A. holds 1,011,318 own ordinary shares, equal to 2.01% of share capital, fully to fulfil the obligations stemming from the “Long-Term Incentive Plan 2021-2023”, approved by the Shareholders’ Meeting on 7 April 2021.

At 31 December 2021 Esprinet S.p.A. held an additional 516,706 own ordinary shares, for a total of 1,528,024 shares, equal to 3.0% of the share capital, cancelled on 10 May 2022 in fulfilment of the resolution of the Shareholders’ Meeting of Esprinet S.p.A. of 14 April 2022.

The programme involving the buying and subsequent cancellation of own shares in issue therefore represents an opportunity for the Company to award its shareholders extra compensation on top of dividend distribution.

3. RELATIONSHIPS WITH RELATED PARTIES

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

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

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

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

(euro/000)	Type	2022				2021			
		Sales	Cost	Receiv.	Payab.	Sales	Cost	Receiv.	Payab.
Sales									
Key managers and family	Sales of goods	5	-	3	-	17	-	5	-
Subtotal		**5**	**-**	**3**	**-**	**17**	**-**	**5**	**-**
Cost of Sales									
Smart Res S.p.A.	Cost of goods	-	-	-	-	-	6	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**	**6**	**-**	**-**
Overheads and administrative costs									
Key managers	Overheads	-	(3)	-	-	-	(3)	-	-
Subtotal		**-**	**(3)**	**-**	**-**	**-**	**(3)**	**-**	**-**
Total		**5**	**(3)**	**3**	**-**	**17**	**3**	**5**	**-**

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

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

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

This procedure is also available a www.esprinet.com, under ‘Investors’.

4. RELATIONSHIPS WITH SUBSIDIARIES SUBJECT TO MANAGEMENT AND COORDINATION

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

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

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

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

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

This option was renewed in 2022 for the three-year period 2022-2024.

Starting from year 2022 Esprinet S.p.A. and the company 4Side S.r.l. have opted for the tax regime as established in the 'National consolidated tax regime' for the 2022-2024 three-year period, as per Art. 117 and followings of Italian Presidential Decree 917/86 (TUIR - Italian Income Tax Code), which enables Corporate Income Tax (IRES) to be determined on the tax base resulting from the algebraic sum of the positive and negative tax bases of the single companies.

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

Name	Office	notes	No. of shares at 31/12/21 or at appointment date	No. of shares (LIPT 2018-2020)	No. of shares purchased	No. of shares sold	Received as a donation	No. of shares at 31/12/22 or at appointment date
Maurizio Rota	Chairman	(1)	3,992,392	-	-	-	-	3,992,392
Maurizio Rota	Chairman		78,551	-	-	-	-	78,551
Alessandro Cattani	Chief Executive Officer	(1)	998,097	-	-	-	-	998,097
Alessandro Cattani	Chief Executive Officer		78,551	-	-	-	-	78,551
Marco Monti	Deputy Chairman		2,744,023	-	-	-	-	2,744,023
Total Board of Directors			**7,891,614**	**-**	**-**	**-**	**-**	**7,891,614**
Giovanni Testa	Chief Operating Officer		35,840	-	-	-	-	35,840
Total Chief Operating Officer			**35,840**	**-**	**-**	**-**	**-**	**35,840**

(1) Indirect owner through Axopa S.r.l..

In compliance with CONSOB Resolution No. 11971 dated 14 May 1999, the previous table provides details of share dealing effected during the year by Esprinet S.p.A. Directors, Statutory Auditors and Key Managers.

6. ATYPICAL AND/OR UNUSUAL OPERATIONS

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

7. ADDITIONAL INFORMATION REQUIRED BY BANK OF ITALY AND CONSOB

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

1. Going concern information, '*Notes to the consolidated financial statements*' - '*Accounting principles and valuation criteria' section*;
2. Information on financial risks, '*Directors' Report on Operations*' - '*Main risks and uncertainties*' section - and '*Notes to the consolidated financial statements*' - '*Disclosure on risks and financial instruments*' section;
3. Information on impairment testing of assets (so-called Impairment test), '*Notes to the consolidated financial statements*' - '*Notes to the statement of equity and financial position items*' section, '*Goodwill*' item;
4. Disclosure about uncertainties when using estimates, '*Notes to the consolidated financial statements*' - '*Main accounting estimates*' section;
5. Disclosure on financial payables type clauses, '*Notes to the consolidated financial statements*' - '*Loans and loan covenants*' section;
6. Disclosure concerning 'fair value hierarchy', '*Notes to the consolidated financial statements*' - '*Financial instruments pursuant to IFRS 9: classes of risk and fair value*' section.

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

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

8. SHARE INCENTIVE PLANS

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

This "compensation plan" is structured into two components:

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

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

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

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

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

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

(euro/000)	Net income		Equity	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Esprinet S.p.A. separate financial statements	**16,060**	**18,460**	**269,290**	**277,555**
Consolidation adjustments:				
Net equity and result for the year of consolidated companies net of minority interests	31,243	26,353	230,222	198,173
Esprinet S.p.A. 's investments in consolidated subsidiaries carrying amount	-	-	(101,881)	(92,923)
Goodwill from Esprinet Iberica S.L.U. business combination	-	-	1,039	1,039
Goodwill from 4Side S.r.l. business combination	-	-	121	121
Goodwill from Dacom S.p.A. business combination	-	-	113	113
Income from idMAINT S.r.l. business combination	-	168	-	-
Goodwill from Bludis Srl business combination	-	-	8,103	-
Deletion of non-realised (profit)/loss on inventory, net of fiscal effect	135	27	(37)	(173)
Deletion of subsidiaries dividend	-	(465)	-	-
Subsidiaries' risk provision deletion	34	8	825	791
4Side S.r.l. Option	-	(471)	-	-
Investments in subsidiaries write-down deletion	-	-	555	555
Other movements	(126)	-	867	867
Consolidated net equity and net result	**47,346**	**44,080**	**409,217**	**386,118**

10. CONSOLIDATED NON-FINANCIAL STATEMENT (NFS)

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

The 2022 consolidated non-financial statement, drawn up according to GRI standards, is available on the Group's website.

11. OTHER INFORMATION

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

PROPOSAL OF APPROVAL OF THE FINANCIAL STATEMENT AND ALLOCATION OF THE 2022 PROFITS

Dear Shareholders,

after presenting the separate financial statements of Esprinet S.p.A. and the Group consolidated financial statements as at 31 December 2022, together with the Directors’ Report on Operations, we hereby submit to you our proposal for the appropriation of the net profits for the year by Esprinet S.p.A..

In seeking your approval of our operations, by assenting to our Draft Annual Report, as well as to our Report on Operations and the Notes to the financial statements, we propose to allocate the net profit of 16,059,927.57 euro:

- foreign currency translation gains Reserve for Euro 389,354.00;
- 15,670,573.57 euro to the Extraordinary Reserve.

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

DIVIDEND DISTRIBUTION

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

In addition, the Board of Directors proposes that the dividend actually approved by the Shareholders’ Meeting be paid from 26 April 2023 (ex-coupon no. 17 on 24 April 2023 and record date on 25 April 2023).

Vimercate, 14 March 2023

On behalf of the Board of Directors

The Chairman

Maurizio Rota

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enabling your tech experience

2022 CONSOLIDATED FINANCIAL STATEMENTS OF THE ESPRINET GROUP

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ESPRINET GROUP

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	31/12/2022	related parties*	31/12/2021	related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	**1**	20,199		13,856	
Right-of-use assets	**4**	106,860		107,504	
Goodwill	**2**	110,303		102,200	
Intangible assets	**3**	9,652		8,527	
Deferred income tax assets	**6**	9,091		10,713	
Receivables and other non-current assets	**9**	2,348	-	2,422	-
		258,453	**-**	**245,222**	**-**
Current assets					
Inventory	**10**	672,688		529,502	
Trade receivables	**11**	701,071	3	585,522	5
Income tax assets	**12**	1,113		310	
Other assets	**13**	68,908	-	70,330	-
Cash and cash equivalents	**17**	172,185		491,471	
		1,615,965	**3**	**1,677,135**	**5**
Total assets		**1,874,418**	**3**	**1,922,357**	**5**
EQUITY					
Share capital	**19**	7,861		7,861	
Reserves	**20**	354,010		334,074	
Group net income	**21**	47,346		44,183	
Group net equity		**409,217**		**386,118**	
Non-controlling interests		**-**		**-**	
Total equity		**409,217**		**386,118**	
LIABILITIES					
Non-current liabilities					
Borrowings	**22**	71,118		106,531	
Lease liabilities	**31**	101,661		102,253	
Deferred income tax liabilities	**24**	16,646		14,784	
Retirement benefit obligations	**25**	5,354		5,232	
Debts for investments in subsidiaries	**49**	600		1,615	
Provisions and other liabilities	**26**	2,574		2,537	
		197,953		**232,952**	
Current liabilities					
Trade payables	**27**	1,112,166	-	1,190,856	-
Short-term financial liabilities	**28**	82,163		55,195	
Lease liabilities	**36**	10,740		9,829	
Income tax liabilities	**29**	1,058		4,287	
Derivative financial liabilities	**30**	24		2	
Debts for investments in subsidiaries	**51**	2,455		1,854	
Provisions and other liabilities	**32**	58,642	-	41,264	-
		1,267,248	**-**	**1,303,287**	**-**
Total liabilities		**1,465,201**	**-**	**1,536,239**	**-**
Total equity and liabilities		**1,874,418**	**-**	**1,922,357**	**-**

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

CONSOLIDATED INCOME STATEMENT

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

(euro/000)	Notes	2022	non-recurring	related parties*	2021	non-recurring	related parties*
Sales from contracts with customers	33	**4,684,164**	**-**	**5**	**4,690,947**	**-**	**17**
Cost of sales		(4,441,195)	-	-	(4,459,057)	-	(6)
Gross profit	**35**	**242,969**	**-**		**231,890**	**-**	
Sales and marketing costs	**37**	(71,333)			(66,351)	-	-
Overheads and administrative costs	**38**	(100,510)	(2,754)	(3)	(97,482)	(1,416)	3
Impairment loss/reversal of financial assets	**39**	(468)			354	-	
Operating income (EBIT)		**70,658**	**(2,754)**		**68,411**	**(1,416)**	
Finance costs - net	**42**	(7,763)	-	-	(7,637)	-	-
Profit before income taxes		**62,895**	**(2,754)**	**-**	**60,774**	**(1,416)**	
Income tax expenses	**45**	(15,549)	768	-	(16,694)	386	-
Net income		**47,346**	**(1,986)**		**44,080**	**(1,030)**	
- of which attributable to non-controlling interests		-			(103)		
- of which attributable to Group		47,346	(1,986)		44,183	(1,030)	
Earnings per share - basic (euro)	**46**	0.96			0.89		
Earnings per share - diluted (euro)	**46**	0.95			0.88		

* Emoluments to key managers excluded.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	2022	2021
Net income	**47,346**	**44,080**
Other comprehensive income:		
- Changes in translation adjustment reserve	(8)	22
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	428	133
- Taxes on changes in 'TFR' equity reserve	(103)	(32)
Other comprehensive income	**317**	**123**
Total comprehensive income	**47,663**	**44,203**
- of which attributable to Group	47,663	44,297
- of which attributable to non-controlling interests	-	(94)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Balance as at 31 December 2020	**7,861**	**354,110**	**(4,800)**	**31,792**	**388,963**	**2,095**	**386,868**
Total comprehensive income/(loss)	-	123	-	44,080	**44,203**	(94)	**44,297**
Allocation of last year net income/(loss)	-	31,792	-	(31,792)	**-**	-	**-**
Dividend payment	-	(27,234)	-	-	**(27,234)**	(447)	**(26,787)**
4Side S.r.l. step up acquisition	-	(1,600)	-	-	**(1,600)**	(1,554)	**(46)**
Purchases of own shares	-	-	(19,859)	-	**(19,859)**	-	**(19,859)**
Transactions with owners	**-**	**2,958**	**(19,859)**	**(31,792)**	**(48,693)**	**(2,001)**	**(46,692)**
Grant of share under share plans	-	(4,065)	4,396	-	**331**	-	**331**
Currently active Share plans	-	1,410	-	-	**1,410**	-	**1,410**
Other variations	-	(96)	-	-	**(96)**	-	**(96)**
Balance as at 31 December 2021	**7,861**	**354,440**	**(20,263)**	**44,080**	**386,118**	**-**	**386,118**
Balance as at 31 December 2021	**7,861**	**354,440**	**(20,263)**	**44,080**	**386,118**	**-**	**386,118**
Total comprehensive income/(loss)	-	317	-	47,346	**47,663**	-	**47,663**
Allocation of last year net income/(loss)	-	44,080	-	(44,080)	**-**	-	**-**
Dividend payment	-	(26,679)	-	-	**(26,679)**	-	**(26,679)**
Acquisition and deletion of Esprinet own shares	-	(6,933)	6,933	-	**-**	-	**-**
Transactions with owners	**-**	**10,468**	**6,933**	**(44,080)**	**(26,679)**	**-**	**(26,679)**
Equity plans in progress	-	2,115	-	-	**2,115**	-	**2,115**
Balance at 31 December 2022	**7,861**	**367,340**	**(13,330)**	**47,346**	**409,217**	**-**	**409,217**

CONSOLIDATED STATEMENT OF CASH FLOWS[5]

(euro/000)	2022	2021
Cash flow provided by (used in) operating activities (D=A+B+C)	**(251,407)**	**21,652**
Cash flow generated from operations (A)	**89,907**	**84,518**
Operating income (EBIT)	70,658	68,411
Income from business combinations	-	(168)
Depreciation, amortisation and other fixed assets write-downs	17,260	16,315
Net changes in provisions for risks and charges	37	(1,218)
Net changes in retirement benefit obligations	(163)	(562)
Stock option/grant costs	2,115	1,740
Cash flow provided by (used in) changes in working capital (B)	**(319,329)**	**(50,340)**
Inventory	(143,171)	(110,126)
Trade receivables	(113,199)	23,526
Other current assets	1,186	(26,092)
Trade payables	(79,614)	65,222
Other current liabilities	15,469	(2,870)
Other cash flow provided by (used in) operating activities (C)	**(21,985)**	**(12,526)**
Interests paid	(5,249)	(4,865)
Received interests	156	34
Foreign exchange (losses)/gains	(1,532)	(1,473)
Income taxes paid	(15,360)	(6,222)
Cash flow provided by (used in) investing activities (E)	**(19,059)**	**(17,016)**
Net investments in property, plant and equipment	(10,927)	(5,373)
Net investments in intangible assets	(1,503)	(466)
Net investments in other non-current assets	106	39
Subsidiaries business combination	(6,735)	(11,216)
Cash flow provided by (used in) financing activities (F)	**(48,820)**	**(72,093)**
Medium/long-term borrowing	13,000	26,500
Repayment/renegotiation of medium/long-term borrowings	(36,691)	(30,447)
Leasing liabilities reimbursement	(10,841)	(9,660)
Net change in financial liabilities	13,964	(8,482)
Net change in financial assets and derivative instruments	(536)	(2,691)
Deferred price acquisition	(2,154)	(220)
Dividend payments	(25,562)	(27,234)
Own shares acquisition	-	(19,859)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(319,286)**	**(67,457)**
Cash and cash equivalents at year-beginning	**491,471**	**558,928**
Net increase/(decrease) in cash and cash equivalents	**(319,286)**	**(67,457)**
Cash and cash equivalents at year-end	**172,185**	**491,471**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

2. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

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

2.1 ACCOUNTING PRINCIPLES

The consolidated financial statements of the Esprinet Group as at 31 December 2022 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as measures issued in accordance with Art. 9 of Italian Legislative Decree No. 38/2005.

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

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

BUSINESS CONTINUITY

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

During 2022, the health emergency resulting from the Covid-19 pandemic, which characterised the macroeconomic and social context in the previous two years, was resolved. Therefore, the restrictions adopted by the various Governments were lifted, with the exception of the People's Republic of China where, as part of a "zero Covid" policy, lockdowns and quarantines continued throughout 2022 (revoked starting from January 2023), which helped fuel a not insignificant lengthening of delivery times and product shortages, especially for the business segments most dependent on the supplies of Chinese components, as computer and electronics products typically are.

The European macroeconomic context in 2022 was also influenced by the international geopolitical tensions consequent to the ongoing armed conflict between Ukraine and the Russian Federation which started on 24 February 2022, in respect of which there are no signs to suggest that it will be resolved quickly. The conflict saw the European Union impose restrictions and sanctions on transactions with Russian individuals and legal entities, on exports to the country of "dual use" goods and technologies or of particular importance in the energy and natural gas extraction and liquefaction sector, including the exclusion of major Russian banks from the SWIFT international financial system (measures with negligible effects on the Esprinet Group and on its business performance). In response, the Russian Federation has cut supplies of natural gas and obstructed Ukraine's export of wheat and cereals of which the country is one of the main producers, helping to fuel the increase in inflation. The main central banks, including the European Central Bank, therefore reversed their monetary policy stance, starting to adopt restrictions firstly with the announcement, and then the actual application (in the second half of 2022 in relation to the European Central Bank) of repeated hikes in interest rates. The impact of these aspects and tensions on the Esprinet Group was limited, nonetheless, given the Group is not present on the markets of the countries currently involved in the conflict. Its geographically diversified network of suppliers meant it was not dependant on products imported by Russian entities, also given it is not an "energy-intensive" company.

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

- the main external risks to which the Company is exposed;
- the favourable changes in the general macroeconomic situation in the European market across the board and in the Italian markets in particular, also in consideration of the expected significant boost to the demand for technology deriving from the National Recovery and Resilience Plan (NRRP) financed by the NextGenEU funds that the Government have put in place;
- changes in environmental and business conditions and competitive dynamics;
- changes in the legislative and regulatory frameworks;
- the actual and potential outcomes of ongoing disputes;
- financial risks;

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

2.2 PRESENTATION OF FINANCIAL STATEMENTS AND ESEF REGULATION

These consolidated financial statements are drawn up in compliance with the EU Delegated Regulation 2019/815 (ESEF Regulation - European Single Electronic Format) which governs the single communication format for the annual financial reports of issuers whose securities are listed on the regulated markets of the European Union.

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

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

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

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

2.3 CONSOLIDATION CRITERIA AND METHODS

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

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

The table below lists companies included in the consolidation scope as at 31 December 2022, all consolidated on a line-by-line basis.

Company name	Head Office	Share capital (euro)*	Group Interest	Shareholder	Interest held
Holding company:					
Esprinet S.p.A.	Vimercate (MB)	7,860,651			
Subsidiaries directly controlled:					
Celly Pacific LTD	Hong Kong (China)	935	100.00%	Esprinet S.p.A.	100.00%
Esprinet Iberica S.L.U.	Zaragoza (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.	Milan (MI)	3,600,000	100.00%	Esprinet S.p.A.	100.00%
idMAINT S.r.l.	Milan (MI)	42,000	100.00%	Esprinet S.p.A.	100.00%
4Side S.r.l	Legnano (MI)	100,000	100.00%	Esprinet S.p.A.	100.00%
Bludis S.r.l	Rome (RM)	600,000	100.00%	Esprinet S.p.A.	100.00%
Subsidiaries indirectly controlled:					
Esprinet Portugal Lda	Porto (Portugal)	2,500,000	100.00%	Esprinet Iberica S.L.U. Esprinet S.p.A.	95.00% 5.00%
Erredi Deutschland GmbH	Eschborn (Germany)	50,000	100.00%	idMAINT S.r.l.	100.00%
Erredi France SARL	Roissy-en-France (France)	50,000	100.00%	idMAINT S.r.l.	100.00%
Erredi Iberica S.L.	Santa Coloma de Cervellò (Spain)	5,000	100.00%	idMAINT S.r.l.	100.00%
V-Valley Advanced Solutions España, S.A.**	Madrid (Spain)	1,202,000	100.00%	Esprinet Iberica S.L.U.	90.42%
Optima Logistics S.L.U.	Madrid (Spain)	3,005	100.00%	V-Valley Advanced Solutions España, S.A.	100.00%
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	Sacavém (Portugal)	10,000	100.00%	V-Valley Advanced Solutions España, S.A.	100.00%
GTI Software & Networking SARLAU	Casablanca (Morocco)	707,252	100.00%	V-Valley Advanced Solutions España, S.A.	100.00%

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

(**) 100% by virtue of 9.58% of treasury shares held by V-Valley Advanced Solutions España, S.A..

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

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

SUBSIDIARIES

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

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

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

BUSINESS COMBINATIONS

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

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

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

Contingent consideration is measured at the acquisition date fair value.

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

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

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

NON-CONTROLLING INTERESTS

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

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

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

ASSOCIATED COMPANIES

Group investments in associates are assessed using the equity method.

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

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

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

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

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

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

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

It should be noted that as at 31 December 2022 there were no investments in associated companies.

INTERCOMPANY DIVIDENDS

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

2.4 CHANGES TO THE GROUP'S CONSOLIDATION AREA

With respect to 31 December 2021, note should be taken of the entry into the scope of consolidation of the company Bludis S.r.l., effective from 3 November 2022.

On the other hand, in relation to individual companies, although without any impact on the overall scope, compared to 31 December 2021, the merger by incorporation of Vinzeo Technologies S.A.U. into Esprinet Iberica S.L.U. should be noted as from September 2022.

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

2.5 AMENDMENTS OF ACCOUNTING STANDARDS

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

2.6 SUMMARY OF SIGNIFICANT VALUATION CRITERIA AND ACCOUNTING POLICIES

NON-CURRENT ASSETS

Intangible assets and goodwill

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

	Economic - technical rate
Security systems	25%
Generic plants	da 3% a 20%
Other specific plants	15%
Conditioning plants	da 3% a 14.3%
Telephone systems and equipment	da 10% a 20%
Communication and telesignal plants	25%
Industrial and commercial equipment	da 7.1% a 15%
Electronic office machines	da 20% a 25%
Furniture and fittings	da 10% a 25%
Other assets	da 10% a 19%

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

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

Leasing transactions

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

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

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

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

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

Impairment of non-financial assets

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

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

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

Deferred income tax assets

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

Financial assets (non-current and current)

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

a) financial assets measured at amortised cost;

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

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

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

- Hold to collect: financial assets for which the following requirements are met are classified in this category, (i) the asset is held under a business model whose objective is to hold the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented only by payments of principal and interest on the amount of principal to be repaid. These assets fall within the category of assets measured at amortised cost. These are mainly trade and other receivables, as described in the 'Trade and other receivables' section. Receivables, with the exception of trade receivables that do not contain a significant financial component, are initially recognised in the financial statements at their fair value; when subsequently measured, they are measured at amortised cost using the effective interest rate. Trade receivables that do not contain a significant financial component are instead recognised at the price defined for the related transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers). At subsequent measurement, assets in this category are measured at amortised cost, using the effective interest rate. The effects of this measurement are recognised among the financial components of income. These assets are also subject to the impairment model as defined in the 'Trade and other receivables' section.

- Hold to collect and sell: this category includes financial assets whose business model provides both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal. These assets fall under the category of assets measured at fair value with the effects attributed to OCI. In this case, changes in the fair value of the asset are recognised in equity as other components of comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve which includes the other components of comprehensive income, is reversed to the income statement when the asset is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and impairments is recorded in the income statement. It should be noted that as at 31 December 2022, there were no financial assets recognised at fair value through OCI.
- Hold to sell: this category includes financial assets that are not classified in any of the above categories (i.e. residual category). These assets are recognised at fair value both at initial recognition and at subsequent measurement. Profits and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised. This category mainly includes receivables subject to mass and recurring selling.

See also the 'Trade and other receivables' section.

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

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

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

Derecognition of financial assets

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

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

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

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

CURRENT ASSETS

Inventory

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

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

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

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

Trade and other receivables

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

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

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

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

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

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

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

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

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

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

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

Tax assets

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

Cash and cash equivalents

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

EQUITY

Own shares

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

CURRENT AND NON-CURRENT LIABILITIES

Financial debt

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

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

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

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

Provisions for risks and charges

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

Staff post-employment benefits

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

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

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

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

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

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

Trade payables, other debts, other liabilities

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

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

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

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

INCOME STATEMENT

Sales and expenses

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

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

a) the parties to the contract have approved the contract and have undertaken to fulfil their respective obligations; there is therefore an agreement between the parties which creates rights and obligations due irrespective of the form in which such an agreement is expressed;

b) the Group may identify the rights of each party with respect to the goods or services to be transferred;

c) the Group can identify the terms of payment for the goods or services to be transferred;

d) the contract has commercial substance; and

e) it is likely that the Group will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

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

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

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

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

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

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

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

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

Dividends

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

Earnings per share

Basic

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

Diluted

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

Stock grants

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

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

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

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

Income taxes

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

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

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

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

Foreign currency translation, transactions and balances

Functional and presentation currency

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

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

Currency transactions and translation criteria

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

Exchange rate	Punctual at 31.12.2022	Average 2022	Punctual at 31.12.2021	Average 2021
Hong Kong Dollar (HKD)	8.32	8.25	8.83	9.19
Dirham (MAD)	11.16	10.68	10.48	10.63
US Dollar (USD)	1.07	1.05	1.13	1.18

Derivative instruments

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

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

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

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

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

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

Other information

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

2.7 MAIN ACCOUNTING ESTIMATES

2.7.1 INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

2.7.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

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

Right of use and financial liabilities for leasing

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

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

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

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

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

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

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

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

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

Goodwill

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

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

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

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

The determination of the recoverable amount for each Cash Generating Unit ('CGU'), in terms of value in use, is based on assumptions – sometimes complex - that by their nature involve the Directors' judgement, in particular with reference to future cash flow forecasts, relating both to the period of the Group's business plan for 2023-2027E and beyond said period.

'Fair value' of derivatives

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

Stock grant

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

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

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

Revenue recognition

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

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

Sales adjustments and credit notes to be issued toward customers

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

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

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

Costs adjustments and credit notes due from vendors

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

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

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

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

Depreciation and amortisation of assets

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

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

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

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

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

Bad debt provision

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

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

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

Stock obsolescence provision

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

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

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

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

Provision for risks and charges and contingent liabilities

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

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

Benefits to employees

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

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

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

Income tax expenses

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

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

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

2.8 RECENTLY ISSUED ACCOUNTING STANDARDS

NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The accounting standards adopted in the preparation of the consolidated financial statements as at 31 December 2022 are consistent with those used in the consolidated financial statements as at 31 December 2021, except for the accounting standards and amendments described below and applied with effect from 1 January 2022 as per mandatory requirements, after being endorsed by the competent authorities.

The main changes are as follows:

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. These amendments had no significant impacts on the Group's consolidated financial statements.

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

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

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.

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 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.

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 or after 1 January 2023. Early application is permitted.

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

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

Standards issued but not yet endorsed by the European Union

Amendments to IAS 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 the 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 2024. Early application is permitted.

Amendments to IAS 1- Presentation of financial statements: Non-Current Liabilities with Covenants – Issued by the IASB on 31 October 2022 The document clarifies the necessary conditions to be met within twelve months from the reference year that may affect the classification of a liability, especially in cases where it is subject to Covenant. The amendments apply to financial statements for years starting on 1 January 2024. Early application is permitted.

Amendments to IFRS 16 - Lease Liability in a sale and leaseback – Issued by the IASB on 22 September 2022, the document provides for some clarifications regarding the valuation of lease and leaseback transactions which consequently also meet IFRS 15 criteria for the accounting of the sale. The amendments apply to financial statements for years starting on 1 January 2024. Early application is permitted.

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

3. BUSINESS COMBINATIONS

ACQUISITION OF 100% OF BLUDIS S.R.L.

On 3 November 2022 Esprinet S.p.A. acquired 100% of the share capital of Bludis S.r.l., the vehicle under Italian law in which, in July 2022, the company SPIN S.r.l. conferred the business unit active in the distribution of software solutions in the Communication, Cybersecurity and IT Management areas.

This acquisition of the shares, which was recorded using the acquisition method, resulted in an overall 8.1 million euro goodwill, temporarily determined as permitted by IFRS 3, resulting from the difference between the total payable amount (8.7 million euro) and the net value of assets and liabilities of Bludis S.r.l. as summarised in the table below:

(euro/000)	Fair value Bludis S.r.l 03/11/2022
Fixed, intangible and financial assets	766
Right-of-use assets	1,205
Deferred income tax assets	2
Receivables and other non-current assets	32
Inventory	15
Trade receivables	2,350
Other current assets	9
Cash and cash equivalents	225
Lease liabilities (non-current)	(1,098)
Deferred income tax liabilities	(7)
Retirement benefit obligations	(660)
Trade payables	(1,392)
Short-term financial liabilities	(1)
Lease liabilities (current)	(107)
Other current liabilities	(742)
Net assets fair value	**597**
Goodwill [1]	8,103
Total Cash	**8,700**

[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 minimal bad debt provision.

The net cash flow from the acquisition was equal to 9.7 million euro, as shown in the following table:

(euro/000)	Fair value Bludis S.r.l 03/11/2022
Cash and cash equivalents	225
Financial liabilities	(1)
Lease liabilities	(1,205)
Net financial debt acquired	**(981)**
Cash paid	(6,960)
Deferred cash to be paid	(1,740)
Net cash outflow on acquisition	**(9,681)**

Transaction costs, amounting to a total of 0.1 million euro and borne by the holding Esprinet S.p.A., were entered in the income statement under overheads and administrative costs, and are included in the cash flows provided by operating activities in the statement of cash flows for the period.

Finally, it should be noted that from the date of acquisition Bludis S.r.l. contributed 4.7 million euro to consolidated sales and a net income of 0.7 million euro of the Esprinet Group. If the purchase of shares had taken place as from 1 January 2022, it is estimated that the contribution to consolidated sales and net income would have been equal to 14.8 million euro and 1.4 million euro, respectively.

4. SEGMENT INFORMATION

4.1 INTRODUCTION

An operating segment is a component of the Group:

a) that engages in business activities from which it may earn sales and incur expenses (including sales and expenses relating to transactions with other components of the same Group);

b) whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;

c) for which financial information is separately available.

The Esprinet Group is organised in the geographical business areas of Italy and the Iberian peninsula (operating segments) where it performs the 'business-to-business' (B2B) distribution of Information Technology (IT) products and consumer electronics.

The B2B IT and consumer electronics distribution is aimed at professional resellers, including large-scale distributors/retailers, and regards traditional IT products (desktop PCs, PC notebooks, printers, photocopiers, servers, standard software, etc.), advanced products (datacentres, networking, cybersecurity software, cloud solutions, support services), consumables (cartridges, tapes, toners, magnetic media), networking products (modems, routers, switches), tablets, mobile telephone devices (smartphones) and related accessories, and state-of-the-art digital and entertainment products such as cameras, video cameras, videogames, LCD TVs and MP3 readers.

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

The organisation by geographical areas represents the main form of management and analysis of Group results by the CODMs (Chief Operating Decision Makers).

4.2 SEPARATE INCOME STATEMENT BY OPERATING SEGMENTS

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

SEPARATE INCOME STATEMENT AND OTHER SIGNIFICANT INFORMATION BY OPERATING SEGMENTS

(euro/000)	2022			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
Sales to third parties	2,798,087	1,886,077	-	4,684,164
Intersegment sales	34,428	-	(34,428)	-
Sales from contracts with customers	**2,832,515**	**1,886,077**	**(34,428)**	**4,684,164**
Cost of sales	(2,679,172)	(1,796,604)	34,581	(4,441,195)
Gross profit	**153,343**	**89,473**	**153**	**242,969**
Gross Profit %	*5.41%*	*4.74%*		*5.19%*
Sales and marketing costs	(49,423)	(21,910)	-	(71,333)
Overheads and admin. costs	(69,332)	(31,212)	34	(100,510)
Impairment loss/reversal of financial assets	(122)	(346)	-	(468)
Operating income (EBIT)	**34,466**	**36,005**	**187**	**70,658**
EBIT %	*1.22%*	*1.91%*		*1.51%*
Finance costs - net				(7,763)
Profit before income taxes				**62,895**
Income tax expenses				(15,549)
Net income				**47,346**
- of which attributable to non-controlling interests				-
- of which attributable to Group				47,346
Depreciation and amortisation	**12,150**	**4,711**	**399**	**17,260**
Other non-cash items	**5,308**	**367**	**-**	**5,675**
Investments	**11,410**	**1,096**	**-**	**12,506**
Total assets	**1,271,776**	**710,126**	**(107,484)**	**1,874,418**

(euro/000)	2021			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
Sales to third parties	2,895,448	1,795,499	-	4,690,947
Intersegment sales	34,022	-	(34,022)	-
Sales from contracts with customers	**2,929,470**	**1,795,499**	**(34,022)**	**4,690,947**
Cost of sales	(2,779,336)	(1,713,723)	34,002	(4,459,057)
Gross profit	**150,134**	**81,776**	**(20)**	**231,890**
Gross profit %	*5.12%*	*4.55%*		*4.94%*
Sales and marketing costs	(45,573)	(20,778)	-	(66,351)
Overheads and admin. costs	(68,579)	(28,930)	27	(97,482)
Impairment loss/reversal of financial assets	518	(165)	1	354
Operating income (EBIT)	**36,500**	**31,903**	**8**	**68,411**
EBIT %	*1.25%*	*1.78%*		*1.46%*
Finance costs - net				(7,637)
Profit before income taxes				**60,774**
Income tax expenses				(16,694)
Net income				**44,080**
- of which attributable to non-controlling interests				(103)
- of which attributable to Group				44,183
Depreciation and amortisation	**11,551**	**4,474**	**290**	**16,315**
Other non-cash items	**5,099**	**143**	**-**	**5,242**
Investments	**4,625**	**1,557**	**-**	**6,182**
Total assets	**1,259,431**	**781,602**	**(118,676)**	**1,922,357**

STATEMENT OF EQUITY AND FINANCIAL POSITION BY OPERATING SEGMENTS

(euro/000)	31/12/2022			
	Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	16,875	3,324	-	20,199
Right-of-use assets	86,245	20,615	-	106,860
Goodwill	27,487	81,777	1,039	110,303
Intangible assets	2,558	7,094	-	9,652
Investments in others	75,857	-	(75,857)	-
Deferred income tax assets	3,949	5,113	29	9,091
Receivables and other non-current assets	1,855	493	-	2,348
	214,826	**118,416**	**(74,789)**	**258,453**
Current assets				
Inventory	409,558	263,198	(68)	672,688
Trade receivables	428,784	272,287	-	701,071
Income tax assets	1,026	87	-	1,113
Other assets	89,666	11,869	(32,627)	68,908
Cash and cash equivalents	127,916	44,269	-	172,185
	1,056,950	**591,710**	**(32,695)**	**1,615,965**
Total assets	**1,271,776**	**710,126**	**(107,484)**	**1,874,418**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	256,160	118,000	(20,150)	354,010
Group net income	20,940	26,250	156	47,346
Group net equity	**284,961**	**198,943**	**(74,687)**	**409,217**
Non-controlling interests	**-**	**169**	**(169)**	**-**
Total equity	**284,961**	**199,112**	**(74,856)**	**409,217**
LIABILITIES				
Non-current liabilities				
Borrowings	34,568	36,550	-	71,118
Lease liabilities	82,924	18,737	-	101,661
Deferred income tax liabilities	3,359	13,287	-	16,646
Retirement benefit obligations	5,354	-	-	5,354
Debts for investments in subsidiaries	600	-	-	600
Provisions and other liabilities	2,298	276	-	2,574
	129,103	**68,850**	**-**	**197,953**
Current liabilities				
Trade payables	759,811	352,355	-	1,112,166
Short-term financial liabilities	53,733	55,930	(27,500)	82,163
Lease liabilities	7,656	3,084	-	10,740
Income tax liabilities	352	706	-	1,058
Derivative financial liabilities	-	24	-	24
Debts for investments in subsidiaries	2,455	-	-	2,455
Provisions and other liabilities	33,705	30,065	(5,128)	58,642
	857,712	**442,164**	**(32,628)**	**1,267,248**
Total liabilities	**986,815**	**511,014**	**(32,628)**	**1,465,201**
Total equity and liabilities	**1,271,776**	**710,126**	**(107,484)**	**1,874,418**

(euro/000)	31/12/2021 Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,577	3,279	-	13,856
Right-of-use assets	86,617	20,887	-	107,504
Goodwill	19,384	81,777	1,039	102,200
Intangible assets	801	7,726	-	8,527
Investments in others	75,725	-	(75,725)	-
Deferred income tax assets	4,284	6,348	81	10,713
Receivables and other non-current assets	1,949	473	-	2,422
	199,337	**120,490**	**(74,605)**	**245,222**
Current assets				
Inventory	349,006	180,751	(255)	529,502
Trade receivables	351,984	233,538	-	585,522
Income tax assets	89	221	-	310
Other assets	105,552	8,594	(43,816)	70,330
Cash and cash equivalents	253,463	238,008	-	491,471
	1,060,094	**661,112**	**(44,071)**	**1,677,135**
Total assets	**1,259,431**	**781,602**	**(118,676)**	**1,922,357**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	258,447	95,707	(20,080)	334,074
Group net income	21,927	22,193	63	44,183
Group net equity	**288,235**	**172,593**	**(74,710)**	**386,118**
Non-controlling interests	**-**	**149**	**(149)**	**-**
Total equity	**288,235**	**172,742**	**(74,859)**	**386,118**
LIABILITIES				
Non-current liabilities				
Borrowings	48,515	58,016	-	106,531
Lease liabilities	82,931	19,322	-	102,253
Deferred income tax liabilities	3,144	11,640	-	14,784
Retirement benefit obligations	5,232	-	-	5,232
Debts for investments in subsidiaries	1,615	-	-	1,615
Provisions and other liabilities	2,424	113	-	2,537
	143,861	**89,091**	**-**	**232,952**
Current liabilities				
Trade payables	762,416	428,440	-	1,190,856
Short-term financial liabilities	33,950	61,245	(40,000)	55,195
Lease liabilities	7,184	2,645	-	9,829
Income tax liabilities	3,978	309	-	4,287
Derivative financial liabilities	-	2	-	2
Debts for investments in subsidiaries	1,854	-	-	1,854
Provisions and other liabilities	17,953	27,128	(3,817)	41,264
	827,335	**519,769**	**(43,817)**	**1,303,287**
Total liabilities	**971,196**	**608,860**	**(43,817)**	**1,536,239**
Total equity and liabilities	**1,259,431**	**781,602**	**(118,676)**	**1,922,357**

4.3 OTHER INFORMATION

The Group's operating segments can be identified by the geographical markets where the Group operates: Italy and Iberian peninsula.

The "Iberian Peninsula" operating segment is identified with the subsidiaries resident therein and also with the marginal Moroccan sub-subsidiary GTI Software & Networking SARLAU.

The "Italy" operating segment corresponds to the parent company Esprinet S.p.A., to its subsidiaries resident therein, to the foreign sub-subsidiaries of idMAINT S.r.l. as mere sales promoters serving Dacom S.p.A., to the Chinese subsidiary Celly Pacific Ltd and the German subsidiary Nilox Deutschland Gmbh as marginal.

Intra-segment operations are identified in terms of the counterparty and the accounting rules are the same as those used in the case of transactions with third parties and described in the chapter '*Significant valuation criteria and accounting policies*' to which reference should be made.

Details of the Group's sales from external customers by product family and geographical area, with quotas effected in the country where the parent company is headquartered highlighted, can be found under the 'Sales' section. Geographical segment breakdown depends in particular on the customers' country of residence.

The Group is not dependent on any major customers despite one of them being considered a single entity under IFRS 8.34 that accounts for more than 10% of the sales, even though it consists of more than one legal entity.

5. DISCLOSURE ON RISKS AND FINANCIAL INSTRUMENTS

5.1 DEFINITION OF FINANCIAL RISKS

The international accounting principle IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's equity and financial position and performances;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the reporting date, and how the entity managed those risks.

The principles in this IFRS complement and/or supersede the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 'Financial instruments: Presentation' and IFRS 9 'Financial instruments: Recognition and Measurement'. Disclosures as per IFRS 7 and IFRS 13 are therefore reported in this section. Accounting principles regarding financial instruments used in preparing the consolidated financial statements can be found in the section '*Accounting principles and valuation criteria*' whereas the definition of financial risks, the degree of the Group's exposure to the various identified categories of risk, such as:

a) credit risk;

b) liquidity risk;

c) market risk (currency risk, interest rate risk, other price risks);

and the relevant risk management policies have been analysed in depth under '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the '*Directors' Report on Operations*'.

5.2 FINANCIAL INSTRUMENTS PURSUANT TO IFRS 9: CLASSES OF RISK AND 'FAIR VALUE'

The following table illustrates together the financial instrument items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting standard IFRS 9:

Assets	**31/12/2022**				**31/12/2021**			
(euro/000)	**Carrying amount**	**Financial FVTPL assets (1)**	**Financial assets amortised cost**	**Out of scope IFRS 9**	**Carrying amount**	**Financial FVTPL assets (1)**	**Financial assets amortised cost**	**Out of scope IFRS 9**
Guarantee deposits	*2,348*		*2,348*		*2,422*		*2,422*	
Receiv and other non-curr. Assets	2,348	-	2,348	-	2,422	-	2,422	-
Non-current assets	**2,348**	**-**	**2,348**	**-**	**2,422**	**-**	**2,422**	**-**
Trade receivables	701,071	150,453	550,618		585,522	147,225	438,297	
Receivables from factors	*3,207*		*3,207*		*3,128*		*3,128*	
Customer financial receivables	*10,336*		*10,336*		*9,857*		*9,857*	
Other tax receivables	*38,249*			*38,249*	*36,658*			*36,658*
Receivables from suppliers	*9,890*		*9,890*		*13,753*		*13,753*	
Receivables from insurances	*424*		*424*		*2,852*		*2,852*	
Receivables from employees	*6*		*6*		*16*		*16*	
Receivables from others	*126*		*126*		*152*		*152*	
Pre-payments	*6,670*			*6,670*	*3,914*			*3,914*
Rec.and other curr. Assets	68,908	-	23,989	44,919	70,330	-	29,758	40,572
Cash and cash equivalents	172,185		172,185		491,471		491,471	
Current assets	**942,164**	**150,453**	**746,792**	**44,919**	**1,147,323**	**147,225**	**959,526**	**40,572**

Liabilities	**31/12/2022**				**31/12/2021**			
(euro/000)	**Carrying amount**	**Financial FVTPL liabilities** [1]	**Financial liabilities amortised cost**	**Out of scope IFRS 9**	**Carrying amount**	**Financial FVTPL liabilities** [1]	**Financial liabilities amortised cost**	**Out of scope IFRS 9**
Borrowings	71,118		71,118		106,531		106,531	
Lease liabilities	101,661		101,661		102,253		102,253	
Debts for investments in subsidiaries	600		600		1,615		1,615	
Provisions of pensions	*1,879*			*1,879*	*1,694*			*1,694*
Other provisions	*560*			*560*	*619*			*619*
Cash incentive liabilities	*135*		*135*		*224*		*224*	
Provis. and other non-curr. Liab	2,574	-	135	2,439	2,537		224	2,313
Non-current liabilities	**175,953**	**-**	**173,514**	**2,439**	**212,936**	**-**	**210,623**	**2,313**
Trade payables	1,112,166		1,112,166		1,190,856		1,190,856	
Short-term financial liabilities	82,163		82,163		55,195		55,195	
Lease liabilities	10,740		10,740		9,829		9,829	
Derivate financial liabilities	24	24			2	2		
Debts for investments in subsidiaries	2,455		2,455		1,854		1,854	
Social security liabilities	*5,366*		*5,366*		*5,327*		*5,327*	
Other tax liabilities	*31,612*			*31,612*	*15,023*			*15,023*
Payables to others	*21,238*		*21,238*		*20,443*		*20,443*	
Accrued expenses	*227*		*227*		*288*		*288*	
Deferred income	*199*			*199*	*183*			*183*
Provisions and other liabilities	58,642	-	26,831	31,811	41,264	-	26,058	15,206
Current liabilities	**1,266,190**	**24**	**1,234,355**	**31,811**	**1,299,000**	**2**	**1,283,792**	**15,206**

[1] 'FVTPL': Fair Value Through Profit and Loss includes derivatives at fair value through profit and loss.

For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the section '*Notes to the statement of equity and financial position items*'. As can be seen in the previous table, the statement of financial position classifications provide an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and financial receivables;
  - receivables from insurance companies;
  - trade receivables (except for component measured at fair value);
  - receivables from employees;
  - receivables from suppliers;
  - other receivables;
  - trade payables;
  - financial payables;
  - lease liabilities;
  - financial payables for investments in subsidiaries;
  - sundry payables;
- financial instruments measured at fair value since initial recognition:
  - derivative financial assets;
  - derivative financial liabilities;
  - trade receivables (portion not measured at amortised cost).

The level of risk related to the various types of receivables is very low, although differentiated, in relation to cash and cash equivalents, financial receivables, receivables from insurance companies, and derivative assets given the high standing of the counterparties (financial receivables from customers also fall within this cluster as they are due from the Public Administration).

Credit risk is less limited, albeit still very low, and is related to receivables from employees, possible receivables from associated companies and receivables from suppliers given, respectively, working relationship, management connection and continuity of supply. As regards other receivables, the risk is due to the existence of contractual guarantees.

Trade receivables, albeit resulting from a structured process of customer first selection and credit recognition and then of credit monitoring, are instead subject to a higher credit risk. This risk is mitigated by recourse to traditional insurance contracts with leading international insurance companies, without-recourse factoring schemes and, for the remainder, through specific guarantees (bank guarantees typically).

It should be noted that no significant financial effects have ever arisen from insolvency problems.

The risk of material damage, resulting from the Group being unable to fulfil the payment commitments undertaken in a timely manner (liquidity risk), is very high in relation to trade payables, financial payables and derivative financial liabilities, due to a presumably lower contractual strength vis-à-vis suppliers, with the risk of non-supply, and financial institutions due to the greater rigidity implicit in the existence of covenants on medium-long term financial payables.

This risk is lower in relation to sundry payables and payables for the purchase of equity investments as these liabilities do not normally compromise future relations.

Lease liabilities feature an intermediate risk level as the theoretical risk remains with respect to the exclusion from possession and use of the leased assets.

The fair value measurement of financial assets and liabilities reported in the statement of financial position as provided for by IFRS 9 and governed by IFRS 7 and IFRS 13, grouped by category, and the methods and the assumptions applied in determining them, are as follows:

Assets	**31/12/2022**						**31/12/2021**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	**Trade receiv.**	**Financial receiv.**	**Receiv. from others**	**Receiv. from insurance**	**Receiv. from employees**	**Carrying amount**	**Trade receiv.**	**Financial receiv.**	**Receiv. from others**	**Receiv. from insurance**	**Receiv. from employees**
Guarantee deposits	*2,348*		*-*	*1,829*			*2,422*		*-*	*2,384*		
Rec.and other non-curr.	2,348	-	-	1,829	-	-	2,422	-	-	2,384	-	-
Non - current assets	**2,348**	**-**	**-**	**1,829**	**-**	**-**	**2,422**	**-**	**-**	**2,384**	**-**	**-**
Trade receivables	701,071	701,071					585,522	585,522				
Receiv. from factors	*3,207*		*3,207*				*3,128*		*3,128*			
Customer financial	*10,336*		*10,336*				*9,857*		*9,857*			
Receiv. from suppliers	*9,890*			*9,890*			*13,753*			*13,753*		
Receiv. from insurances	*424*				*424*		*2,852*				*2,852*	
Receiv. from employees	*6*					*6*	*16*					*16*
Receiv. from others	*126*			*126*			*152*			*152*		
Rec.and other curr.	23,989	-	13,543	10,016	424	6	29,758	-	12,985	13,905	2,852	16
Cash and cash	172,185		172,185				491,471		491,471			
Current assets	**897,245**	**701,071**	**185,728**	**10,016**	**424**	**6**	**1,106,751**	**585,522**	**504,456**	**13,905**	**2,852**	**16**

Liabilities	**31/12/2022**					**31/12/2021**				
		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	71,118		60,944			106,531		105,649		
Debts for investments in subsidiaries	600		608			1,615		1,635		
Cash incentive liabilities	*135*				*135*	*224*				*224*
Provis. and other non-curr. Liab.	135	-	-	-	135	224	-	-	-	224
Non-current liabilities	**71,853**	**-**	**61,552**	**-**	**135**	**108,370**	**-**	**107,284**	**-**	**224**
Trade payables	1,112,166	1,112,166				1,190,856	1,190,856			
Short-term financial liabilities	82,163		81,725			55,195		56,424		
Derivate financial liabilities	24			24		2			2	
Debts for investments in subsidiaries	2,455		2,445			1,854		1,854		
Social security liabilities	*5,366*				*5,366*	*5,327*				*5,327*
Payables to others	*21,238*				*21,238*	*20,443*				*20,443*
Accrued expenses	*227*				*227*	*288*				*288*
Provis. and other Liab.	26,831	-	-	-	26,831	26,058	-	-	-	26,058
Current liabilities	**1,223,639**	**1,112,166**	**84,170**	**24**	**26,831**	**1,273,965**	**1,190,856**	**58,278**	**2**	**26,058**

IFRS 13 identifies a hierarchy of assessment techniques based on three levels:

- Level 1: the data used in the assessments is represented by prices quoted on markets where assets and liabilities identical to those being assessed are traded;
- Level 2: the data used in the assessments, other than listed prices referred to in Level 1, are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: non-observable data; where observable data is not available and, therefore, there is little or no market activity for the assets and liabilities being assessed.

Assets and liabilities recorded in the financial statements at fair value, as specified in greater detail below, corresponds to a level 2 in the hierarchy with the exception of 'Trade receivables (portion not measured at amortised cost)', which corresponds to level 3.

Given their short-term maturity, the gross carrying value of current assets and liabilities (excluding items specially measured) is deemed a reasonable approximation of their fair value.

The fair value of non-current assets and financial payables, including payables for equity investment in subsidiaries, was estimated by discounting expected future cash flows from principal and interest, according to the terms and the maturity dates of each agreement, and using the interest curve at the balance sheet date, as adjusted for the effects of DVA (*Debit Value Adjustment*) and the CVA (*Credit Value Adjustment*).

The interest rates used were obtained from the 'Forward' and the 'Spot' Curve as at 31 December, as published by financial providers, plus any spread provided for by the agreement (such spread was not taken into account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2.

As shown in the preceding tables, no reclassifications among hierarchic levels were made. Please refer to the '*Derivatives analysis*' paragraph for more information relating to existing derivative instruments.

Disclosures regarding net gains or losses, interest income and expenses, fee income and expenses arising from financial instruments have been already provided in the table dedicated to finance costs under '*42) Financial income and expense*'.

Adjustments to the value of financial assets, estimated following a precise assessment of the solvency of each debtor, were shown under the item '*Impairment loss/reversal of financial assets*' in the separate income statement. These adjustments totalled approximately -0.4 million euro (0.4 million euro in 2021).

5.3 ADDITIONAL INFORMATION ABOUT FINANCIAL ASSETS

During the year, as in the previous year, it was not necessary to make any changes in the method of accounting for financial assets (not recognising the initial recognition at fair value and subsequent recognition at cost of certain balance sheet items, as required by international accounting standards).

As already highlighted in the section '*Trade and other receivables*' the value of receivables is constantly reduced by the established impairment losses.

This transaction is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the financial assets written down.

The following table illustrates the change in the bad debt provision relating to trade receivables:

(euro/000)	Starting provision	Additions	Uses	Acquisitions	Final provision
2022 Financial year	4,768	2,665	(2,831)	14	4,616
2021 Financial year	6,183	1,661	(3,513)	437	4,768

The Group usually transfers financial assets. These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.

The year 2022 saw the continuation of the trade receivables securitisation programme structured by UniCredit Bank AG, launched in July 2015 and renewed uninterruptedly every three years, with the latest renewal in July 2021, under which trade receivables are assigned without recourse on a revolving basis to a 'special purpose vehicle' under Law No. 130/1999.

In the case of factoring of receivables with recourse and advances of trade bills, the Group continues to recognise all of these assets, the carrying amount of which continues to be posted in the financial statements, under 'trade receivables' with an offsetting entry under the current financial liabilities as 'other financing payables' and 'payables to banks'.

As at 31 December 2022, the receivables transferred with recourse against which portfolio advances were obtained subject to collection amounted to 0.7 million euro (zero at 31 December 2021); while advances of trade bills amounted to 2.4 million euro (5.2 million euro as at 31 December 2021).

The financial assets' gross carrying amount is the Group's maximum exposure to credit risk.

Below is an analysis of the status of trade receivables due from customers and the seniority of those that have not suffered lasting losses in value:

(euro/000)	31/12/2022	Receivables Impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	705,687	159,037	144,398	402,252
Bad debt provision	(4,616)	(4,616)	-	-
Net trade receivables	**701,071**	**154,421**	**144,398**	**402,252**

(euro/000)	31/12/2021	Receivables Impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	590,290	182,644	93,991	313,655
Bad debt provision	(4,678)	(4,678)	-	-
Net trade receivables	**585,612**	**177,966**	**93,991**	**313,655**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. past due not impaired at 31/12/2022	**144,398**	11,232	4,423	12,308	116,435
Receiv. past due not impaired at 31/12/2021	**93,991**	(443)	1,915	2,295	90,224

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, the Group does not believe that premises for allocating provisions for doubtful receivables for amounts not yet overdue exist with the exception of receivables falling within the 'hold to collect' cluster. This cluster concerns receivables assigned to third parties on the basis of binding programmes for which the cashable value has been taken into account by such third parties.

There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by the Group to limit its credit risk (the percentages refer to trade receivables as at 31 December 2022):

- traditional credit insurance (covering approx. 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 60% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 9% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and property mortgages) for approx. 1% of receivables.

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

The other financial assets governed by IFRS 7 and IFRS 13 have not suffered any permanent losses in value. Two summary tables providing information on their status and the seniority of receivables overdue:

	31/12/2022				31/12/2021			
(euro/000)	**Carrying amount**	**Receiv. Impaired**	**Receiv. past due not Impaired**	**Receiv. not past due not Impaired**	**Carrying amount**	**Receiv. Impaired**	**Receiv. past due not Impaired**	**Receiv. not past due not Impaired**
Guarantee deposits	*2,348*			*2,348*	*2,422*			*2,422*
Receiv and other non-curr. Assets	2,348	-	-	2,348	2,422	-	-	2,422
Non-current assets	**2,348**	**-**	**-**	**2,348**	**2,422**	**-**	**-**	**2,422**
Receivables from factors	*3,207*			*3,207*	*3,128*			*3,128*
Customer financial receivables	*10,336*			*10,336*	*9,857*			*9,857*
Receivables from suppliers	*9,890*		*7,965*	*1,925*	*13,753*		*13,552*	*201*
Receivables from insurances	*424*		*424*		*2,852*		*2,852*	
Receivables from employees	*6*		*5*	*1*	*16*			*16*
Receivables from others	*126*		*73*	*53*	*152*		*107*	*45*
Rec.and other curr. Assets	23,989	-	8,467	15,522	29,758	-	16,511	13,247
Cash and cash equivalents	172,185		172,185		491,471		491,471	
Gross Current assets	**196,174**	**-**	**180,652**	**15,522**	**521,229**	**-**	**507,982**	**13,247**
Bad debt provision	-	-			-	-		
Net Current assets	**196,174**	**-**	**180,652**	**15,522**	**521,229**	**-**	**507,982**	**13,247**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from suppliers	**7,965**	1,213	6,163	2,931	(2,342)
Receivables from employees	**5**	5	-	-	-
Receivables from insurance companies	**424**	291	-	44	88
Receivables from others	**73**	73	-	-	-
Receiv. past due not impaired at 31/12/2022	**8,467**	**1,583**	**6,163**	**2,975**	**(2,254)**
Receivables from suppliers	**13,552**	271	729	346	12,206
Receivables from insurance companies	**2,852**	398	83	51	2,320
Receivables from others	**107**	107	-	-	-
Receiv. past due not impaired at 31/12/2021	**16,511**	**776**	**812**	**397**	**14,526**

Receivables from factoring companies relate wholly to ‘without-recourse’ factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the closing date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the customers and the Group companies. It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

5.4 ADDITIONAL INFORMATION ABOUT FINANCIAL LIABILITIES

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(euro/000)	Carrying amount 31/12/2022	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	71,118	73,980	555	639	37,794	34,992	-
Lease liabilities	101,661	117,749	-	-	13,340	35,669	68,740
Debts for investments in subsidiaries	600	600	-	-	-	600	-
Cash incentive liabilities	*135*	*135*	-	-	*135*	-	-
Provis. and other non-curr. Liab.	135	135	-	-	135	-	-
Non-current liabilities	**173,514**	**192,464**	**555**	**639**	**51,269**	**71,261**	**68,740**
Trade payables	1,112,166	1,117,649	1,112,891	725	1,095	2,938	-
Short-term financial liabilities	82,163	82,605	58,951	23,654	-	-	-
Lease liabilities	10,740	13,878	7,046	6,832	-	-	-
Derivate financial liabilities	24	24	24	-	-	-	-
Debts for investments in subsidiaries	2,455	2,455	2,340	115	-	-	-
Social security liabilities	*5,366*	*5,366*	*5,366*	-	-	-	-
Payables to others	*21,238*	*21,238*	*21,238*	-	-	-	-
Accrued expenses	*227*	*227*	*227*	-	-	-	-
Provisions and other liabilities	26,831	26,831	26,831	-	-	-	-
Current liabilities	**1,234,379**	**1,243,442**	**1,208,083**	**31,326**	**1,095**	**2,938**	**-**

(euro/000)	Carrying amount 31/12/2021	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	106,531	110,126	642	673	44,485	64,326	-
Lease liabilities	102,253	122,358	1,453	1,404	12,103	33,050	74,348
Debts for investments in subsidiaries	1,615	1,615	-	-	1,015	600	-
Cash incentive liabilities	*224*	*224*	-	-	*224*	-	-
Provis. and other non-curr. Liab.	224	224	-	-	224	-	-
Non-current liabilities	**210,623**	**234,323**	**2,095**	**2,077**	**57,827**	**97,976**	**74,348**
Trade payables	1,190,856	1,191,889	1,191,139	282	355	113	-
Short-term financial liabilities	55,195	55,316	34,266	21,050	-	-	-
Lease liabilities	9,829	9,598	4,722	4,876	-	-	-
Derivate financial liabilities	2	2	2	-	-	-	-
Debts for investments in subsidiaries	1,854	1,854	1,739	115	-	-	-
Social security liabilities	*5,327*	*5,327*	*5,327*	-	-	-	-
Payables to others	*20,443*	*20,443*	*18,829*	*1,614*	-	-	-
Accrued expenses	*288*	*288*	*288*	-	-	-	-
Provisions and other liabilities	26,058	26,058	24,444	1,614	-	-	-
Current liabilities	**1,283,794**	**1,284,717**	**1,256,312**	**27,937**	**355**	**113**	**-**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

The Group companies maintain medium-long term loan contracts, that contain standard acceleration clauses in case certain financial covenants are not met when checked against data from the consolidated and audited financial statements.

The details relating to the outstanding loans and related covenants can be found in the following paragraph '*Net financial indebtedness and loans covenants*'.

With the exception of the non-fulfilment in relation to 31 December for the years 2018, 2017 and 2016, again without producing any consequences, of a part of the financial ratios provided for in the loan agreements, the Group has never been in a non-fulfilment or default situation with regard to the clauses concerning the nominal principal, interest, amortisation plan or repayment of loans payable.

Lastly, up to now the Group has not issued any instruments containing both a liability and an equity component.

5.5 HEDGE ACCOUNTING

INTRODUCTION

The Esprinet Group enters into derivative contracts in order to hedge certain loan agreements against fluctuating interest rates by means of a cash flow hedging strategy.

The aim of these transactions hedging against interest rate risk is to fix the funding cost of medium/long-term floating-rate loans by entering into derivative contracts enabling receipt of a floating rate in return for payment of a fixed rate.

Hedging operations are therefore reported in the financial statements according to the instructions of the IFRS 9 accounting principle regarding 'hedge accounting' and in order to verify the hedge effectiveness, the Group periodically carries out effectiveness tests.

DERIVATIVE INSTRUMENTS AS AT BALANCE SHEET DATE

At the end of the year, the Group did not have any hedging derivatives in place.

INSTRUMENTS TERMINATED DURING THE YEAR

During the year, the Group did not extinguish any hedging derivatives in place.

5.6 NON-HEDGING DERIVATIVES

DERIVATIVE INSTRUMENTS AS AT BALANCE SHEET DATE

The subsidiary V-Valley Advanced Solutions Espana S.A. has a series of forward exchange purchase contracts in place as cash flow hedges against short-term fluctuations in the differential between the euro and the US dollar or pound sterling, in relation to purchases from suppliers of software, services and products.

These purchase transactions do not meet all the requirements for hedge accounting treatment, so changes in the fair value of these contracts are recognised directly in the consolidated income statement.

(euro/000)	Year	FV contracts 31/12/p.y. (1)(2)	(Expenses)/ Income	FV Variation	FV contracts 31/12/c.y. (2)(3)
Interest Rate Cap	2022	2	(24)	22	24
Interest Rate Cap	2021	(27)	27	2	2

(1) Previous year in reference to 2021.

(2) (Assets)/liabilities.

(3) Current year.

INSTRUMENTS TERMINATED DURING THE YEAR

During the year, the Group did not extinguish any non-hedging derivatives in place.

5.7 SENSITIVITY ANALYSES

Since the Group is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the '*Directors' Report on Operations*').

A sensitivity analysis regarding the interest rate risk was performed in order to show how Group profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period. For these purposes, the 2022 market interest rate trend was taken into account together with the Group's estimates on rates in the immediate future and a forward shift of spot/forward interest rate curves +/-100 basis points was simulated.

The following tables show the results of the simulation (net of tax effects); each item includes both the current and non current portion:

Scenario 1: +100 basis points

	31/12/2022		31/12/2021	
(euro/000)	**Net equity**	**Profit/(loss)**	**Net equity**	**Profit/(loss)**
Cash and cash equivalents	597	597	1,239	1,239
Debts for investments in subsidiaries	18	18	25	25
Financial liabilities	(1,336)	(1,336)	(592)	(592)
Total	**(721)**	**(721)**	**672**	**672**

Scenario 2: -100 basis points

	31/12/2022		31/12/2021	
(euro/000)	**Net equity**	**Profit/(loss)**	**Net equity**	**Profit/(loss)**
Cash and cash equivalents	(55)	(55)	(12)	12
Debts for investments in subsidiaries	(5)	(5)	(75)	(75)
Financial liabilities	905	905	105	105
Total	**845**	**845**	**18**	**42**

6. NOTES TO STATEMENT OF FINANCIAL POSITION ITEMS

NON-CURRENT ASSETS

1) PROPERTY, PLANT AND EQUIPMENT

The changes that occurred during the year are as follows:

(euro/000)	Plant and machinery	Ind. & Comm. Equipment & other assets	Assets under construction & Advances	Total
Historical cost	17,793	40,391	302	**58,486**
Accumulated depreciation	(14,386)	(30,244)	-	**(44,630)**
Balance at 31/12/2021	**3,407**	**10,147**	**302**	**13,856**
Business combination acquisition - historical cost	-	1	-	**1**
Business combination acquisition - accumulated depreciation	-	-	-	**-**
Historical cost increase	640	7,732	2,630	**11,002**
Historical cost decrease	(94)	(2,118)	(3)	**(2,215)**
Historical cost reclassification	93	201	(294)	**-**
Increase in accumulated depreciation	(938)	(3,647)	-	**(4,585)**
Decrease in accumulated depreciation	89	2,051	-	**2,140**
Total changes	**(210)**	**4,219**	**2,333**	**6,342**
Historical cost	18,432	46,207	2,635	**67,274**
Accumulated depreciation	(15,235)	(31,840)	-	**(47,075)**
Balance at 31/12/2022	**3,197**	**14,367**	**2,635**	**20,199**

The item "*Acquisitions in business combinations*" refers to the first consolidation of Bludis S.r.l. on 3 November 2022.

Investments mainly refer to the periodic renewal and adaptation of the technological and plant facilities, the purchase of products intended for rental and, in relation to the item "*assets under construction*", plant and machinery being installed in the Italian warehouse in Cavenago, leased in 2021.

The decreases mainly relate to the disposal of electronic machines attributable to the parent company.

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 2021.

The following is the breakdown of the item '*Industrial and commercial equipment and other assets*':

(euro/000)	31/12/2022	31/12/2021	Var.
Electronic machines	9,804	5,676	4,128
Furniture and fittings	1,279	1,399	(120)
Industrial and commercial equipment	2,273	2,356	(83)
Other assets	969	637	332
Vehicles	42	79	(37)
Total	**14,367**	**10,147**	**4,220**

4) RIGHT-OF-USE ASSETS

(euro/000)	31/12/2022	31/12/2021	Var.
Right-of-use assets	106,860	107,504	(644)

The changes that occurred in the year are set out below:

(euro/000)	Rental Property	Cars	Ind. & Comm. Equipment & other assets	Total
Historical cost	131,893	5,553	459	**137,905**
Accumulated depreciation	(27,071)	(3,046)	(284)	**(30,401)**
Balance at 31/12/2021	**104,822**	**2,507**	**175**	**107,504**
Business combination acquisition - historical cost	1,068	137	-	**1,205**
Business combination acquisition - accumulated depreciation	-	-	-	**-**
Historical cost increase	9,538	515	-	**10,053**
Historical cost decrease	(185)	(518)	-	**(703)**
Increase in accumulated depreciation	(10,517)	(910)	(105)	**(11,532)**
Decrease in accumulated depreciation	10	323	-	**333**
Total changes	**(86)**	**(453)**	**(105)**	**(644)**
Historical cost	142,314	5,687	459	**148,460**
Accumulated depreciation	(37,578)	(3,633)	(389)	**(41,600)**
Balance at 31/12/2022	**104,736**	**2,054**	**70**	**106,860**

In the Group, the contracts that fall within the scope of IFRS 16 refer to the use of:

- office and operating buildings;
- company vehicles;
- industrial and commercial equipment and other assets.

The increases in historical cost that occurred during the year relating to properties are essentially attributable to the renewals of the contracts of some Cash & Carries and the change in rents to take into account the inflationary change of the year. The historical cost increases relating to vehicles derive from the recurring partial annual renewal of the car fleet.

The item "*Acquisitions in business combinations*" relates to the first consolidation in November 2022 of Bludis S.r.l. in relation to the lease contract for the Rome office for 1.1 million euro and to the car fleet for 0.13 million euro.

The decreases, on the other hand, relate to reductions in rents or spaces used as well as to the amortisation for the period determined on the basis of the residual duration of each individual contract.

2) GOODWILL

(euro/000)	31/12/2022	31/12/2021	Var.
Goodwill	110,303	102,200	8,103

All goodwill items recorded under assets identify the excess of the price paid for obtaining control or another business unit, as shown in the following table over the fair value of the acquisition-date net amounts.

Goodwill amounted to 110.3 million euro and, compared to 102.2 million euro recorded as at 31 December 2021, shows an increase of 8.1 million euro entirely attributable to the goodwill, provisionally determined, which emerged as a result of of the first consolidation in November 2022 of the company Bludis S.r.l..

Information on impairment testing of assets: goodwill

Scope of application

IAS 36 requires that the existence of impairment losses on property, plant and equipment and intangible assets with a finite useful life be assessed when there are indications that such a problem may exist.

In the case of goodwill and other intangible assets with an indefinite useful life, this test, so-called 'impairment test', must be carried out at least annually and whenever triggering events occur, i.e. extraordinary negative events implying the asset may be impaired.

Goodwill does not generate cash flows independently of other assets or group of assets so, in compliance with the international accounting standards, it is not an 'individual asset' and may not be tested for impairment separately from the group of assets it relates to. Consequently, goodwill must be allocated to a 'Cash Generating Unit' (CGU), or a group of CGUs, since the maximum aggregation limit coincides with the notion of 'segment' contained in IFRS 8.

Cash Generating Unit: identification and goodwill allocation

The following table provides the values of the individual goodwill items broken down by business combination from which they arose and identifies the legal entities that carried out the business combinations from which goodwill was generated:

(euro/000)	Entity	Goodwill original value
Assotrade S.p.A.	Esprinet S.p.A.	5,500
Pisani S.p.A.	Esprinet S.p.A.	3,878
Esprilog S.r.l.	Esprinet S.p.A.	2,115
Celly S.p.A. (1)	Esprinet S.p.A.	1,853
Mosaico S.r.l.	Esprinet S.p.A.	5,804
4 Side S.r.l.	Esprinet S.p.A.	121
Dacom S.p.A.	Esprinet S.p.A.	113
Bludis S.r.l.	Esprinet S.p.A.	8,103
Memory Set S.A.U. e UMD S.A.U. (2)	Esprinet Iberica	58,561
Esprinet Iberica S.L.U. (3)	Esprinet Iberica	1,040
Vinzeo S.A.U.	Esprinet Iberica	5,097
V-Valley Iberian S.L.U.	Esprinet Iberica	4,447
GTI Group	Esprinet Iberica	13,671
Total by business combination		**110,303**
Esprinet S.p.A.		27,487
Esprinet Iberica S.L.U.		82,816
Total by entity		**110,303**

(1) Value net of the write-down carried out in 2020 for 2.3 million euro.

(2) Value net of write-down carried out in 2011 amounting to 17.8 million euro.

(3) Transaction costs sustained for the UMD and Memory Set business combinations.

Allocation of goodwill to each CGUs, identified as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group, was made by charging the above mentioned goodwill to the relevant CGUs, that is, to the elementary units, which received the businesses purchased in strictly operational terms.

The following table summarises the goodwill allocations to the 2 CGUs (Cash Generating Units) identified, in accordance with the combination of the operating segments used for Segment Information purposes required by the international accounting standards. The same table also shows the relationships between the operating segments and the legally autonomous entities, which form the Group:

(euro/000)	31/12/2022	31/12/2021	Var.		
Esprinet S.p.A.	27,487	19,384	8,103	CGU 1	B2B distribution of Information Technology and Consumer Electronics (Italy)
Esprinet Iberica S.L.U.	82,816	82,816	-	CGU 2	B2B distribution of Information Technology and Consumer Electronics (Iberian Peninsula)
Total	**110,303**	**102,200**	**8,103**		

This allocation reflects the organisational and business structure of the Group, who operates in the core business of IT business-to-business distribution (i.e. exclusively for business customers made up of resellers, who in turn refer to end-users, both private and company) in Italy and the Iberian peninsula (Spain and Portugal). These markets are managed by two substantially independent organisational and operating structures and, on the other hand, a 'corporate' structure where coordination and strategy are responsible for activities that contribute to the 'core' of the reseller 'value chain' (sales, purchasing, product marketing, logistics).

The process followed in the goodwill impairment test as at 31 December 2022 as described above and the results of this test are detailed below.

A) Valuation framework

The valuation framework and the main procedural approaches to the notions of value and the criteria and methodologies used in valuation are summarised below.

In determining the recoverable value of the individual CGUs, the term 'value in use' has been used. The recoverable amount thus determined was compared with the carrying amount.

The value in use is defined as the present value, at the date of the test, of the future cash flows (inflows and outflows) expected to be derived from the continuing use of assets, which are part of the tested CGU.

For the purpose to determine the value in use, the Discounted Cash Flow (DCF) model was used as generally accepted financial method, which requires an appropriate discount rate to estimate the discounting back of future cash flows. An 'asset side' approach was used, which presupposes discounting unlevered cash flows generated by operations gross of financial components, since the cash flows are calculated net of notional taxes by applying an estimated tax rate to the operating result (EBIT).

In the case of CGU1, located in Italy, the effective tax rates calculated as per Italian tax law and deriving from the calculation of the IRES (24%) and IRAP (3.9%) tax rates on their different tax bases were applied, taking into account the different structure of the tax bases and the non-deductibility of some relevant costs.

For the CGU2 domiciled in Spain, the estimated effective tax rate corresponds to the marginal tax rate of 25%, as the contribution of Portuguese assets to the weighted average 'tax rate' is omitted as irrelevant.

Disclosures required by the international accounting standards regarding the main methods chosen for the calculation of the recoverable amount are as follows.

Basis for estimates of future cash flows

The financial valuations for the purpose of calculating the 'value in use' are based on five-year plans, approved by the Board of Directors of the parent company Esprinet on 14 March 2023, constructed starting from a management budget prepared for internal purposes for the year 2023 and extrapolating from it, through the application of forecasting techniques aimed at treating fixed and variable costs differently, the results for the 2024-2027 period.

As required by the IAS 36 accounting principle, paragraph 50, estimated cash flows exclude financial expenses, as per the 'asset side' approach already described, and are expressed in nominal terms.

Through this method, while drawing up the economic development plan over the 2023E-2027E period, cash flows were defined as the 'normal' flow profile, assumed as the profile with the highest degree of probability of occurrence (so-called 'probabilistic approach'), and therefore able to fully represent management's best estimates regarding the evolution of the results of each activity.

The application of standard IFRS 16 ('Leases') also made provision for the consideration, in the construction of forecast plans, of the replacement of operating leases and rentals with depreciation and interest.

From the perspective of determining 'value in use' through a method based on the discounting of cash flows, in order to preserve the principle of 'valuation neutrality' (excluding tax effects), this has led to several adjustments to the forecast cash flows.

In particular, in order to ensure the operational sustainability of the plans, it was assumed that, when the main lease contracts expired, new contracts would be signed under the same conditions, which would result in a flow of notional investments corresponding to the ‘Right of Use’ value of the restored assets. Thanks to this measure, it has been possible to correctly capture the reinvestment needs required to guarantee the cash generation foreseen by the plan.

Forecasting methods

For the purposes of estimates, strict reference was made to the current conditions of use of each individual CGU, i.e. regardless of the flows obtainable from any incremental investments and/or restructuring that represent a discontinuity with respect to normal business operations, such as, for example, the new “Renting” business model which was launched during the year and which will be developed over the next few years.

Flows discounted or weighted for probability

In the preparation of the forecast plans used in the ‘DCF-Discounted Cash Flow’ models, the expected trends in sales and gross product margins were defined on the basis of data and information on the distribution sector and consumption of consensus technology from sources commonly considered reliable (Sirmi, IDC, Euromonitor), assuming different trends for the CGUs according to competitive positioning, strategies and environmental conditions.

The verification of the operational sustainability of the forecasting plans focused on the maintenance of ‘business models’ and competitive advantages for each CGU, including on the basis of the best external evidence regarding the prospects of each segment/market and the performance historically achieved.

The financial sustainability of the plans is based on an analysis of the intrinsic consistency between expected cash flows over the plan horizon and prospective investment needs in working capital and fixed assets, taking into account cash reserves.

Discount rate

The discount rate used is representative of the return required by the suppliers of both risk and debt capital and takes into account risks specific to the activities relating to each single CGU. This rate corresponds to a notion of capital cost in the meaning of Weighted Average Cost of Capital (WACC) and is unique for the valuation of the Terminal Value and the discounting of flows over the explicit forecast period.

In particular, for the purpose of determining the Levered Cost of Equity, the median Beta Unlevered Coefficient of a sample of comparable companies, listed on regulated markets, operating internationally, was calculated, which was subsequently ‘re-levered’ on the basis of a target financial structure for each of the CGUs assuming that it coincided with the average financial structure of the sample. In this way the condition of independence of the discount rate from the current financial structure has been achieved. The sample of comparable companies used for the two CGUs consists of the following companies:

Entity	**Country**
AB S.A.	Poland
Action S.A.	Poland
ALSO Holding AG	Switzerland
Arrow Electronics, Inc.	USA
ASBISc Enterprises Plc	Cyprus
Datatec Limited	South Africa
Exclusive Networks S.A.	France
Logicom Public Ltd	Cyprus
Sesa	Italy
TD SYNNEX Corporation	USA

The main components of the discount rate are as follows:

- the gross cost of own capital, determined by the sum of the “Risk Free Rate”, equal to the average rate of return in the last quarter of 2022 of the 10-year benchmark government bond of Italy (CGU1) and Spain (CGU), the “Market Risk Premium” and the “Additional Risk Premium” estimated on the basis of databases commonly used by analysts and investors;
- the Beta Levered coefficient, determined on the basis of the periodic average of the sample of comparable companies;
- the gross marginal cost of the debt, obtained as the sum of the Base Rate, equal to the average reference rate in the last quarter of 2022 of the 10-year IRS, and a credit spread estimated on the basis of databases commonly used by analysts and investors;
- the tax rate, equal to the nominal corporate income tax rate of the countries where the CGUs are domiciled for tax purposes (Italy and Spain).

The IAS 36, paragraph 55, requires that the discount rate be calculated before tax (‘pre-tax’) but allows for the discounting of flows to be carried out using an estimated rate net of the tax effect (‘post-tax’), provided that the expected flows are also expressed net of the tax effect.

Nevertheless, the WACC calculated in the post-tax version has also been converted into the pre-tax equivalent defined as pre-tax WACC that leads to the same result when discounting back pre-tax cash flows. For further details see the table below.

Terminal Value

The Terminal Value recorded at the end of the explicit forecasting period was calculated on the basis of the ‘Perpetuity Method’ (last year’s unlimited cash flow capitalisation model), assuming long-term sustainable cash flow growth from year 5 onwards at a constant rate (‘g’).

This rate is equal, hypothetically, to the inflation rate expected for 2027 (source: International Monetary Fund) in Italy (2.00%) and Spain (1.70%) as regards CGU1 and CGU2.

B) Basic assumption / Critical variables

The following table describes the main basic assumptions used to calculate the recoverable value for each CGU with reference to the technical methods underlying the ‘DCF Model’:

	Italy IT&CE “B2B” CGU 1	Spain IT&CE “B2B” CGU 2
Future cash flow expected:		
Forecast horizon	5 years	5 years
"g" (long-term growth rate)	2.00%	1.70%
Discount rates:		
Risk capital cost	12.23%	11.22%
Marginal gross cost of capital debt	5.67%	5.67%
Tax rate	24.00%	25.00%
Target financial structure (D/D+E)	0.25	0.25
Target financial structure (E/D+E)	0.75	0.75
WACC post-tax	10.25%	9.50%
WACC pre-tax	13.80%	12.35%

With reference to the key assumptions used in the cash flow forecast and for the 'value in use' calculation we point out that the CGU values are particularly sensitive to the following parameters:

- revenue growth rates;
- gross product margin / fixed costs contribution margin;
- operating leverage;
- cash flow discount rates;
- growth rate 'g' applied to the cash flow of the last defined year utilised for the Terminal Value calculation.

C) Indicators of loss of values and 'impairment test'

The presence was assessed for each CGU, and in the case the actual implication was examined, of factors indicating impairment ("triggering events") that may be both of an external and internal nature with respect to the Group. In particular, the following were examined:

- any deterioration in the macroeconomic and macro-financial conditions;
- any deterioration in the economic environment and market of operations;
- any operating discontinuity;
- any discontinuity in cost factors;
- any unfavourable trend in market rates or in other rates of return on capital such as to affect the discount rate used in calculating value in use;
- any verification of negative operating events;
- any reduction in the value of the Stock Market capitalisation with respect to reported Equity.

In relation to the Stock Market capitalisation value with respect to the reported shareholders' equity, it is represented that, regardless of the theoretical observations and the technical factors, which may generate differences between the two balances, the Stock Market valuation as at 31 December 2022 was lower than the reported Shareholders' Equity pertaining to the Group (344.6 million euro compared to 409.2 million euro) while during the year it had been higher (415.5 million euro), given the decrease was in line with the one registered on the majority of securities and price lists as a result of the macroeconomic context in the period.

It was concluded that none of the indicators analysed could be suggestive of a loss in value of any of the CGUs analysed.

D) Value adjustments and sensitivity analysis

The impairment tests carried out did not highlight the need to write down any of the values of goodwill recorded as at 31 December 2022, which are therefore confirmed.

Below are the parameters that the WACC and 'g' variables should have assumed in order for there to be a correspondence between the recoverable value and the carrying amount:

Key variables for: **Enterprise Value = Carrying Amount**	**Italy** **IT&CE "B2B"** **CGU 1**	**Spain** **IT&CE "B2B"** **CGU 2**
"g" (long-term growth rate)	-1.54%	-2.36%
WACC post-tax	12.60%	12.16%

In addition to the estimated average flows used to determine value in use, for information purposes only as required by IAS 36 and on the basis of the indications contained in joint Bank of Italy/CONSOB/ISVAP document No. 4 of 3 March 2010, sensitivity analyses were also carried out on the following key variables:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discount rate;
- the forecast EBITDA for the plan horizon.

The variation ranges compared to the "unique scenario" taken into account are as follows:

- 'g' decreased by -50% and equal to zero;
- WACC higher than +100 bps and +200 bps;
- EBITDA lower than -10% and -20%.

As a result of these analyses, for both CGUs, only in extreme scenarios arising from the different combinations of key assumptions as shown before, including the worst scenario resulting from the use of a g of 0% (equal to an actual negative 'g' of -2.0% and -1.7%, respectively), a WACC increased by +200 bps and a plan EBITDA reduced by -20%, is the recoverable value lower than the net carrying amount.

3) INTANGIBLE ASSETS

The following table highlights the changes occurred during the year:

(euro/000)	Start-up and expansion costs	Industrial and other patent rights	Licences, concessions, brands names and similar rights	Assets under construction and advances and payments on account	Other intangible assets	Total
Historical cost	3	12,700	38	110	8,477	**21,328**
Accumulated depreciation	(3)	(11,952)	(27)	-	(819)	**(12,801)**
Balance at 31/12/2021	**-**	**748**	**11**	**110**	**7,658**	**8,527**
Business combination acquisition - historical cost	-	102	750	-	-	**852**
Business combination acquisition - accumulated depreciation	-	(11)	(76)	-	-	**(87)**
Historical cost increase	-	1,405		99	-	**1,504**
Historical cost decrease	-	-	(1)	-	-	**(1)**
Historical cost reclassification	-	110		(110)	-	**-**
Increase in accumulated depreciation	-	(483)	(9)	-	(651)	**(1,143)**
Total changes	**-**	**1,123**	**664**	**(11)**	**(651)**	**1,125**
Historical cost	3	14,317	787	99	8,477	**23,683**
Accumulated depreciation	(3)	(12,446)	(112)	-	(1,470)	**(14,031)**
Balance at 31/12/2022	**-**	**1,871**	**675**	**99**	**7,007**	**9,652**

The item "*Acquisitions in business combinations*" for a value of 0.8 million euro refers to the first-time consolidation on 3 November 2022 of Bludis S.r.l.

The item '*Industrial patent and other intellectual property rights*' highlights increases relative to the software licences for the long-term renewal and upgrade of IT operating system.

The amortisation rates applied to each asset category are unchanged compared with those as at 31 December 2021.

6) DEFERRED INCOME TAX ASSETS

(euro/000)	31/12/2022	31/12/2021	Var.
Deferred income tax assets	9,091	10,713	(1,622)

The balance of this item is represented by temporary differences between carrying amounts and values recognised for tax purposes that the Group expects to recover in future years following the realisation of taxable profits.

The recoverability is supported by the estimated net income based on the forecast plans derived from the 2023-27E economic-financial projections of the Esprinet Group, approved by the Esprinet S.p.A. Board of Directors on 14 March 2023.

The following table shows the composition of the item in question:

(euro/000)	31/12/2022			31/12/2021		
	Temporary differences	Fiscal effect (tax rate %)	Amount	Temporary differences	Fiscal effect (tax rate %)	Amount
Deferred income tax:						
Tax losses carried forward	10,128	24%-25%-21%	2,451	17,756	24%-25%-21%	4,341
Risk provision	813	24%-25%	198	965	24%-25%	232
Goodwills' amortisation	12,243	27.9%-25%	3,073	9,264	27.9%-25%	2,330
Bad debt provision	1,979	24%-25%	475	1,540	24%-25%	370
IFRS 16 - Leases	2,232	24%-25%	546	1,631	24%-25%	403
Inventory obsolescence provision	3,442	27.9%-22.5%	949	4,286	27.9%-22.5%	1,189
Change in inventory/deletion of intercompany margin	104	27.90%	29	290	27.90%	81
Director's fees not paid	845	27.9%-25%	206	2,461	27.9%-25%	581
Agent suppl. indemnity provision	574	27.90%	160	634	27.90%	177
Provision sales returns	1,660	27.9%-25%-22.5%	449	1,170	27.9%-25%-22.5%	317
Other	2,473	24%-25%-27.9%-10%	555	3,058	24%-25%-27.9%-10%	692
Deferred income tax assets			**9,091**			**10,713**

The item 'Other' refers mainly to the deferred income tax assets arising from the temporary differences on the estimated exchange losses, on the actuarial valuation of the staff severance indemnity (TFR) and on the adjustments deriving from the application of international accounting standards not expressly indicated.

The time-related allocation of the expected use of the deferred tax asset is as follows:

(euro/000)		Within 1 year	1-5 years	After 5 years	Total
Deferred income tax assets	31/12/2022	2,731	3,062	3,298	**9,091**
	31/12/2021	2,934	5,223	2,556	**10,713**

9) RECEIVABLES AND OTHER NON-CURRENT ASSETS

(euro/000)	31/12/2022	31/12/2021	Var.
Guarantee deposits receivables	2,348	2,422	(74)
Receivables and other non-current assets	**2,348**	**2,422**	**(74)**

The item '*Guarantee deposits receivables*' refers mainly to guarantee deposits for utilities for existing lease contracts.

CURRENT ASSETS

10) INVENTORY

(euro/000)	31/12/2022	31/12/2021	Var.
Finished products and goods	677,274	535,338	141,936
Provision for obsolescence	(4,586)	(5,836)	1,250
Inventory	**672,688**	**529,502**	**143,186**

The amount of inventories, totalling 672.7 million euro, shows an increase of 143.2 million euro compared with existing stock as at 31 December 2021. The change was influenced by an increase in the number of days of inventory turnover, offset by an improvement of approximately 14.1 million euro, relating to products in transit from suppliers or to customers (133.3 million euro overall as at 31 December 2022 and 147.5 million euro as at 31 December 2021).

The 4.6 million euro allocated to *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)	31/12/2022	31/12/2021	Var.
Provision for obsolescence: year beginning	**5,836**	**7,017**	**(1,181)**
Uses/Releases	(2,364)	(4,832)	2,468
Accruals	1,114	3,553	(2,439)
Acquisition in business combination	-	98	(98)
Provision for obsolescence: period-end	**4,586**	**5,836**	**(1,250)**

The item '*Provisions*' is the management's best estimate of the recoverability of the inventory value as at 31 December 2022.

11) TRADE RECEIVABLES

(euro/000)	31/12/2022	31/12/2021	Var.
Trade receivables - gross	705,687	590,290	115,397
Bad debt provision	(4,616)	(4,768)	152
Trade receivables - net	**701,071**	**585,522**	**115,549**

‘*Trade receivables*’ arise from normal sales transactions engaged in by the Group in the context of ordinary marketing activities. These transactions are entered into almost entirely with customers resident in the countries where the Group operates, are almost all in euro and are short-term.

Gross trade receivables, which include 3.3 million euro (0.3 million euro in 2021) of receivables sold with recourse to factoring companies, adjusted by credit notes to be issued to customers for a value of 105.5 million euro (79.1 million euro at the end of 2021) and include 150.5 million euro of receivables valued at fair value (147.2 million euro as at 31 December 2021).

The change in gross receivables is determined not only by the overall volumes of turnover and their trend over time, in turn also determined by seasonal factors, but also by the impact of the revolving programmes for the disinvestment of trade receivables (i.e. approx. 540.2 million euro as at 31 December 2022 compared to 561.0 million euro in 2021).

The receivables are adjusted to their presumed realisable value through the recognition of an appropriate bad debt provision, which is replenished by allocations determined on the basis of an analytical valuation process for each individual customer, in relation to the related past due receivables and outstanding commercial disputes, taking into account insurance coverage (for further information, please refer to the ‘*Disclosure on risks and financial instruments*’ section). The change in the provision is represented below:

(euro/000)	31/12/2022	31/12/2021	Var.
Bad debt provision: year-beginning	**4,768**	**6,183**	**(1,415)**
Uses/Releases	(2,831)	(3,513)	682
Accruals	2,665	1,661	1,004
Acquisition in business combination	14	437	(423)
Bad debt provision: period-end	**4,616**	**4,768**	**(152)**

The item “*Acquisitions in business combinations*” for a value of 14 thousand euro refers to the first-time consolidation on 3 November 2022 of Bludis S.r.l..

12) INCOME TAX ASSETS (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Income tax assets	1,113	310	803

Tax receivables for current taxes refer to the prevalence of IRES and IRAP advances calculated on the income of the previous year but, exceeding the current taxes accrued in 2022 by the parent company Esprinet S.p.A. (745 thousand euro), by 4Side S.r.l. (26 thousand euro), by Dacom S.p.A. (182 thousand euro) and IdMAINT S.r.l. (73 thousand euro). The remaining part of the balance (87 thousand euro) refers to receivables due from the Portuguese and Moroccan tax authorities awaiting recovery.

13) OTHER ASSETS (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Receivables from associates companies (A)	**-**	**-**	**-**
Withholding tax assets	23	-	23
VAT receivables	2,451	4,509	(2,058)
Other tax assets	35,775	32,149	3,626
Other receivables from Tax authorities (B)	**38,249**	**36,658**	**1,591**
Receivables from factoring companies	3,207	3,128	79
Other financial receivables	10,336	9,857	479
Receivables from insurance companies	424	2,852	(2,428)
Receivables from suppliers	9,890	13,753	(3,863)
Receivables from employees	6	16	(10)
Receivables from others	126	152	(26)
Other receivables (C)	**23,989**	**29,758**	**(5,769)**
Prepayments (D)	**6,670**	**3,914**	**2,756**
Other assets (E= A+B+C+D)	**68,908**	**70,330**	**(1,422)**

VAT receivables refer to VAT receivables accrued for approx. 1.8 million euro by the Italian subsidiary V-Valley S.r.l. and for approx. 0.7 million euro by the subsidiaries of the Iberian Subgroup.

The '*Other tax assets*' figure refers almost entirely to the receivable of the parent company Esprinet S.p.A. from the tax authorities following the payment, made on a provisional basis, of tax collection files relating to indirect taxes in relation to which disputes are in progress, details of which are provided in the section '*Developments in Group disputes*' under the notes to item '*26) Non-current provisions and other liabilities*'.

Receivables from factoring companies, referring entirely to the parent company, relate to the residual amount still unpaid of the trade receivables transferred 'without recourse' at the end of December 2022. At the time this report was drafted, the receivables due had been almost entirely paid.

Other financial receivables, referring entirely to the parent company, refer to a guarantee deposit provided to the buyer of the receivables assigned in the securitisation transaction executed by the Group to cover any dilution that may occur in the course of this activity or in the months following the transaction closing.

Receivables from insurance companies include the insurance compensation – after deductibles – recognised by the insurance companies for claims of various kinds not yet paid, but which are reasonably expected to be collected within the next fiscal year.

Receivables from suppliers, as at 31 December 2022, refer to credit notes received exceeding the amount owed at the end of December for a mismatch between the timing of their quantification and the payment of suppliers. They also include receivables from suppliers for advance payments requested by suppliers before purchase orders are executed, as well as receivables from hauliers for advance VAT payments and customs duties pertaining to imports.

Prepayments are costs (mainly maintenance and assistance fees, interest expenses on loans not drawn down) whose accrual is deferred with respect to that of the cash movement.

17) CASH AND CASH EQUIVALENTS

(euro/000)	31/12/2022	31/12/2021	Var.
Bank and postal deposit	172,167	491,455	(319,288)
Cash	18	16	2
Total cash and cash equivalents	**172,185**	**491,471**	**(319,286)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. They are partly temporary in nature as they originate from the normal short-term financial cycle of collections/payments which sees payments from customers concentrated at the end and middle of each month, whereas financial outflows linked to payments to suppliers have a more linear trend.

The market value of the cash and cash equivalents corresponds to their carrying amount.

SHAREHOLDERS' EQUITY

(euro/000)	31/12/2022	31/12/2021	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	367,340	354,337	13,003
Own shares (C)	(13,330)	(20,263)	6,933
Total reserves (D=B+C)	**354,010**	**334,074**	**19,936**
Net income for the year (E)	**47,346**	**44,183**	**3,163**
Net equity (F=A+D+E)	**409,217**	**386,118**	**23,099**
Non-controlling interests (G)	-	-	-
Total equity (H=F+G)	**409,217**	**386,118**	**23,099**

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

19) SHARE CAPITAL

The Esprinet S.p.A. *Share capital*, fully subscribed and paid-in in December 2022, is 7,860,651 euro and comprises 50,417,417 shares with no face value, following the cancellation, on 22 June 2020, of 1,470,217 shares and 516,706 shares on 10 May 2022, as set forth in the resolutions of the relevant Shareholders' Meetings.

20) RESERVES

Reserves and retained earnings

The *Reserve and retained earnings* balance increased by 13,0 million euro, mainly due to combined effect of the allocation of profits from the previous year and the distribution of dividends to shareholders.

Reserves also includes the value of the Esprinet stock grant rights to Group Directors and executives in relation to the 2021-2023 Share incentive plan approved by Esprinet S.p.A.'s Shareholders' Meeting on 7 April 2021.

The value of said rights was recognised in the income statement under the costs of employees and the costs of the directors, and was quantified on the basis of the elements described in detail in the section "Share incentive plans" in the following chapter 8. "Comments on income statement items" to which reference should be made.

For more details, please refer to the *Consolidated statement of changes in shareholders' equity*.

Own shares on hand

The amount refers to the total purchase price of 1,011,318 Esprinet S.p.A. shares owned by the Company in service of the 2021-2023 Share incentive plan.

The change with respect to the 1,528,024 shares held as at 31 December 2021 derives from the cancellation, on 10 May 2022, of 516,706 shares in implementation of the resolution of Esprinet S.p.A.'s Shareholders' Meeting of 14 April 2022.

21) GOUP NET INCOME

The year's Group profits amount to 47.3 million euro, an increase compared with the previous year's 44.2 million euro.

NON-CURRENT LIABILITIES

22) BORROWINGS

(euro/000)	31/12/2022	31/12/2021	Var.
Borrowings	71,118	106,531	(35,413)

Payables to banks are represented by the valuation at the amortised cost of the portion of the medium-long term loans granted by the Group companies falling due beyond next year.

The change compared with previous year is due to the combined effect of the signing of new loans during the year, the reclassification of instalments falling due within 12 months under item current payables, in accordance with the loan amortisation plans.

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

31) LEASE LIABILITIES (NON-CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (non-current)	101,661	102,253	(592)

The liability is related to the Rights of use existing at the reference balance sheet dates.

The variation can be detailed as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (non-current)	**102,253**	**93,999**	**8,254**
Acquisition in business combination	1,098	-	1,098
Increase from subscribed contracts	9,683	18,482	(8,799)
Termination/modification of contracts	-	(373)	373
Reclassification non current liabilities	(11,373)	(9,855)	(1,518)
Lease liabilities (non-current)	**101,661**	**102,253**	**(592)**

The following table analyses the maturity dates of the financial liabilities booked as at 31 December 2022:

(euro/000)	Within 5 years	After 5 years	31/12/2022
Lease liabilities (non current)	50,195	51,466	101,661

With reference to the application of IFRS 16 as from the financial statements as at 31 December 2019, the Group did not apply the standard to leases of intangible assets.

It should also be noted that the Group analyses the lease contracts with regards to the lease term, defining the 'non-cancellable' period for each of them, together with the effects of extension and early termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings, this valuation considered the specific facts and circumstances of each activity. With regard to the other categories of assets, mainly company vehicles, the Group generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Group's usual practice.

Lastly, liabilities related to rights of use are measured considering the variable payments due for the leases linked to indices or rates (e.g. ISTAT index), where contractually provided for.

24) DEFERRED INCOME TAX LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Deferred income tax liabilities	16,646	14,784	1,862

The balance of this item depends on higher taxes that the Group has to pay in the next financial years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

The following table shows the composition of the item in question:

(euro/000)	31/12/2022			31/12/2021		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax liabilities						
Goodwills' amortisation	56,847	27.9%-25%	14,543	49,966	27.9%-25%	12,814
Customer Relationship	7,007	25.00%	1,752	7,658	25.00%	1,915
Other	1,417	24%-27.9%-25%	351	223	24%-27.9%-25%	55
Total deferred income tax liabilities			**16,646**			**14,784**

The item Other mainly refers to deferred taxes that derive from the temporary differences originating on the inclusion of accessory charges in the value of inventories and on the gains on exchange rates.

The time-related allocation of deferred income tax liabilities is as follows:

(euro/000)		Within 1 year	1-5 years	After 5 years	Total
Deferred income tax liabilities	31/12/2022	511	652	15,483	**16,646**
	31/12/2021	57	652	14,075	**14,784**

25) RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations reflect the staff severance indemnities ('TFR') and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

The entire provision amount is attributable to the Italian companies, since a similar system does not exist in Spain.

Changes occurred during the year are shown in the table below:

(euro/000)	31/12/2022	31/12/2021	Var.
Balance at year-beginning	**5,232**	**4,847**	**385**
Acquisition in business combination	657	1,060	(403)
Service cost	171	35	136
Interest cost	53	19	34
Actuarial (gain)/loss	(428)	(133)	(295)
Pensions paid	(334)	(596)	262
Changes	3	-	3
Retirement benefit obligations	**5,354**	**5,232**	**122**

Values recognised in the income statement are as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Amounts booked under personnel costs	171	35	136
Amounts booked under financial costs	53	19	34
Total	**224**	**54**	**170**

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 2021 and the actual development of the provision as at 31 December 2022 (members, payments made, benefit revaluation). The discount rate used reflects the market returns, at the financial statements date, of a panel of primary company bonds with a maturity date connected with the employee average residual employment in the Group's companies (higher than 10 years)[7].

The item "*Acquisitions in business combinations*" refers to the first consolidation of Bludis S.r.l. on 3 November 2022.

[7] Please note that the iBoxx Eurozone Corporates AA7-10 index has been used as the reference parameter.

The 'Projected Unit Credit Method' was used to account for employee benefits, based on demographic assumptions and on the following economic-financial assumptions:

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender. These probabilities were calculated starting from the pension distribution by age and gender existing on 1 January 1987 with effect from 1984, 1985, 1986 referring to the credit segment personnel;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;
- probability of terminating employment for reasons other than death: an annual 6% frequency has been considered based on available statistical series for the Group companies, with the exception of the subsidiary 4 Side S.r.l. for which an annual frequency of 10% was considered;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/2022	31/12/2021
Cost of living increase [1]	5.90%	1.20%
Discouting rate [2]	3.63%	0.98%
Remuneration increase	Inflation + 1.5%	2.70%
Staff severance indemnity (TFR) - annual rate increase [3]	5.93%	2.40%

(1) 5.9% for 2023, 2.3% for 2024, 2.0% from 2025.

(2) IBoxx Eurozone Corporates AA 7-10 index has been used for the calculation.

(3) 5.93% for 2023, 3.3% for 2024, 3.0% from 2025.

Sensitivity analyses

Pursuant to IAS 19 Revised, a sensitivity analysis of changes in main actuarial hypothesis used in the calculation model is required.

The scenario described in the previous paragraphs was considered as the baseline scenario and from that the most significant assumptions were increased and decreased, i.e. the average annual discount rate, the average inflation rate and the turnover rate, respectively, by half, one quarter and two percentage points. The outputs thus obtained are summarised as follows:

(euro)		Sensitivity analysis Esprinet Group
Past Service Liability		
Annual discount rate	0.50%	5,159,578
	-0.50%	5,560,294
Annual inflation rate	0.25%	5,407,080
	-0.25%	5,301,309
Annual turnover rate	2.00%	5,382,190
	-2.00%	5,332,052

As required by IAS 19 Revised, the estimated expected payments (in nominal value) for the next few years are as follows:

(euro) Year	Future Cash Flow Esprinet Group
0 - 1	461,953
1 - 2	451,825
2 - 3	443,314
3 - 4	427,490
4 - 5	624,444
5 - 6	482,438
6 - 7	565,558
7 - 8	384,867
8 - 9	531,609
9 - 10	491,829
Over 10	4,913,614

49) DEBTS FOR INVESTMENTS IN SUBSIDIARIES (NON-CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Debts for investments in subsidiaries (non-current)	600	1,615	(1,015)

The item '*Payables for purchase of equity investments (non-current)*' as at 31 December 2022 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 the companies Dacom S.p.A. (0.5 million euro) and idMAINT S.r.l. (0.1 million euro) in January 2021.

26) NON-CURRENT PROVISIONS AND OTHER LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Long-term liabilities for cash incentives	135	224	(89)
Provisions for pensions and similar obligations	1,879	1,694	185
Other provisions	560	619	(59)
Non-current provisions and other liabilities	**2,574**	**2,537**	**37**

The item *Payables for monetary incentives* as at 31 December 2022 refers to the portion of the variable consideration payable to beneficiaries from the second year onwards with respect to that of accrual conditional, among others, on the beneficiary's employment with the Group until the payment date.

The 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)	31/12/2022	31/12/2021	Var.
Provisions for pensions: year-beginning	**1,694**	**1,691**	**3**
Uses/Releases	(101)	(308)	207
Accruals	286	257	29
Acquisition in business combination	-	54	(54)
Provisions for pensions: period-end	**1,879**	**1,694**	**185**

The amount entered under *Other provisions* is intended to cover risks relating to current legal and tax-related disputes. Changes occurred in the period are as below:

(euro/000)	31/12/2022	31/12/2021	Var.
Other provisions: year-beginning	**619**	**290**	**329**
Uses/Releases	(374)	(101)	(273)
Accruals	262	430	(168)
Acquisition in business combination	53	-	53
Other provisions: period-end	**560**	**619**	**(59)**

Developments in Group disputes

The main disputes involving the Group are provided below, along with developments in 2022 (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.

Actebis Computer S.p.A. (now Esprinet S.p.A.) indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), all outstanding disputes have been resolved, with the exception of that pertaining to the year 2005, for which Esprinet, at the recommendation of the seller of Actebis and supported by the latter's advisors, after the failure of a tax settlement proposal, lodged an appeal at the various stages of legal proceedings, with the enforcement of all payments due based on prior receipt of the funds from the seller.

Following the negative ruling of the Regional Tax Commission on 23 September 2014, the seller's advisors also filed an appeal before the Court of Cassation where the same is pending and the hearing has not yet been set.

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

On 30 November 2016, the Company was served a notice relating to an assessment through which the Revenue Agency requested the recovery of VAT of 1.0 million euro, plus penalties and interests. The failure to apply VAT on taxable transactions carried out in 2011 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable sentence on 24 November 2017 before the Provincial Tax Commission, and on 12 February 2019 before the Regional Tax Commission.

As set forth in the administrative proceedings, payments totalling 2.5 million euro were made during the judicial process which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item "Other tax receivables".

On 4 December 2019, an appeal was filed with the Court of Cassation; the date of the hearing for the discussion of the case has not yet been set.

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

On 2 October 2017, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 3.1 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2012 on three business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received a favourable ruling on 21 September 2018 before the Provincial Tax Commission, but an unfavourable one on 17 February 2020 before the Regional Tax Commission.

As set forth in the administrative proceedings, February 2021 saw the payment of 5.1 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".

On 25 September 2020, the Company filed an appeal with the Court of Cassation and the Revenue Agency filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

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

On 31 July 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 66 thousand euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable ruling on 29 January 2019 before the Provincial Tax Commission, but a favourable one on 29 January 2020 before the Regional Tax Commission.

On 19 March 2021, the Revenue Agency filed an appeal with the Court of Cassation and the Company filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

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

On 20 December 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 14.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other seven business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that these business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received an unfavourable ruling on 23 September 2020 before the Provincial Tax Commission and an unfavourable one on 14 February 2022 before the Regional Tax Commission (sentence filed on 28 February 2022).

On 23 May 2022, the Company filed an appeal with the Court of Cassation and the Revenue Agency filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

On 5 October 2022, the Revenue Agency-Collection granted the instalment in no. 18 months' salary, with a unit value of 0.7 million euro and starting from the same month of October 2022, of the residual amounts due provided for in the administrative procedure.

Therefore, payments totalling 26.6 million euro were made during the judicial process (of which 2.1 million euro in 2022) which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item "Other tax receivables".

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

On 13 September 2021, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 6.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal before the Provincial Tax Commission, whose date of the hearing for the discussion of the case, initially set for 18 October 2022, has been postponed to a date to be set.

In the meantime, on 21 July 2022, the Revenue Agency-Collection granted the instalment in no. 18 months' salary, with a unit value of almost Euro 0.2 million and starting from August 2022, of the amounts envisaged by the administrative procedure.

As at 31 December 2022, therefore, payments had been made for a total of 0.8 million euro which, as all stages of legal proceedings are yet to be concluded, were recognised in the financial statements under the item "Other tax receivables".

Esprinet S.p.A. indirect taxes for the year 2014

On 23 December 2022, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 32.4 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2014 on a list of business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

Although the Company believes that it has acted correctly, on 18 January 2023 it filed a tax settlement proposal simply to avoid tax litigation.

Esprinet S.p.A. indirect taxes for the year 2015

On 23 December 2022, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 27.8 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2015 on a list of business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

Although the Company believes that it has acted correctly, on 18 January 2023 it filed a tax settlement proposal simply to avoid tax litigation.

Esprinet S.p.A. indirect taxes for the year 2016

On 23 December 2022 the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 10.0 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2016 on a list of business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

Although the Company believes that it has acted correctly, on 18 January 2023 it filed a tax settlement proposal simply to avoid tax litigation.

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

On 20 July 2016, upon conclusion of a tax audit to which it was subject, the company received an assessment notice through which the Revenue Agency requested the recovery of direct taxes for 82 thousand euro, as well as penalties and interest. The deduction or non-taxation of income components relating to 2012 (the year in which the company was still part of the Esprinet Group) has been contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 26 June 2017 before the Provincial Tax Commission, but lost the appeal on 3 July 2018 before the Regional Tax Commission.

As envisaged by the administrative procedure, payments for a total of 162 thousand euro were made during the course of the judicial procedure, recorded in the income statement in 2018.

On 16 July 2019, the Company lodged an appeal before the Court of Cassation.

Edslan S.r.l. Registration tax for the year 2016

On 4 July 2017, the company, merged by incorporation into Esprinet S.p.A. in 2018, received an assessment notice through which the Revenue Agency requested the recovery of the registration tax for 182 thousand euro, as well as penalties and interest. The determination of the business unit acquired on 8 June 2016 by the selling company Edslan S.p.A. (now I-Trading S.r.l.) has been contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 19 June 2018 before the Provincial Tax Commission, and on 22 January 2020 before the Regional Tax Commission.

On 8 January 2021, the company filed a counter-appeal before the Court of Cassation, whose date of the hearing for the discussion of the case has not yet been set, after appeal by the Revenue Agency.

CURRENT LIABILITIES

27) TRADE PAYABLES

(euro/000)	31/12/2022	31/12/2021	Var.
Trade payables - gross	1,263,687	1,318,591	(54,904)
Credit notes to be received	(151,521)	(127,735)	(23,786)
Trade payables	**1,112,166**	**1,190,856**	**(78,690)**

The balance of Payables to suppliers, compared to 31 December 2021, is largely influenced by the overall volumes of purchases and their trend over time, which in turn also depend on seasonal factors of the distribution business.

The item 'Receivables – credit notes' refers mainly to the rebates related to commercial targets reached, to various incentives, to reimbursement of joint marketing activities with suppliers and to stocks contractual protections.

There are no trade payables with collaterals on corporate assets nor with a residual duration longer than 5 years.

28) SHORT-TERM FINANCIAL LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Bank loans and overdrafts	66,744	45,036	21,708
Other financial payables	15,419	10,159	5,260
Short-term financial liabilities	**82,163**	**55,195**	**26,968**

Payables to banks refer to the valuation at the amortised cost of the short-term financing lines and the portion falling due within next year of the medium-long term loans granted to the Group companies (47.5 million euro as principal as at 31 December 2022 and 35.7 million euro, also as principal, as at 31 December 2021).

The change compared to the previous year depends on the combined effect of the following phenomena:

- the greater or lesser use of short-term forms of financing;
- the portion due within the next year of two new medium/long-term loan obtained by the Parent Company in May and June 2022;
- the repayment of the portions of medium / long-term loans according to the amortisation plans with the related reclassification from non-current financial payables of the instalments due within the 12 months following 31 December 2022.

Details relating to the outstanding medium/long-term loans can be found in the following '*Net financial indebtedness and loans covenants*' paragraph, to which reference should be made.

Payables to other lenders are mainly advances obtained from factoring companies deriving from the usual with-recourse assignment of receivables, and from payments received in the name and on behalf of clients under the non-recourse factoring agreement. The change in payables is closely correlated to the volume and different timing of the financial settlement of the receivables factored.

36) LEASE LIABILITIES (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (current)	10,740	9,829	911

The liability is related to the Rights of use existing at the reference balance sheet dates.

The variation can be detailed as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (current)	**9,829**	**8,867**	**962**
Acquisition in business combination	107	576	(469)
Reclassification non current liabilities	11,373	9,855	1,518
Lease interest expenses	3,241	3,183	58
Payments	(13,810)	(12,569)	(1,241)
Termination/modification of contracts	-	(83)	83
Lease liabilities (current)	**10,740**	**9,829**	**911**

29) INCOME TAX LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Income tax liabilities	1,058	4,287	(3,229)

Income tax liabilities refer primarily to the subsidiaries Bludis S.r.l. (0.3 million euro), V-Valley S.r.l. (26 thousand euro), Erredi France SARL (2 thousand euro), Erredi Deutschland Gmbh (6 thousand euro), Celly Pacific LTD (16 thousand euro) and the subsidiary Esprinet Iberica (0.7 million euro) and reflect the excess amount of current income taxes accrued with respect to the advances paid.

30) DERIVATIVE FINANCIAL LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Derivative financial liabilities	24	2	22

The balance of derivative financial liabilities, as at 31 December 2022 referred to the fair value of instruments used by V-Valley Advanced Solutions España, S.A. to mitigate the exchange risk related to payables in foreign currency from suppliers.

For further details, please refer to the section "*Hedge accounting*" under the paragraph "*Disclosure on risks and financial instruments*".

51) DEBTS FOR INVESTMENTS IN SUBSIDIARIES (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Debts for investments in subsidiaries (current)	2,455	1,854	601

The item Payables for equity investments in subsidiaries (current) as at 31 December 2022 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. (0.1 million euro, purchase completed in October 2020), and all the shares and holdings of the companies Dacom S.p.A. (0.6 million euro) and idMAINT S.r.l. (0.1 million euro) acquired in January 2021, in addition to the amount to be paid within 12 months in relation to the acquisition price of all shares of the company Bludis S.r.o. (1.7 million euro) acquired on 3 November 2022.

32) PROVISIONS AND OTHER LIABILITIES

Current provisions and other liabilities solely includes payables whose maturity is within the following 12 months.

(euro/000)	31/12/2022	31/12/2021	Var.
Social security liabilities (A)	**5,366**	**5,327**	**39**
Associates companies liabilities (B)	**-**	**-**	**-**
VAT payables	29,281	13,035	16,246
Withholding tax liabilities	522	488	34
Other tax liabilities	1,809	1,500	309
Other payables to Tax authorities (C)	**31,612**	**15,023**	**16,589**
Payables to personnel	10,005	11,246	(1,241)
Payables to customers	9,193	7,971	1,222
Payables to others	2,040	1,226	814
Total other creditors (D)	**21,238**	**20,443**	**795**
Accrued expenses and deferred income related to:			
- Accrued expenses for insurance costs	227	288	(61)
- Deferred income - advanced receivables	75	121	(46)
- Other deferred income	124	62	62
Accrued expenses and deferred income (E)	**426**	**471**	**(45)**
Provisions and other liabilities (F=A+B+C+D+E)	**58,642**	**41,264**	**17,378**

VAT liabilities refer to the amount of VAT payable accrued during the month of December and are substantially attributable to the parent company Esprinet S.p.A. for 12.7 million euro and to the companies of the Iberian Subgroup for 15.5 million euro.

Social security liabilities refer mainly to payables linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

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

Payables to personnel refer to deferred monthly compensation (holidays not taken, year-end bonus, monetary incentives included) accrued at the balance sheet date.

Payables to customers refer mainly to credit notes issued and not yet paid relating to current trading relationships.

Payables to others mainly include remunerations accrued by Directors and fees accrued and not paid to the Group's network of agents. The balance as at 31 December 2022 also includes 1.1 million euro relating to the payable that arose to shareholders for dividends from the profit for 2021, resolved in 2022 but still not collected as of said date.

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

7. GUARANTEES, COMMITMENTS AND POTENTIAL RISKS

COMMITMENTS AND POTENTIAL RISKS

The commitments and risks potentially facing the Group are as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Third-party assets on consignment to the Group	98,381	61,674	36,707
Bank guarantees issued in favour of other companies	16,353	16,196	157
Total guarantees issued	**114,734**	**77,870**	**36,864**

THIRD-PARTY ASSETS

The amount refers mainly to the value of goods owned by third parties deposited at the Esprinet S.p.A.'s warehouses (72.9 million euro), of Esprinet Iberica S.L.U. (22.6 million euro) and V-Valley Advanced Solutions España, S.A. (2.8 million euro).

BANK GUARANTEES ISSUED IN FAVOUR OF OTHER COMPANIES

The amount refers mainly to bank guarantees issued for deposits in relation to property lease agreements entered into in Italy, and bank suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

8. NOTES TO INCOME STATEMENT ITEMS

33) SALES FROM CONTRACTS WITH CUSTOMERS

The following provides a breakdown of the Group's revenue performance during the year. Further analyses of sales are provided in the '*Directors' Report on Operations*'.

Sales by products and services

(euro/million)	2022	%	2021	%	Var.	% Var.
Product sales	2,789.8	59.6%	2,888.6	61.6%	(98.8)	*-3%*
Services sales	8.3	0.2%	6.8	0.1%	1.5	*22%*
Sales - Subgroup Italy	**2,798.1**	**59.7%**	**2,895.4**	**61.7%**	**(97.3)**	**-3%**
Product sales	1,877.1	40.1%	1,789.9	38.2%	87.2	*5%*
Services sales	9.0	0.2%	5.6	0.1%	3.4	*61%*
Sales - Subgroup Spain	**1,886.1**	**40.3%**	**1,795.5**	**38.3%**	**90.6**	**5%**
Sales from contracts with customers	**4,684.2**	**100.0%**	**4,690.9**	**100.0%**	**(6.7)**	**-0%**

The values expressed in relation to the comparison periods differ from those published previously as a result of a review and better identification of the services provided to customers.

Sales by geographic area

(euro/000)	2022	%	2021	%	% Var.
Italy	2,751.7	58.7%	2,854.7	60.9%	*-4%*
Spain	1,749.6	37.4%	1,686.7	36.0%	*4%*
Portugal	126.5	2.7%	107.5	2.3%	*18%*
Other EU countries	36.9	0.8%	28.7	0.6%	*29%*
Extra EU countries	19.5	0.4%	13.3	0.3%	*47%*
Sales from contracts with clients	**4,684.2**	**100.0%**	**4,690.9**	**100.0%**	**-0%**

The Group recorded sales in Italy of 2,751.7 million euro, -4% compared to 2021 in a distribution market which, according to the UK research company Context, is practically in line with the previous year, with a turnover of 9.5 billion euro. In Spain, Group sales amounted to 1,749.6 million euro, +4% compared to 2021, in line with a market that reaches 7.0 billion euro in sales. Portugal was worth 126.5 million euro, +18% compared to 2021, and further consolidated its share of a market that rose by +10%, bringing total sales made by the Group in the Iberian peninsula to almost 1.9 billion euro.

Sales as 'Principal' or 'Agent'

In accordance with the IFRS 15 accounting standard, the Esprinet Group has identified the distribution of the hardware and software products, the distribution of its own-brand products and the provision of non-intermediated services as the activities in which its role requires it to represent the sales as 'principal'. Conversely, the distribution of cloud software and the brokerage of services were detected as business lines to be disclosed as 'agent'. The following table illustrates this distinction.

(euro/000)	2022	%	2021	%	% Var.
Sales from contracts with customers as 'principal'	4,668.9	99.7%	4,678.2	99.7%	*-0%*
Sales from contracts with customers as 'agent'	15.3	0.3%	12.7	0.3%	*20%*
Sales from contracts with customers	**4,684.2**	**100.0%**	**4,690.9**	**100.0%**	***-0%***

35) GROSS PROFIT

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	4,684,164	100.00%	4,690,947	100.00%	(6,783)	*-0%*
Cost of sales	4,441,195	94.81%	4,459,057	95.06%	(17,862)	*-0%*
Gross profit	**242,969**	**5.19%**	**231,890**	**4.94%**	**11,079**	***5%***

Gross profit amounted to 242.9 million euro, marking an increase of +5% compared to 2021 (231.9 million euro), substantially due to the improvement in the percentage margin (from 4.94% to 5.19%), thanks also to the greater incidence of high margin product categories. The increase in the percentage margin is particularly significant as it is obtained despite the higher cost of transport to customers due to increased fuel costs, and the increase in the cost of programmes for the assignment of receivables without recourse as a result of the growth in interest rates ordered by the European Central Bank. Deducting the positive contribution of 1.6 million euro from the acquisition of the company Bludis S.r.l. completed in 2022 from the 2022 result, the change in gross profit is estimated to be around +4% on a like-for-like basis, with an improved percentage margin from 4.94% to 5.15%.

As is common practice in the sectors where the Group operates, the cost of sales is adjusted downwards to take into account the premiums/rebates for the achievement of targets, development and co-marketing provisions, cash discounts (so-called 'prompt payment discounts') and other incentives. It is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Lastly, the sales margin has been reduced by the difference between the amount of receivables transferred 'without-recourse' to factoring companies within the usual revolving or securitisation programmes and the amounts collected. In 2022, such effect amounted to 6.8 million euro (3.8 million euro in 2021).

37-38-39) OPERATING COSTS

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Sales and marketing costs	71,333	1.52%	66,351	1.41%	4,982	*8%*
Overheads and administrative costs	100,510	2.15%	97,482	2.08%	3,028	*3%*
Impairment loss/reversal of financial assets	468	0.01%	(354)	-0.01%	822	*<-100%*
Operating costs	**172,311**	**3.68%**	**163,479**	**3.48%**	**8,832**	***5%***
- of which non recurring	2,754	0.06%	1,416	0.03%	1,338	*94%*
'Recurring' operating costs	**169,557**	**3.62%**	**162,063**	**3.45%**	**7,494**	***5%***

In 2022, operating costs, amounting to 172.3 million euro, increased by 8.8 million euro with a percentage of sales of 3.68% compared to 3.48% in the previous year.

Net of non-recurring expenses incurred by the parent company, of 2.8 million euro, incurred by the parent company in relation to the performance of the process aimed at launching the Voluntary Public Tender Offer for all ordinary shares of the Italian company Cellularline S.p.A., compared to 1.4 million euro incurred in 2021 for the construction of the new logistics hub in Cavenago and the setting up of a new office in Madrid, operating costs were up by +5%, with an incidence on sales up to 3.62% from 3.45%.

The following table shows a detailed breakdown of consolidated operating costs and their performance:

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Sales & marketing personnel costs	62,351	1.33%	57,630	1.23%	4,721	*8%*
Other sales & marketing costs	8,982	0.19%	8,721	0.19%	261	*3%*
Sales & marketing costs	**71,333**	**1.52%**	**66,351**	**1.41%**	**4,982**	***8%***
Administr., IT, HR and general service personnel costs	32,611	0.70%	32,161	0.69%	450	*1%*
Directors' compensation	4,759	0.10%	4,556	0.10%	203	*4%*
Consulting services	8,958	0.19%	8,236	0.18%	722	*9%*
Logistics services	16,277	0.35%	15,492	0.33%	785	*5%*
Amortisation, depreciation and provisions	15,645	0.33%	15,445	0.33%	200	*1%*
Other overheads and administrative costs	22,260	0.48%	21,592	0.46%	668	*3%*
Overheads and administrative costs	**100,510**	**2.15%**	**97,482**	**2.08%**	**3,028**	***3%***
Impairment loss/reversal of financial assets	468	0.01%	(354)	-0.01%	822	*<-100%*
Total SG&A	**172,311**	**3.68%**	**163,479**	**3.48%**	**8,832**	***5%***

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- agents and other commercial freelance charges;
- management cost for the Cash and Carry stores.

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and freelance personnel (for financial statements auditing services, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of property, plant and equipment, amortisation of intangible assets, excluding that relating to rented assets and equipment allocated by function to sales costs, as well as provisions for risks;
- overheads and administrative costs, including utilities, bank commissions and fees, insurance, data connection and telephone costs.

The item *Impairment loss/reversal of financial assets* includes the adjustment of the nominal value of receivables to their estimated realisable value.

Reclassification by nature of some categories of costs

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

Personnel costs

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Wages and salaries	63,910	1.4%	60,506	1.3%	3,404	*6%*
Social contributions	18,466	0.4%	17,598	0.4%	868	*5%*
Pension obligations	2,945	0.1%	2,609	0.1%	336	*13%*
Other personnel costs	1,351	0.0%	995	0.0%	356	*36%*
Employee termination incentives	549	0.0%	1,052	0.0%	(503)	*-48%*
Share incentive plans	651	0.0%	535	0.0%	116	*22%*
Total labour costs (1)	**87,872**	**1.9%**	**83,295**	**1.8%**	**4,577**	***5%***

(1) Cost of temporary workers excluded.

In 2022, labour costs amounted to 87.9 million euro (inclusive of 0.5 million euro relative to the company Bludis S.r.l. acquired and consolidated from November 2022), up (+5%) compared to the corresponding period of the previous year, with a change almost in line with the growth in average staff employed compared to the same period of the previous year (+6%).

For further details, reference is made to table summarising the employees number of the Group - split by qualification - as detailed under '*Human Resources*' section of the '*Directors' Report on Operations*'.

Share incentive plans

On 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.

The aforementioned plan was 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.

(euro/000)	2021-2023 Plan "Base" component	2021-2023 Plan "Double Up" component
Allocation date	22/04/2021	22/04/2021
Vesting date	30/04/2024	30/04/2024
Expiry date	30/06/2024	30/06/2024
Total number of stock grant allocated	191,318	820,000
Total number of stock grant allowed	191,318	820,000
Unit fair value (euro)	11.29	5.16
Total fair value (euro)	2,159,980	4,231,200
Rights subject to look-up (2 years)	25.0%	25.0%
Duration lock-up	2 years	2 years
Risk free interest rate	-0.4% (1)	-0.4% (1)
Implied volatility	40.6% (2)	40.6% (2)
Duration (years)	3	3
Spot price (3)	13.59	13.59
'Dividend yield'	3.8%	3.8%

(1) 3-year IRS (source: Bloomberg, 21 April 2021).

(2) 3-year volatility calculated on the basis of the official prices at the close of the stock market in the previous three-year period as at 22 April 2021.

(3) Official price of Esprinet S.p.A. shares at grant date.

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 651 thousand euro with reference to employees (535 thousand euro in 2021) and 1,464 thousand euro with reference to directors (1,205 thousand euro in 2021).

Amortisation, depreciation, write-downs and provisions

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Depreciation of tangible assets	4,585	0.10%	4,286	0.09%	299	*7%*
Amortisation of intangible assets	1,143	0.02%	1,003	0.02%	140	*14%*
Depreciation of right-of-use assets	11,532	0.25%	11,026	0.24%	506	*5%*
Amort. & depreciation	**17,260**	**0.37%**	**16,315**	**0.35%**	**945**	***6%***
Write-downs of fixed assets	-	0.00%	-	0.00%	-	*0%*
Amort. & depr., write-downs (A)	**17,260**	**0.37%**	**16,315**	**0.35%**	**945**	***6%***
Accruals for risks and charges (B)	548	0.01%	687	0.01%	(139)	*-20%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**17,808**	**0.38%**	**17,002**	**0.36%**	**806**	***5%***

Leases and contracts for services of multi-year duration

The costs relating to leases of modest value and those with a duration of less than 12 months, for which the Company availed itself of the exclusion from the application of IFRS 16, amount to 171 thousand euro and 7 thousand euro, respectively (119 thousand euro and 15 thousand euro respectively in 2021).

The following tables respectively contain the details of the costs and commitments for future payments relating to multi-year service contracts:

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Equipment	596	0.01%	542	0.01%	54	*10%*
Data connection lines	197	0.01%	250	0.01%	(53)	*-21%*
Cost housing CED	186	0.00%	157	0.00%	29	*18%*
Total multi-year services costs	**979**	**0.02%**	**949**	**0.02%**	**30**	***3%***

(euro/000)	2023	2024	2025	2026	2027	Over	Total
Equipment	417	92	49	16	-	-	**574**
Data connection lines	219	198	198	198	198	-	**1,009**
Cost housing CED	191	191	191	191	191	-	**954**
Multi-year services commitments	**827**	**481**	**437**	**404**	**388**	**-**	**2,537**

42) FINANCE COSTS - NET

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Interest expenses on borrowings	1,614	0.03%	1,852	0.04%	(238)	*-13%*
Interest expenses to banks	1,281	0.03%	172	0.00%	1,109	*>100%*
Other interest expenses	73	0.00%	222	0.00%	(149)	*-67%*
Upfront fees amortisation	550	0.01%	527	0.01%	23	*4%*
IAS 19 expenses/losses	53	0.00%	19	0.00%	34	*>100%*
IFRS financial lease interest expenses	3,260	0.07%	3,183	0.07%	77	*2%*
Charges from fair value changes	24	0.00%	2	0.00%	22	*>100%*
Total financial expenses (A)	**6,855**	**0.15%**	**5,977**	**0.13%**	**878**	***15%***
Interest income from banks	(73)	0.00%	(5)	0.00%	(68)	*>100%*
Interest income from others	(83)	0.00%	(29)	0.00%	(54)	*>100%*
Interest income for credit discounting	-	0.00%	(6)	0.00%	6	*-100%*
Income from fair value changes	-	0.00%	(9)	0.00%	9	*-100%*
Total financial income(B)	**(156)**	**0.00%**	**(49)**	**0.00%**	**(107)**	***>100%***
Net financial exp. (C=A+B)	**6,699**	**0.14%**	**5,928**	**0.13%**	**771**	***13%***
Foreign exchange gains	(2,880)	-0.06%	(750)	-0.02%	(2,130)	*>100%*
Foreign exchange losses	3,944	0.08%	2,459	0.05%	1,485	*60%*
Net foreign exch. (profit)/losses (D)	**1,064**	**0.02%**	**1,709**	**0.04%**	**(645)**	***-38%***
Net financial (income)/costs (E=C+D)	**7,763**	**0.17%**	**7,637**	**0.16%**	**126**	***2%***

The overall balance of financial income and expenses, a negative 7.8 million euro, worsened by 0.1 million euro compared to the corresponding period of the previous year (7.6 million euro), due primarily to the worsening of interest charges due to banks offset by the improvement in exchange rate management.

45) INCOME TAX EXPENSES

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**4,684,164**		**4,690,947**		**(6,783)**	***-0%***
Current income taxes	12,973	0.28%	13,259	0.28%	(286)	*-2%*
Deferred income taxes	2,576	0.05%	3,435	0.07%	(859)	*-25%*
Taxes	**15,549**	**0.33%**	**16,694**	**0.36%**	**(1,145)**	***-7%***

The following table illustrates the reconciliation between the theoretical and the effective tax rate.

(euro/000)	31/12/2022			31/12/2021		
	Group	Subgroup Italy	Subgroup Iberica	Group	Subgroup Italy	Subgroup Iberica
Profit before income taxes [A]	**62,895**	**29,180**	**33,715**	**60,773**	**31,221**	**29,552**
Operating profit (EBIT)	**70,658**	**34,466**	**36,192**	**68,411**	**36,501**	**31,910**
(+) bad debt provision	928	928	-	647	647	-
(+) provision for risks and charges	270	270	-	673	673	-
Taxable amount for IRAP [B]	**71,856**	**35,664**	**36,192**	**69,731**	**37,821**	**31,910**
Theoretical taxation IRES Subgroup Italy (= A*24%)	7,022	7,022	-	7,496	7,496	-
Theoretical taxation IRAP Subgroup Italy (= B*3.9%)	1,401	1,401	-	1,475	1,475	-
Theoretical taxation on Subgroup Spain's income [A*25.0%-21.0%-10%]	8,436	-	8,436	7,335	-	7,335
Total theoretical taxation [C]	**16,859**	**8,423**	**8,436**	**16,306**	**8,971**	**7,335**
Theoretical tax rate [C/A]	***26.8%***	***28.9%***	***25.0%***	***26.8%***	***28.7%***	***24.8%***
(-) Tax relief - ACE - Aiuto alla crescita economica (*)	(1,504)	(227)	(1,277)	(285)	(285)	-
(-) tax rate change	-	-	(6)	-	-	-
Other permanent differences	200	43	157	673	712	(39)
Total effective taxation [D]	**15,549**	**8,239**	**7,310**	**16,694**	**9,398**	**7,296**
Effective tax rate [D/A]	***24.7%***	***28.2%***	***21.7%***	***27.5%***	***30.1%***	***24.7%***

(*) Equal to the official share price. It corresponds to ACE for Italian companies and to the capitalization of reserves for Spanish companies.

The IRES/IRAP theoretical taxes are calculated excluding Nilox Deutschland GmbH, a German company.

46) NET INCOME AND EARNINGS PER SHARE

(euro/000)	2022	2021	Var.	% Var.
Net income	**47,346**	**44,080**	**3,266**	*7%*
Weighed average no. of shares in circulation: basic	49,406,099	49,539,129		
Weighed average no. of shares in circulation: diluted	50,077,869	50,154,690		
Earnings per share in euro: basic	**0.96**	**0.89**	**0.07**	*8%*
Earnings per share in euro: diluted	**0.95**	**0.88**	**0.07**	*8%*

For the purposes of calculating “basic” earnings per share, the 1,011,318 own shares on hand were excluded (1,528,024 rights as at 31 December 2021, reduced in compliance with the resolution of 14 April 2022 cancelling 516,706 rights).

For the purposes of calculating “diluted” earnings per share, 1,011,318 shares were considered, that will potentially be involved in the Stock Grant Plan approved on 7 April 2021 by the Shareholders’ Meeting of Esprinet S.p.A. (number of shares quantified in relation to the estimated level of attainment of the targets set in the Long-Term Compensation Plan and the estimated probability of continuation of the professional relationship by the individual beneficiaries).

9. OTHER SIGNIFICANT INFORMATION

9.1 EMOLUMENTS TO THE BOARD MEMBERS, STATUTORY AUDITORS AND KEY MANAGERS

The following tables show the remuneration paid to the management and control body and to key managers in office as at 31 December 2022:

(figures in euro/000)				Fixed compensation			Non-Equity variable compensation					
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Remuneration from subordinate employment	Compensation for committees participation	Bonuses and other incentives	Profit sharing	Non monetary benefits [2]	Other remuneration	Total	Severance indemnity for end of office or termination of employment
Maurizio Rota	Chairman	01.01/ 31.12.2022	2024 [1]	450	-	-	-	-	5	-	**455**	-
Marco Monti	Deputy Chairman	01.01/ 31.12.2022	2024 [1]	53	-	-	-	-	-	-	**53**	-
Alessandro Cattani	Chief Executive Officer	01.01/ 31.12.2022	2024 [1]	450	-	-	281	-	3	-	**734**	-
Chiara Mauri	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Angelo Miglietta	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	41	-	-	-	-	**71**	-
Lorenza Morandini	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Emanuela Prandelli	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Renata Maria Ricotti	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	41	-	-	-	-	**71**	-
Angela Sanarico	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Giovanni Testa	Chief Operating Officer	01.01/ 31.12.2022		-	368	-	173	-	4	-	**545**	-
Maurizio Dallocchio	Chairman Statutory auditor	01.01/ 31.12.2022	2024 [1]	45	-	-	-	-	-	-	**45**	-
Maria Luisa Mosconi	Permanent Auditor	01.01/ 31.12.2022	2024 [1]	40	-	-	-	-	-	-	**40**	-
Silvia Muzi	Permanent Auditor	01.01/ 31.12.2022	2024 [1]	40	-	-	-	-	-	-	**40**	-
(I) Compensation of the company preparing the financial				**1,258**	**368**	**155**	**454**	**-**	**12**	**-**	**2,247**	**-**
(II) Compensation from subsidiaries and associates				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(III) Total				**1,258**	**368**	**155**	**454**	**-**	**12**	**-**	**2,247**	**-**

[1] Date of approval of the financial statements for the year ending 31 December 2023.

[2] "*Fringe benefit*" represented by the use of the company car.

The table below illustrates the Monetary incentive plans for members of the Board of Directors, the general manager and other key managers (data in thousand euro).

Beneficiaries	Bonus of the year			Bonus from previous year		
	Payable/ Paid	Deferred	Period	No longer eligible for payment	Payable/ Paid	Still deferred
Alessandro Cattani	-	-	2020	-	93	-
Alessandro Cattani	-	-	2021	-	-	93
Alessandro Cattani	200	81	2022	-	-	-
Giovanni Testa	-	-	2020	-	33	-
Giovanni Testa	-	-	2021	-	-	33
Giovanni Testa	144	29	2022	-	-	-
Total	**344**	**110**		**-**	**126**	**126**

In the above reported tables, information is provided regarding the emoluments of directors, the general manager and statutory auditors of Esprinet S.p.A. and key managers, payable to them in respect of the positions held by them in the latter company and in other Group companies during 2022.

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

No advances have been made and no loans have been granted to the directors, to the general manager and the statutory auditors of Esprinet S.p.A. for the performance of these functions, including in companies within the scope of consolidation.

The aforementioned compensation includes all paid or payable emolument items (gross of tax and social contribution withholdings), benefits in kind and compensation received as directors or statutory auditors for Group companies.

The table below illustrates the incentive plans based on financial instruments other than stock options, for members of the Board of Directors, the general manager and other key managers.

Beneficiaries	Options held at 1 January 2022		Options held in 2022	Options assigned (taken up) in 2022	Options assigned in 2022	Options held at 31 December 2022		
	Quantity	Average strike price	Quantity	Quantity	Quantity	Quantity	Average strike price	Periodo di vesting
Alessandro Cattani	679,717	free	-	-	-	679,717		dal 22/04/2021 al 30/04/2024[1]
Giovanni Testa	113,201	free	-	-	-	113,201		

[1] Date of the Shareholders' Meeting for the approval of the Financial Statements at 31 December 2023 and presentation of the Consolidated Financial Statements at 31 December 2023.

9.2 CASH FLOW ANALYSIS

As highlighted in the table below, due to the cash flow development illustrated in the *consolidated statement of cash flows*, as at 31 December 2022 the Esprinet Group recorded a negative net financial position of 83.0 million euro compared to the cash surplus of 227.2 million euro realised as at 31 December 2021.

(euro/000)	2022	2021
Net financial debt at year-beginning	**(227,177)**	**(302,777)**
Cash flow provided by (used in) operating activities	(251,407)	21,652
Cash flow provided by (used in) investing activities	(19,059)	(17,016)
Cash flow provided by (used in) changes in net equity	(25,562)	(47,093)
Total cash flow	**(296,028)**	**(42,457)**
Unpaid interests	(1,281)	(804)
Unpaid leasing interests	(272)	(274)
Lease liabilities posting	(9,683)	(18,602)
Net Financial debts (no cash) acquisitions	(1,206)	(10,224)
Deferred price acquisitions	(1,740)	(3,239)
Net financial debt at year-end	**83,033**	**(227,177)**
Short-term financial liabilities	82,163	55,195
Lease liabilities	10,740	9,829
Customers financial receivables	(10,336)	(9,857)
Current financial (assets)/liabilities for derivatives	24	2
Financial receivables from factoring companies	(3,207)	(3,128)
Current Debts for investments in subsidiaries	2,455	1,854
Cash and cash equivalents	(172,185)	(491,471)
Net current financial debt	**(90,346)**	**(437,576)**
Borrowings	71,118	106,531
Lease liabilities	101,661	102,253
Non current Debts for investments in subsidiaries	600	1,615
Net financial debt at year-beginning	**83,033**	**(227,177)**

9.3 NET FINANCIAL INDEBTEDNESS AND LOANS COVENANTS

As set forth in “Warning notice no. 5/21” issued by CONSOB on 29 April 2021, the following table provides information relating to the “*financial indebtedness*” (or also “net financial position”) determined in substantial compliance with the criteria indicated by the European Securities and Markets Authority (“ESMA”) in the document called “Guidelines on disclosure obligations” of 4 March 2021.

With reference to the same table, it should be underlined that financial indebtedness, measured according to the ESMA criteria, coincides with the notion of 'Net financial payables' for the Group.

(euro/000)	31/12/2022	31/12/2021
A. Bank deposits and cash on hand	172,184	491,471
B. Checks	-	-
C. Other current financial assets	13,544	12,986
D. Liquidity (A+B+C)	185,728	504,457
E. Current financial debt	47,871	31,155
F. Current portion of non current debt	47,511	35,726
G. Current financial indebtedness (E+F)	95,382	66,881
H. Net current financial indebtedness (G-D)	**(90,346)**	**(437,576)**
I. Non-current financial debt	173,379	210,399
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial indebtedness (I+J+K)	**173,379**	**210,399**
M. Net financial indebtedness (H+L)	**83,033**	**(227,177)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	82,163	55,195
Lease liabilities	10,740	9,829
Current debts for investments in subsidiaries	2,455	1,854
Current financial (assets)/liabilities for derivatives	24	2
Other current financial receivables	(10,336)	(9,857)
Financial receivables from factoring companies	(3,207)	(3,128)
Cash and cash equivalents	(172,185)	(491,471)
Net current financial debt	**(90,346)**	**(437,576)**
Non - current debts for investments in subsidiaries	600	1,615
Borrowings	71,118	106,531
Lease liabilities	101,661	102,253
Net financial debt	**83,033**	**(227,177)**

The Group's net financial position, negative for 83.0 million euro, corresponds to a net balance of gross financial payables of 153.3 million euro, payables for purchase of equity investments of 3.0 million euro, financial receivables of 13.5 million euro, financial liabilities for leasing of 112.4 million euro and cash and cash equivalents equal to 172.2 million euro.

Cash and cash equivalents consist mainly of free and unrestricted bank deposits of a transitional nature as they are formed temporarily at the end of the month as a result of the Group's distinctive financial cycle.

A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the non-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the spot figure at the end of a period does not represent the net financial indebtedness or the average treasury resources for the same period.

During 2022, as part of the working capital management policies, the programme of non-recourse assignment of receivables without recourse on a revolving basis to selected segments of customers in Italy and Spain, mostly belonging to the large-scale retail sector, continued. In addition to this, the securitisation programme for additional trade receivables also continued during the period, launched in Italy in July 2015 and renewed uninterruptedly every three years, most recently in July 2021. Considering the fact that the aforementioned programmes entail the full transfer of the risks and benefits to the assignees, the receivables subject to assignment are eliminated from income statement assets in compliance with IFRS 9. The overall effect on the level of net financial payables as at 31 December 2022 is quantified at roughly 540.2 million euro (approx. 561.0 million euro as at 31 December 2021).

With regard to medium/long-term financial payables, the table below shows, separately for each lender, the principal amount of loans due within and beyond the next financial year, broken down into 'Italian Subgroup' and 'Iberian Subgroup'. It should be noted that the amounts shown may differ from the individual carrying amounts because the latter are representative of the amortised cost calculated by applying the effective interest rate method.

(euro/000)	31/12/2022			31/12/2021			Var.		
	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.
Banco Desio	2,652	4,033	6,685	-	-	-	2,652	4,033	6,685
BCC Carate	2,470	7,530	10,000	1,277	10,000	11,277	1,193	(2,470)	(1,277)
Intesa Sanpaolo (GdF loan)	-	-	-	497	-	497	(497)	-	(497)
Intesa Sanpaolo	-	-	-	251	-	251	(251)	-	(251)
Banca popolare di Sondrio	5,080	-	5,080	5,000	5,080	10,080	80	(5,080)	(5,000)
Cassa depositi e prestiti	7,000	14,000	21,000	7,000	21,000	28,000	-	(7,000)	(7,000)
BPER Banca	7,972	9,044	17,016	3,436	12,016	15,452	4,536	(2,972)	1,564
Unicredit	502	-	502	1,201	502	1,703	(699)	(502)	(1,201)
Total Italian Subgroup	**25,676**	**34,607**	**60,283**	**18,662**	**48,598**	**67,260**	**7,014**	**(13,991)**	**(6,977)**
Banco Sabadell	4,084	6,074	10,158	4,006	9,811	13,817	78	(3,737)	(3,659)
Ibercaja	3,282	1,778	5,060	3,258	5,060	8,318	24	(3,282)	(3,258)
Bankinter	1,862	5,329	7,191	1,428	7,187	8,615	434	(1,858)	(1,424)
La Caixa	6,762	11,083	17,845	4,240	17,845	22,085	2,522	(6,762)	(4,240)
Kutxabank	375	-	375	750	375	1,125	(375)	(375)	(750)
Cajamar	1,783	2,602	4,385	1,763	4,386	6,149	20	(1,784)	(1,764)
BBVA	2,458	6,429	8,887	1,113	8,887	10,000	1,345	(2,458)	(1,113)
Santander	1,229	3,265	4,494	506	4,494	5,000	723	(1,229)	(506)
Total Iberian Subgroup	**21,835**	**36,560**	**58,395**	**17,064**	**58,045**	**75,109**	**4,771**	**(21,485)**	**(16,714)**
Total Group	**47,511**	**71,167**	**118,678**	**35,726**	**106,643**	**142,369**	**11,785**	**(35,476)**	**(23,691)**

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 Oficial ("ICO") as part of the measures adopted by the Spanish Government to help businesses tackle Covid-19.

(euro/000)	31/12/2022	31/12/2021	Var.
Pool loan 'GdF' (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in yearly instalments by January 2022	-	497	(497)
Unsecured loan (agent: Banco Desio) to Esprinet S.p.A. repayable in six-monthly instalments by June 2025	6,685	-	6,685
Unsecured loan (agent: BCC Carate) to Esprinet S.p.A. repayable in six-monthly instalments by March 2022	-	1,277	(1,277)
Unsecured loan (agent: BCC Carate) to Esprinet S.p.A. repayable in six-monthly instalments by December 2026	10,000	10,000	-
Unsecured loan (agent: BPER Banca) to Esprinet S.p.A. repayable in six-monthly instalments by May 2025	5,000	-	5,000
Unsecured loan (agent: BPER Banca) to Esprinet S.p.A. repayable in six-monthly instalments by December 2024	12,016	15,000	(2,984)
Unsecured loan (agent: Banca Popolare di Sondrio) to Esprinet S.p.A. repayable in quarterly instalments by November 2023	5,080	10,080	(5,000)
Unsecured loan (agent: Cassa Depositi e Prestiti S.p.A.) to Esprinet S.p.A. repayable in six-monthly instalments by December 2025	21,000	28,000	(7,000)
Unsecured loan (agent: Intesa Sanpaolo) to idMAINT repayable in quarterly instalments by October 2022	-	251	(251)
Unsecured loan (agent: BPER Banca) to Dacom S.p.A. repayable in monthly instalments by September 2022	-	452	(452)
Unsecured loan (agent: Unicredit) to Dacom S.p.A. repayable in monthly instalments by May 2023	502	1,703	(1,201)
Unsecured loan (agent: Banco Sabadell) to Esprinet Iberica repayable in quarterly instalments by March 2024	1,281	2,290	(1,009)
Unsecured loan (agent: La Caixa) to Esprinet Iberica repayable in quarterly instalments by February 2024	2,565	4,584	(2,019)
Unsecured loan (agent: Ibercaja) to Esprinet Iberica repayable in quarterly instalments by February 2024	2,533	4,548	(2,015)
Unsecured loan (agent: Bankinter) to Esprinet Iberica repayable in quarterly instalments by February 2022	-	760	(760)
Secured loan "ICO" (agent: Banco Sabadell) to Esprinet Iberica repayable in monthly instalments by June 2026	2,636	3,000	(364)
Secured loan "ICO" (agent: La Caixa) to Esprinet Iberica repayable in monthly instalments by June 2026	4,391	5,000	(609)
Secured loan "ICO" (agent: BBVA) to Esprinet Iberica repayable in monthly instalments by June 2026	4,394	5,000	(606)
Secured loan "ICO" (agent: La Caixa) to Esprinet Iberica repayable in six-monthly instalments by July 2026	2,500	2,500	-
Secured loan "ICO" (agent: Bankinter) to Esprinet Iberica repayable in quaterly instalments by July 2026	3,996	4,250	(254)
Unsecured loan (agent: Cajamar) to Esprinet Iberica repayable in yearly instalments by December 2024	2,027	3,027	(1,000)
Unsecured loan (agent: Ibercaja) to Esprinet Iberica repayable in six-monthly instalments by November 2024	2,527	3,770	(1,243)
Unsecured loan (agent: Banco Sabadell) to Esprinet Iberica repayable in six-monthly instalments by June 2023	848	2,526	(1,678)
Unsecured loan (agent: Banco Sabadell) to Esprinet Iberica repayable in monthly instalments by July 2026	5,392	-	5,392
Unsecured loan (agent: La Caixa) to Esprinet Iberica repayable in quarterly instalments by May 2024	1,500	2,500	(1,000)
Unsecured loan (agent: Banco Kutxabanka) to Esprinet Iberica repayable in six-monthly instalments by March 2023	375	1,125	(750)
Unsecured loan (agent: Cajamar) to Esprinet Iberica repayable in six-monthly instalments by July 2025	2,359	3,123	(764)
Secured loan "ICO" (agent: Banco Sabadell) to Esprinet Iberica repayable in monthly instalments by June 2025	-	6,000	(6,000)
Secured loan "ICO" (agent: La Caixa) to Esprinet Iberica repayable in monthly instalments by June 2026	4,389	5,000	(611)
Secured loan "ICO" (agent: Bankinter) to Esprinet Iberica repayable in quaterly instalments by July 2026	3,195	3,606	(411)
Secured loan "ICO" (agent: Banco Santander) to Esprinet Iberica repayable in monthly instalments by July 2026	4,494	5,000	(506)
Secured loan "ICO" (agent: BBVA) to Esprinet Iberica repayable in monthly instalments by July 2026	4,493	5,000	(507)
Secured loan "ICO" (agent: La Caixa) to Esprinet Iberica repayable in six-monthly instalments by July 2026	2,500	2,500	-
Total book value	**118,678**	**142,369**	**(23,691)**

The weighted average rate applied in 2022 on the aforementioned loans was approximately 1.2%, (1.3% in the previous year).

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 5.1 million euro in principal as at 31 December 2022, require the annual commitment of observance of (i) a given ratio of extended net financial position 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 21.0 million euro in principal as at 31 December 2022, also provides for the annual commitment of observance of a given ratio of net financial position to EBITDA at consolidated level, but also half-yearly observance of a given ratio of consolidated net financial position to shareholders' equity.

In addition to medium/long-term loans, also an unsecured 3-year RCF-Revolving Credit Facility, amounting to 180.0 million euro and not used as at the end of the financial year (drawn down for 40.0 million euro as at 30 September 2022), taken out by Esprinet S.p.A. on 31 August 2022 with the same pool of domestic and international banks that provided the previous RCF of 152.5 million euro, expiring in September 2022 and cancelled on 31 August 2022 in conjunction with the subscription of said new RCF, 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 position to EBITDA;
- ratio of extended net financial position to shareholders' equity;
- ratio of EBITDA to net financial expense;
- absolute amount of gross financial indebtedness.

As at 31 December 2022 all covenants to which the various loans are subject, including the Revolving Credit Facility, according to management estimates (as the same must be verified in the consolidated financial statements and certified by the independent auditors), were respected.

The various medium/long-term loan agreements, including those that do not make provision for financial covenants and the above-mentioned Revolving Credit Facility, also contain the usual "negative pledge", "pari passu" and similar clauses that, at the date of drafting of this report, were respected.

9.4 LINES OF CREDIT

Apart from the uses described in the previous paragraphs, the Esprinet Group had a total 1,534.1 million euro (of which approximately 1,483.0 million euro in cash) at its disposal in bank credit lines as at 31 December 2022, broken down as follows:

(euro/000)	Group	Subgroup Italy	Subgroup Iberica
Short-term lines	355,200	212,000	143,200
Medium/long-term borrowings	118,679	60,283	58,396
Revolving line	180,000	180,000	-
Factoring / Confirming / Securitization [1]	827,380	615,710	211,670
Bank overdrafts	1,282	1,282	-
Credit cards	883	728	155
Derivatives / forward currency transactions	1,200	200	1,000
Endorsement credit	49,452	28,020	21,432
Total	**1,534,076**	**1,098,223**	**435,853**

[1] Includes both with-recourse and without-recourse maximums.

The financial situation as at 31 December 2022, excluding the endorsement loans and the maximums granted by the banks for a without-recourse factoring scheme with a revolving credit facility, shows that a total 20% (23% in the previous year) of credit lines was used, as can be seen in the table below:

(euro/000)	Uses %	Uses	Credit lines
Short-term lines	4%	14,810	355,200
Medium/long-term borrowings	100%	118,679	118,679
Revolving line	0%	-	180,000
Factoring with recourse	71%	723	1,023
Bank overdrafts	0%	-	1,282
Total	**20%**	**134,212**	**656,184**

Maintaining short-term credit lines with contained usage rates and high flexibility of usage is the main liquidity risk management method used by the Group.

9.5 SEASONAL NATURE OF BUSINESS

The table below highlights the impact of sales per calendar quarter in the two-year period 2022-2021:

	2022			2021		
	Group	Italy	Iberica	Group	Italy	Iberica
Sales Q1	24.3%	25.0%	23.4%	24.9%	25.7%	23.6%
Sales Q2	22.2%	22.2%	22.3%	22.8%	23.4%	21.9%
Sales H1	**46.5%**	**47.2%**	**45.6%**	**47.7%**	**49.1%**	**45.5%**
Sales Q3	22.2%	22.5%	21.7%	20.8%	20.6%	21.3%
Sales Q4	31.3%	30.4%	32.7%	31.6%	30.4%	33.3%
Sales H2	**53.5%**	**52.8%**	**54.4%**	**52.3%**	**50.9%**	**54.5%**
Sales for the year	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The IT and electronic markets both in Italy and in Spain are traditionally characterised by seasonal sales, which involve an increase in demand in the fourth quarter of the calendar year, essentially in terms of purchases concentrated in the pre-Christmas and the so-called ‘back-to-school’ seasons to consumers and by the spending dynamics of budgets dedicated to IT investments, which are statistically concentrated around the months of November and December.

The seasonal nature of IT and electronics sales has an influence both on the business volumes of the distribution industry and on the sales volumes of the Esprinet Group.

The winter trend provides a contrast to the drop in demand in the summer months, in August, in particular. As a result of the increasing reluctance to suspend work during the summer months, this last trend also appears to be re-dimensioning, particularly in the business sector.

In addition to the above, operating results are also seasonal, but even more so than those of sales since the absolute profit margin levels track the seasonal nature of sales, while overheads tend to be more regular during the year.

The seasonal nature of sales described above also has an influence on the portion of borrowings that is closely linked to working capital needs, which peak in the last part of each calendar year.

The level of net borrowings fluctuates dramatically not only throughout the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.

For this reason, the figure resulting at the end of the period, or at the end of each month, is not particularly representative of the average net financial indebtedness customarily observable during the same period.

The circumstances described above give rise to higher financial and commercial risk levels for the Group compared with businesses, which are less subject to seasonal fluctuations.

9.6 NON-RECURRING SIGNIFICANT EVENTS AND OPERATIONS

In the 2022, the following non-recurring items were identified:

- miscellaneous costs, totalling 2,8 million euro, relating to costs incurred by the parent company Esprinet S.p.A. in relation to the process targeted at the launch of the voluntary Public Tender Offer for all of the ordinary shares of the Italian company Cellularline S.p.A..

In 2021, the following non-recurring transactions and events were identified:

- costs totalling 1.1 million euro, incurred by the parent company Esprinet S.p.A. in relation to the expansion of warehouses in Italy;
- costs totalling 0.3 million euro, with reference to the expenses incurred for the fitting out of the new Madrid office in which the personnel coming from the various acquisitions and previously located in different areas of the city were concentrated.

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

(euro/000)	Non-Recurring Charge Type	2022	2021
Overheads and administrative costs	Business combination	(2,754)	-
Overheads and administrative costs	Extension warehouse costs	-	(1,109)
Overheads and administrative costs	Change of subsidiaries offices costs	-	(307)
Total SG&A	**Total SG&A**	**(2,754)**	**(1,416)**
Operating Income (EBIT)	**Operating Income (EBIT)**	**(2,754)**	**(1,416)**
Profit before income taxes	**Profit before income taxes**	**(2,754)**	**(1,416)**
Income tax expenses	Non- recurring events impact	768	386
Net income/(loss)	**Net income/(loss)**	**(1,986)**	**(1,030)**

9.7 MAIN DISPUTES PENDING

Developments in pending legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item '*Non-current provisions and other liabilities*' in the '*Notes to the consolidated financial statements*'.

Similarly, the '*Directors' Report on Operations*' also contains the Group's policies regarding the management of legal and tax-related disputes under '*Main risks and uncertainties*'.

9.8 DERIVATIVES ANALYSIS

Disclosures regarding operations relating to derivative instruments can be found under the '*Disclosure on risks and financial instruments*' paragraph.

9.9 SUBSEQUENT EVENTS

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

9.10 COMPENSATION FOR GROUP AUDITING SERVICES

The following table drafted pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation, shows the emoluments posted during the 2022 financial year on the accrual basis of accounting for auditing services and others performed by the same independent auditors and/or bodies belonging to its network:

Description	Service provider	Entity	Fees (euro/000)	
			2022	2021
Auditing services	Pwc S.p.A.	Esprinet S.p.A.	327.2	338.2
	Pwc S.p.A.	Subsidiaries	114.6	117.0
	Pwc network	Subsidiaries	288.0	300.0
Other services	Pwc S.p.A.	Esprinet S.p.A.	12.0	15.0
	Pwc network	Esprinet S.p.A.	22.0	-
	Pwc network	Subsidiaries	113.0	40.0
Total			**876.8**	**810.2**

10. PUBLICATION OF THE DRAFT FINANCIAL STATEMENTS

The draft financial statements and their publication were approved by the Esprinet Board of Directors during the meeting of 14 March 2023, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 14 March 2023

On behalf of the Board of Directors

The Chairman

Maurizio Rota

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2022 FINANCIAL STATEMENTS OF ESPRINET S.P.A.

CONTENTS OF THE ESPRINET S.P.A. FINANCIAL STATEMENTS

ESPRINET S.p.A.: Financial Statements (Separate Financial Statements[1])

(1) Esprinet S.p.A. Separate Financial Statements, as defined by the IFRS International Accounting Standards.

STATEMENT OF FINANCIAL POSITION

The table below shows the Esprinet S.p.A. statement of equity and financial position drawn up according to IFRS[8] requirements:

(euro)	Notes	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment	**1**	16,740,763	10,396,445
Right-of-use assets	**4**	83,450,000	84,599,000
Goodwill	**2**	18,282,187	18,282,187
Intangible assets	**3**	1,789,236	771,518
Investments	**5**	101,326,451	92,369,189
Deferred income tax assets	**6**	2,261,745	2,371,753
Receivables and other non-current assets	**9**	1,772,600	1,743,716
		225,622,982	**210,533,808**
Current assets			
Inventory	**10**	373,485,874	325,931,157
Trade receivables	**11**	348,797,547	284,091,748
Income tax assets	**12**	744,878	-
Other assets	**13**	172,986,786	176,880,779
Cash and cash equivalents	**17**	121,129,510	242,784,319
		1,017,144,595	**1,029,688,003**
Total assets		**1,242,767,577**	**1,240,221,811**
EQUITY			
Share capital	**19**	7,860,651	7,860,651
Reserves	**20**	245,369,670	251,234,509
Net result for the period	**21**	16,059,928	18,459,888
Total equity		**269,290,249**	**277,555,048**
LIABILITIES			
Non-current liabilities			
Borrowings	**22**	34,567,776	48,013,232
Lease liabilities	**31**	80,442,000	81,162,000
Deferred income tax liabilities	**24**	3,314,663	3,125,948
Retirement benefit obligations	**25**	3,546,713	4,082,444
Debts for investments in subsidiaries	**33**	600,000	1,615,000
Provisions and other liabilities	**26**	3,041,343	3,213,827
		125,512,495	**141,212,451**
Current liabilities			
Trade payables	**27**	733,125,071	744,999,021
Short-term financial liabilities	**28**	74,709,424	49,241,149
Lease liabilities	**34**	7,307,000	6,905,000
Income tax liabilities	**29**	-	3,478,149
Debts for investments in subsidiaries	**35**	2,455,000	1,854,205
Provisions and other liabilities	**32**	30,368,338	14,976,788
		847,964,833	**821,454,312**
Total liabilities		**973,477,328**	**962,666,763**
Total equity and liabilities		**1,242,767,577**	**1,240,221,811**

[8] Pursuant to CONSOB Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. statement of equity and financial position items can be found in the statement of equity and financial position in the next pages and commented on in the 'Notes to the Esprinet S.p.A. financial statements'.

SEPARATE INCOME STATEMENT

Below is the income statement by '*function*' of the company Esprinet S.p.A. prepared in accordance with IFRS[9]:

(euro)	Notes	2022	2021
Sales from contracts with customers	33	2,719,248,110	2,830,090,189
Cost of sales		(2,579,271,292)	(2,691,685,186)
Gross profit	35	**139,976,818**	**138,405,003**
Sales and marketing costs	37	(47,914,255)	(44,195,273)
Overheads and administrative costs	38	(64,368,854)	(63,811,424)
Impairment loss/reversal of financial assets	39	(81,718)	247,131
Operating income (EBIT)		**27,611,991**	**30,645,437**
Finance costs - net	42	(5,231,228)	(4,573,219)
Investments expenses/(incomes)	43	-	465,068
Result before income taxes		**22,380,763**	**26,537,286**
Income tax expenses	45	(6,320,835)	(8,077,398)
Net result		**16,059,928**	**18,459,888**
- of which attributable to non-controlling interests		-	-
- of which attributable to Group		16,059,928	18,459,888

STATEMENT OF COMPREHENSIVE INCOME

(euro)	2022	2021
Net result	**16,059,928**	**18,459,888**
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	315,134	99,532
- Taxes on changes in 'TFR' equity reserve	(75,632)	(23,888)
Other comprehensive income	**239,502**	**75,644**
Total comprehensive income	**16,299,430**	**18,535,532**
- of which attributable to Group	16,299,430	18,535,532
- of which attributable to non-controlling interests	-	-

[9] Pursuant to the CONSOB Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. income statement items can be found in the separate income statement in the next pages and commented on in the 'Notes to the Esprinet S.p.A. financial statements'.

STATEMENT OF CHANGES IN EQUITY

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity
Balance as at 31 December 2020	**7,861**	**291,855**	**(4,800)**	**9,370**	**304,286**
Total comprehensive income/(loss)	-	76	-	18,460	**18,536**
Allocation of last year net income/(loss)	-	9,370	-	(9,370)	**-**
Dividend payment	-	(26,787)	-	-	**(26,787)**
Acquisition of Esprinet own shares	-	-	(19,859)	-	**(19,859)**
Transactions with owners	**-**	**(17,417)**	**(19,859)**	**(9,370)**	**(46,646)**
Grant of share under share plans	-	(4,065)	4,396	-	**331**
Equity plans in progress	-	1,410	-	-	**1,410**
Change for merge operations	-	(361)	-	-	**(361)**
Balance as at 31 December 2021	**7,861**	**271,498**	**(20,263)**	**18,460**	**277,555**
Total comprehensive income/(loss)	-	239	-	16,060	**16,299**
Allocation of last year net income/(loss)	-	18,460	-	(18,460)	**-**
Dividend payment	-	(26,679)	-	-	**(26,679)**
Acquisition of Esprinet own shares	-	(6,933)	6,933	-	**-**
Transactions with owners	**-**	**(15,152)**	**6,933**	**(18,460)**	**(26,679)**
Change in equity by merger operations	-	2,115	-	-	**2,115**
Other movements	-	(1)	-	-	**(1)**
Balance at 31 December 2022	**7,861**	**258,699**	**(13,330)**	**16,060**	**269,290**

STATEMENT OF CASH FLOWS[10]

(euro/000)	2022	2021
Cash flow provided by (used in) operating activities (D=A+B+C)	**(89,337)**	**34,045**
Cash flow generated from operations (A)	**40,878**	**44,074**
Operating income (EBIT)	27,612	30,645
Depreciation, amortisation and other fixed assets write-downs	11,714	11,147
Net changes in provisions for risks and charges	(173)	1,032
Net changes in retirement benefit obligations	(258)	(372)
Stock option/grant costs	1,983	1,622
Cash flow provided by (used in) changes in working capital (B)	**(115,944)**	**(4,115)**
Inventory	(47,555)	(61,636)
Trade receivables	(64,706)	20,410
Other current assets	(6,792)	(25,562)
Trade payables	(11,478)	71,147
Other current liabilities	14,587	(8,474)
Other cash flow provided by (used in) operating activities (C)	**(14,271)**	**(5,914)**
Interests paid	(3,378)	(3,190)
Received interests	208	52
Foreign exchange (losses)/gains	(1,213)	(1,289)
Income taxes paid	(9,888)	(1,487)
Cash flow provided by (used in) investing activities (E)	**(18,030)**	**(15,573)**
Net investments in property, plant and equipment	(9,617)	(3,878)
Net investments in intangible assets	(1,299)	(354)
Net investments in other non-current assets	(29)	(619)
Subsidiaries business combination	(7,085)	(12,033)
Subsidiaries share plans reimbursement	-	256
Celly merger	-	590
Dividends	-	465
Cash flow provided by (used in) financing activities (F)	**(14,287)**	**(102,778)**
Medium/long-term borrowing	13,000	25,000
Repayment/renegotiation of medium/long-term borrowings	(18,073)	(13,992)
Leasing liabilities reimbursement	(7,547)	(6,961)
Net change in financial liabilities	16,107	761
Short-term borrowing received/(granted)	10,500	(58,000)
Net change in financial assets and derivative instruments	(558)	(2,720)
Deferred price acquisition	(2,154)	(220)
Dividend payments	(25,562)	(26,787)
Own shares acquisition	-	(19,859)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(121,654)**	**(84,306)**
Cash and cash equivalents at year-beginning	**242,784**	**327,090**
Net increase/(decrease) in cash and cash equivalents	**(121,654)**	**(84,306)**
Cash and cash equivalents at year-end	**121,130**	**242,784**

[10] Effects of relationships with other related parties were omitted as deemed non-significant.

STATEMENT OF EQUITY AND FINANCIAL POSITION
(PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006)

(euro/000)	31/12/2022	related parties	31/12/2021	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	16,741		10,396	
Right-of-use assets	83,450		84,599	
Goodwill	18,282		18,282	
Intangible assets	1,789		772	
Investments	101,326		92,369	
Deferred income tax assets	2,262		2,372	
Receivables and other non-current assets	1,773	-	1,744	-
	225,623	**-**	**210,534**	**-**
Current assets				
Inventory	373,486		325,931	
Trade receivables	348,798	3	284,092	5
Income tax assets	745		-	
Other assets	172,986	117,493	176,881	116,815
Cash and cash equivalents	121,130		242,784	
	1,017,145	**117,496**	**1,029,688**	**116,820**
Total assets	**1,242,768**	**117,496**	**1,240,222**	**116,820**
EQUITY				
Share capital	7,861		7,861	
Reserves	245,369		251,234	
Net result for the period	16,060		18,460	
Total equity	**269,290**		**277,555**	
LIABILITIES				
Non-current liabilities				
Borrowings	34,568		48,014	
Lease liabilities	80,442		81,162	
Deferred income tax liabilities	3,315		3,126	
Retirement benefit obligations	3,547		4,082	
Debts for investments in subsidiaries	600		1,615	
Provisions and other liabilities	3,041		3,214	
	125,513		**141,213**	
Current liabilities				
Trade payables	733,125	-	744,999	-
Short-term financial liabilities	74,709	22,578	49,241	17,923
Lease liabilities	7,307		6,905	
Income tax liabilities	-		3,478	
Debts for investments in subsidiaries	2,455		1,854	
Provisions and other liabilities	30,369	599	14,977	284
	847,965	**23,177**	**821,454**	**18,207**
Total liabilities	**973,478**	**23,177**	**962,667**	**18,207**
Total equity and liabilities	**1,242,768**	**23,177**	**1,240,222**	**18,207**

For further details regarding related parties please see the 'Relationships with related parties' section in the 'Notes to Esprinet S.p.A. financial statements'.

SEPARATE INCOME STATEMENT
(PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006)

(euro/000)	2022	non-recurring	related parties (*)	2021	non-recurring	related parties (*)
Sales from contracts with customers	**2,719,248**	**-**	**31,633**	**2,830,090**	**-**	**32,575**
Cost of sales	(2,579,271)	-	(3,548)	(2,691,685)	-	(1,856)
Gross profit	**139,977**	**-**		**138,405**	**-**	
Sales and marketing costs	(47,914)	-	(2,601)	(44,195)	-	(2,196)
Overheads and administrative costs	(64,369)	(2,754)	3,223	(63,812)	(1,109)	1,932
Impairment loss/reversal of financial assets	(82)	-		247	-	
Operating income (EBIT)	**27,612**	**(2,754)**		**30,645**	**(1,109)**	
Finance costs - net	(5,231)	-	84	(4,573)	-	18
Investments expenses/(incomes)	-	-	-	465	-	-
Result before income tax	**22,381**	**(2,754)**		**26,537**	**(1,109)**	
Income tax expenses	(6,321)	768	-	(8,077)	309	-
Net result	**16,060**	**(1,986)**		**18,460**	**(800)**	
- of which attributable to non-controlling interests	-			-		
- of which attributable to Group	16,060	(1,986)		18,460	(800)	

(*) Emoluments to key managers excluded.

NOTES TO THE ESPRINET S.P.A. FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Esprinet S.p.A. (hereinafter also "the Company") is active in the "business-to-business" (B2B) distribution of IT products (hardware, software and services) and consumer electronics, pitching itself at a customer base made up of resellers that in turn target both consumer and business end-users.

It is also the Parent Company with both direct and indirect shareholdings in companies operating in Italy, Spain and Portugal.

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

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

The parent company Esprinet S.p.A. drafted the Esprinet Group consolidated financial statements as at 31 December 2022.

2. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

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

2.1 ACCOUNTING PRINCIPLES

The Esprinet S.p.A. financial statements (or 'separate financial statements' as defined by IFRS) as at 31 December 2022 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the regulations issued as per Art. 9 of Legislative Decree No. 38/2005.

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

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

BUSINESS CONTINUITY

During 2022, the health emergency resulting from the Covid-19 pandemic, which characterised the macroeconomic and social context in the previous two years, was resolved. Therefore, the restrictions adopted by the various Governments were lifted, with the exception of the People's Republic of China where, as part of a "zero Covid" policy, lockdowns and quarantines continued throughout 2022 (revoked starting from January 2023), which helped fuel a not insignificant lengthening of delivery times and product shortages, especially for the business segments most dependent on the supplies of Chinese components, as computer and electronics products typically are.

The European macroeconomic context in 2022 was also influenced by the international geopolitical tensions consequent to the ongoing armed conflict between Ukraine and the Russian Federation which started on 24 February 2022, in respect of which there are no signs to suggest that it will be resolved quickly. The conflict saw the European Union impose restrictions and sanctions on transactions with Russian individuals and legal entities, on exports to the country of “dual use” goods and technologies or of particular importance in the energy and natural gas extraction and liquefaction sector, including the exclusion of major Russian banks from the SWIFT international financial system (measures with negligible effects on the Esprinet Group and on its business performance). In response, the Russian Federation has cut supplies of natural gas and obstructed Ukraine’s export of wheat and cereals of which the country is one of the main producers, helping to fuel the increase in inflation. The main central banks, including the European Central Bank, therefore reversed their monetary policy stance, starting to adopt restrictions firstly with the announcement, and then the actual application (in the second half of 2022 in relation to the European Central Bank) of repeated hikes in interest rates. The impact of these aspects and tensions on the Company was limited, nonetheless, given that the same is not present on the markets of the countries currently involved in the conflict. Its geographically diversified network of suppliers meant it was not dependant on products imported by Russian entities, also given it is not an “energy-intensive” company.

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

- the main external risks to which the Company is exposed;
- the favourable changes in the general macroeconomic situation in the European market across the board and in the Italian markets in particular, also in consideration of the expected significant boost to the demand for technology deriving from the National Recovery and Resilience Plan (NRRP) financed by the NextGenEU funds that the Government have put in place;
- changes in environmental and business conditions and competitive dynamics;
- changes in the legislative and regulatory frameworks;
- the actual and potential outcomes of ongoing disputes;
- financial risks;

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

2.2 PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

The figures presented in the separate and comprehensive income statements and in the statement of equity and financial position are expressed in euro, whereas those in the statement of cash flows are expressed in thousands of euro.

Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 SIGNIFICANT VALUATION CRITERIA AND ACCOUNTING POLICIES

NON-CURRENT ASSETS

Intangible assets and goodwill

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

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

Intangibles and goodwill deriving from business combinations occurred until the end of 2009 are recorded at purchase cost, including incidentals and necessary costs to make them available for use. For business combinations occurred from 1 January 2010 onwards, except some particular cases, goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred compared to the net value of the acquisition-date amounts of the assets acquired and the liabilities assumed (without the addition of acquisition-related costs).

Intangible assets with a defined useful life are systematically amortised over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular the item '*Industrial patent and other intellectual property rights*' is amortised within three years.

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

Revaluation of goodwill is not permitted, even in application of specific laws, as it is not reinstated when the reasons for a write-down no longer apply.

Property, plant and equipment

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

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

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

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

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

The depreciation rates, substantially unchanged compared to the previous year, applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	da 3% a 20%
Other specific plants	15%
Conditioning plants	da 3% a 14.3%
Telephone systems and equipment	da 10% a 20%
Communication and telesignal plants	25%
Industrial and commercial equipment	da 7.1% a 15%
Electronic office machines	da 20% a 25%
Furniture and fittings	da 10% a 25%
Other assets	da 10% a 19%

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

Leasing transactions

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

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

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

The standard also requires that on the occurrence of specified events (for example, a change in the terms of the lease contract, a change in future lease payments resulting from a change in an index or rate used to determine such payments) the financial liability for the lease shall be remeasured with an adjustment for the right to use the asset. The standard also establishes two exemptions for application in relation to assets considered to be of 'low value' and short-term leasing contracts whose sales/costs are recognised on a straight-line basis in the income statement over the term of the leasing contract.

Impairment of non-financial assets

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

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

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

With reference to the investments in subsidiaries and in associated companies, in case of dividend distribution, the following should also be considered as 'impairment indicators':

- investment in subsidiary book value in the financial statement exceeding the consolidated carrying amount of the subsidiary net asset (possible connected goodwill included);
- the dividend exceeding the total comprehensive income of the subsidiary in the period to which the dividends refer.

Investments in subsidiaries, associates and other companies

Investments in subsidiaries, associates and other companies are valued at acquisition or subscription cost.

Cost is reduced of impairment losses, where investments have endured losses and – in the immediate future – profits are not expected as such to absorb the losses incurred; the original value is restored in later years, should the reasons for a given write-down cease to exist. The cost of impairment losses and any reversal are recognised in the separate income statement under '*Investment income and charges*'.

When objective impairment occurs, the recoverability of a carrying amount is assessed by comparing the recoverable amount, which is the greater of fair value, net of disposal costs, and the value in use of the asset.

Deferred income tax assets

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

Financial assets (non-current and current)

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

- financial assets measured at amortised cost;
- financial assets measured at fair value with impact on overall profitability (and therefore on the equity reserve named 'Fair value measurement reserve');
- financial assets measured at fair value with impact on income statement.

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

- Hold to collect: financial assets for which the following requirements are met are classified in this category, (i) the asset is held under a business model whose objective is to hold the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented only by payments of principal and interest on the amount of principal to be repaid. These assets fall within the category of assets measured at amortised cost. These are mainly trade and other receivables, as described in the 'Trade and other receivables' section. Receivables are initially recognised in the financial statements at their fair value; when subsequently measured, they are measured at amortised cost using the effective interest rate. Trade receivables that do not contain a significant financial component are instead recognised at the price defined for the related transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers). At subsequent measurement, assets in this category are measured at amortised cost, using the effective interest rate. The effects of this measurement are recognised among the financial components of income. These assets are also subject to the impairment model as defined in the 'Trade and other receivables' section. These assets are also subject to the impairment model as defined in the 'Trade and other receivables' section.
- Hold to collect and sell: this category includes financial assets whose business model provides both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal. These assets fall under the category of assets measured at fair value with the effects attributed to OCI. In this case, changes in the fair value of the asset are recognised in equity as other components of comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve which includes the other components of comprehensive income, is reversed to the income statement when the asset is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and impairments is recorded in the income statement. It should be noted that as at 31 December 2022, there were no financial assets recognised at fair value through OCI.
- Hold to sell: this category includes financial assets that are not classified in any of the above categories (i.e. residual category). These assets are recognised at fair value both at initial recognition and at subsequent measurement. Profits and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised. This category mainly includes receivables subject to mass and recurring selling.

See also the 'Trade and other receivables' section.

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

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

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

Derecognition of financial assets

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

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

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

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

CURRENT ASSETS

Inventory

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

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

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

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

Trade and other receivables

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

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

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

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

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

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

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

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

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

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

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

Tax assets

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

Cash and cash equivalents

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

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

SHAREHOLDERS’ EQUITY

Own shares

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

CURRENT AND NON-CURRENT LIABILITIES

Financial debt

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

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

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

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

Provisions for risks and charges

Provisions are made when there is the probable existence of an obligation, be it actual, legal or implicit, due to past events and the amount of the obligation can be reliably estimated. The provisions are stated at the value that represents the best estimate of the amount that the company would reasonably paid for settling the obligation or transferring it to third parties at year-end. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are discounted; the increase in the provisions linked to the passing of time is stated in the income statement under the item '*Financial income and expense*'.

Risks for which a liability is only possible are disclosed in a separate contingent liability disclosure section and no provision is made.

Staff post-employment benefits

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

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

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

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

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

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

Trade payables, other debts, other liabilities

Trade payables, other debts and other liabilities are initially reported at their fair value net of any costs linked to the transaction. Subsequently, they are recorded at amortised cost, which, since it is not considered necessary to carry out any discounting and separate entry in the income statement of the explicit or unbundled interest expense as it is not material in view of the expected payment time, coincides with the face value.

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

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

INCOME STATEMENT

Sales and expenses

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

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

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

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

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

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

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

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

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

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

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

Dividends

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

Stock grants

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

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

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

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

Income taxes

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

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

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

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

Foreign currency translation, transactions and balances

Functional and presentation currency

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

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

Currency transactions and translation criteria

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

Exchange rate	Punctual at 31.12.2022	Average 2022	Punctual at 31.12.2021	Average 2021
US Dollar (USD)	1.07	1.05	1.13	1.18

Derivative instruments

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

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

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

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

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

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

Other information

Please note that the information required by Consob regarding significant operations and balances with related parties has been entered separately in the statement of accounts solely when significant and can also be found under '*Other significant information*'.

2.4 MAIN ACCOUNTING ESTIMATES

2.4.1 INTRODUCTION

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

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

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

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

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

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

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

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

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

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier. In particular, payment terms range from a minimum of 7 to a maximum of 120 days, and only occasionally a cash payment is required.

In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.

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

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

2.4.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

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

Right of use and financial liabilities for leasing

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

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

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

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

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

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

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

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

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

Goodwill

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

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

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

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

The determination of the recoverable amount for each Cash Generating Unit ('CGU'), in terms of value in use, is based on assumptions – sometimes complex - that by their nature involve the Directors' judgement, in particular with reference to future cash flow forecasts, relating both to the period of the Group's business plan for 2023-2027E and beyond said period.

'Fair value' of derivatives

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

Stock grant

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

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

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

Revenue recognition

For purposes of recognising sales on sales and services, insufficient information regarding haulers' actual consignment dates means that dates are usually estimated by the Company on the basis of historical experience of average delivery times which differ according to the geographical location of the destination. For revenue recognition purposes for services, the actual moment the service is rendered is considered.

Sales adjustments and credit notes to be issued toward customers

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

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

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

Costs adjustments and credit notes due from vendors

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

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

Esprinet S.p.A. has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.

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

Depreciation and amortisation of assets

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

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

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

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

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

Bad debt provision

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

For loans that are planned to be transferred to third parties as part of securitisation programmes or to be sold to factoring companies or banks, the fair value through profit and loss is measured.

The actual realisable value of receivables may differ from that estimated because of uncertainties regarding the conditions underlying the appraisal of solvency made.

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

Stock obsolescence provision

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

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

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

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

Provision for risks and charges and contingent liabilities

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

The estimate is the result of a complex process including the involvement of legal and tax consultants and which also includes personal opinions on the part of the Company’s management. The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision. If a financial outlay becomes possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

Benefits to employees

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

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

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

Income taxes

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

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

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

2.5 RECENTLY ISSUED ACCOUNTING STANDARDS

NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED BY THE COMPANY

The accounting standards adopted in the preparation of the financial statements as at 31 December 2022 are consistent with those used in the financial statements as at 31 December 2021, except for the accounting standards and amendments described below and applied with effect from 1 January 2022 as per mandatory requirements, after being endorsed by the competent authorities.

The main changes are as follows:

Amendments to IFRS 3 (Business combinations), IFRS 16 (Property, Plant and Equipment) e 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. These amendments had no significant impacts on the Company's financial statements.

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

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

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.

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 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.

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 or after 1 January 2023. Early application is permitted.

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

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

Standards issued but not yet endorsed by the European Union

Amendments to IAS 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 the 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 2024. Early application is permitted.

Amendments to IAS 1- Presentation of financial statements: Non-Current Liabilities with Covenant – Issued by the IASB on 31 October 2022 The document clarifies the necessary conditions to be met within twelve months from the reference year that may affect the classification of a liability, especially in cases where it is subject to Covenant. The amendments apply to financial statements for years starting on 1 January 2024. Early application is permitted.

Amendments to IFRS 16 - Lease Liability in a sale and leaseback – Issued by the IASB on 22 September 2022, the document provides for some clarifications regarding the valuation of lease and leaseback transactions which consequently also meet IFRS 15 criteria for the accounting of the sale. The amendments apply to financial statements for years starting on 1 January 2024. Early application is permitted.

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

2.6 CHANGES IN ACCOUNTING ESTIMATES AND RECLASSIFICATIONS

CHANGES IN ACCOUNTING ESTIMATES

Pursuant to IAS 8, no changes in the accounting estimates regarding previous periods have been made in these financial statements.

RECLASSIFICATIONS IN INCOME STATEMENT

No reclassifications in income statement regarding previous periods have been made in these financial statements.

3. BUSINESS COMBINATIONS

There were no business combinations in 2022.

4. NOTES TO STATEMENT OF FINANCIAL POSITION ITEMS

NON-CURRENT ASSETS

1) PROPERTY, PLANT AND EQUIPMENT

(euro/000)	Plant and machinery	Ind. & Comm. Equipment & other assets	Assets under construction & Advances	Total
Historical cost	12,812	33,581	241	**46,634**
Accumulated depreciation	(10,672)	(25,566)	-	**(36,238)**
Balance at 31/12/2021	**2,140**	**8,015**	**241**	**10,396**
Historical cost increase	490	6,816	2,627	**9,933**
Historical cost decrease	(72)	(1,880)	-	**(1,952)**
Historical cost reclassification	93	148	(241)	**-**
Increase in accumulated depreciation	(609)	(2,958)	-	**(3,567)**
Decrease in accumulated depreciation	72	1,859	-	**1,931**
Total changes	**(26)**	**3,985**	**2,386**	**6,345**
Historical cost	13,323	38,665	2,627	**54,615**
Accumulated depreciation	(11,209)	(26,665)	-	**(37,874)**
Balance at 31/12/2022	**2,114**	**12,000**	**2,627**	**16,741**

Property, plant and equipment as at 31 December 2022 amounted to 16.7 million euro, marking an increase of approximately 6.3 million euro compared with the value as at 31 December 2021.

Investments mainly refer to the periodic renewal and adaptation of the technological and plant facilities, the purchase of products intended for rental and, in relation to the item “assets under construction”, plant and machinery being installed in the Italian warehouse in Cavenago, leased in 2021.

The following is the breakdown of the item ‘*Industrial and commercial equipment and other assets*’:

(euro/000)	31/12/2022	31/12/2021	Var.
Electronic machines	9,076	5,109	3,967
Furniture and fittings	637	728	(91)
Industrial and commercial equipment	1,403	1,698	(295)
Other assets	884	480	404
Total	**12,000**	**8,015**	**3,985**

The useful life related to the various asset categories remained unchanged compared to the previous year.

It should also be noted that there are no temporarily unused tangible assets held for sale and that the supply contracts entered into by the end of the year, but not recognised in the financial statements, are not significant.

4) RIGHT-OF-USE ASSETS

Essential information, together with a summary of impacts stemming from the application of IFRS 16 (Leases) is presented below.

(euro/000)	31/12/2022	31/12/2021	Var.
Right-of-use assets	83,450	84,599	(1.149)

The contracts that fall within the scope of IFRS 16 mainly refer to:

- office and operating buildings;
- company vehicles.

(euro/000)	Rental property	Cars	Total
Historical cost	103,596	3,778	**107,374**
Accumulated depreciation	(20,629)	(2,146)	**(22,775)**
Balance at 31/12/2021	**82,967**	**1,632**	**84,599**
Historical cost increase	6,805	383	**7,188**
Historical cost decrease	-	(389)	**(389)**
Increase in accumulated depreciation	(7,594)	(566)	**(8,160)**
Decrease in accumulated depreciation	-	212	**212**
Total changes	**(789)**	**(360)**	**(1,149)**
Historical cost	110,401	3,772	**114,173**
Accumulated depreciation	(28,223)	(2,500)	**(30,723)**
Balance at 31/12/2022	**82,178**	**1,272**	**83,450**

The increases in historical cost that occurred during the year relating to properties are essentially attributable to the renewals of the contracts of some Cash & Carries and the change in rents to take into account the inflationary change of the year. The historical cost increases relating to vehicles derive from the recurring partial annual renewal of the car fleet.

The depreciation rates for the period are determined on the basis of the residual duration of each individual contract and have not changed compared to the year ended 31 December 2021.

2) GOODWILL

The total goodwill recorded in the financial statements amounts to 18.3 million euro and is perfectly in line with the value recorded as at 31 December 2021.

The following table summarises the values of the single goodwill items in terms of the business combinations from which they arose; each goodwill item is identified by the name of the company whose control has been acquired:

(euro/000)	31/12/2022	31/12/2021	Var.
Assotrade S.p.A.	5,500	5,500	-
Pisani S.p.A.	3,878	3,878	-
Esprilog S.r.l.	1,248	1,248	-
Mosaico S.r.l.	5,803	5,803	-
Celly S.p.A.	1,853	1,853	-
Total	**18,282**	**18,282**	**-**

Information on impairment testing of assets: goodwill

IAS 36 requires that the existence of impairment losses on property, plant and equipment and intangible assets with a finite useful life be assessed when there are indications that such a problem may exist.

In the case of goodwill and other intangible assets with an indefinite useful life, this test, so-called 'impairment test', must be carried out at least annually and whenever triggering events occur, i.e. extraordinary negative events implying the asset may be impaired.

Since, under international accounting standards, goodwill is not an asset in its own right because it is unable to generate cash flows independently from other assets or groups of assets, it cannot be subject to impairment testing separately from the assets to which it is attributable but must be allocated to a Cash Generating Unit (CGU) or a group of CGUs, since the maximum limit of aggregation coincides with the notion of 'segment' contained in IFRS 8.

In this case it was only possible to consider the Esprinet S.p.A. as a whole, since there are no smaller CGUs generating independent cash flows to which to allocate all or part of the goodwill highlighted.

The assessment process of goodwill and the assessment system adopted are described in detail in the corresponding section of the Consolidated Financial Statements and in the following comment to the item 'Equity investments', to which reference should be made.

The impairment tests carried out did not highlight the need to write down any of the values of goodwill recorded as at 31 December 2021, which are therefore confirmed.

Below are the parameters that the WACC and 'g' variables should have assumed in order for there to be a correspondence between the recoverable value and the carrying amount:

Key variables for: Enterprise Value = Carrying Amount	Italy IT&CE "B2B" CGU 1
"g" (long-term growth rate)	-1.54%
WACC post-tax	12.60%

In addition to the estimated average flows used to determine value in use, for information purposes only as required by IAS 36 and on the basis of the indications contained in joint Bank of Italy/CONSOB/ISVAP document No. 4 of 3 March 2010, sensitivity analyses were also carried out on the following key variables:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discount rate;
- the forecast EBITDA for the plan horizon.

The variation range compared to the 'unique' scenario taken into account are as follows:

- 'g' decreased by -50% and equal to zero;
- WACC higher than +100 bps and +200 bps;
- EBITDA lower than -10% and -20%.

As a result of these analyses, in none of the scenarios arising from the different combinations of key assumptions as shown before, including the 'worst' scenario resulting from the use of a 'g' of 0% (equal to an actual negative 'g' of -2.0%), a WACC increased by +200 bps and a plan EBITDA reduced by -20%, the recoverable value is lower than the net carrying amount.

3) INTANGIBLE ASSETS

(euro/000)	Licences, concessions, brand names and similar rights	Industrial and other patent rights	Assets under construction and advances	Total
Historical cost	16	8,584	110	**8,710**
Accumulated depreciation	(11)	(7,927)	-	**(7,938)**
Balance at 31/12/2021	**5**	**657**	**110**	**772**
Historical cost increase	-	1,341	99	**1,440**
Historical cost reclassification	-	110	(110)	**-**
Increase in accumulated depreciation	(1)	(422)	-	**(423)**
Total changes	**(1)**	**1,029**	**(11)**	**1,017**
Historical cost	16	10,035	99	**10,150**
Accumulated depreciation	(12)	(8,349)	-	**(8,361)**
Balance at 31/12/2022	**4**	**1,686**	**99**	**1,789**

The item '*Industrial patent and other intellectual property rights*' relates to the costs incurred for the long-term renewal and upgrade of IT operating system (software).

"*Assets under construction*" essentially refer to software licenses acquired pending entry into operation.

This item is amortised over three years in line with the previous year.

5) INVESTMENTS

(euro/000)	31/12/2022	31/12/2021	Var.
Investments	101,326	92,369	8,957

The following information concerns the Company's investments in subsidiaries.

Data concerning equity and net income refer to the draft financial statements as at 31 December 2022 approved by the respective Boards of Directors.

(euro/000)	Headquarters	Net equity [1]	Profit/ (loss) [1]	% possession	Cost	Value
Bludis S.r.l.	Rome (RM)	1,241	662	100%	8,700	8,700
Celly Pacific Limited	Hong Kong (China)	375	(36)	100%	4	4
Dacom S.p.A.	Milan (MI)	17,527	2,229	100%	12,820	12,820
idMAINT S.r.l.	Milan (MI)	1,502	170	100%	977	977
V-Valley S.r.l.	Vimercate (MB)	6,802	1,264	100%	20	20
4Side S.r.l.	Legnano (MI)	3,516	594	100%	2,948	2,948
Nilox Deutschland GmbH	Düsseldorf (Germany)	(825)	(33)	100%	-	-
Esprinet Iberica S.L.U.	Zaragoza (Spain)	161,415	19,119	100%	75,857	75,857
Esprinet Portugal Lda	Porto (Portugal)	2,500	396	5%	-	-
Total		**194,053**	**24,365**		**101,326**	**101,326**

[1] Data from the draft financial statements as at 31 December 2022 drawn up in compliance with the respective national accounting standards.

The following table details the changes in the item '*Equity investments*':

(euro/000)	Amount at 31/12/2021	Increase	Decrease	Amount at 31/12/2022
Bludis S.r.l.	-	8,700	-	8,700
Celly Pacific Limited	4	-	-	4
Dacom S.p.A.	12,709	111	-	12,820
idMAINT S.r.l.	963	14	-	977
V-Valley S.r.l.	20	-	-	20
4Side S.r.l.	2,948	-	-	2,948
Nilox Deutschland GmbH	-	-	-	-
Esprinet Iberica S.L.U.	75,725	132	-	75,857
Esprinet Portugal Lda	-	-	-	-
Total	**92,369**	**8,957**	**-**	**101,326**

The main increase in the year refers to the acquisition of Bludis S.r.l. in November 2022.

The change in the equity investment in Esprinet Iberica S.L.U. is due to the effect of the charge to the subsidiary of the equivalent value of the shares delivered to its beneficiaries in relation to the 2021-2023 Compensation Plan.

The change in the equity investments in Dacom S.p.A. and IdMAINT S.r.l. compared to 31 December 2021 derives, as permitted by IFRS 3, from the determination during the year of the final purchase price of the same.

The subsidiary Nilox Deutschland GmbH, the organisational unit dedicated to the distribution on the German market of 'Nilox' own brand products placed in voluntary liquidation in September 2019, in addition to being written down in full in the previous year, a provision has also been made for future losses, as already occurred in the previous year, in order to meet the subsidiary's current obligations and the charges connected with the liquidation proceedings.

The total equity investment in V-Valley S.r.l., given its contractual nature as a 'commission agent' for the sale of the parent company Esprinet S.p.A. and its irrelevant value with respect to the equity of the latter, was not subject to specific verification.

Information concerning impairment testing of assets: equity investments

As required by IAS 36, the Company verified the recoverability of the book value of equity investments in subsidiaries in order to determine whether these assets may be impaired, by comparing their value in use and their carrying amount.

The value verification process and the valuation system adopted are described analytically in the corresponding section of the Consolidated Financial Statements.

A) Valuation framework

The valuation framework and the main procedural approaches to the notions of value and the criteria and methodologies used in valuation are summarised below.

In determining the recoverable value of the individual CGUs, the term 'value in use' has been used. The recoverable amount thus determined was compared with the carrying amount.

The recoverable amount of the individual equity investments was determined as the higher between value in use and fair value, the latter estimated using the income statement method. The recoverable amount thus determined was compared with the carrying amount.

The value in use is defined as the present value, at the date of the test, of the future cash flows (inflows and outflows) expected to be derived from the continuing use of assets, which are part of the tested CGU.

For the purpose of determining value in use, the commonly accepted financial method is the so-called 'Discounted Cash Flow' (DCF), which discounts estimated future cash flows by applying an appropriate discount rate. The variant used is of the 'asset side' type and assumes the discounting of cash flows generated by operating activities gross of financial components, since the cash flows are calculated net of notional taxes by applying an estimated tax rate to the operating result (EBIT).

Disclosures required by the international accounting standards regarding the main methods chosen for the calculation of the recoverable amount are as follows.

Basis for estimates of future cash flows

The financial valuations for the purpose of calculating the 'value in use' are based on five-year plans, approved by the Board of Directors of the parent company Esprinet on 14 March 2023, constructed starting from a management budget prepared for internal purposes for the year 2023 and extrapolating from it, through the application of forecasting techniques aimed at treating fixed and variable costs differently, the results for the 2024-2027 period.

As required by the IAS 36 accounting principle, paragraph 50, estimated cash flows exclude financial expenses, as per the 'asset side' approach already described, and are expressed in nominal terms.

Through this method, while drawing up the economic development plan over the 2023E-2027E period, cash flows were defined as the 'normal' flow profile, assumed as the profile with the highest degree of probability of occurrence (so-called 'probabilistic approach'), and therefore able to fully represent management's best estimates regarding the evolution of the results of each activity.

The application of standard IFRS 16 ('Leases') also made provision for the consideration, in the construction of forecast plans, of the replacement of operating leases and rentals with depreciation and interest.

From the perspective of determining 'value in use' through a method based on the discounting of cash flows, in order to preserve the principle of 'valuation neutrality' (excluding tax effects), this has led to several adjustments to the forecast cash flows.

In particular, in order to ensure the operational sustainability of the plans, it was assumed that, when the main lease contracts expired, new contracts would be signed under the same conditions, which would result in a flow of notional investments corresponding to the 'Right of Use' value of the restored assets. Thanks to this measure, it has been possible to correctly capture the reinvestment needs required to guarantee the cash generation foreseen by the plan.

Forecasting methods

For the purposes of estimates, strict reference was made to the current conditions of use, i.e. regardless of the flows obtainable from any incremental investments and/or restructuring that represent a discontinuity with respect to normal business operations, such as, for example, the new "Renting" business model which was launched during the year and which will be developed over the next few years.

Flows discounted or weighted for probability

In the preparation of the forecast plans used in the 'DCF-Discounted Cash Flow' models, the expected trends in sales and gross product margins were defined on the basis of data and information on the distribution sector and consumption of consensus technology from sources commonly considered reliable (Sirmi, IDC, Euromonitor), assuming different trends for the subsidiaries according to competitive positioning, strategies and environmental conditions.

The prospective determination of cash flows for each investee was based on the so-called 'multi-scenario', as specified previously.

The verification of the operational sustainability of the forecasting plans focused on the maintenance of 'business models' and competitive advantages for each investee company, including on the basis of the best external evidence regarding the prospects of each reference sector/market and the performance historically achieved.

The financial sustainability of the plans is based on an analysis of the intrinsic consistency between expected cash flows over the plan time-frame and prospective investment needs in working capital and fixed assets, taking into account cash reserves.

Key critical issues

An increased discount rate was used in the execution of the impairment test compared to that used to check the value of the goodwill of Esprinet S.p.A. and of the equity investment in Esprinet Iberica S.L.U., in order to reflect a greater dimensional risk, any deviations between the budget and final accounts, the less profound quality and completeness of the information base, the degree of verifiability of the plan inputs and the "inherent risk" of the activities to be assessed.

Discount rate

The discount rate used is representative of the return required by the suppliers of both risk and debt capital and takes into account risks specific to the activities relating to each investee company.

This rate corresponds to a notion of capital cost in the meaning of Weighted Average Cost of Capital (WACC) and is unique for the valuation of the Terminal Value and the discounting of flows over the explicit forecast period.

In particular, for the purpose of determining the Levered Cost of Equity, the median Beta Unlevered Coefficient of a sample of comparable companies, listed on regulated markets, operating internationally, was calculated, which was subsequently 're-levered' on the basis of a target financial structure for each of the investees, assuming that it coincided with the average financial structure of the sample. In this way the condition of independence of the discount rate from the current financial structure has been achieved.

The sample of comparable companies used consists of the following companies:

Entity	Country
AB S.A.	Poland
Action S.A.	Poland
ALSO Holding AG	Switzerland
Arrow Electronics, Inc.	USA
ASBISc Enterprises Plc	Cyprus
Datatec Limited	South Africa
Exclusive Networks S.A.	France
Logicom Public Ltd	Cyprus
SeSa	Italy
TD SYNNEX Corporation	USA

The main components of the discount rate are as follows:

- the gross cost of own capital, determined by the sum of the "Risk Free Rate", equal to the average rate of return in the last quarter of 2022 of the 10-year benchmark government bond of Italy, Spain and Portugal depending on the country of residence of the investee company, the "Market Risk Premium" and the "Additional Risk Premium" estimated on the basis of databases commonly used by analysts and investors;
- the Beta Levered coefficient, determined on the basis of the periodic average of the sample of comparable companies;
- the gross marginal cost of the debt, obtained as the sum of the Base Rate, equal to the average reference rate in the last quarter of 2022 of the 10-year IRS, and a credit spread estimated on the basis of databases commonly used by analysts and investors;
- the tax rate, equal to the nominal corporate income tax rate of the countries where the investees are domiciled for tax purposes.

The IAS 36, paragraph 55, requires that the discount rate be calculated before tax ('pre-tax') but allows for the discounting of flows to be carried out using an estimated rate net of the tax effect ('post-tax'), provided that the expected flows are also expressed net of the tax effect.

Nevertheless, the WACC calculated in the post-tax version has also been converted into the pre-tax equivalent defined as pre-tax WACC that leads to the same result when discounting back pre-tax cash flows.

Terminal Value

The Terminal Value recorded at the end of the explicit forecasting period was calculated on the basis of the 'Perpetuity Method' (last year's unlimited cash flow capitalisation model), assuming long-term sustainable cash flow growth from year 5 onwards at a constant rate ('g').

This rate is equal, hypothetically, to the inflation rate expected for 2027 in Italy, Spain and Portugal (2.20%, 1.70% e 2.03%, respectively - source: International Monetary Fund).

B) Basic assumption / Critical variables

The following table describes the main basic assumptions used to calculate the recoverable value for each shareholding with reference to the technical methods underlying the 'DCF Model':

	Italy 4Side S.r.l. Dacom S.p.A. idMAINT S.r.l. Bludis S.r.l.	Spain Esprinet Iberica S.L.U.	Portugal Esprinet Portugal Lda
Future cash flow expected:			
Forecast horizon	5 years	5 years	5 years
"g" (long-term growth rate)	2.00%	1.70%	2.03%
Discount rates:			
Risk capital cost	14.01%	11.22%	12.98%
Marginal gross cost of capital debt	5.67%	5.67%	5.67%
Tax rate	24.00%	25.00%	21.00%
Target financial structure (D/D+E)	0.25	0.25	0.25
Target financial structure(E/D+E)	0.75	0.75	0.75
WACC post-tax	11.60%	9.50%	10.85%
WACC pre-tax	15.70%	12.35%	14.65%

With reference to the key assumptions used in the cash flow forecast and for the 'value in use calculation' we point out that the investee values are particularly sensitive to the following parameters:

- revenue growth rates;
- gross product margin / fixed costs contribution margin;
- operating leverage;
- cash flow discount rates;
- growth rate 'g' applied to the cash flow of the last defined year utilised for the Terminal Value calculation.

C) Value adjustments and 'sensitivity analysis'

The impairment tests did not reveal the need to write down any of the existing equity investments or proceed with the revaluation of the 5% equity investment in Esprinet Portugal Lda, written down in full in 2020.

In addition to the expected average flows used to determine value in use, sensitivity analyses were also carried out on the following key variables for information purposes only, as required by IAS 36:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discount rate;
- the forecast EBITDA for the plan horizon.

The variation range compared to the 'unique' scenario taken into account are as follows:

- 'g' decreased by -50% and equal to zero;
- WACC higher than +100 bps and +200 bps;
- EBITDA lower than -10% and -20%.

As a result of these analyses it has emerged that, with regard to the equity investment in Dacom S.p.A., some of the scenarios arising from the different combinations of the key assumptions varied as above, including the 'worst' scenario characterised by the use of a 'g' equal to 0% (equal to a real negative 'g' of -2.0%), a WACC increased by +200 bps and a plan EBITDA reduced by -20%, would lead to a value in use reduced to almost zero.

However, taking into account the specific methodological customisations adopted to determine the 'value in use' of the equity investments, these results are not considered particularly evocative of critical elements such as to lead to said write-downs as they are amplifying the already conservative unique scenario adopted.

6) DEFERRED INCOME TAX ASSETS

(euro/000)	31/12/2022	31/12/2021	Var.
Deferred income tax assets	2,262	2,372	(110)

The balance of this item is represented by taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes that the Company expects to recover in future years following the realisation of taxable profits.

The recoverability is supported by the estimated net income based on the forecast plans derived from the 2023-27E economic-financial projections of the Esprinet Group, approved by the Esprinet S.p.A. Board of Directors on 14 March 2023.

The following table shows the composition of the item in question:

(euro/000)	31/12/2022			31/12/2021		
	Temporary differences	Fiscal effect (tax rate %)	Amount	Temporary differences	Fiscal effect (tax rate %)	Amount
Deferred income tax assets:						
Bad debt provision	1,418	24.00%	340	959	24.00%	230
Goodwills' amortisation	101	27.90%	28	115	27.90%	32
Director's fees not paid	541	27.90%	130	644	27.90%	127
Inventory obsolescence provision	2,772	27.90%	773	3,537	27.90%	987
IFRS 16 - Leases	1,012	24.00%	244	528	24.00%	128
Agent suppl. indemnity provision	574	27.90%	160	634	27.90%	177
Provision sales returns	1,173	27.90%	327	800	27.90%	223
Provision risk	517	27.90%	94	856	27.90%	175
Others	612	24%-27.9%	166	1,157	24%-27.9%	293
Deferred income tax assets			**2,262**			**2,372**

The item 'Other' refers mainly to the deferred income tax assets arising from the temporary differences on the estimated exchange losses and on the actuarial valuation of the staff severance indemnity (TFR).

The time-related allocation of the envisaged reversals to the income statement are shown below:

(euro/000)		Within 1 year	1-5 years	After 5 years	Total
Deferred income tax assets	31/12/2022	901	1,361	-	**2,262**
	31/12/2021	876	1,496	-	**2,372**

9) RECEIVABLES AND OTHER NON-CURRENT ASSETS

(euro/000)	31/12/2022	31/12/2021	Var.
Guarantee deposits receivables	1,773	1,744	29
Receivables and other non-current assets	**1,773**	**1,744**	**29**

The item '*Guarantee deposits receivables*' refers mainly to guarantee deposits for utilities for existing lease contracts.

CURRENT ASSETS

10) INVENTORY

(euro/000)	31/12/2022	31/12/2021	Var.
Finished products and goods	376,258	329,468	46,790
Provision for obsolescence	(2,772)	(3,537)	765
Inventory	**373,486**	**325,931**	**47,555**

The net amount of inventories totalled 373.5 million euro, up +47.6 million euro compared with existing stock as at 31 December 2021. The increase, influenced by an increase in the number of days of inventory turnover, is offset by an improvement of approximately 23.7 million euro, relating to products in transit from suppliers or to customers (83.7 million euro overall as at 31 December 2022 and 107.4 million euro as at 31 December 2021).

The 2.8 million euro allocated to Provision for obsolescence is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The movement in the provision during the period was as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Provision for obsolescence: year-beginning	**3,537**	**3,108**	**429**
Uses/Releases	(1,109)	(4,139)	3,030
Accruals	344	2,903	(2,559)
Merger changes	-	1,665	(1,665)
Provision for obsolescence: year-end	**2,772**	**3,537**	**(765)**

11) TRADE RECEIVABLES

(euro/000)	31/12/2022	31/12/2021	Var.
Trade receivables - gross	351,006	286,519	64,487
Bad debt provision	(2,208)	(2,427)	219
Trade receivables - net	**348,798**	**284,092**	**64,706**

'*Trade receivables*' arise from normal sales transactions engaged in by the Company in the context of ordinary marketing activities. These transactions are carried out almost entirely with customers resident in Italy, are denominated in euro and can be settled in cash in the short-term.

Gross trade receivables, which include 3.3 million euro (0.3 million euro in 2021) of receivables sold with recourse to factoring companies, adjusted by credit notes to be issued to customers for a value of 51.0 million euro (44.6 million euro at the end of 2021) and include 80.7 million euro of receivables valued at fair value (112.6 million euro as at 31 December 2021).

The change in gross receivables is determined not only by the overall volumes of turnover and their trend over time, in turn also determined by seasonal factors, but also by the impact of the revolving programmes for the disinvestment of trade receivables (i.e. approx. 226.4 million euro as at 31 December 2022 compared to 299.2 million euro in 2021).

The bad debt provision, which is used to adjust receivables to their estimated realisable value, is replenished by provisions determined on the basis of an analytical evaluation process for each individual customer in relation to the related past due receivables and outstanding commercial disputes, taking into account insurance coverage (for further information, please refer to the '*Disclosure on risks and financial instruments*' section). Its changes are shown below:

(euro/000)	31/12/2022	31/12/2021	Var.
Bad debt provision: year-beginning	**2,427**	**3,619**	**(1,192)**
Uses/Releases	(1,009)	(2,111)	1,102
Accruals	790	596	194
Merger changes	-	323	(323)
Bad debt provision: year-end	**2,208**	**2,427**	**(219)**

12) INCOME TAX ASSETS (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Income tax assets	745	-	745

Income tax assets (current) result mainly from the higher tax advances paid compared with the current taxes accrued in 2022.

13) OTHER ASSETS (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Receivables from subsidiaries (A)	**117,493**	**116,815**	**678**
Receivables from associates (B)	**-**	**-**	**-**
VAT receivables	-	2,453	(2,453)
Other tax assets	35,729	32,115	3,614
Other receivables from Tax authorities (C)	**35,729**	**34,568**	**1,161**
Receivables from factoring companies	3,207	3,128	79
Other financial receivables	10,336	9,857	479
Receivables from insurance companies	424	2,852	(2,428)
Receivables from suppliers	786	6,396	(5,610)
Receivables from employees	2	-	2
Receivables from others	72	102	(30)
Other receivables (D)	**14,827**	**22,335**	**(7,508)**
Prepayments (E)	**4,937**	**3,163**	**1,774**
Other assets (F= A+B+C+D+E)	**172,986**	**176,881**	**(3,895)**

The following tables show *Receivables from subsidiaries* detailed by type and by single company. For further information regarding the source figures please refer to the 'Relationships with related parties' section.

(euro/000)	31/12/2022	31/12/2021	Var.
Dacom S.p.A.	698	431	267
Bludis S.r.l.	2	-	2
idMAINT S.r.l.	40	6	34
V-Valley S.r.l.	62,410	52,705	9,705
Nilox Deutschland GmbH	825	936	(111)
4Side S.r.l.	150	183	(33)
Esprinet Iberica S.L.U.	4,202	2,738	1,464
Esprinet Portugal Lda	275	110	165
Vinzeo Technologies SAU	-	387	(387)
V-Valley Advanced Solutions España, S.A.	198	319	(121)
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	15	-	15
GTI Software & Networking SARLAU	1	-	1
Trade receivables (a)	**68,816**	**57,815**	**11,001**
4Side S.r.l.	42	-	42
V-Valley S.r.l.	135	-	135
Receivables as per national cons. tax regime (b)	**177**	**-**	**177**
4Side S.r.l.	1,000	1,000	-
Dacom S.p.A.	20,000	18,000	2,000
Esprinet Iberica S.L.U.	15,000	30,000	(15,000)
Esprinet Portugal Lda	3,000	-	3,000
V-Valley Advanced Solutions España, S.A.	9,500	10,000	(500)
Financial receivables (c)	**48,500**	**59,000**	**(10,500)**
Total receivables from subsidiaries (a+b+c)	**117,493**	**116,815**	**678**

(euro/000)	31/12/2022	31/12/2021	Var.
Dacom S.p.A.	20,698	18,431	2,267
Bludis S.r.l.	2	-	2
idMAINT S.r.l.	40	6	34
V-Valley S.r.l.	62,545	52,705	9,840
Nilox Deutschland GmbH	825	936	(111)
4Side S.r.l.	1,192	1,183	9
Esprinet Iberica S.L.U.	19,202	32,738	(13,536)
Esprinet Portugal Lda	3,275	110	3,165
Vinzeo Technologies SAU	-	387	(387)
V-Valley Advanced Solutions España, S.A.	9,698	10,319	(621)
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	15	-	15
GTI Software & Networking SARLAU	1	-	1
Total receivables from subsidiaries	**117,493**	**116,815**	**678**

Tax credits for value added tax are reduced to zero as a result of the excess, differently from the previous year, of effective payavble accrued by the Company as at 31 December 2022 compared to the VAT advance paid at the end of the same month.

The '*Other tax assets*' figure refers mainly to the receivable stemmed from the tax authorities following the payment, made on a provisional basis, of tax collection files relating to indirect taxes in relation to which disputes are in progress, details of which are provided in the section '*Developments in Esprinet S.p.A.'s disputes*' under the notes to item '26) Non-current provisions and other liabilities'.

Receivables from factoring companies include sums owed to the Company as a result of 'without recourse' factoring operations effected. At the time this report was drafted, the receivables had been almost entirely paid.

'*Other financial receivables*' refer entirely to a guarantee deposit provided to the buyer of the receivables assigned in the securitisation transaction executed by the Company to cover any dilution that may occur in the course of this activity or in the months following the transaction closing.

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 financial year.

Receivables from suppliers, as at 31 December 2022, refer to credit notes received exceeding the amount owed at the end of December for a mismatch between the timing of their quantification and the payment of suppliers. They also include credits for advances requested by suppliers before the fulfilment of purchase orders.

Prepayments are costs (mainly maintenance and assistance fees, interest expenses on loans not drawn down) whose accrual is deferred with respect to that of the cash movement.

17) CASH AND CASH EQUIVALENTS

(euro/000)	31/12/2022	31/12/2021	Var.
Bank and postal deposit	121,120	242,774	(121,654)
Cash	10	10	-
Total cash and cash equivalents	**121,130**	**242,784**	**(121,654)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. These cash balances are in part temporary in nature as they arise as a result of the normal short-term financial cycle of collections/payments, which involves in particular a concentration of collections from customers in the middle and at the end of the month, where financial outgoings related to payments to suppliers are distributed more evenly over the month.

The market value of the cash and cash equivalents corresponds to their carrying amount.

The change with respect to 31 December 2021 is detailed in its components in the Cash Flow Statement to which reference should be made.

SHAREHOLDERS' EQUITY

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

(euro/000)	31/12/2022	31/12/2021	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	258,699	271,497	(12,798)
Own shares (C)	(13,330)	(20,263)	6,933
Total reserves (D=B+C)	**245,369**	**251,234**	**(5,865)**
Net income for the year (E)	**16,060**	**18,460**	**(2,400)**
Net equity (F=A+D+E)	**269,290**	**277,555**	**(8,265)**
Non-controlling interests (G)	-	-	-
Total equity (H=F+G)	**269,290**	**277,555**	**(8,265)**

19) SHARE CAPITAL

The Company's *Share capital*, fully subscribed and paid-in as at 31 December 2022, is 7,860,651 euro and comprises 50,417,417 shares with no face value, following the cancellation, on 22 June 2020, of 1,470,217 shares and 516,706 shares on 10 May 2022, as set forth in the resolutions of the relevant Shareholders' Meetings.

20) RESERVES

Reserves and retained earnings

The *Reserve and retained earnings* balance decreased by 12.8 million euro, substantially due to combined effect of the allocation of profits from previous years and the distribution of dividends to shareholders.

Reserves also includes the value of the Esprinet stock grant rights to Group Directors and executives in relation to the 2021-2023 Share incentive plan approved by Esprinet S.p.A.'s Shareholders' Meeting on 7 April 2021. The value of said rights was recognised in the income statement under the costs of employees and the costs of the directors, and was quantified on the basis of the elements described in detail in the section "Share incentive plans" in the following chapter 6. "Comments on income statement items" to which reference should be made. For more details, please refer to the Statement of changes in shareholders' equity.

Own shares on hand

The amount refers to the total purchase price of 1,011,318 Esprinet S.p.A. shares owned by the Company in service of the 2021-2023 Share incentive plan.

The change with respect to the 1,528,024 shares held as at 31 December 2021 derives from the cancellation, on 10 May 2022, of 516,706 shares in implementation of the resolution of Esprinet S.p.A.'s Shareholders' Meeting of 14 April 2022.

The following table shows the amount and the distributability of the reserves composing the equity as per Art. 2427(7-*bis*) of the Italian Civil Code and their past usage.

(euro/000)				Summary of the uses in the three previous years:	
Type/description	**Amount**	**Possible uses**	**Portion available**	**To cover losses**	**For other reasons**
Share capital	**7,861**	**---**	**-**		
Reserves:					
Share premium reserve (*)	-	A,B,C	-		
Revaluation reserve	30	A,B,C	30		
Legal reserve	1,572	B	1,572		
Merger surplus	9,146	A,B,C	9,146		
Extraordinary reserve	224,066	A,B,C	224,066		
Extraordinary reserve (**)	13,330	---	-		
Net profit from exchange operations reserve	6	---	-		
IFRS reserves	10,550	---	-		
Total reserves	**258,700**		**234,814**	**-**	**-**
Total share capital and reserves	**266,561**		**234,814**		
Non-distributable quota (***)			-		
Residual distributable quota			**234,814**		

(*) Pursuant to Art. 2431 of the Italian Civil Code the entire amount of this reserve can be distributed solely provided that the legal reserve has reached the limit established by Art. 2430 of the Italian Civil Code, including through the transfer of the share premium reserve. This limit has been reached as at 31 December 2019.

(**) Pursuant to Art. 2358 of the Italian Civil Code, it represents the non-distributable portion corresponding to own shares on hand.

(***) Pursuant to Art. 2426(5), this is the non-distributable portion allocated to cover long-term costs not yet amortised.

Key: A: share capital increase B: cover of losses C: distribution to shareholders.

21) NET RESULT FOR THE PERIOD

The year's net result amounts to 16.1 million euro, decreasing by 2.4 million euro compared to a net income of 18.5 million euro in the previous year.

NON-CURRENT LIABILITIES

22) BORROWINGS

(euro/000)	31/12/2022	31/12/2021	Var.
Borrowings	34,568	48,014	(13,446)

The *Payables to banks* value refers to the valuation at the amortised cost of the portion of the medium-long term loans falling due beyond the following year.

The change compared with previous year is due to the combined effect of the reclassification to current payables, in accordance with the amortisation plans for medium/long-term loans, of the instalments falling due within 12 months and the recognition of said portion relating to the two new loans taken out in May and June 2022 for a total value in principal of 11.7 million euro.

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

31) LEASE LIABILITIES (NON-CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (non-current)	80,442	81,162	(720)

The financial liability is related to the Rights of use existing at the reference balance sheet dates. The variation can be detailed as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (non-current)	**81,162**	**76,382**	**4,780**
Merger changes	-	65	(65)
Increase from subscribed contracts	7,011	11,758	(4,747)
Termination/modification of contracts	-	(87)	87
Reclassification non-current liabilities	(7,731)	(6,956)	(775)
Lease liabilities (non-current)	**80,442**	**81,162**	**(720)**

The following table analyses the maturity dates of the financial liabilities booked as at 31 December 2022:

(euro/000)	Within 5 years	After 5 years	31/12/2022
Lease liabilities (non-current)	35,669	44,773	80,442

With reference to the application of IFRS 16 as from the financial statements as at 31 December 2019, the Company did not apply the standard to leases of intangible assets.

It should also be noted that the Company analyses the lease contracts with regards to the lease term, defining the 'non-cancellable' period for each of them, together with the effects of extension and early termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings, this valuation considered the specific facts and circumstances of each activity. With regard to the other categories of assets, mainly company vehicles, the Company generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Company's usual practice.

Lastly, liabilities related to rights of use are measured considering the variable payments due for the leases linked to indices or rates (e.g. ISTAT index), where contractually provided for.

24) DEFERRED INCOME TAX LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Deferred income tax liabilities	3,315	3,126	189

The balance of this item depends on higher taxes that the Company has to pay in the next financial years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

The following table shows the composition of the item in question:

(euro/000)	31/12/2022			31/12/2021		
	Temporary differences	Fiscal effect (tax rate %)	Amount	Temporary differences	Fiscal effect (tax rate %)	Amount
Deferred income tax liabilities:						
Goodwills' amortisation	11,455	27.90%	3,196	11,136	27.90%	3,107
Foreign exchange estimate	495	24.00%	119	79	24.00%	19
Deferred income tax liabilities			**3,315**			**3,126**

The time-related allocation of deferred income tax liabilities is as follows:

(euro/000)		Within 1 year	1-5 years	After 5 years	Total
Deferred income tax liabilities	31/12/2022	119	-	3,196	**3,315**
	31/12/2021	19	-	3,107	**3,126**

25) RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations reflect the staff severance provision ('TFR') and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

Changes occurred during the year are shown in the tables below:

(euro/000)	31/12/2022	31/12/2021	Var.
Balance at year-beginning	**4,082**	**3,719**	**363**
Merger changes	-	819	(819)
Service cost	-	(120)	120
Interest cost	39	15	24
Actuarial (gain)/loss	(315)	(100)	(215)
Pensions paid	(259)	(251)	(8)
Retirement benefit obligations	**3,547**	**4,082**	**(535)**

Values recognised in the income statement are as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Amounts booked under personnel costs	-	(120)	120
Amounts booked under financial costs	39	15	24
Total	**39**	**(105)**	**144**

The Company, which has more than 50 employees as at 1 January 2007, transfers the staff severance provision quotas to third parties.

The change compared to the previous year is essentially attributable to both uses ("services paid") and actuarial gains.

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 2021 and the actual development of the provision as at 31 December 2022 (members, payments made, benefit revaluation). The discount rate used reflects the market returns, at the financial statements date, of a panel of primary company bonds with a maturity date connected with the employee average residual employment in the Company's companies (higher than 10 years)[11].

The method known as the 'Projected Unit Credit Cost' was used to account for benefits reserved to employees, using the following operating assumptions:

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender. These probabilities were calculated starting from the pension distribution by age and gender existing on 1 January 1987 with effect from 1984, 1985, 1986 referring to the credit segment personnel;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;
- probability of terminating employment for reasons other than death: an annual 6% frequency has been considered based on available statistical series for the Company;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/2022	31/12/2021
Cost of living increase (*)	5.90%	1.20%
Discounting rate	3.63%	0.98%
Remuneration increase	Inflation + 1.5%	n/a
Staff severance indemnity (TFR) - annual rate increase (**)	5.93%	2.40%

(*) 5.9% for 2023, 2.3% for 2024, 2.0% from 2025.

(*) 5.93% for 2023, 3.3% for 2024, 3.0% from 2025.

11 Please note that the iBoxx Eurozone Corporates AA7-10 index has been used as the reference parameter.

Sensitivity analyses

Pursuant to IAS 19 Revised, a sensitivity analysis of changes in main actuarial hypothesis used in the calculation model is required.

As basic scenario the one above described was assumed and from that the most significant hypotheses (i.e. annual average discount rate, average cost of living increase and turn-over rate) were increased and decreased by half, a quarter and two percentage points respectively. The outputs thus obtained are summarised as follows:

(euro)		Sensitivity analysis Esprinet S.p.A.
Past Service Liability		
Annual discount rate	0.50%	3,420,112
	-0.50%	3,681,079
Annual inflation rate	0.25%	3,585,250
	-0.25%	3,508,761
Annual turnover rate	2.00%	3,576,032
	-2.00%	3,516,012

As required by IAS 19 Revised, the estimated expected payments (in nominal value) for the next few years are as follows:

(euro) Year	Future cash flows Esprinet S.p.A.
0 - 1	297,517
1 - 2	299,543
2 - 3	265,701
3 - 4	265,430
4 - 5	359,011
5 - 6	303,675
6 - 7	327,970
7 - 8	218,892
8 - 9	270,563
9 - 10	260,785
Over 10	1,848,553

33) DEBTS FOR INVESTMENTS IN SUBSIDIARIES (NON-CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Debts for investments in subsidiaries (non-current)	600	1,615	(1,015)

The item 'Payables for purchase of equity investments (non-current)' as at 31 December 2022 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 the companies Dacom S.p.A. (0.5 million euro) and idMAINT S.r.l. (0.1 million euro) in January 2021.

26) NON-CURRENT PROVISIONS AND OTHER LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Long-term liabilities for cash incentives	118	134	(16)
Provisions for pensions and similar obligations	1,796	1,692	104
Other provisions	1,127	1,388	(261)
Non-current provisions and other liabilities	**3,041**	**3,214**	**(173)**

The item *Payables for monetary incentives* as at 31 December 2022 refers to the portion of the variable consideration payable to the beneficiaries in the second year following the year of accrual.

The item '*Provisions for pensions and similar obligations*' includes the supplementary customer indemnity provision payable to agents based on current regulations governing the subject. The changes in the period were as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Provisions for pensions: year - beginning	**1,692**	**1,189**	**503**
Uses/Releases	(102)	(253)	151
Accruals	206	254	(48)
Merger changes	-	502	(502)
Provisions for pensions: year - end	**1,796**	**1,692**	**104**

The amount allocated to the item *Other provisions* is aimed at hedging the risks associated with the legal and tax disputes in progress and at covering the estimated lasting losses of the investee companies that exceed the value of the equity investment itself. Changes occurred in the period are as below:

(euro/000)	31/12/2022	31/12/2021	Var.
Other provisions: year-beginning	**1,388**	**911**	**477**
Uses/Releases	(321)	(56)	(265)
Accruals	60	416	(356)
Merger changes	-	117	(117)
Other provisions: year-end	**1,127**	**1,388**	**(261)**

The outstanding balance refers in both financial years for 0.8 million euro to hedging the risk relating to the subsidiary Nilox Deutschland Gmbh in liquidation from 2019.

Provisions refer for 0.1 million euro to the estimate made by management with the support of its external legal consultants for some outstanding positions with employees, agents and suppliers.

Development of disputes involving Esprinet S.p.A.

The main disputes involving the Company are provided below, along with developments in 2022 (and thereafter, until the date this financial report was drafted), for which the Company has conducted the pertinent risk assessments, with the support of its legal and/or tax consultants, and, where deemed appropriate, recognised the ensuing allocations to the provision for risks.

The 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.

Actebis Computer S.p.A. (now Esprinet S.p.A.) indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), all outstanding disputes have been resolved, with the exception of that pertaining to the year 2005, for which Esprinet, at the recommendation of the seller of Actebis and supported by the latter's advisors, after the failure of a tax settlement proposal, lodged an appeal at the various stages of legal proceedings, with the enforcement of all payments due based on prior receipt of the funds from the seller.

Following the negative ruling of the Regional Tax Commission on 23 September 2014, the seller's advisors also filed an appeal before the Court of Cassation where the same is pending and the hearing has not yet been set.

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

On 30 November 2016, the Company was served a notice relating to an assessment through which the Revenue Agency requested the recovery of VAT of 1.0 million euro, plus penalties and interests. The failure to apply VAT on taxable transactions carried out in 2011 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable sentence on 24 November 2017 before the Provincial Tax Commission, and on 12 February 2019 before the Regional Tax Commission.

As set forth in the administrative proceedings, payments totalling 2.5 million euro were made during the judicial process which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item "Other tax receivables".

On 4 December 2019, an appeal was filed with the Court of Cassation; the date of the hearing for the discussion of the case has not yet been set.

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

On 2 October 2017, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 3.1 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2012 on three business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received a favourable ruling on 21 September 2018 before the Provincial Tax Commission, but an unfavourable one on 17 February 2020 before the Regional Tax Commission.

As set forth in the administrative proceedings, February 2021 saw the payment of 5.1 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".

On 25 September 2020, the Company filed an appeal with the Court of Cassation and the Revenue Agency filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

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

On 31 July 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 66 thousand euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on a business customer is being disputed; the latter presented a declaration of intent but the subsequent tax audits to which it was subject revealed that the business customer could not have submitted it, as it does not qualify as a habitual exporter.

The Company filed an appeal and received an unfavourable ruling on 29 January 2019 before the Provincial Tax Commission, but a favourable one on 29 January 2020 before the Regional Tax Commission.

On 19 March 2021, the Revenue Agency filed an appeal with the Court of Cassation and the Company filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

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

On 20 December 2018, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 14.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other seven business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that these business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal and received an unfavourable ruling on 23 September 2020 before the Provincial Tax Commission and an unfavourable one on 14 February 2022 before the Regional Tax Commission (sentence filed on 28 February 2022).

On 23 May 2022, the Company filed an appeal with the Court of Cassation and the Revenue Agency filed a counter-appeal; the date of the hearing to discuss the case has not yet been set.

On 5 October 2022, the Revenue Agency-Collection granted the instalment in no. 18 months' salary, with a unit value of 0.7 million euro and starting from the same month of October 2022, of the residual amounts due provided for in the administrative procedure.

Therefore, payments totalling 26.6 million euro were made during the judicial process (of which 2.1 million euro in 2022) which, as all stages of the legal proceedings are yet to be concluded, was recognised in the financial statements under the item "Other tax receivables".

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

On 13 September 2021, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 6.5 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2013 on other business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

The Company filed an appeal before the Provincial Tax Commission, whose date of the hearing for the discussion of the case, initially set for 18 October 2022, has been postponed to a date to be set.

In the meantime, on 21 July 2022, the Revenue Agency-Collection granted the instalment in no. 18 months' salary, with a unit value of almost Euro 0.2 million and starting from August 2022, of the amounts envisaged by the administrative procedure.

As at 31 December 2022, therefore, payments had been made for a total of 0.8 million euro which, as all stages of legal proceedings are yet to be concluded, were recognised in the financial statements under the item "Other tax receivables".

Esprinet S.p.A. indirect taxes for the year 2014

On 23 December 2022, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 32.4 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2014 on a list of business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

Although the Company believes that it has acted correctly, on 18 January 2023 it filed a tax settlement proposal simply to avoid tax litigation.

Esprinet S.p.A. indirect taxes for the year 2015

On 23 December 2022, the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 27.8 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2015 on a list of business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

Although the Company believes that it has acted correctly, on 18 January 2023 it filed a tax settlement proposal simply to avoid tax litigation.

Esprinet S.p.A. indirect taxes for the year 2016

On 23 December 2022 the Company received an assessment notice through which the Revenue Agency requested the recovery of VAT of 10.0 million euro, plus penalties and interest. The failure to apply VAT on taxable transactions carried out in 2016 on a list of business customers is being disputed; the latter presented declarations of intent but the subsequent tax audits to which they were subject revealed that the business customers could not have submitted these, as they do not qualify as habitual exporters.

Although the Company believes that it has acted correctly, on 18 January 2023 it filed a tax settlement proposal simply to avoid tax litigation.

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

On 20 July 2016, upon conclusion of a tax audit to which it was subject, the company received an assessment notice through which the Revenue Agency requested the recovery of direct taxes for 82 thousand euro, as well as penalties and interest. The deduction or non-taxation of income components relating to 2012 (the year in which the company was still part of the Esprinet Group) has been contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 26 June 2017 before the Provincial Tax Commission, but lost the appeal on 3 July 2018 before the Regional Tax Commission.

As envisaged by the administrative procedure, payments for a total of 162 thousand euro were made during the course of the judicial procedure, recorded in the income statement in 2018.

On 16 July 2019, the Company lodged an appeal before the Court of Cassation.

Edslan S.r.l. Registration tax for the year 2016

On 4 July 2017, the company, merged by incorporation into Esprinet S.p.A. in 2018, received an assessment notice through which the Revenue Agency requested the recovery of the registration tax for 182 thousand euro, as well as penalties and interest. The determination of the business unit acquired on 8 June 2016 by the selling company Edslan S.p.A. (now I-Trading S.r.l.) has been contested.

The company firstly filed a tax settlement proposal but, after its rejection by the Revenue Agency, filed an appeal and won said appeal on 19 June 2018 before the Provincial Tax Commission, and on 22 January 2020 before the Regional Tax Commission.

On 8 January 2021, the company filed a counter-appeal before the Court of Cassation, whose date of the hearing for the discussion of the case has not yet been set, after appeal by the Revenue Agency.

The Company's and the Group's policies regarding the management of legal and tax-related disputes can be found under '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the *'Directors' Report on Operations'*.

CURRENT LIABILITIES

27) TRADE PAYABLES

(euro/000)	31/12/2022	31/12/2021	Var.
Trade payables - gross	832,502	827,597	4,905
Credit notes to be received	(99,377)	(82,598)	(16,779)
Trade payables	**733,125**	**744,999**	**(11,874)**

The balance of Payables to suppliers, compared to 31 December 2021, is largely influenced by the overall volumes of purchases and their trend over time, which in turn also depend on seasonal factors of the distribution business.

The item ‘Receivables – credit notes’ refers mainly to the rebates related to commercial targets reached, to various incentives, to reimbursement of joint marketing activities with suppliers and to stocks contractual protections.

There are no trade payables with collaterals on corporate assets nor with a residual duration longer than 5 years.

28) SHORT-TERM FINANCIAL LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Bank loans and overdrafts	37,792	21,324	16,468
Other financing payables	14,339	9,994	4,345
Financial payables to subsidiaries	22,578	17,923	4,655
Short-term financial liabilities	**74,709**	**49,241**	**25,468**

Payables to banks refer almost entirely to the valuation at the amortised cost of short-term financing lines and the portion of the medium-long term loans expiring within the following year (25.2 million euro as principal as at 31 December 2022 and 16.8 million euro, always as principal, as at 31 December 2021).

The change compared to the previous year depends on the combined effect of the following phenomena:

- the greater or lesser use of short-term forms of financing;
- the portion due within the next year of two new medium/long-term loan obtained by the Company in May and June 2022;
- the repayment of the portions of medium / long-term loans according to the amortisation plans with the related reclassification from non-current financial payables of the instalments due within the 12 months following 31 December 2022.

Details relating to the outstanding loans can be found in the following ‘Net financial indebtedness and loan covenants’ paragraph.

Payables to other lenders are mainly advances obtained from factoring companies and derive from the usual assignment of credits to the Company through recourse factoring and by outstanding payables received in the name and on behalf of clients transferred under the without-recourse factoring agreement. The change in payables is closely correlated to the volume and different timing of the financial settlement of the receivables factored.

Financial payables to subsidiaries refer to the relationship with the subsidiary V-Valley S.r.l. under the cash pooling contract signed in 2019 for centralised treasury management.

29) INCOME TAX LIABILITIES

(euro/000)	31/12/2022	31/12/2021	Var.
Income tax liabilities	-	3,478	(3,478)

Current tax payables are reduced to zero compared to 31 December 2021 as a consequence of the lower amount of current taxes accrued in the year compared to the advances paid, in the opposite way to what occurred in the previous year.

34) LEASE LIABILITIES (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (current)	7,307	6,905	402

The liability is related to the Rights of use existing at the reference balance sheet dates.

The variation can be detailed as follows:

(euro/000)	31/12/2022	31/12/2021	Var.
Lease liabilities (current)	**6,905**	**6,400**	**505**
Merger changes	-	55	(55)
Increase from subscribed contracts	-	233	(233)
Reclassification non-current liabilities	7,731	6,956	775
Lease interest expenses	2,619	2,576	43
Payments	(9,948)	(9,315)	(633)
Lease liabilities (current)	**7,307**	**6,905**	**402**

35) DEBTS FOR INVESTMENTS IN SUBSIDIARIES (CURRENT)

(euro/000)	31/12/2022	31/12/2021	Var.
Debts for investments in subsidiaries (current)	2,455	1,854	601

The item Payables for equity investments in subsidiaries (current) as at 31 December 2022 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. (0.1 million euro, purchase completed in October 2020), and all the shares and holdings of the companies Dacom S.p.A. (0.6 million euro) and idMAINT S.r.l. (0.1 million euro) acquired in January 2021, in addition to the amount to be paid within 12 months in relation to the acquisition price of all shares of the company Bludis S.r.o. (1.7 million euro) acquired on 3 November 2022.

32) PROVISIONS AND OTHER LIABILITIES

Current provisions and other liabilities solely includes payables whose maturity is within the following 12 months.

(euro/000)	31/12/2022	31/12/2021	Var.
Payables to subsidiary and associated companies (A)	**599**	**284**	**315**
Social security liabilities (B)	**3,820**	**3,800**	**20**
VAT payables	12,735	-	12,735
Withholding tax liabilities	55	51	4
Other tax liabilities	1,496	1,314	182
Other payables to Tax authorities (C)	**14,286**	**1,365**	**12,921**
Payables to personnel	5,269	5,087	182
Payables to customers	4,144	3,154	990
Payables to others	1,998	959	1,039
Total other creditors (D)	**11,411**	**9,200**	**2,211**
Accrued expenses and deferred income related to:			
- Accrued expenses for insurance costs	227	288	(61)
- Deferred income - advanced receivables	23	-	23
- Other deferred income	3	40	(37)
Accrued expenses and deferred income (E)	**253**	**328**	**(75)**
Provisions and other liabilities (F=A+B+C+D+E)	**30,369**	**14,977**	**15,392**

The amount of *Payables to subsidiaries and associated companies* and the breakdown by nature, specifying that in the two years under comparison the values relate exclusively to transactions with subsidiaries, are summarised in the tables below:

(euro/000)	31/12/2022	31/12/2021	Var.
Dacom S.p.A.	41	-	41
idMAINT S.r.l.	-	13	(13)
V-Valley S.r.l.	10	23	(13)
4Side S.r.l.	135	1	134
Esprinet Iberica S.L.U.	66	174	(108)
Esprinet Portugal Lda	2	10	(8)
Vinzeo Technologies SAU	-	16	(16)
V-Valley Advanced Solutions España, S.A.	345	47	298
Total payables to subsidiary and associated companies	**599**	**284**	**315**

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

Tax payables for value added tax refer to the excess of the VAT payable accrued in December 2022 compared to the advance paid in the same month (opposite situation in the previous year).

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

Payables to customers mainly refer to accounting movements linked to credit notes not yet settled relating to current trading relationships.

Payables to personnel refer to deferred monthly payables (holidays not taken, year-end bonus, 14th month salary, monetary incentives) accrued at the end of the year.

Payables to others essentially include 1.1 million euro referring to the payable to shareholders due to dividends relating to the 2021 result resolved in 2022 but not yet collected at that date, in addition to the payables amounting to 0.3 million euro to Directors for fees accrued in the year or in previous years (0.3 million as at 31 December 2021), and 0.5 million euro (as in the previous year) for fees accrued and not paid to the Company's agents' network.

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

5. GUARANTEES, COMMITMENTS AND POTENTIAL RISKS

COMMITMENTS AND POTENTIAL RISKS

(euro/000)	31/12/2022	31/12/2021	Var.
Third-party assets on consignment to the Company	72,944	47,288	25,656
Bank guarantees issued in favour of subsidiaries	343,010	387,532	(44,522)
Bank guarantees issued in favour of other companies	11,634	11,716	(82)
Total guarantees issued	**427,588**	**446,536**	**(18,948)**

Third-party assets

This refers to the value of goods owned by third parties deposited at the Esprinet S.p.A. warehouses.

Guarantees issued for the benefit of subsidiaries

The amount refers mainly to guarantees or letters or comfort issued in favour of banks and factoring companies as guarantee for credit limits granted to the Company's subsidiaries, as well as guarantees issued to suppliers. The change compared with the previous year mainly refers to the decrease in guarantees in favour of the subsidiary Esprinet Iberica S.L.U. (23.6 million euro), of the subsidiary V-Valley Advanced Solutions España, S.A. (12.9 million euro) and the subsidiary 4Side S.r.l. (8.0 million euro).

Bank guarantees issued in favour of other companies

The amount refers mainly to bank guarantees issued for deposits in relation to property lease agreements and bank and insurance suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

6. NOTES TO INCOME STATEMENT ITEMS

It should be noted that in the *Directors' Report on Operations*, after comments on the Group's performance, some analyses of the economic results of Esprinet S.p.A. have been provided, completing the information provided in the following section.

33) SALES FROM CONTRACTS WITH CUSTOMERS

The following are some breakdowns of sales performance. Sales by product family and by customer type has been moved to *Directors' Report on Operations*.

SALES BY PRODUCTS AND SERVICES

(euro/million)	2022	%	2021	%	Var.	% Var.
Product sales	2,711.6	99.7%	2,824.2	99.8%	(112.6)	*-4%*
Services Sales	7.6	0.3%	5.9	0.2%	1.7	*28%*
Sales from contracts with customers	**2,719.2**	**100.0%**	**2,830.1**	**100.0%**	**(110.9)**	***-4%***

The values expressed in relation to the comparison periods differ from those published previously as a result of a review and better identification of the services provided to customers.

SALES BY GEOGRAPHIC AREA

(euro/000)	2022	%	2021	%	% Var.
Italy	2,657.9	97.8%	2,776.7	98.1%	*-4%*
Spain	27.6	1.0%	30.6	1.1%	*-10%*
Portugal	3.4	0.1%	2.2	0.1%	*55%*
Other EU countries	22.2	0.8%	16.1	0.6%	*38%*
Extra EU countries	8.1	0.3%	4.5	0.2%	*80%*
Sales from contracts with customers	**2,719.2**	**100.0%**	**2,830.1**	**100.0%**	***-4%***

SALES AS 'PRINCIPAL' OR 'AGENT'

In accordance with the IFRS 15 accounting standard, the Company has identified the distribution of the hardware and software products, the distribution of its own-brand products and the provision of non-intermediated services as the activities in which its role requires it to represent the sales as 'principal'. Conversely, the distribution of cloud software and the brokerage of services were detected as business lines to be disclosed as 'agent'. The following table illustrates this distinction.

(euro/000)	2022	%	2021	%	% Var.
Sales from contracts with customers as 'principal'	2,713.9	99.8%	2,826.0	99.9%	*-4%*
Sales from contracts with customers as 'agent'	5.3	0.2%	4.1	0.1%	*29%*
Sales from contracts with customers	**2,719.2**	**100.0%**	**2,830.1**	**100.0%**	***-4%***

35) GROSS PROFIT

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	2,719,248	100.00%	2,830,090	100.00%	(110,842)	*-4%*
Cost of sales	2,579,271	94.85%	2,691,685	95.11%	(112,414)	*-4%*
Gross profit	**139,977**	**5.15%**	**138,405**	**4.89%**	**1,572**	***1%***

The Gross profit amounted to 139.9 million euro, marking an increase of +1% compared 138.4 million euro in 2021 due to effect of the percentage margin, which went from 4.89% in 2021 to 5.15% in 2022.

As it is prevalent in the sectors where the Company operates, the cost of sales is adjusted downwards to take into account the premiums/rebates for having achieved targets, development provisions and co-marketing, cash discounts (so-called 'prompt payment discounts') and other incentives.

It is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Lastly, the sales margin has been reduced by the difference between the amount of receivables transferred 'without-recourse' to factoring companies within the usual revolving programme and the amounts collected. In 2022, such effect amounted to 3.2 million euro (1.9 million euro in 2021).

37-38-39) OPERATING COSTS

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Sales and marketing costs	47,914	1.76%	44,195	1.56%	3,719	*8%*
Overheads and administrative costs	64,369	2.37%	63,812	2.25%	557	*1%*
Impairment loss/reversal of financial assets	82	0.00%	(247)	-0.01%	329	*<-100%*
Operating costs	**112,365**	**4.13%**	**107,760**	**3.81%**	**4,605**	***4%***
- of which non recurring	2,754	0.10%	1,109	0.04%	1,645	*>100%*
'Recurring' operating costs	**109,611**	**4.03%**	**106,651**	**3.77%**	**2,960**	***3%***

In 2022, operating costs, amounting to 112.4 million euro, increased by 4.6 million euro with a percentage of sales of 4.13% compared to 3.81% in the previous year.

Net of non-recurring expenses incurred by the parent company, of 2.8 million euro, incurred by the company in relation to the performance of the process aimed at launching the Voluntary Public Tender Offer for all ordinary shares of the Italian company Cellularline S.p.A., compared to 1.1 million euro incurred in 2021 for the construction of the new logistics hub in Cavenago, operating costs were up by +3%, with an incidence on sales up to 4.03% from 3.77%.

The following table gives a detailed breakdown of operating costs in the two years compared:

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Sales & marketing personnel costs	39,586	*1.46%*	36,041	*1.27%*	3,545	*10%*
Other sales & marketing costs	8,328	*0.31%*	8,154	*0.29%*	174	*2%*
Sales & marketing personnel costs	**47,914**	***1.76%***	**44,195**	***1.56%***	**3,719**	***8%***
Administr., IT, HR and general service personnel costs	18,366	*0.68%*	17,884	*0.63%*	482	*3%*
Directors' compensation	3,202	*0.12%*	3,049	*0.11%*	153	*5%*
Consulting services	6,064	*0.22%*	5,655	*0.20%*	409	*7%*
Logistics services	13,001	*0.48%*	12,775	*0.45%*	226	*2%*
Amortisation, depreciation and provisions	9,998	*0.37%*	10,667	*0.38%*	(669)	*-6%*
Other overheads and administrative costs	13,738	*0.51%*	13,782	*0.49%*	(44)	*-0%*
Overheads and administrative costs	**64,369**	***2.37%***	**63,812**	***2.25%***	**557**	***1%***
Impairment loss/reversal of financial assets	82	*0.00%*	(247)	*-0.01%*	329	*<-100%*
Total SG&A	**112,365**	***4.13%***	**107,760**	***3.81%***	**4,605**	***4%***

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- agents and other commercial freelance charges;
- management cost for the Cash and Carry stores.

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and freelance personnel (for financial statements auditing services, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of property, plant and equipment, amortisation of intangible assets, excluding that relating to rented assets and equipment allocated by function to sales costs, as well as provisions for risks;
- overheads and administrative costs, including utilities, bank commissions and fees, insurance, data connection and telephone costs.

The item *Impairment loss/reversal of financial assets* includes the adjustment of the nominal value of receivables to their estimated realisable value.

RECLASSIFICATION BY NATURE OF SOME CATEGORIES OF COSTS

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

Amortisation, depreciation, write-downs and provisions

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Depreciation of tangible assets	3,272	0.12%	3,101	0.11%	171	*6%*
Amortisation of intangible assets	282	0.01%	187	0.01%	95	*51%*
Depreciation of right-of-use assets	8,160	0.30%	7,859	0.28%	301	*4%*
Amort. & depreciation	**11,714**	**0.43%**	**11,147**	**0.39%**	**567**	***5%***
Write-downs of fixed assets	-	0.00%	-	0.00%	-	*0%*
Amort. & depr., write-downs (A)	**11,714**	**0.43%**	**11,147**	**0.39%**	**567**	***5%***
Accruals for risks and charges (B)	266	0.01%	670	0.02%	(404)	*-60%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**11,980**	**0.44%**	**11,817**	**0.42%**	**163**	***1%***

Depreciation and amortisation of fixed assets, both property, plant and equipment and intangible assets, reflect the adjustments shown in the second table, which allow for reconciliation with the respective tables.

(euro/000)	31/12/2022	31/12/2021	Var.
Depreciation of tangible assets increasing the accumulated deprec.	3,567	3,346	221
Debited to subsidiaries	(295)	(245)	(50)
Depreciation of tangible assets	**3,272**	**3.101**	**171**
Amortisation of intangible assets increasing the accumulated deprec.	423	262	161
Debited to subsidiaries	(141)	(75)	(66)
Amortisation of intangible assets	**282**	**187**	**95**

Personnel costs

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Wages and salaries	35,199	1.3%	33,615	1.2%	1,584	*5%*
Social contributions	10,356	0.4%	10,000	0.4%	356	*4%*
Pension obligations	2,649	0.1%	2,388	0.1%	261	*11%*
Other personnel costs	1,248	0.1%	963	0.0%	285	*30%*
Employee termination incentives	182	0.0%	40	0.0%	142	*>100%*
Share incentive plans	651	0.0%	535	0.0%	116	*22%*
Total labour costs (1)	**50,285**	**1.9%**	**47,541**	**1.7%**	**2,744**	**6%**

(1) Costs of temporary workers excluded.

In 2022, labour costs amounted to 50.3 million euro, up by +6% compared to the corresponding period of the previous year, with a change almost in line with the growth in average staff employed compared to the same period of the previous year (+5%).

Details of the Company's employees as at 31 December 2022, broken down by qualification, can be found under '*Human Resources*' in the '*Directors' Report on Operations*'.

Share incentive plans

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.

The aforementioned plan was 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.

(euro/000)	2021-2023 Plan component "Base"		2021-2023 Plan component "Double Up"	
Allocation date	22/04/2021		22/04/2021	
Vesting date	30/04/2024		30/04/2024	
Expiry date	30/06/2024		30/06/2024	
Total number of stock grant allocated	172,718		784,000	
Total number of stock grant allowed	172,718		784,000	
Unit fair value (euro)	11.29		5.16	
Total fair value (euro)	1,949,986		4,045,440	
Rights subject to look-up (2 years)	25.0%		25.0%	
Duration lock-up	2 years		2 years	
Risk free interest rate	-0.4%	(1)	-0.4%	(1)
Implied volatility	40.6%	(2)	40.6%	(2)
Duration (years)	3		3	
Spot price [3]	13.59		13.59	
'Dividend yield'	3.8%		3.8%	

(1) 3-year IRS (source: Bloomberg, 21 April 2021).

(2) 3-year volatility calculated on the basis of the official prices at the close of the stock market in the previous three-year period as at 22 April 2021.

(3) Official price of Esprinet S.p.A. shares at grant date.

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 651 thousand euro with reference to employees (535 thousand euro in 2021) and 1,332 thousand euro with reference to directors (1,087 thousand euro in 2021).

Leases and contracts for services of multi-year duration

The costs relating to leases of modest value and those with a duration of less than 12 months, for which the Company availed itself of the exclusion from the application of IFRS 16, amount to 126 thousand euro while those relating to contracts with a duration of less than 12 months are reduced to zero (95 thousand euro and 4 thousand euro respectively in 2021).

The following tables respectively contain the details of the costs and commitments for future payments relating to multi-year service contracts:

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Equipment	125	0.00%	87	0.00%	38	*44%*
Data connection lines	91	0.00%	177	0.01%	(86)	*-49%*
Housing CED	133	0.01%	118	0.00%	15	*13%*
Total multi-year services costs	**349**	**0.01%**	**382**	**0.01%**	**(33)**	***-9%***

(euro/000)	2023	2024	2025	2026	2027	Over	Total
Equipment	95	85	47	15	-	-	**242**
Data connection lines	198	198	198	198	198	-	**990**
Housing CED	191	191	191	191	191	-	**955**
Multi-year services commitments	**484**	**474**	**436**	**404**	**389**	**-**	**2,187**

42) FINANCE

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Interest expenses on borrowings	659	0.02%	626	0.02%	33	*5%*
Interest expenses to banks	754	0.03%	37	0.00%	717	*>100%*
Other interest expenses	25	0.00%	211	0.01%	(186)	*-88%*
Upfront fees amortisation	516	0.02%	496	0.02%	20	*4%*
IAS 19 expenses/losses	38	0.00%	15	0.00%	23	*>100%*
IFRS financial lease interest expenses	2,619	0.10%	2,576	0.09%	43	*2%*
Intercompany interest expenses	11	0.00%	8	0.00%	3	*38%*
Total financial expenses (A)	**4,622**	**0.17%**	**3,969**	**0.14%**	**653**	***16%***
Interest income from banks	(46)	0.00%	(2)	0.00%	(44)	*>100%*
Interest income from others	(67)	0.00%	(23)	0.00%	(44)	*>100%*
Interest incomes from intercompany	(95)	0.00%	(27)	0.00%	(68)	*>100%*
Gains for changes in FV	-	0.00%	(629)	-0.02%	629	*-10000%*
Total financial income(B)	**(208)**	**-0.01%**	**(681)**	**-0.02%**	**473**	***-69%***
Net financial exp. (C=A+B)	**4,414**	**0.16%**	**3,288**	**0.12%**	**1,126**	***34%***
Foreign exchange gains	(1,725)	-0.06%	(460)	-0.02%	(1,265)	*>100%*
Foreign exchange losses	2,542	0.09%	1,745	0.06%	797	*46%*
Net foreign exch. (profit)/losses (D)	**817**	**0.03%**	**1,285**	**0.05%**	**(468)**	***-36%***
Net financial (income)/costs (E=C+D)	**5,231**	**0.19%**	**4,573**	**0.16%**	**658**	***14%***

The overall balance of financial income and expenses, a negative 5.2 million euro, worsened by 0.6 million euro compared to the corresponding period of the previous year (4.6 million euro), due primarily to the worsening of interest charges due to banks offset by the improvement in exchange rate management. The balance as at 31 December 2021 also included financial income (expense in 2020) relating to the cancellation of the option subscribed between the Company and the minority shareholders of the subsidiary 4Side S.r.l. for the purchase of the remaining 49% of the subsidiary's share capital.

43) INVESTMENT EXPENSES/(INCOMES)

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Investments expenses / (incomes)	-	0.00%	465	0.02%	(465)	*-100%*

The item equal to zero as at 31 December 2022, as at 31 December 2021 fully included the dividend received from the subsidiary 4Side S.r.l..

45) INCOME TAXE EXPENSES

(euro/000)	2022	%	2021	%	Var.	% Var.
Sales from contracts with customers	**2,719,248**		**2,830,090**		**(110,842)**	***-4%***
Current tax - IRES (Corporation income tax)	4,777	0.2%	5,563	0.2%	(786)	*-14%*
Current tax - IRAP (Regional tax on productive activities)	1,266	0.1%	1,353	0.1%	(87)	*-6%*
Income taxes previous years	55	0.0%	355	0.0%	(300)	*-85%*
Current income taxes	**6,098**	**0.2%**	**7,271**	**0.3%**	**(1,173)**	***-16%***
Deferred tax - IRES (Corporation income tax)	187	0.0%	720	0.0%	(533)	*-74%*
Deferred tax - IRAP (Regional tax on productive activities)	36	0.0%	86	0.0%	(50)	*-58%*
Deferred income taxes	**223**	**0.0%**	**806**	**0.0%**	**(583)**	***-72%***
Total tax - IRES (Corporation income tax)	5,019	0.2%	6,638	0.2%	(1,619)	*-24%*
Total tax - IRAP (Regional tax on productive activities)	1,302	0.1%	1,439	0.1%	(137)	*-10%*
Total tax	**6,321**	**0.2%**	**8,077**	**0.3%**	**(1,756)**	***-22%***

The following table illustrates the reconciliation between the theoretical and the effective tax rate:

(euro/000)	31/12/2022	31/12/2021
Result before taxes [A]	**22,381**	**26,537**
Operating profit (EBIT)	**27,612**	**30,645**
(+) bad debt provision	790	596
(+) provision for risks and charges	266	669
Taxable amout for IRAP [B]	**28,668**	**31,910**
Theoretical taxation IRES (= A*24%)	5,371	6,369
Theoretical taxation IRAP (= B*3.90%)	1,118	1,244
Total theoretical taxation [C]	**6,489**	**7,613**
Theoretical tax rate [C/A]	***29.0%***	***28.7%***
(-) tax relief - ACE (Aiuto alla Crescita Economica)	(142)	(195)
Other permanent differences	(26)	659
Total effective taxation [D]	**6,321**	**8,077**
Effective tax rate [D/A]	***28.2%***	***30.4%***

7. OTHER SIGNIFICANT INFORMATION

7.1 EMOLUMENTS TO THE BOARD MEMBERS, STATUTORY AUDITORS AND KEY MANAGERS

The following tables show the remuneration paid to the management and control body and to key managers in office as at 31 December 2022:

(figures in euro/000)

				Fixed compensation			Variable non-equity compensation					
Name and surname	**Office**	**Period for which office was held**	**Office expiry**	**Fixed compensation**	**Remuneration from subordinate employment**	**Compensation for committees participation**	**Bonuses and other incentives**	**Profit sharing**	**Non monetary benefits** [2]	**Other remuneration**	**Total**	**Severance indemnity for end of office or termination of employment**
Maurizio Rota	Chairman	01.01/ 31.12.2022	2024 [1]	450	-	-	-	-	5	-	**455**	-
Marco Monti	Deputy Chairman	01.01/ 31.12.2022	2024 [1]	53	-	-	-	-	-	-	**53**	-
Alessandro Cattani	Chief Executive Officer	01.01/ 31.12.2022	2024 [1]	450	-	-	281	-	3	-	**734**	-
Chiara Mauri	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Angelo Miglietta	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	41	-	-	-	-	**71**	-
Lorenza Morandini	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Emanuela Prandelli	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Renata Maria Ricotti	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	41	-	-	-	-	**71**	-
Angela Sanarico	Independent Director	01.01/ 31.12.2022	2024 [1]	30	-	18	-	-	-	-	**48**	-
Giovanni Testa	Chief Operating Officer	01.01/ 31.12.2022		-	368	-	173	-	4	-	**545**	-
Maurizio Dallocchio	Chairman Statutory auditor	01.01/ 31.12.2022	2024 [1]	45	-	-	-	-	-	-	**45**	-
Maria Luisa Mosconi	Permanent Auditor	01.01/ 31.12.2022	2024 [1]	40	-	-	-	-	-	-	**40**	-
Silvia Muzi	Permanent Auditor	01.01/ 31.12.2022	2024 [1]	40	-	-	-	-	-	-	**40**	-
(I) Compensation in the company preparing the financial statements				**1,258**	**368**	**155**	**454**	**-**	**12**	**-**	**2,247**	**-**
(II) Compensation from subsidiaries and associate				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(III) Total				**1,258**	**368**	**155**	**454**	**-**	**12**	**-**	**2,247**	**-**

(1) Date of approval of the financial statements for the year ending 31 December 2023.

(2) "*Fringe benefit*" represented by the use of the company car.

The table below illustrates the Monetary incentive plans for members of the Board of Directors, the general manager and other key managers (data in thousand euro).

Beneficiaries	Bonus of the year			Bonus from previous year		
	Payable/ Paid	Deferred	Period	No longer eligible for payment	Payable/ Paid	Still deferred
Alessandro Cattani	-	-	2020	-	93	-
Alessandro Cattani	-	-	2021	-	-	93
Alessandro Cattani	200	81	2022	-	-	-
Giovanni Testa	-	-	2020	-	33	-
Giovanni Testa	-	-	2021	-	-	33
Giovanni Testa	144	29	2022	-	-	-
Total	**344**	**110**		**-**	**126**	**126**

In the above reported tables, information is provided regarding the emoluments of directors, the general manager and statutory auditors of Esprinet S.p.A. and key managers, payable to them in respect of the positions held by them in the latter company and in other Group companies during 2022.

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

No advances have been made and no loans have been granted to the directors, to the general manager and the statutory auditors of Esprinet S.p.A. for the performance of these functions, including in companies within the scope of consolidation.

The aforementioned compensation includes all paid or payable emolument items (gross of tax and social contribution withholdings), benefits in kind and compensation received as directors or statutory auditors for Group companies.

The table below illustrates the incentive plans based on financial instruments other than stock options, for members of the Board of Directors, the general manager and other key managers.

Beneficiaries	Options held at 1 January 2022		Options held in 2022	Options assigned (taken up) in 2022	Options assigned in 2022	Options held at 31 December 2022		
	Quantity	Average strike price	Quantity	Quantity	Quantity	Quantity	Average strike price	Average due dates
Alessandro Cattani	679,717	free	-	-	-	679,717		from 22/04/2021 to 30/04/2024[1]
Giovanni Testa	113,201	free	-	-	-	113,201		

[1] Date of the Shareholders' Meeting for the approval of the Financial Statements at 31 December 2023 and presentation of the Consolidated Financial Statements at 31 December 2023.

7.2 NET FINANCIAL INDEBTEDNESS AND FINANCIAL PAYABLES ANALYSIS

As set forth in "Warning notice no. 5/21" issued by CONSOB on 29 April 2021, the following table provides information relating to the "*financial indebtedness*"(or also "net financial position") determined in substantial compliance with the criteria indicated by the European Securities and Markets Authority ("ESMA") in the document called "Guidelines on disclosure obligations" of 4 March 2021. With reference to the same table, it should be underlined that net financial indebtedness, measured according to the ESMA criteria, coincides with the notion of 'net financial payables'.

(euro/000)	**31/12/2022**	**31/12/2021**
A. Bank deposits and cash on hand	121,129	242,784
B. Checks	-	-
C. Other current financial assets	62,044	71,983
D. Liquidity (A+B+C)	183,173	314,767
E. Current financial debt	59,297	41,241
F. Current portion of non current debt	25,174	16,758
G. Current financial indebtedness (E+F)	84,471	57,999
H. Net current financial indebtedness (G-D)	**(98,702)**	**(256,768)**
I. Non-current financial debt	115,610	130,791
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial indebtedness (I+J+K)	**115,610**	**130,791**
M. Net financial indebtedness (H+L)	**16,908**	**(125,977)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	52,131	31,319
Lease liabilities	7,307	6,905
Debts for investments in subsidiaries (current)	2,455	1,854
Other current financial receivables	(10,336)	(9,857)
Financial receivables from factoring companies	(3,207)	(3,128)
Financial receivables/liabilities from/to Group companies	(25,922)	(41,077)
Cash and cash equivalents	(121,130)	(242,784)
Net current financial debt	**(98,702)**	**(256,768)**
Borrowings	34,568	48,014
Lease liabilities	80,442	81,162
Debts for investments in subsidiaries (non-current)	600	1,615
Net financial debt	**16,908**	**(125,977)**

The net financial position, negative in the amount of 16.9 million euro, corresponds to a net balance of gross financial payables of 86.7 million euro, financial receivables due from Group companies for 25.9 million euro, payables for the purchase of equity investments for 3.0 million euro, financial receivables equal to 13.5 million euro, financial lease liabilities of 87.7 million euro and cash and cash equivalents equal to 121.1 million euro.

The cash and cash equivalent mainly consist of free and unrestricted bank deposits of a transitional nature as they are formed temporarily at the end of the month as a result of the Company's distinctive financial cycle.

A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the without-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the spot figure at the end of a period does not represent the net financial indebtedness or the average treasury resources for the same period.

During 2022, as part of the working capital management policies, the programme of non-recourse assignment of receivables without recourse on a revolving basis to selected segments of customers, mostly belonging to the large-scale retail sector, continued. In addition to this, the securitisation programme for additional trade receivables also continued during the period, launched in Italy in July 2015 and renewed uninterruptedly every three years, most recently in July 2021. Considering the fact that the aforementioned programmes entail the full transfer of the risks and benefits to the assignees, the receivables subject to assignment are eliminated from income statement assets in compliance with IFRS 9. The overall effect on the level of net financial payables as at 31 December 2022 is quantified at roughly 226.4 million euro (approx. 299.2 million euro as at 31 December 2021).

With regard to medium/long-term financial payables, the table below shows, for each loan obtained, the principal amount of loans due within and beyond the next financial year. It should be noted that the amounts shown may differ from the individual carrying amounts because the latter are representative of the amortised cost calculated by applying the effective interest rate method.

(euro/000)	31/12/2022			31/12/2021			Var.		
	Curr	Non curr.	Tot.	Curr	Non curr.	Tot.	Curr	Non curr.	Tot.
Banco Desio	2,652	4,033	**6,685**	-	-	**-**	2,652	4,033	**6,685**
BCC Carate	2,470	7,530	**10,000**	1,277	10,000	**11,277**	1,193	(2,470)	**(1,277)**
Intesa Sanpaolo (mutuo GdF)	-	-	**-**	497	-	**497**	(497)	-	**(497)**
Banca popolare di Sondrio	5,080	-	**5,080**	5,000	5,080	**10,080**	80	(5,080)	**(5,000)**
Cassa depositi e prestiti	7,000	14,000	**21,000**	7,000	21,000	**28,000**	-	(7,000)	**(7,000)**
BPER Banca	7,972	9,044	**17,016**	2,984	12,016	**15,000**	4,988	(2,972)	**2,016**
Total loan	**25,174**	**34,607**	**59,781**	**16,758**	**48,096**	**64,854**	**8,416**	**(13,489)**	**(5,073)**

The following table, on the other hand, shows the book value in principal of the loans obtained, separately for each individual loan, the weighted average rate applied in 2022 was approx. 1.0% (approximately 1.2% in 2021).

(euro/000)	31/12/2022	31/12/2021	Var.
Pool loan 'GdF' (agent: Intesa Sanpaolo) repayable in yearly instalments by January 2022	-	497	(497)
Unsecured loan (agent: BPER Banca) repayable in six-monthly instalments by May 2025	5,000	-	5,000
Unsecured loan (agent: BPER Banca) repayable in six-monthly instalments by December 2024	12,016	15,000	(2,984)
Unsecured loan (agent: BCC Carate) repayable in six-monthly instalments by March 2022	-	1,277	(1,277)
Unsecured loan (agent: BCC Carate) repayable in six-monthly instalments by December 2026	10,000	10,000	-
Unsecured loan (agent: Banco Desio) repayable in six-monthly instalments by June 2025	6,685	-	6,685
Unsecured loan (agent: Banca Popolare di Sondrio) repayable in quarterly instalments by November 2023	5,080	10,080	(5,000)
Unsecured loan (agent: Cassa Depositi e Prestiti S.p.A.) repayable in six-monthly instalments by December 2025	21,000	28,000	(7,000)
Total book value	**59,781**	**64,854**	**(5,073)**

The unsecured amortising 5-year loan granted by Cassa Depositi e Prestiti S.p.A., expiring in December 2025, for a total of 21.0 million euro in principal as at 31 December 2022, provides for the annual commitment of observance of a given ratio of net financial position to EBITDA at consolidated level, but also half-yearly observance of a given ratio of consolidated net financial position to shareholders' equity, under penalty of the potential acceleration clause for reimbursements in they event they are not observed.

Such economic-financial covenant structures are typical for transactions of this nature.

In addition to medium/long-term loans, also an unsecured 3-year RCF-Revolving Credit Facility, amounting to 180.0 million euro and not used as at the end of the financial year (only drawn down for 40.0 million euro as at 30 September 2022), taken out by Esprinet S.p.A. on 31 August 2022 with the same pool of domestic and international banks that provided the previous RCF of 152.5 million euro, expiring in September 2022 and cancelled on 31 August 2022 in conjunction with the subscription of said new RCF, 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 position to EBITDA;
- ratio of extended net financial position to shareholders' equity;
- ratio of EBITDA to net financial expense;
- absolute amount of gross financial indebtedness.

As at 31 December 2022 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.

7.3 CASH FLOW ANALYSIS

(euro/000)	2022	2021
Net financial debt at year-beginning	**(125,977)**	**(169,814)**
Cash flow provided by (used in) operating activities	(89,337)	34,045
Cash flow provided by (used in) investing activities	(18,030)	(15,573)
Cash flow provided by (used in) changes in net equity	(25,562)	(46,646)
Total cash flow	**(132,929)**	**(28,174)**
Unpaid interests	(987)	(534)
Unpaid leasing interests	(218)	(222)
Right of use asset posting	(7,011)	(11,904)
Variation FV 4Side option	-	620
Deferred price investments	(1,740)	(3,239)
Financial liabilities (no cash) Celly merger	-	(384)
Net financial debt at year-end	**16,908**	**(125,977)**
Short-term financial liabilities	52,131	31,319
Lease liabilities	7,307	6,905
Other current financial receivables	(10,336)	(9,857)
Financial receivables from factoring companies	(3,207)	(3,128)
Debts for investments in subsidiaries (current)	2,455	1,854
Financial (assets)/liab. From/to Group companies	(25,922)	(41,077)
Cash and cash equivalents	(121,130)	(242,784)
Net current financial debt	**(98,702)**	**(256,768)**
Borrowings	34,568	48,014
Lease liabilities	80,442	81,162
Debts for investments in subsidiaries (non-current)	600	1,615
Net financial debt at year-beginning	**16,908**	**(125,977)**

As shown in the previous table, as a result of cash flow trends detailed in the *Statement of cash flows, as at 31 December 2022, Esprinet S.p.A.* recorded a negative net financial position equal to 16.9 million euro, compared to a cash surplus of 126.0 million euro as at 31 December 2021.

7.4 SHAREHOLDINGS

Below is the *Shareholding schedule*, which provides data relating to the investee companies obtained from the respective 'reporting packages' for the year ended 31 December 2022 prepared in accordance with IFRS accounting standards:

Direct subsidiaries:

No.	Name	Headquarters	Interest held	Group interest held
1	Celly Pacific Limited	Hong Kong (China)	100.00%	100.00%
2	Bludis S.r.l.	Rome (RM)	100.00%	100.00%
3	Dacom S.p.A.	Milan (MI)	100.00%	100.00%
4	idMAINT S.r.l.	Milan (MI)	100.00%	100.00%
5	V-Valley S.r.l.	Vimercate (MB)	100.00%	100.00%
6	4Side S.r.l.	Legnano (MI)	100.00%	100.00%
7	Nilox Deutschland GmbH	Düsseldorf (Germany)	100.00%	100.00%
8	Esprinet Iberica S.L.U.	Zaragoza (Spain)	100.00%	100.00%
9	Esprinet Portugal Lda	Porto (Portugal)	5.00%	100.00%

No.	Name	Currency	Share capital	Net equity	Result for the period	Carrying amount
1	Celly Pacific Limited	EUR	1,202	375,327	(36,285)	3,491
2	Bludis S.r.l.	EUR	600,000	1,228,693	660,185	8,700,000
3	Dacom S.p.A.	EUR	3,600,000	17,573,093	2,293,911	12,820,634
4	idMAINT S.r.l.	EUR	42,000	1,519,989	175,572	977,103
5	V-Valley S.r.l.	EUR	20,000	6,742,028	1,226,509	20,000
6	4Side S.r.l.	EUR	100,000	4,197,826	614,094	2,948,143
7	Nilox Deutschland GmbH	EUR	400,000	(825,311)	(33,379)	-
8	Esprinet Iberica S.L.U.	EUR	54,692,844	192,846,090	24,056,894	75,857,080
9	Esprinet Portugal Lda	EUR	2,500,000	3,387,164	412,412	-

With respect to 31 December 2021, note should be taken of the entry into the scope of consolidation of the company Bludis S.r.l., effective from 3 November 2022.

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

7.5 SUMMARY OF SUBSIDIARIES' MAIN FINANCIAL AND ECONOMIC FIGURES

The following tables show key data from the subsidiaries' draft financial statements as at 31 December 2022 as approved by the respective Boards of Directors. Please note that the financial statements have been drawn up in accordance with local accounting policies.

(euro/000)	Celly Pacific LTD	Dacom S.p.A.	idMAINT S.r.l.	Nilox Deut-schland GmbH	V-Valley S.r.l.	4 Side S.r.l.	Bludis S.r.l.	Esprinet Iberica S.L.U.
Sales from contracts with customers	537	95,240	1,695	(1)	176,380	12,997	4,725	1,621,609
Cost of sales	(393)	(86,657)	(1,210)	-	(173,796)	(10,501)	(3,103)	(1,555,730)
Gross profit	**144**	**8,583**	**484**	**(1)**	**2,584**	**2,497**	**1,622**	**65,879**
Sales and marketing costs	(163)	(2,842)	(70)	-	-	(995)	(394)	(12,698)
Overheads and administrative costs	(28)	(2,613)	(197)	(2)	(839)	(734)	(322)	(28,303)
Impairment loss/reversal of financial assets	-	31	20	(31)	(5)	9	(10)	122
Operating income (EBIT)	**(46)**	**3,159**	**237**	**(33)**	**1,739**	**776**	**896**	**25,000**
Finance costs - net	-	(79)	(5)	-	2	5	73	(1,149)
Result before income taxes	**(46)**	**3,080**	**232**	**(33)**	**1,741**	**781**	**969**	**23,850**
Income tax expenses	10	(851)	(62)	-	(477)	(188)	(307)	(4,732)
Net result	**(36)**	**2,229**	**170**	**(33)**	**1,264**	**594**	**662**	**19,119**

(euro/000)	Celly Pacific LTD	Dacom S.p.A.	idMAINT S.r.l.	Nilox Deut-schland GmbH	V-Valley S.r.l.	4 Side S.r.l.	Bludis S.r.l.	Esprinet Iberica S.L.U.
ASSETS								
Non-current assets								
Property, plant and equipment	1	97	11	-	-	58	1	3,187
Goodwill	-	-	-	-	-	-	-	20,156
Intangible assets	-	16	-	-	-	-	756	72
Investments	-	-	191	-	-	-	-	36,821
Deferred income tax assets	-	31	33	-	11	819	2	3,971
Receivables and other non-current assets	-	40	5	-	-	2	32	493
	1	**184**	**240**	**-**	**11**	**879**	**791**	**64,701**
Current assets								
Inventory	9	32,742	1,150	-	-	1,828	15	212,563
Trade receivables	67	22,034	239	-	46,229	5,390	6,355	163,569
Income tax assets	-	182	73	-	-	26	-	-
Other assets	16	78	64	-	24,374	188	58	41,565
Cash and cash equivalents	392	3,079	189	-	-	2,887	123	34,628
	484	**58,115**	**1,715**	**-**	**70,603**	**10,319**	**6,551**	**452,325**
Total assets	**485**	**58,299**	**1,955**	**-**	**70,614**	**11,198**	**7,342**	**517,026**
EQUITY								
Share capital	1	3,600	42	400	20	100	600	55,203
Reserves	410	11,698	1,290	(1,192)	5,518	2,822	(21)	87,093
Net income for the period	(36)	2,229	170	(33)	1,264	594	662	19,119
	375	**17,527**	**1,502**	**(825)**	**6,802**	**3,516**	**1,241**	**161,415**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total equity	**375**	**17,527**	**1,502**	**(825)**	**6,802**	**3,516**	**1,241**	**161,415**
LIABILITIES								
Non-current liabilities								
Borrowings	-	-	-	-	-	-	-	36,545
Deferred income tax liabilities	-	-	0	-	-	-	7	-
Retirement benefit obligations	-	643	223	-	-	235	707	-
Provisions and other liabilities	-	84	-	-	-	-	-	246
	-	**727**	**223**	**-**	**-**	**235**	**714**	**36,791**
Current liabilities								
Trade payables	94	16,845	91	-	64	6,021	3,553	265,299
Short-term financial liabilities	-	20,938	-	-	661	1,000	2	37,233
Income tax liabilities	16	-	-	-	26	-	302	706
Provisions and other liabilities	-	2,262	140	825	63,061	426	1,530	15,582
	110	**40,045**	**231**	**825**	**63,812**	**7,447**	**5,387**	**318,820**
Total liabilities	**110**	**40,772**	**454**	**825**	**63,812**	**7,682**	**6,101**	**355,611**
Total equity and liabilities	**485**	**58,299**	**1,955**	**-**	**70,614**	**11,198**	**7,342**	**517,026**

7.6 RELATIONSHIPS WITH RELATED PARTIES

The following sections provide details of the statement of financial position and the separate income statement arising from transactions with related parties, identified in accordance with IAS 24, with the exception of transactions with directors and key managers highlighted in the section of the same name to which reference should be made.

7.6.1 INTERCOMPANY COSTS AND SALES

Details of sales and costs recorded by Esprinet S.p.A. in relation to Group companies are as follows.

7.6.2 RELATIONSHIPS WITH SUBSIDIARIES

The following is a summary of Esprinet S.p.A.'s relationships with its subsidiaries. Intercompany receivables and payables have been detailed in the '*Notes to the statement of equity and financial position items*'. Intercompany costs and sales have been detailed in the previous section.

Please note that the relationships between Esprinet S.p.A. and its subsidiaries have been conducted in accordance with market conditions.

Relationships with subsidiaries subject to management and coordination

(euro/000)	Type	2022		2021	
		Sales	Cost	Sales	Cost
Sales					
V-Valley Advanced Solutions España, S.A.	Sales of goods	1	-	84	-
Dacom S.p.A.	Sales of goods	651	-	252	-
Nilox Deutschland GmbH	Sales of goods	-	-	(23)	-
Esprinet Iberica S.L.U.	Sales of goods	27,551	-	28,504	-
Vinzeo SAU	Sales of goods	-	-	1,572	-
Esprinet Portugal Lda	Sales of goods	3,426	-	2,169	-
Subtotal		**31,628**	**-**	**32,558**	**-**
Cost of sales					
4Side S.r.l.	Purchase of goods	-	157	-	120
4Side S.r.l.	Transport costs	-	(3)	-	(4)
Dacom S.p.A.	Purchase of goods	-	178	-	46
Dacom S.p.A.	Transport costs	-	(25)	-	-
V-Valley Advanced Solutions España, S.A.	Purchase of goods	-	929	-	327
Esprinet Portugal Ld	Transport costs	-	-	-	1
Esprinet Portugal Lda	Purchase of goods	-	36	-	21
Vinzeo SAU	Purchase of goods	-	-	-	6
Vinzeo SAU	Transport costs	-	-	-	1
Esprinet Iberica S.L.U.	Transport costs	-	48	-	33
Esprinet Iberica S.L.U.	Purchase of goods	-	2,227	-	1,300
Subtotal		**-**	**3,548**	**-**	**1,850**
Sales and marketing costs					
V-Valley S.r.l.	Fees on sales	-	2,601	-	2,199
Subtotal		**-**	**2,601**	**-**	**2,199**

(euro/000)	Type	2022		2021	
		Sales	Cost	Sales	Cost
Overheads and administrative costs					
Dacom S.p.A.	Hardware and software support costs	-	(91)	-	(28)
Dacom S.p.A.	Administrative services	-	(470)	-	(149)
4Side S.r.l.	Administrative services	-	(15)	-	10
4Side S.r.l.	Hardware and software support costs	-	(2)	-	(1)
V-Valley S.r.l.	Hardware and software support costs	-	(104)	-	(70)
V-Valley S.r.l.	Administrative services	-	(98)	-	(138)
idMAINT S.r.l.	Administrative services	-	(34)	-	-
idMAINT S.r.l.	Hardware and software support costs	-	(4)	-	-
Esprinet Iberica S.L.U.	Hardware and software support costs	-	(1,808)	-	(951)
Esprinet Iberica S.L.U.	Administrative services	-	(117)	-	(90)
Vinzeo SAU	Hardware and software support costs	-	-	-	(109)
Vinzeo SAU	Administrative services	-	-	-	(6)
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	Administrative services	-	(2)	-	-
V-Valley Advanced Solutions Portugal, Unipessoal, Lda	Hardware and software support costs	-	(25)	-	-
GTI Software & Networking SARLAU	Administrative services	-	(1)	-	-
GTI Software & Networking SARLAU	Hardware and software support costs	-	(2)	-	-
Esprinet Portugal Lda	Hardware and software support costs	-	(80)	-	(17)
Esprinet Portugal Lda	Administrative services	-	(21)	-	(55)
V-Valley Advanced Solutions España, S.A.	Administrative services	-	(30)	-	(25)
V-Valley Advanced Solutions España, S.A.	Hardware and software support costs	-	(315)	-	(304)
Subtotal		**-**	**(3,220)**	**-**	**(1,932)**
Finance costs - net					
Dacom S.p.A.	Interests income	16	-	1	-
4Side S.r.l.	Interests income	4	-	1	-
Esprinet Portugal Lda	Interests income	3	-	7	-
V-Valley S.r.l.	Interests expenses	-	11	-	8
V-Valley Advanced Solutions España, S.A.	Interests income	17	-	-	-
Esprinet Iberica S.L.U.	Interests income	55	-	17	-
Subtotal		**95**	**11**	**26**	**8**
Total		**31,723**	**2,940**	**32,585**	**2,125**

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

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

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

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

National consolidated tax regime – Italian Subgroup

In 2022, V-Valley S.r.l. opted again for the 'National consolidated tax regime' for the three-year period 2022-2024.

In 2022, 4Side S.r.l. subscribed to the 'National consolidated tax regime' for the three-year period 2022-2024.

The economic ratios, as well as the responsibilities and mutual obligations, between the consolidating company and the aforementioned subsidiaries are defined in the 'Consolidation regulations governing Esprinet Group member companies'.

Tax liabilities are usually reported under the item '*Income tax liabilities*', net of advances and the withholding taxes paid and tax credits, in general. The current Corporate Income Tax (IRES) is also reported under '*Income tax liabilities*' calculated on the basis of the estimated positive and negative taxable amounts of the subsidiaries that participated in the national consolidated tax regime, net of advances paid, withholding taxes withheld and tax credits attributable to the companies themselves; as a contra-entry to the tax liability, the corresponding receivables of the consolidating company from Group companies for the current tax corresponding to the positive taxable amounts transferred under the national consolidated tax regime are recorded.

Payables for compensations due to subsidiaries with negative taxable amounts are reported under the item '*Payables to subsidiaries*'.

The deferred and prepaid Corporate Income Tax (IRES) is calculated on the temporary differences between the values of assets and liabilities determined in accordance with the statutory requirements and the corresponding tax values referring exclusively to the single companies.

The current, deferred and pre-paid Regional Business Tax (IRAP) is determined exclusively in the case of single companies.

4Side S.r.l.

During the year 4Side S.r.l. sold goods from the parent company for 0.2 million euro.

4Side S.r.l. paid also approximately 17 thousand euro to the parent company mainly for administrative activities related to the corporate purpose and interest on the outstanding loan amounting to 4 thousand euro.

Dacom S.p.A.

During the year, Dacom S.p.A. purchased goods from the parent company totalling 0.6 million euro and, conversely, sold products to Esprinet S.p.A. totalling 178 thousand euro.

Dacom S.p.A. also paid approximately 0.5 million euro mainly for the recharging of personnel costs, EDP consultancy costs, use of data lines and interest income on the existing loan for 16 thousand euro.

idMAINT S.r.l.

During the year, idMAINT S.r.l. paid the parent company 38 thousand euro mainly for the chargeback of personnel costs.

V-Valley S.r.l.

As a result of the commission agreement signed on 20 October 2010, in 2022, V-Valley entered into purchase agreements in its own name, but on behalf of the client Esprinet S.p.A. The total amount of the agreements signed was 173.5 million euro (147 million euro in 2021), against which commission on sales accrued for 2.6 million euro (2.2 million euro in 2021).

Moreover, on the basis of a 'service agreement' signed between Esprinet S.p.A. and V-Valley, the latter paid a fee of 0.2 million euro to the parent company in 2022 for the rental of equipment, recharging of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers, as well as for administrative activities related to its business purpose.

In 2011, Esprinet S.p.A. resolved in favour of V-Valley, a letter of credit (granted to Aosta Factor and still in place in 2022) for 20 million euro; in 2013 a letter of credit was granted to IFI Italia S.p.A. and still in place in 2022 for 18 million euro, through which Esprinet acts as guarantor for the company's use of the same.

Esprinet Iberica S.L.U.

During the year Esprinet Iberica purchased goods from Esprinet S.p.A. totalling 27.5 million euro and also sold products to Esprinet S.p.A. totalling 2.2 million euro.

Esprinet Iberica also paid approximately 1.9 million euro according to a service agreement to lease equipment, for the use of data lines and administrative services, and loan interest of about 55 thousand euro.

Esprinet Portugal Lda

In 2022, Esprinet Portugal purchased goods from the parent company for 3.4 million euro and, conversely, sold products to Esprinet S.p.A. totalling 36 thousand euro.

Esprinet Portugal also paid roughly 101 thousand euro primarily for the recharge of EDP consultancy, sundry administrative services and interest income on the loan in place for 3 thousand euro.

GTI Software & Networking SARLAU

During the year, GTI Software & Networking SARLAU paid the parent company 3 thousand euro for the charge-back of EDP consultancies.

V-Valley Advanced Solutions España, S.A.

In 2022, V-Valley Advanced Solutions España, S.A. purchased goods from the parent company totalling 1 thousand euro and, conversely, sold products to Esprinet S.p.A. totalling 0.9 million euro.

V-Valley Advanced Solutions España, SA also paid 0.3 million euro mainly for the charge-back of EDP consultancy and sundry administrative services and interest income on the load in place for 17 thousand euro.

V-Valley Advanced Solutions Portugal, Unipessoal, Lda

During the year V-Valley Advanced Solutions Portugal, Unipessoal, Lda paid 27 thousand euro to the parent company, mainly for the recharge of EDP consultancy and sundry administrative services.

7.6.3 RELATIONSHIPS WITH OTHER RELATED PARTIES

Relationships with other related parties, as defined by IAS 24, are described in paragraph 3 '*Relationships with related parties' in the Directors*' Report on Operations, to which refer for more details.

7.7 NON-RECURRING SIGNIFICANT EVENTS AND OPERATIONS

In the 2022, the following non-recurring items were identified:

- 2.8 million euro relating to costs incurred in relation to the process targeted at the launch of the voluntary Public Tender Offer for all of the ordinary shares of the Italian company Cellularline S.p.A..

In 2021, the following non-recurring transactions and events were identified:

- 1.1 million euro relating to costs incurred in relation to the expansion of the warehouses in Italy.

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

(euro/000)	Non-Recurring Charge Type	2022	2021
Overheads and administrative costs	Business combination	(2,754)	-
Overheads and administrative costs	Extension warehouse costs	-	(1,109)
Total SG&A	**Total SG&A**	**(2,754)**	**(1,109)**
Operating Income (EBIT)	**Operating Income (EBIT)**	**(2,754)**	**(1,109)**
Profit before income taxes	**Profit before income taxes**	**(2,754)**	**(1,109)**
Income tax expenses	Non- recurring events impact	768	309
Net income/(loss)	**Net income/(loss)**	**(1,986)**	**(800)**

7.8 MAIN DISPUTES PENDING

Developments in pending legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item '*Non-current provisions and other liabilities*'.

Similarly, the '*Directors' Report on Operations*' also contains the Group's policies regarding the management of legal and tax-related disputes under '*Main risks and uncertainties*'.

7.9 DISCLOSURE ON RISKS AND FINANCIAL INSTRUMENTS

7.9.1 FINANCIAL INSTRUMENTS PURSUANT TO IFRS 9: CLASSES OF RISK AND FAIR VALUE

The following tables illustrate together the financial instrument items in the statement of financial position and the financial assets and liabilities categories in accordance with the accounting standard IFRS 9.

For further details about the contents of individual items please see the analyses provided in the specific sections in the chapter '*Notes to the statement of equity and financial position items*'.

Assets	**31/12/2022**				**31/12/2021**			
(euro/000)	**Carrying amount**	**Financial FVTPL assets (1)**	**Financial assets amortised cost**	**Out of scope IFRS 9**	**Carrying amount**	**Financial FVTPL assets (1)**	**Financial assets amortised cost**	**Out of scope IFRS 9**
Guarantee deposits	*1,773*		*1,773*		*1,744*		*1,744*	
Receiv and other non-curr. Assets	1,773	-	1,773	-	1,744	-	1,744	-
Non-current assets	**1,773**	**-**	**1,773**	**-**	**1,744**	**-**	**1,744**	**-**
Trade receivables	348,798	80,749	268,049		284,092	112,625	171,467	
Receivables from subsidiaries	*117,493*		*117,493*		*116,815*		*116,815*	
Receivables from factors	*3,207*		*3,207*		*3,128*		*3,128*	
Customer financial receivables	*10,336*		*10,336*		*9,857*		*9,857*	
Other tax receivable	*35,729*			*35,729*	*34,568*			*34,568*
Receivables from suppliers	*786*		*786*		*6,396*		*6,396*	
Receivables from insurances	*424*		*424*		*2,852*		*2,852*	
Receivables from employees	*2*		*2*		*-*			
Receivables from others	*72*		*72*		*102*		*102*	
Pre-payments	*4,937*			*4,937*	*3,163*			*3,163*
Rec.and other curr. Assets	172,986	-	132,320	40,666	176,881	-	139,150	37,731
Cash and cash equivalents	121,130		121,130		242,784		242,784	
Current assets	**642,914**	**80,749**	**521,499**	**40,666**	**703,757**	**112,625**	**553,401**	**37,731**

Liabilities (euro/000)	31/12/2022 Carrying amount	Financial FVTPL liabilities [1]	Financial liabilities amortised cost	Out of scope IFRS 9	31/12/2021 Carrying amount	Financial FVTPL liabilities [1]	Financial liabilities amortised cost	Out of scope IFRS 9
Borrowings	34,568		34,568		48,014		48,014	
Lease liabilities	80,442		80,442		81,162		81,162	
Debts for investments in subsidiaries	600		600		1,615		1,615	
Provisions of pensions	*1,796*			*1,796*	*1,692*			*1,692*
Other provisions	*1,127*			*1,127*	*1,388*			*1,388*
Cash incentive liabilities	*118*		*118*		*134*		*134*	
Provis. and other non-curr. Liab	3,041	-	118	2,923	3,214	-	134	3,080
Non-current liabilities	**118,651**	**-**	**115,728**	**2,923**	**134,005**	**-**	**130,925**	**3,080**
Trade payables	733,125		733,125		744,999		744,999	
Short-term financial liabilities	74,709		74,709		49,241		49,241	
Lease liabilities	7,307		7,307		6,905		6,905	
Debts for investments in subsidiaries	2,455		2,455		1,854		1,854	
Payables to assoc. and subsidiaries	*599*		*599*		*284*		*284*	
Social security liabilities	*3,820*		*3,820*		*3,800*		*3,800*	
Other tax liabilities	*14,286*			*14,286*	*1,365*			*1,365*
Payables to others	*11,411*		*11,411*		*9,200*		*9,200*	
Accrued expenses (insurance)	*227*		*227*		*288*		*288*	
Deferred income	*26*			*26*	*40*			*40*
Provisions and other liabilities	30,369	-	16,057	14,312	14,977	-	13,572	1,405
Current liabilities	**847,965**	**-**	**833,653**	**14,312**	**817,976**	**-**	**816,571**	**1,405**

[1] 'FVTPL': Fair Value Through Profit and Loss includes derivatives at fair value through profit and loss.

As can be seen in the previous table, the statement of financial position classifications provide an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and financial receivables;
  - receivables from insurance companies;
  - intercompany receivables;
  - trade receivables (except for component measured at fair value);
  - other receivables;
  - receivables from suppliers;
  - receivables from employees;
  - payables from suppliers;
  - financial payables;
  - lease liabilities;
  - financial payables for investments in subsidiaries;
  - intercompany payables;
  - sundry payables;
- financial instruments measured at fair value since initial recognition:
  - derivative financial assets;
  - derivative financial liabilities;
  - trade receivables (portion not measured at amortised cost).

Qualitative disclosures regarding the different risk categories can be found under the same section in the '*Notes to the consolidated financial statements*'.

The fair value measurement of financial assets and liabilities reported in the statement of financial position as provided for by IFRS 9 and governed by IFRS 7 and IFRS 13, grouped by category, and the methods and the assumptions applied in determining them, are as follows:

Assets	31/12/2022						31/12/2021					
		Fair value						Fair value				
(euro/000)	Carrying amount	Trade receiv.	Financial receiv.	Receiv. from insurance	Receiv. from Group	Other Receiv.	Carrying amount	Trade receiv.	Financial receiv.	Receiv. from insurance	Receiv. from Group	Other Receiv.
Guarantee deposits	*1,773*					*1,378*	*1,744*					*1,659*
Rec.and other non-curr.	1,773	-	-	-	-	1,378	1,744	-	-	-	-	1,659
Non - current assets	**1,773**	**-**	**-**	**-**	**-**	**1,378**	**1,744**	**-**	**-**	**-**	**-**	**1,659**
Trade receivables	348,798	348,798					284,092	284,092				
Receivables from subsid	*117,493*				*117,493*		*116,815*				*116,815*	
Receiv. from factors	*3,207*		*3,207*				*3,128*		*3,128*			
Customer financial	*10,336*		*10,336*				*9,857*		*9,857*			
Receiv. from suppliers	*786*					*786*	*9,396*					*9,396*
Receiv. from insurances	*424*			*424*			*2,852*			*2,852*		
Receiv. from employees	*2*					*2*	-					
Receiv. from others	*72*					*72*	*102*					*102*
Rec.and other curr. Assets	132,320	-	13,543	424	117,493	860	142,150	-	12,985	2,852	116,815	9,498
Cash and cash equivalents	121,130		121,130				242,784		242,784			
Current assets	**602,248**	**348,798**	**134,673**	**424**	**117,493**	**860**	**669,026**	**284,092**	**255,769**	**2,852**	**116,815**	**9,498**

Liabilities	31/12/2022						31/12/2021					
		Fair value						Fair value				
(euro/000)	Carrying amount	Trade payables	Financial payables	FVTPL derivatives	Other payables	Payab. to Group	Carrying amount	Trade payables	Financial payables	FVTPL derivatives	Other payables	Payab. to Group
Borrowings	34,568		29,457				48,014		47,300			
Debts for investments	600		608				1,615		1,635			
Cash incentive liabilities	*118*				*118*	-	*134*				*134*	
Provis. and other non-	118	-	-	-	118	-	134	-	-	-	134	-
Non-current liabilities	**35,286**	**-**	**30,065**	**-**	**118**		**49,763**	**-**	**48,935**	**-**	**134**	**-**
Trade payables	733,125	733,125					744,999	744,999				
Short-term financial	74,709		74,246				49,241		49,724			
Debts for investments	2,455		2,455				1,854		1,854			
Payables to assoc. and	*599*					*599*	*284*					*284*
Social security liabilities	*3,820*				*3,820*		*3,800*				*3,800*	
Payables to others	*11,411*				*11,411*		*9,200*				*9,200*	
Accrued expenses	*227*		-		*227*		*288*				*288*	
Provisions and other	16,057	-	-	-	15,458	599	13,572	-	-	-	13,288	284
Current liabilities	**826,346**	**733,125**	**76,701**	**-**	**15,458**	**599**	**809,666**	**744,999**	**51,578**	**-**	**13,288**	**284**

IFRS 13 identifies a hierarchy of assessment techniques based on three levels:

- Level 1: the data used in the assessments is represented by prices quoted on markets where assets and liabilities identical to those being assessed are traded;
- Level 2: the data used in the assessments, other than listed prices referred to in Level 1, are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: non-observable data; where observable data is not available and, therefore, there is little or no market activity for the assets and liabilities being assessed.

Assets and liabilities recorded in the financial statements at fair value, as specified in greater detail below, corresponds to a level 2 in the hierarchy with the exception of 'Trade receivables' (portion not measured at amortised cost) and 'Financial payables for investments in subsidiaries' which, also deriving from estimates made by management, corresponds to level 3.

Given their short-term maturity, the gross carrying value of current assets and liabilities (excluding items specially measured) is deemed a reasonable approximation of their fair value.

The fair value of non-current assets and financial payables, including payables for equity investment in subsidiaries, was estimated by discounting expected future cash flows from principal and interest, according to the terms and the maturity dates of each agreement, and using the interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The interest rates used were obtained from the 'Forward' and the 'Spot' Curve as at 31 December, as published by financial providers, plus any spread provided for by the agreement (such spread was not taken into account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2.

As shown in the preceding tables, no reclassifications among hierarchic levels were made. Please refer to the 'Derivatives analysis' paragraph for more information relating to existing derivative instruments.

Disclosures regarding net gains or losses, interest income and expenses, fee income and expenses arising from financial instruments have been already provided in the table dedicated to finance costs under '*42) Financial income and expense*'.

Adjustments to the value of financial assets, estimated following a precise assessment of the solvency of each debtor, were shown under the related item 'Impairment loss/reversal of financial assets' in the separate income statement. These adjustments totalled 0.1 million euro (0.2 million euro in 2021).

7.9.2 ADDITIONAL INFORMATION ABOUT FINANCIAL ASSETS

During the year, as in the previous year, it was not necessary to make any changes in the method of accounting for financial assets (not recognising the initial recognition at fair value and subsequent recognition at cost of certain balance sheet items, as required by international accounting standards).

As highlighted in the section '*Trade and other receivables*', in case of impairment by credit losses, the value of receivables is adjusted. This transaction is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the financial assets written down.

The following table illustrates the change in the bad debt provision relating to trade receivables.

(euro/000)	Starting provision	Additions	Uses	Merger changes	Final provision
2022 Financial year	2,427	790	(1,009)	-	2,208
2021 Financial year	3,619	596	(2,111)	323	2,427

Esprinet S.p.A. usually transfers financial assets.

These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.

The year 2022 saw also the continuation of the trade receivables securitisation programme structured by UniCredit Bank AG, launched in July 2015 and renewed uninterruptedly every three years, with the latest renewal in July 2021, under which trade receivables are assigned without recourse on a revolving basis to a 'special purpose vehicle' under Law No. 130/1999.

In the case of factoring of receivables with recourse and advances of trade bills, the Group continues to recognise all of these assets, the carrying amount of which continues to be posted in the financial statements, under 'trade receivables' with an offsetting entry under the current financial liabilities as 'other financing payables' and 'payables to banks'.

As at 31 December 2022, the receivables transferred with recourse against which portfolio advances were obtained subject to collection amounted to 0.3 million euro (zero at 31 December 2021); while advances of trade bills amounted to 2.3 million euro (4.5 million euro as at 31 December 2021).

The financial assets' gross book value is the Company's maximum exposure to credit risk.

Below is an analysis of the status of trade receivables due from customers and the seniority of those that have not suffered lasting losses in value:

(euro/000)	31/12/2022	Receivables Impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	351,006	82,637	83,403	184,966
Bad debt provision	(2,208)	(2,208)	-	-
Net trade receivables	**348,798**	**80,429**	**83,403**	**184,966**

(euro/000)	31/12/2021	Receivables Impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	286,519	122,647	73,094	90,778
Bad debt provision	(2,427)	(2,427)	-	-
Net trade receivables	**284,092**	**120,220**	**73,094**	**90,778**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. past due not impaired at 31/12/2022	**83,403**	2,666	(135)	5,818	75,054
Receiv. past due not impaired at 31/12/2021	**73,094**	1,811	787	357	70,139

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, Esprinet S.p.A. does not believe that premises for allocating provisions for doubtful receivables for amounts not yet overdue exist with the exception of receivables falling within the 'hold to collect' cluster. This cluster concerns receivables assigned to third parties on the basis of binding programmes for which the cashable value has been taken into account by such third parties.

There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by Esprinet S.p.A. to limit its credit risk (the percentages refer to trade receivables as at 31 December 2022):

- traditional credit insurance (covering 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 53% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 7% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and property mortgages) for approx. 1% of receivables.

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

The other financial assets governed by IFRS 7 and IFRS 13 have not suffered any permanent losses in value. Two summary tables providing information on their status and the seniority of receivables overdue:

(euro/000)	31/12/2022				31/12/2021			
	Carrying amount	**Receiv. Impaired**	**Receiv. past due not Impaired**	**Receiv. not past due not Impaired**	**Carrying amount**	**Receiv. Impaired**	**Receiv. past due not Impaired**	**Receiv. not past due not Impaired**
Guarantee deposits	1,773			1,773	1,744			1,744
Receiv and other non-curr. Assets	1,773	-	-	1,773	1,744	-	-	1,744
Non-current assets	**1,773**	**-**	**-**	**1,773**	**1,744**	**-**	**-**	**1,744**
Receivables from subsidiar	117,493		1,145	116,348	116,815		289	116,526
Receivables from factors	3,207			3,207	3,128			3,128
Customer financial receivables	10,336			10,336	9,857			9,857
Receivables from suppliers	786		683	104	6,396		6,665	(269)
Receivables from insurances	424		424		2,852		2,852	
Receivables from employees	2			2	-			
Receivables from others	72		72		102		102	
Rec.and other curr. Assets	132,320	-	2,324	129,997	139,150	-	9,908	129,242
Cash and cash equivalents	121,130		121,130		242,784		242,784	
Gross Current assets	**253,450**	**-**	**123,454**	**129,997**	**381,934**	**-**	**252,692**	**129,242**
Bad debt provision	-	-			-	-		
Net Current assets	**253,450**	**-**	**123,454**	**129,997**	**381,934**	**-**	**252,692**	**129,242**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from subsidiaries	**1,145**	876	-	(112)	381
Receivables from insurance companies	**424**	291	-	44	88
Receivables from suppliers	**683**	177	9	40	457
Receivables from others	**73**	73	-	-	-
Receiv. past due not impaired at 31/12/2022	**2,324**	**1,417**	**9**	**(28)**	**927**
Receivables from subsidiaries	**289**	946	-	241	(898)
Receivables from insurance companies	**2,852**	398	83	51	2,320
Receivables from suppliers	**6,665**	198	(6)	164	6,309
Receivables from others	**102**	102	-	-	-
Receiv. past due not impaired at 31/12/2021	**9,908**	**1,644**	**77**	**456**	**7,731**

Receivables from factoring companies relate wholly to 'without-recourse' factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the ending date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the sold customers and the Company.

It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

7.9.3 ADDITIONAL INFORMATION ABOUT FINANCIAL LIABILITIES

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(euro/000)	Carrying amount 31/12/2022	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	34,568	35,763	244	269	20,686	14,564	-
Lease liabilities	80,442	94,259	-	-	9,661	26,538	58,060
Debts for investments in subsidiaries	600	600	-	-	-	600	-
Cash incentive liabilities	118	118	-	-	118	-	-
Provis. and other non-curr. Liab.	118	118	-	-	118	-	-
Non-current liabilities	**115,728**	**130,740**	**244**	**269**	**30,465**	**41,702**	**58,060**
Trade payables	733,125	738,256	733,679	554	1,088	2,935	-
Short-term financial liabilities	74,709	74,992	62,285	12,707	-	-	-
Lease liabilities	7,307	9,896	5,014	4,882	-	-	-
Debts for investments in subsidiaries	2,455	2,455	2,340	115	-	-	-
Payables to assoc. and subsidiaries	599	599	599	-	-	-	-
Social security liabilities	3,820	3,820	3,820	-	-	-	-
Payables to others	11,411	11,411	11,411	-	-	-	-
Accrued expenses (insurance)	227	227	227	-	-	-	-
Accrued expenses	*26*	*26*	*26*	-	-	-	-
Provisions and other liabilities	16,083	16,083	16,083	-	-	-	-
Current liabilities	**833,679**	**841,682**	**819,401**	**18,258**	**1,088**	**2,935**	**-**

(euro/000)	Carrying amount 31/12/2021	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	48,014	49,226	220	221	20,922	27,863	-
Lease liabilities	81,162	98,405	1,187	1,152	8,799	24,615	62,652
Debts for investments in subsidiaries	1,615	1,615	-	-	1,015	600	-
Cash incentive liabilities	*134*	*134*	-	-	*134*	-	-
Provis. and other non-curr. Liab.	134	134	-	-	134	-	-
Non-current liabilities	**130,925**	**149,380**	**1,407**	**1,373**	**30,870**	**53,078**	**62,652**
Trade payables	744,999	745,278	745,055	55	55	113	-
Short-term financial liabilities	49,241	49,407	40,373	9,034	-	-	-
Lease liabilities	6,905	6,698	3,256	3,442	-	-	-
Debts for investments in subsidiaries	1,854	1,854	1,739	115	-	-	-
Payables to assoc. and subsidiaries	*284*	*284*	*284*				
Social security liabilities	*3,800*	*3,800*	*3,800*	-	-	-	-
Payables to others	*9,200*	*9,200*	*9,200*	-	-	-	-
Accrued expenses (insurance)	*288*	*288*	*288*	-	-	-	-
Provisions and other liabilities	13,572	13,572	13,572	-	-	-	-
Current liabilities	**816,571**	**816,809**	**803,995**	**12,646**	**55**	**113**	**-**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

The Company maintains a medium/long-term loan contract, that contains standard acceleration clauses for reimbursements in case certain economic-financial covenants are not met when checked against data from the consolidated and certified financial statements.

The details relating to said loan and the covenants to which it is subject can be found in the following paragraph 'Net financial indebtedness and loans covenants', to which reference should be made.

With the exception of the non-fulfilment in relation to 31 December for the years 2018, 2017 and 2016, again without producing any consequences, of a part of the financial ratios provided for in the loan agreements, the Company has never been in a non-fulfilment or default situation with regard to the clauses concerning the nominal principal, interest, amortisation plan or repayment of loans payable.

Up to now the Company has not issued any instruments containing both a liability and an equity component.

7.9.4 HEDGING DERIVATIVES ANALYSIS

Introduction

Esprinet S.p.A. signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.

The aim of these transactions hedging against interest rate risk is to fix the funding cost of medium/long-term floating-rate loans by entering into derivative contracts enabling receipt of a floating rate in return for payment of a fixed rate.

Hedging operations are therefore reported in the financial statements according to the requirements of the IFRS 9 accounting principle regarding 'hedge accounting' and in order to verify the hedge effectiveness, the Company periodically carries out effectiveness tests.

Derivative instruments as at balance sheet date

At the end of the year, the Company did not have any hedging derivatives in place.

Instruments terminated during the year

During the year, the Company did not extinguish any hedging derivatives in place.

7.9.5 SENSITIVITY ANALYSES

Since Esprinet S.p.A. is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section '*Main risks and uncertainties facing the Group and Esprinet S.p.A.*' in the '*Director's Report on Operations*').

A sensitivity analysis regarding the interest rate risk was performed in order to show how profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period.

For this purpose, having considered the 2022 market interest rate trend and the estimates on rates in the immediate future, a forward shift of spot/forward interest rate curves +/-100 basis points was simulated. The following tables show the results of the simulation (net of tax effects); each item includes both the current and non current portion:

Scenario 1: +100 basis points

(euro/000)	31/12/2022		31/12/2021	
	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Financial receivables	121	121	-	-
Cash and cash equivalents	330	330	614	614
Debts for investments in subsidiaries	18	18	25	25
Financial liabilities	(806)	(806)	(277)	(277)
Total	**(337)**	**(337)**	**362**	**362**

Scenario 2: -100 basis points

(euro/000)	31/12/2022		31/12/2021	
	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Financial receivables	(64)	(64)	-	-
Cash and cash equivalents	(35)	(35)	(9)	(9)
Debts for investments in subsidiaries	(5)	(5)	(75)	(75)
Financial liabilities	495	495	36	36
Total	**455**	**455**	**(48)**	**(48)**

7.10 SUBSEQUENT EVENTS

'*Subsequent events*' are described in the special section of the *Directors' Report on Operations*, to which reference should be made for details.

7.11 COMPENSATION FOR ESPRINET S.P.A. AUDITING SERVICES

The following table drafted pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation, shows the emoluments posted during the financial year on the accrual basis of accounting for auditing services and others performed by the same independent auditors and/or bodies belonging to its network:

Description	Service provider	Entity	Fees (euro/000)	
			2022	2021
Auditing services	PwC S.p.A.	Esprinet S.p.A.	327.2	338.2
Other services	PwC S.p.A.	Esprinet S.p.A.	12.0	15.0
	PwC network	Esprinet S.p.A.	22.0	-
Total			**361.2**	**353.2**

8. PUBLICATION OF THE DRAFT FINANCIAL STATEMENTS

The draft financial statements and their publication were approved by the Esprinet Board of Directors during the meeting of 14 March 2023, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 14 March 2023

On behalf of the Board of Directors

The Chairman

Maurizio Rota

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby certify, also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

   – the adequacy in relation to the characteristics of the Company; and

   – the effective application,

of the administrative and accounting procedures used in drawing up the consolidated financial statements for 2022.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements as at 31 December 2022 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, a generally internationally-accepted reference framework.

In this regard, no significant aspects emerged.

3. We further declare that:

   3.1 the consolidated financial statements as at 31 December 2022:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;

   b) correspond to the amounts shown in the Company's accounts, books and records;

   c) provide a fair and correct representation of the equity, economic and financial situation and cash flows of the Company and its consolidated subsidiaries.

   3.2 The Directors' Report on Operations includes a reliable analysis of the performance and results of operations as well as of the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Vimercate, 14 March 2023

Chief Executive Officer
of Esprinet S.p.A.

(Alessandro Cattani)

Executive charged with drawing up
the company accounting documents
of Esprinet S.p.A.

(Pietro Aglianò)

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby certify, also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the Company; and
   - the effective application,

of the administrative and accounting procedures used in drawing up the financial statements for 2022.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the financial statements as at 31 December 2022 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, a generally internationally-accepted reference framework.

In this regard, no significant aspects emerged.

3. We further declare that:

   3.1 Financial Statements as at 31 December 2022:

   a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;

   b) correspond to the amounts shown in the Company's accounts, books and records;

   c) provide a true and fair view of the equity, fiancial and economic situation and cash flows of the issuer.

   3.2 The Directors' Report on Operations includes a reliable analysis of the performance and operating result as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Vimercate, 14 March 2023

Chief Executive Officer
of Esprinet S.p.A.

(Alessandro Cattani)

Executive charged with drawing up
the company accounting documents
of Esprinet S.p.A.

(Pietro Aglianò)

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