Q1 2024 Results Presentation

May 14th, 2024

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Q1 2024 RESULTS

Q1 2024 Highlights

THE ROAD TO RECOVERY: BACK TO MARKET SHARE GROWTH IN ITALY AND STABLE MARKET SHARE IN SPAIN, FURTHER PROGRESSIVE INCREASE IN GROSS MARGINS AND FURTHER STRONG IMPROVEMENT IN WORKING CAPITAL

PROFITABILITY INDICATORS

FURTHER REMARKABLE GROWTH IN GROSS PROFIT MARGINS

In the first three months **we normalized our market share**, after a path of rationalization of businesses with structurally inadequate ROCE, which partially impacted last year's revenue performance.

The positive results of this choice and of the Group's strategy to strengthen the Solutions & Services business have clearly emerged once again in the **progressive increase in the gross profit margin**, **which stood at 5.74%**, 40bps more than 5.34% of Q1-23 and 20 bps up sequentially against Q4-23.

FINANCIAL STRUCTURE

SUBSTANTIAL YEAR-ON-YEAR REDUCTION IN NET DEBT

The path of rationalization of businesses with structurally inadequate ROCE is continuing to bring a decisive improvement in working capital and a substantial reduction in net debt.

Cash Conversion Cycle closed at 24 days, -8 days compared to Q1-23 and -4 days compared to Q4-23.

Net Financial Position is negative (Euro 188.3 million) but with **a significant improvement compared to Q1-23** (Euro 341.0 million)

Q1 2024 Sales Evolution

FIRST QUARTER 2024 RESULTS SHOW RETURN TO MARKET SHARE GROWTH IN ITALY AND STABILIZATION OF OUR SHARE IN SPAIN, IN A MARKET IMPACTED BY SOFT CONSUMER DEMAND AND LONGER TECH REFRESH CYCLES

Sales

Q1 2024 net sales **at 926.2 M€** (-9% compared to Q1 2023).
Q1 2024 gross sales[(1)] at 1,002.8 M€ (- 4% compared to Q1 2023).

By Country[(2)]	Esprinet			Market[(3)]
	Net Sales As Reported	**Gross Sales**	**Var. vs Q1-23**	**Var. vs Q1-23**
Italy	633 M€	660 M€	+3%	-3%
Spain	280 M€	326 M€	-12%	-12%
Portugal	11 M€	13 M€	-58%	0%
Morocco	2 M€	4 M€	+48%	n.a.

By Product Category	Esprinet			Market
	Net Sales As Reported	**Gross Sales**	**Var. vs Q1-23**	**Var. vs Q1-23**
Screens	479 M€	485 M€	-9%	-5%
Solutions & Services	235 M€	303 M€	+7%	-6%
Devices[(4)]	212 M€	215 M€	-7%	-11%

By Customer Type	Esprinet			Market
	Net Sales	**Gross Sales As Reported**	**Var. vs Q1-23**	**Var. vs Q1-23**
Retailers & E-tailers	278 M€	281 M€	-20%	-11%
IT Resellers	648 M€	722 M€	+3%	-4%

(1) Gross of IFRS 15 accounting and other adjustments.
(2) Data calculated on the basis of the Group structure, therefore by Country of invoicing. Refer to the press release to see the breakdown of sales by customer origin. Unaudited figures.
(3) For all market data, source: Context (reporting distribution Gross Sales)
(4) Including Own Brands.

Q1 2024 Profitability Evolution

THE CHOICE TO INVEST IN HIGHER VALUE BUSINESSES AND GRADUALLY DIVEST FROM LOW ROCE ONES TRANSLATED INTO FURTHER SEQUENTIAL INCREASE IN GROSS PROFIT MARGINS, HELPING TO COUNTERBALANCE TOP LINE REDUCTION DERIVING FROM A CHALLENGING MARKET

Gross Profit
Q1 Gross Profit at **53.2 M€** (-2% compared to Q1 2023), **5.74% on sales**, compared to 5.34% of Q1 2023.

EBITDA Adj.
Q1 2023 EBITDA Adj. at **14.3 M€** (-7% compared to Q1 2023); **1.55% on sales** (1.51% on sales in Q1 2023).

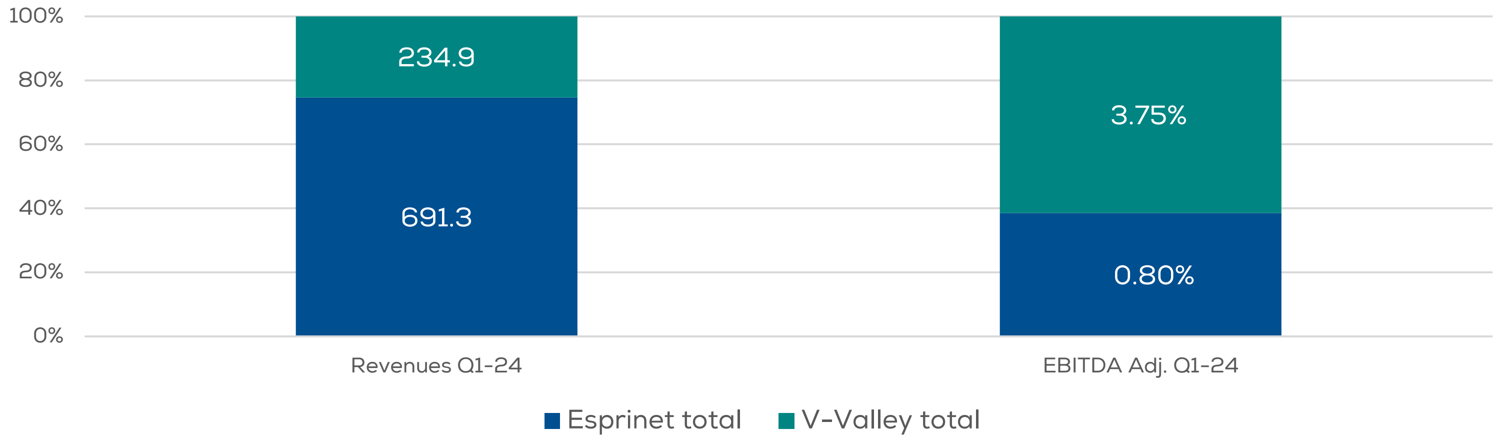
Cash Conversion Cycle
Closes at **24 days**, -8 days compared to Q1 2023 and -4 days compared to Q4 2023.

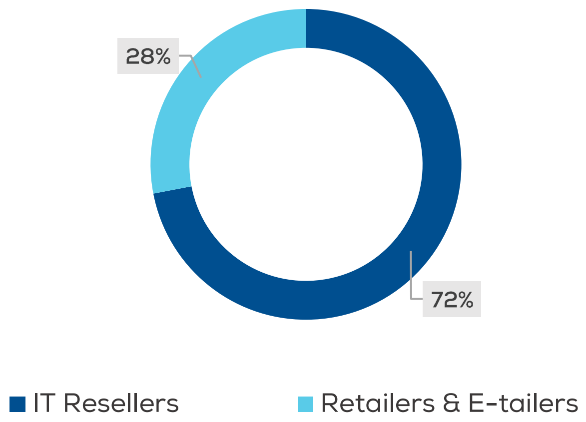
Net Financial Position
Negative for Euro 188.3 million, a strong improvement over 31 March 2023 (negative by Euro 341.0 million) thanks to the actions to contain the level of net invested capital by lower use of net working capital. Difference with figure as of 31 December 2023 depends on business dynamics and the lesser use of non-recourse factoring of trade receivables.

ROCE
Closes at **6.4%**, compared to 9.6% in Q1 2023.

P&L Q1 2024 of the *Five Pillars*

	Revenues				EBITDA Adj.				EBITDA Margin Adj.		
	Q1 2024	Q1 2023	Delta	Δ %	Q1 2024	Q1 2023	Delta	Δ %	Q1 2024	Q1 2023	Delta
Screens	479.3	547.7	-68.4	-12%	3.3	4.6	-1.3	-28%	0.69%	0.84%	-0.15%
Devices	204.2	227.9	-23.7	-10%	3.0	3.2	-0.2	-6%	1.47%	1.40%	0.07%
Own Brands	7.8	9.0	-1.2	-13%	-0.8	-1.4	0.6	-43%	-10.26%	-15.56%	5.30%
Esprinet total	*691.3*	*784.6*	*-93.3*	*-12%*	*5.5*	*6.4*	*-0.9*	*-14%*	*0.80%*	*0.82%*	*-0.02%*
Solutions	231.3	231.0	0.3	0%	6.9	7.5	-0.6	-8%	2.98%	3.25%	-0.26%
Services	3.6	3.0	0.6	20%	1.9	1.5	0.4	27%	52.78%	50.00%	2.78%
V-Valley total	*234.9*	*234.0*	*0.9*	*0%*	*8.8*	*9.0*	*-0.2*	*-2%*	*3.75%*	*3.85%*	*-0.10%*
Total	**926.2**	**1,018.6**	**-92.4**	**-9%**	**14.3**	**15.4**	**-1.1**	**-7%**	**1.55%**	**1.51%**	**0.04%**





1) *All values in € / millions.*
2) *The costs attributed to each pillar are the direct sales & marketing costs, some categories of general and administrative expenses directly attributable to each business line (i.e. credit insurance costs, warehousing cost) and, for the remaining G&A costs, a distribution proportional to the weight of the business line on the total revenues has been applied.*
Results not subject to audit.

Q1 2024 P&L Summary

Gross profit margin still growing significantly and operating costs stable, cushioning the effects of the still weak demand

(M/€)	Q1 2024	Q1 2023	Var. %
Sales from contracts with customers	926.2	1,018.6	-9%
Gross Profit	53.2	54.4	-2%
Gross Profit %	*5.74%*	*5.34%*	
SG&A	38.8	39.0	0%
SG&A %	*4.19%*	*3.83%*	
EBITDA adj.	**14.3**	**15.4**	**-7%**
EBITDA adj. %	*1.55%*	*1.51%*	
EBIT adj.	**9.0**	**10.8**	**-16%**
EBIT adj. %	*0.97%*	*1.06%*	
EBIT	**9.0**	**10.8**	**-16%**
EBIT %	*0.97%*	*1.06%*	
IFRS 16 interest expenses on leases	0.8	0.8	-4%
Other financial (income) expenses	2.8	2.3	19%
Foreign exchange (gains) losses	1.0	- 0.5	>100%
Profit before income taxes	**4.4**	**8.1**	**-45%**
Profit before income taxes %	*0.48%*	*0.79%*	
Income taxes	1.2	2.2	
Net Income	**3.2**	**5.9**	**-46%**
Net Income %	*0.35%*	*0.58%*	

- The Group has significantly improved the performance of its gross margin which stood at **5.74%, a further progressive increase compared to 5.34% of the same period last year and compared to 5.54% at the end of last year**.
- The impact of the financial charges of the non-recourse credit transfer programs increased 15 bps.
- **SG&A**: **operating costs are stable** despite the impacts of the acquisitions of Sifar Group S.r.l. in Italy and Lidera Network S.L. in Spain, both signed in August 2023. Their weight on sales grew to 4.19% from 3.83% in 2023, because of the sales reduction.
- EBIT Adj. is in further decline compared to EBITDA Adj. mainly due to the **depreciation relating to the automation systems of some Italian warehouse activities.**
- **Increased net financial expenses** due, above all, to the unfavorable euro/dollar exchange rate dynamics and to higher y-o-y interest rates only partially offset by a significant reduction in the average debt during the period.
- **Tax rate** essentially unchanged.

Q1 2024 BS Summary

Marked improvement in working capital and a substantial year-on-year reduction in debt

(M/€)	31/03/2024	31/03/2023	31/12/2023
Fixed Assets	169.1	154.1	169.3
Operating Net Working Capital	317.1	504.5	104.1
Other current asset (liabilities)	17.7	10.7	22.3
Other non-current asset (liabilities)	(46.7)	(25.0)	(48.4)
Net Invested Capital *[pre IFRS16]*	**457.2**	**644.4**	**247.3**
RoU Assets *[IFRS16]*	101.8	109.6	104.6
Net Invested Capital	**559.0**	**754.0**	**351.9**
Cash	(220.4)	(74.2)	(260.9)
Short-term debt	203.8	197.8	32.1
Medium/long-term debt[1]	106.7	112.2	112.2
Financial assets	(10.3)	(10.4)	(10.0)
Net financial debt *[pre IFRS16]*	**79.9**	**225.4**	**(126.6)**
Net Equity *[pre IFRS16]*	**377.3**	**419.0**	**373.9**
Funding sources *[pre IFRS16]*	**457.2**	**644.4**	**247.3**
Lease liabilities *[IFRS16]*	108.4	115.7	111.1
Net financial debt	**188.3**	**341.0**	**(15.5)**
Net Equity	**370.7**	**412.9**	**367.4**
Funding sources	**559.0**	**754.0**	**351.9**

[1] Including the amount due within 1 year

[2] Net financial debt pre IFRS 16

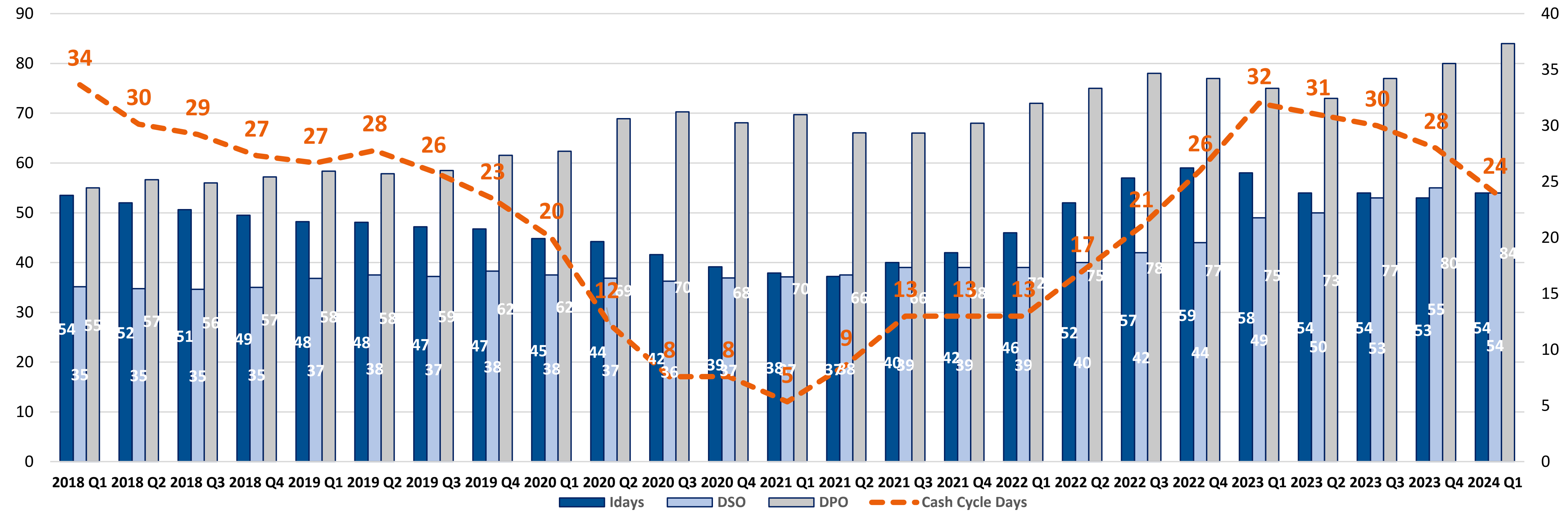
- Net Invested Capital as of March 31, 2024 stands at 559.0 M€ and is covered by:
  - Shareholders' equity for 370.7 M€ (412.9 M€ as of March 31, 2023);
  - Cash negative for 188.3 M€ (negative for 341.0 M€ as of March 31, 2023).
- Operating Net Working Capital impact:

(M/€)	31/03/2024	31/12/2023	30/09/2023	30/06/2023	31/03/2023
Inventory	582.2	514.8	614.2	533.7	597.9
Trade receivables	608.8	698.6	548.5	476.4	677.3
Trade payables	873.9	1,109.3	781.7	675.9	770.6
Operating Net Working Capital	**317.1**	**104.1**	**381.0**	**334.3**	**504.5**

On the one hand, the Group continues to be focused on reducing inventories. On the other hand, the Group is working to obtain payment extensions to make businesses structurally attractive that allow to consolidate market share.

The Group is working on having the right balance between DSOs - increasing due to the shift of business towards IT Resellers, who generally have longer payment terms due to the nature of their business and for which factoring is generally not available - and factoring programs for Retailers (289.7 million Euros at 31 March 2024, compared to 340.9 million Euros at 31 March 2023) due to the increasing cost, which is accounted for in the gross profit.

Working Capital Metrics 4-qtr average



Working capital improvement (-4 days) compared to the previous quarter due to:

- increase in inventory days (+1 day);
- decrease in DSO (-1 day);
- increase in DPO (+4 days).

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

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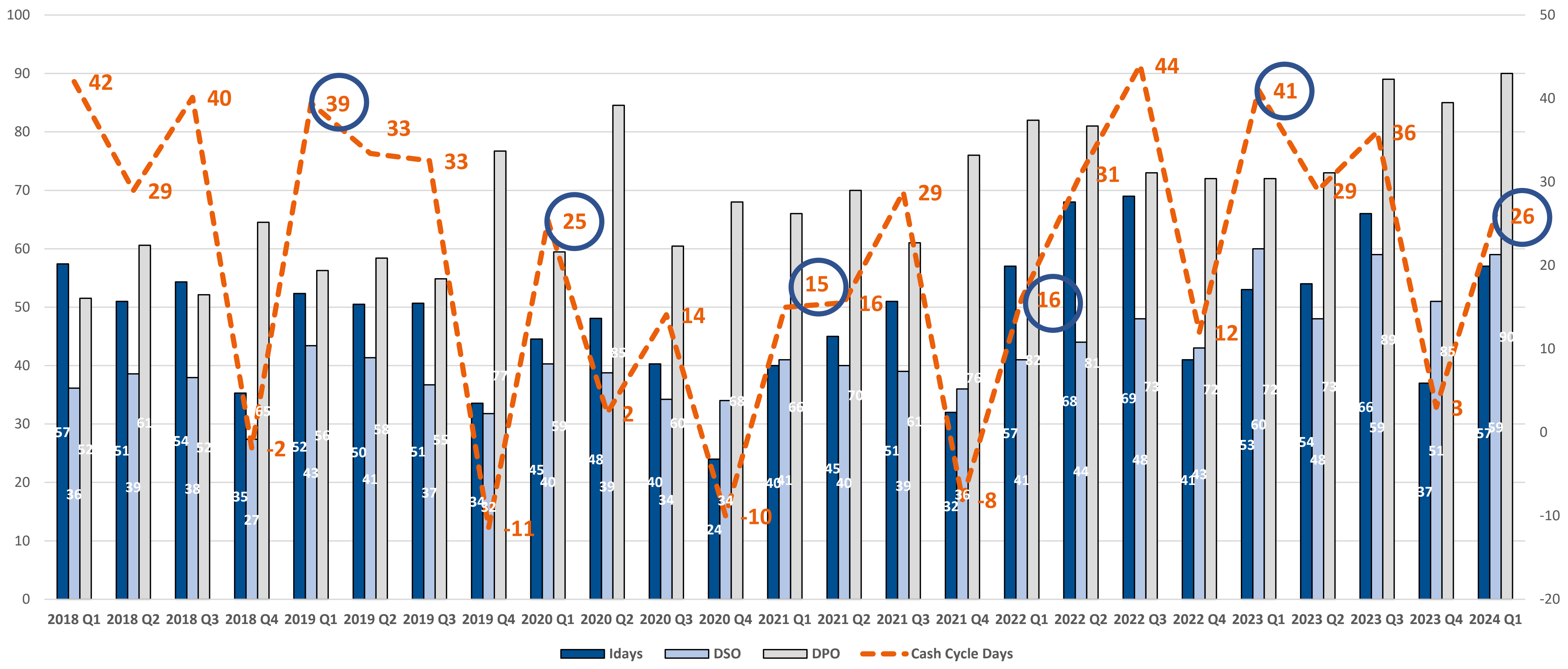
Working Capital Metrics quarter-end



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

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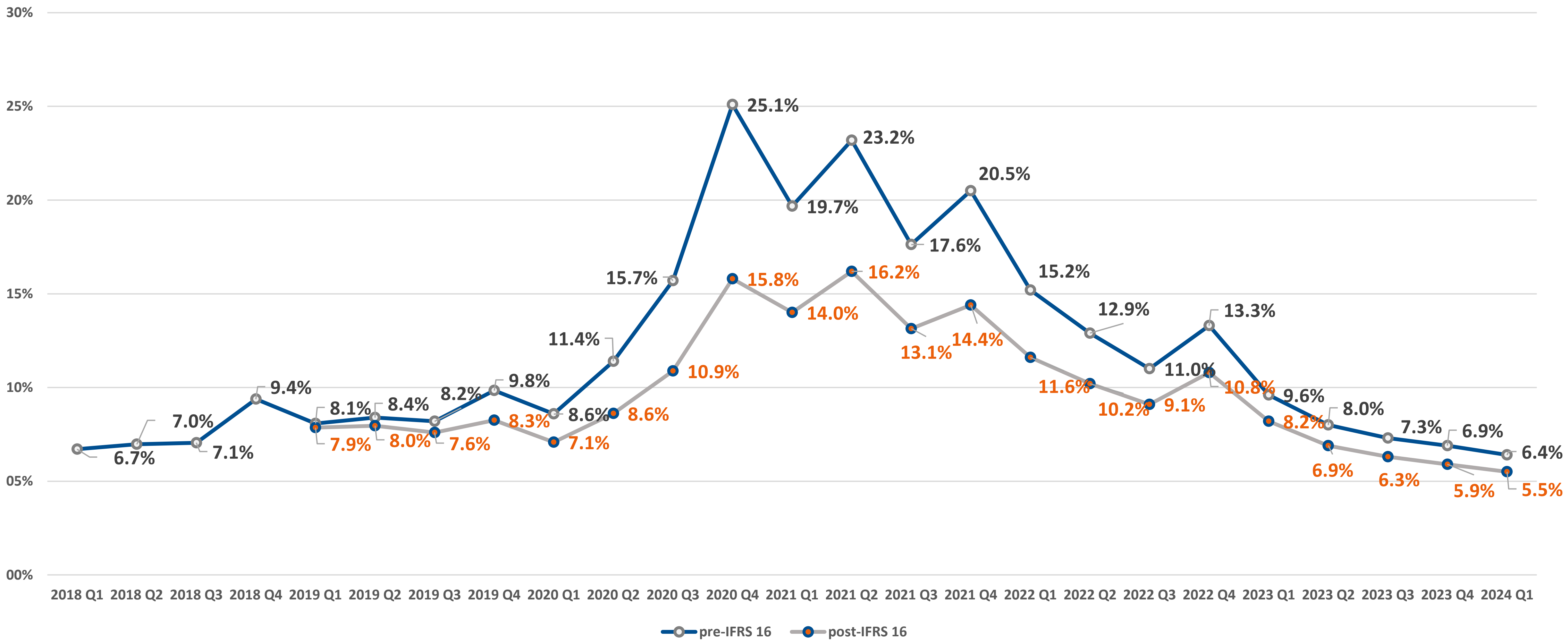
ROCE Evolution Up To Q1 2024



Average Capital Employed last 5 quarters: equal to the average of “Loans” at the closing date of the period and at the four previous quarterly closing dates
NOPAT Adj last 4 quarters: equal to the sum of the EBIT of the last four quarters less adjusted taxes.
ROCE: NOPAT Adj last 4 quarters / Average Capital Employed last 5 quarters

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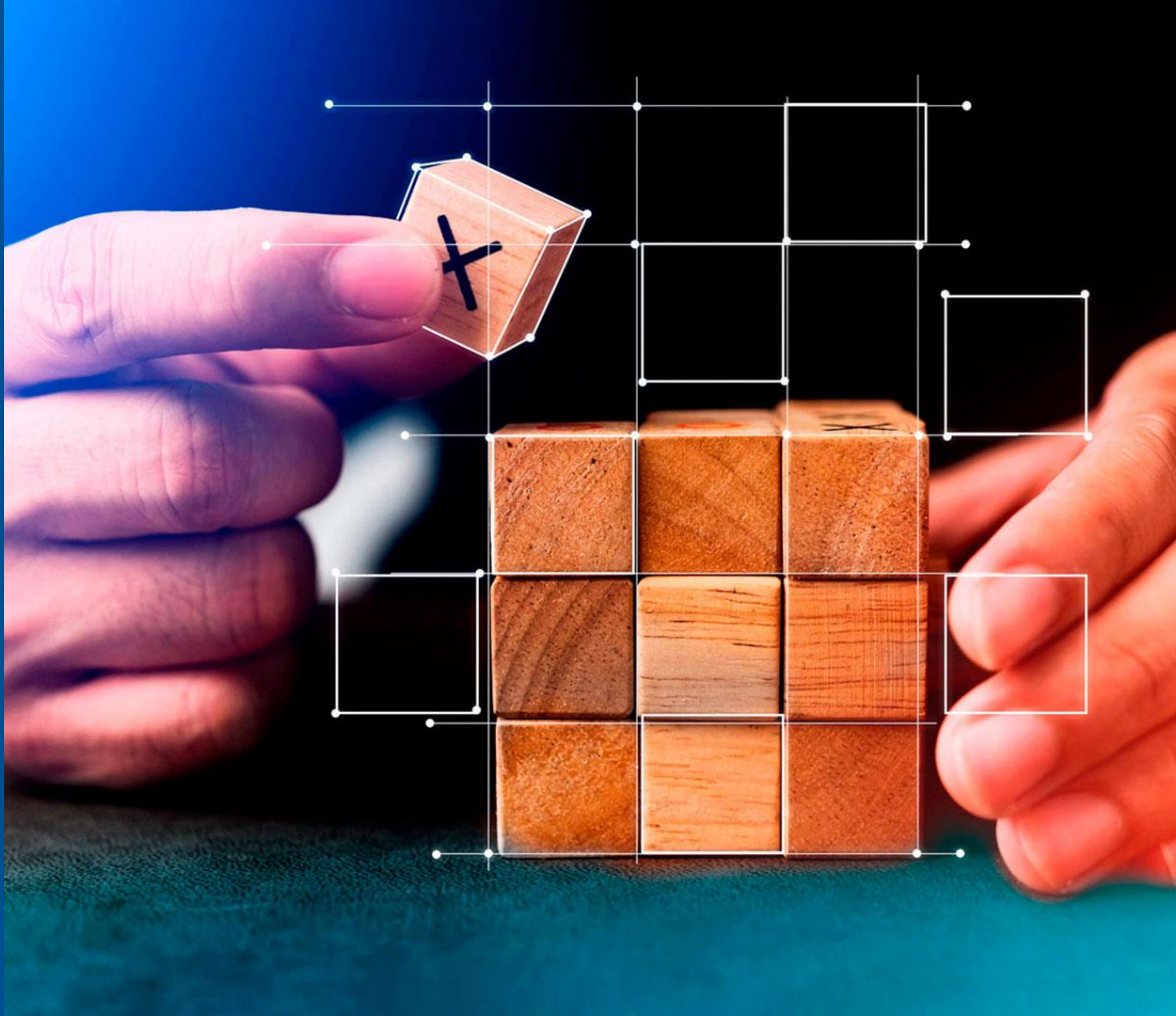
2024 LOOKING FORWARD



Market Challenges and Opportunities

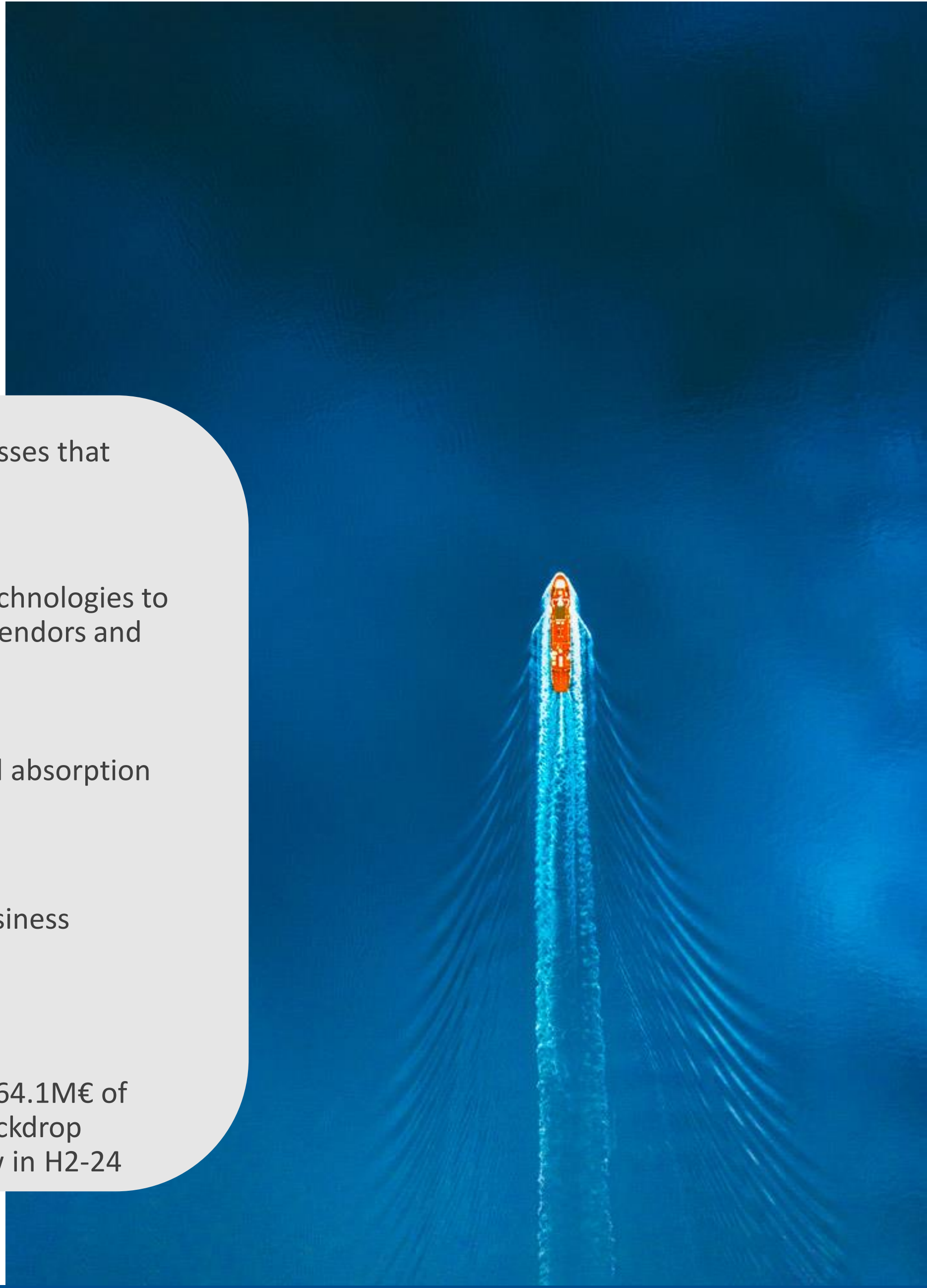
THE TECH INDUSTRY'S OUTLOOK IS BROADLY POSITIVE, GEOPOLITICAL AND MACROECONOMIC SCENARIOS CONTINUE TO REPRESENT THE GREATEST HEADWIND FOR THE ICT MARKET

- Industry analysts agree that the **return to growth is nearing**, expected in the second half of the year at low single digit rates, but macroeconomics, geopolitical tensions and upcoming elections remain an obstacle.
- Reduced corporate IT budgets and consumer share of wallet competition from other industries still characterized first quarter of 2024, but **expansion of ICT spending in Europe is projected to persist in the coming years.**
- European ICT spending is driven mostly by **growth of software and services** that will remain the fastest growing segment thanks to the hype around GenAI.
- Companies will continue to prioritize **investments in cybersecurity solutions** due to increasing frequency of cyberattacks and emergence of new regulations.
- **Growth in the Infrastructure Hardware segment**, essential in digital transformation path and critical for the stability of business operations, **is likely to continue with lower rates** than in recent past. **Most device markets are poised to regain growth momentum**, recording gradual but sustained recovery as early as 2024.
- Key drivers include replacement of aging devices and growing integration of artificial intelligence capabilities into processes.
- AI PC adoption intentions are particularly skewed towards the early part of the market cycle for enterprises, followed by consumer.

Group Priorities and 2024 Guidance

IN ACCORDANCE WITH OUR ROCE DRIVEN STRATEGY AND GUIDED BY THE OBJECTIVE OF CREATING SUSTAINABLE VALUE OVER TIME AND GENERATING AN ATTRACTIVE RETURN TO SHAREHOLDERS

1. **CONSOLIDATION OF MARKET SHARE** in the countries in which we operate, catching businesses that anyway structurally guarantee satisfactory levels of ROCE
2. **MAXIMIZING GROSS MARGIN PROGRESSION,** expanding and investing in new advanced technologies to guide businesses through digital transformation and removing much of the complexity for vendors and solution providers
3. **OPTIMIZATION OF CAPITAL INVESTED LEVELS,** growing businesses with low working capital absorption
4. **KEEPING OPERATING COSTS UNDER CONTROL** while supporting the growth of strategic business areas
5. **THE GROUP ESTIMATES A 2024 EBITDA ADJ. BETWEEN EURO 66 AND 71 MILLION** against 64.1M€ of 2023 given the priorities described above but also being aware that the macroeconomic backdrop represents the greatest challenge for the ICT market, expected by analysts to return to grow in H2-24



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Q&A

Upcoming Events

EVENT	DATE
Italian Investment Conference 2024, organized by Unicredit & Kepler Cheuvreux	**May 21, 2024**
TP ICAP Midcap Conference, organized by TP ICAP Midcap	**May 23, 2024**
Mid & Small Virtual Italy Event, organized by Virgilio IR	**July 2, 2024**
Board of Directors Approval of the Half-Year Financial Report as at June 30, 2024	**September 11, 2024**

Thank you

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