THE ESPRINET GROUP RECORDS SOLID 2019 RESULTS, CONTINUES OPERATIONS AND STRENGTHENS FINANCIAL FLEXIBILITY TO TACKLE INSTABILITY IN THE MARKET

NET PROFIT IN 2019 OF € 23 MLN, +66% COMPARED TO 2018
Prudential proposal for the allocation to equity reserves of the whole profit for the year

Alessandro Cattani, CEO: *'We face the 2020 with a liquidity risk management policy which has always been based on the utmost prudence and with an adequate financial flexibility to both support the growth plans and to deal with the instability in the market. In the current situation our priority is the continuity of the business with a view to best protecting the Group's employees.'*

HIGHLIGHTS 2019
SALES FROM CONTRACT WITH CUSTOMERS: € 3,945.4 mln, +10% (2018: € 3,571.2 mln)
EBIT: €41.1 mln (+0% vs Recurring EBIT in 2018: €41.0 mln; +73% vs EBIT 2018: € 23.7 mln)
ROCE: 9.8% (2018: 9.4%); CASH CONVERSION CYCLE: 23 days (2018: 27 days)
NET FINANCIAL POSITION: positive for € 272.3 mln (positive for € 381.1 mln pre-IFRS 16); 2018: positive for € 241.0 mln

Vimercate (Monza Brianza), 15 April 2020 - The Board of Directors of ESPRINET (PRT:IM), which met today under the chairmanship of Maurizio Rota, approved the Annual Consolidated financial statement and the Draft Annual Separate Financial Statements as at 31 December 2019, both drafted in accordance with the International Financial Reporting Standards (IFRSs).

Alessandro Cattani, ESPRINET CEO: *' We close 2019 with excellent economic results and a solid financial structure. The Group maintained its full business continuity throughout the lockdown period thanks to the Smartworking procedures started in the last two years and to the strong technological and operational controls developed over time. Operating with the utmost protection of its employees in a strategic supply chain for the functioning of the countries in which it operates, the Group is excellently organised to manage this period of crisis but also to seize any medium-long term growth opportunities, both for internal lines and through acquisitions.*
The year 2019 showed a structural improvement in the main performance indicators identified by the Group and summarised by the ROCE ('Return on Capital Employed'). EBIT stood at euro 41.1 million, same as to the current EBIT of 2018 and +73% compared to the EBIT of 2018 which reflected non-recurring charges of euro 17.2 million. The Cash Conversion Cycle shows a continuous improvement trend, closing at 23 days, a net reduction of 11 days compared to the peak recorded at the start of 2018, and marking the best result in the last 16 quarters. The ROCE stood at 9.8% (9.4% in 2018), staying above the weighted average cost of capital for the entire year, estimated at 8%. The year closes with a net profit of euro 23.6 million, an increase of 66% over 2018; after 20 consecutive years of generating profits and distributing dividends, we prudentially propose the allocation of the profit for the year to the equity reserves and meanwhile we close the buy-back programs.
The Group adopted a highly conservative liquidity risk management policy some time ago, geared towards the utmost prudence in the planning of treasury flows and the constant use of 'committed'

long-term sources also for the financing of operating working capital. The Net Financial Position as at December 31 2019, positive by euro 272.3million, signalled an improvement compared to 31 December 2018 (positive by euro 241.0 million).
People, procedures, financial strength and the strategic supply chain of IT are distinctive elements that make us look confidently into the long-term period'.

MAIN CONSOLIDATED RESULTS AS AT 31 DECEMBER 2019[1]

Sales from contracts with customers amounted to € 3.945,4 million in 2019, up by +10% compared to € 3.571,2 million in 2018.

€/millions	2019	2018	Var. %
Italy	2,494.7	2,214.7	13%
Spain	1,378.0	1,300.2	6%
Portugal	38.5	30.2	27%
UE	20.1	17.5	15%
Extra-UE	14.1	8.6	64%
Sales from contracts with customers	**3,945.4**	**3,571.2**	**10%**

In 2019, the Group's reference markets grew significantly: according to Context data, the market in Italy is estimated at € 8,022 million (+8% compared to 2018), while Spain is worth € 15,561 million (+6% over 2018). Esprinet outperforms the market and is confirmed as the leader in southern Europe, with a market share exceeding 26%, marking an increase in sales both in Italy (€ 2,494.7 million, +13% compared to 2018) and Spain (€ 1,378.0 million, +6% compared to 2018).

€/millions	2019	2018	Var. %
PC (notebook, tablet, desktop, monitor)	1,372.8	1,212.8	13%
Printing devices and supplies	418.3	393.1	6%
Other IT products	244.9	237.9	3%
Total IT Clients	**2,036.0**	**1,843.8**	**10%**
Hardware (networking, storage, server and others)	407.4	409.0	0%
Software, Services, Cloud	153.6	146.8	5%
Total Advanced Solutions	**561.0**	**555.7**	**1%**
Smartphones	1,103.2	997.4	11%
White goods	55.7	37.2	50%
Gaming hardware and software	43.4	29.5	47%
Other consumer electronics products	191.0	152.5	25%
Total Consumer Electronics	**1,393.3**	**1,216.6**	**15%**
Adjustments	(44.9)	(44.9)	0%
Sales from contracts with customers	**3,945.4**	**3,571.2**	**10%**

The **sales breakdown by product line** shows a notable increase in the *Consumer Electronics* segment (€ 1,393,3 million, +15%), and within this, aside from growth of +11% for Smartphones, positive performances were recorded for high-margin segments like White Goods (+50%) and Gaming (€ 43.4 million, +47% compared to 2018, also thanks to the acquisition of 4Side Srl, an exclusive distributor of Activision Blizzard products for Italy). The *IT Clients* segment is driven by both the positive performance of PCs (+13%) and Printing and Consumables which recorded Sales of € 418.3 million, +6% compared to € 393.1 million in 2018.

[1] The scope of consolidation as at 31 December 2019 includes the results of 4Side S.r.l., acquired on 20 March 2019. In addition, from 1 January 2019, the Group adopted the new IFRS 16 with a simplified retrospective approach (option B, with no restatement of the contracts already in place as at 1 January 2019, without applying this standard to 'low-value' and short-term assets).

€/millions	2019	2018	Var. %
Retailers / e-tailers	1,930.8	1,661.7	16%
IT Resellers	2,059.5	1,954.4	5%
Adjustments	(44.9)	(44.9)	0%
Sales from contracts with customers	**3,945.4**	**3,571.2**	**10%**

The analysis of **sales by customer type** shows robust growth in both the 'consumer' and 'business' segments. The growth in the *Retailers/e-tailers* channel was especially significant, in which the company has now consolidated a position of undisputed leader. The *IT Resellers* channel, up by +5%, represents the area in which the company aims to focus its investments in 2020.

The **Gross Profit** amounted to € 176.1 million, up +3% compared to 2018 (€ 171.4million); the percentage margin shows clear stability, standing at 4.46% of revenues, compared to 4.80% in 2018.

Current EBIT amounted to € 41.1 million showing the same result as in 2018 (€ 41. million), with an incidence on sales of 1.04% (1.15% in 2018).
The **current EBIT before IFRS 16** is € 39.1 and is in line with the expectations.
EBIT amounted to € 41.1 million, up +73% compared to 2018 (€ 23.7 million), with an incidence on sales of 1.04% (0.66% in 2018).

Income before taxes equal to € 31.7 million showed an improvement of +65% compared to 2018 (€ 19.2 million). **Net Income** amounted to € 23.6 million, +66% compared to 2018 (€ 14.2 million). Net income per ordinary share is equal to € 0.46 showed an improvement of +70% compared to 2018 (€ 0.27).

The **Net Financial Position** showed a surplus by € 272.3 million, marking an improvement of € 31.2 million compared to € 241.0 million of surplus at 31 December 2018. It includes € 108.8 million of financial liabilities for leases not present as at 31 December 2018 as a result of the first-time adoption of IFRS 16.
The improvement in the specific net financial position, neutralising the latter effect, amounted to € 140.0 million, mainly due to the reduction in the year-end levels of Net Working Capital, which was negative by € 121.0 million (an improvement of € 131.5 million compared to 31 December 2018).
The value of the net financial position as at 31 December 2019 is affected by certain technical factors, such as the 'without-recourse' assignment of trade receivables as part of recurring factoring and securitisation programmes, plus the typical seasonality of the end of the year in which a trend in trade payables is observed which does not reflect the levels of financial support guaranteed on average by suppliers during the year.
These factoring and securitisation programmes are aimed at transferring risks and rewards to the buyer, thus receivables sold are derecognised from the statement of financial position according to IFRS 9.
Taking into account other technical forms of cash advances other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on consolidated financial debt at 31 December 2019 was € 480.1 million (€ 596.7 million as at 31 December 2018).

Net Equity amounted to € 359.0 million, marking an increase of € 16.1 million compared to € 342.9 million at 31 December 2018 due to the reinvestment of 75% of the profits realised in the previous year.

EVOLUTION OF MAIN STRATEGIC TARGETS AND VALUE CREATION METRICS

In June 2019 the Group presented an update to its strategic guidelines, as part of which the main strategies that must be the cornerstone of management over the next few years were identified, and in relation to which we report here below a progress status in the form of sales generated in the most strategic business areas involved.

In 2019, the ***Advanced Solutions*** segment recorded sales of € 561.0 million, compared to € 555.7 million in 2018. The growth in the segment in question - net of sales generated by public administration purchases - was +7%, while the overall figure reflects a 2018 which had benefitted from high levels of sales from tenders concentrated on the Server and Software segments.

As regards the ***XaaS ('Everything As A Service')*** projects, the volumes of sales registered in 2019 (€ 19.7 million, +42% compared to 2018) are due almost exclusively to the sales of 'Cloud' solutions[2]. A gradual expansion of the 'consumption-based' model with respect to the traditional 'transactional' model is expected in the medium-term. The Group is developing plans and activities targeted at establishing structural monitoring not only of the Cloud markets, but also print services ('MPS-Managed Print Services') and workspace management ('device as a service').

The strategic guidelines also make provision for an increase in the Group's presence in **Portugal**, both through organic growth (investments in human resources and logistics and selection of the best vendors) and through external growth. According to Context data, the distribution market in Portugal is estimated to be worth € 1,344 million in 2019 (+8% compared to € 1,246 million in 2018); in 2019, Esprinet recorded sales of € 38.5 million, +27% compared to € 30.2 million in 2018. During the first part of 2019, a warehouse was opened in the north of Lisbon in order to ensure the conditions to allow a significant improvement in the service level offered to customers and boosting the Group's capacity to develop significant growth rates in the country.

Lastly, a significant growth rate was achieved in **White goods** (€ 55.7 million, +50% compared to 2018), whose market is estimated by Euromonitor at € 10,987 million in 2019 (CAGR 2015A-2019E equal to +4%), in which it seems to appear some signals of a more favourable attitude towards distributors from some pioneering vendors.

In order to assess the quality of its financials, the Group identified ROCE ('Return on Capital Employed') as the key indicator of shareholders' value creation.
In the fourth quarter the ROCE increased from 9.4% to 9.8% as showed in the below table:

€/millions	2019	2018
Current operating profit (EBIT) net of IFRS 16 effects	**39.1**	**41.0**
Average net invested capital (1)	**294.3**	**323.2**
Cash Conversion Cycle (days) (2)	**23**	**27**
ROCE (3)	**9.8%**	**9.4%**

(1) Equivalent to the average of 'Loans' at the closing date of the period and on the four previous quarterly closing dates (excluding the equity effects of IFRS 16).
(2) Equal to the days of turnover of operating net working capital calculated as the sum of trade receivables, inventories and trade payables.
(3) Ratio between (a) recurring EBIT – excluding the effects of IFRS 16 – net of taxes calculated at the effective *tax rate* of the last set of published annual consolidated financial statements, and (b) average net invested capital.

As regards the main value metrics, the following has been observed:

[2] These Sales, for accounting purposes, are recorded as "*agent*" and, therefore, for the sole margin realised

- **Current EBIT pre-IFRS 16** amounted to € 39.1 million, showing a slight decrease (-4%) compared to recurring EBIT of 2018 (€ 41.0 million);
- by using the same tax rate, in line with the Group's tax rate derived from the approved annual consolidated financial statements (2018) and applied to the ROCE of the 4th quarter of 2018 (26%), the '**NOPAT – Net Operating Profit Less Adjusted Taxes**' shew a similar trend (-4%);
- the **average net invested capital** before the effects of the introduction of IFRS 16 fell to a greater extent, equal to (-9%) thanks to the favorable performance of the cash conversion cycle;
- the **Cash Conversion Cycle** shows a continuous improvement trend, closing at 23 days(-11 days compared to the peak recorded at the start of 2018), and marking the best result in the last 16 quarters; in particular, the inventory turnover days figure fell by 2 days and the DPO rose by 5 days compared to the average recorded in the fourth quarter of 2018.

MAIN RESULTS OF ESPRINET SPA AS AT 31 DECEMBER 2019

Sales from contracts with customers amounted to € 2,524.2 million in 2019, up by +11% compared to € 2,267.8 million in 2018 and, therefore, outperforming the Italian market which, according to Context data, is estimated at Euro 8,022 million (+8% compared to 2018).

The **Gross Profit** amounted to € 110.5 million, up +2% compared to 2018 (€ 108.1 million); the percentage margin shows clear stability, standing at 4.38% of sales, compared to 4.77% in 2018.

Current EBIT amounted to € 17.1 million, down -2% compared to 2018 (€ 17.5 million), with an incidence on sales of 0.68% (0.77% in 2018).
The **current EBIT before IFRS 16** is € 15.5 million, a more marked reduction equal to -11%.
EBIT, equal to current EBIT amounted to € 17.1 million, increased by +569% compared to 2018 (€ 2.6 million), with an incidence on revenues of 0.68% (0.11% in 2018).

Income before taxes, equal to Euro 7.6 million, showed a reversal of the result in 2018, a year in which a pre-tax loss of € 0.9 million was realised.

Net income, amounting to € 4.6 million, is in contrast to the net loss of € 1.0 million recorded in the previous year.

The **Net Financial Position** was a positive € 163.7 million, marking an improvement of € 18.8 million compared to € 144.9 million at 31 December 2018. It includes € 88.1 million of financial liabilities for leases not present as at 31 December 2018 as a result of the first-time adoption of IFRS 16.
The improvement in the specific net financial position, neutralising the latter effect, amounted to € 106.9 million, mainly due to the reduction in the year-end levels of Net Working Capital, which was negative by € 135.8 million (an improvement of € 118.7 million compared to 31 December 2018).
The value of the net financial position as at 31 December 2019, is affected by certain technical factors, such as the 'without-recourse' assignment of trade receivables as part of factoring and securitisation programmes, plus the typical seasonality of the end of the year in which a trend in trade payables is observed which does not reflect the levels of financial support guaranteed on average by suppliers during the year.
These factoring and securitisation programmes are aimed at transferring risks and rewards to the buyer, thus receivables sold are derecognised from the statement of financial position according to IFRS 9.
Taking into account other technical forms of cash advances other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on consolidated financial debt at 31 December 2019 was € 258.3 million (€ 308.8 million as at 31 December 2018).

Shareholders' net profit came to € 295.4 million.

PROPOSAL OF THE ALLOCATION OF THE NET PROFIT

The Board of Directors resolved to propose to the Shareholders to allocate the net income, equal to € 4,603,878.26, to the Extraordinary Reserve.

SUBSEQUENT EVENTS AND OUTLOOK

The health emergency caused by the spread of coronavirus, classed as a pandemic by the World Health Organisation, gave rise to a global economic crisis whose overall medium/long-term effects are difficult to evaluate at present.
At global level, the effects of Covid-19 materialised exclusively in China in February, while Italy and Europe were hit by the pandemic between the end of February and the first half of March. Production activities have gradually recommenced in China, contrary to what is happening in Italy and in Europe, where a significant slowdown has been recorded, due to the 'draconian' measures limiting movements of people and halting production activities imposed by the individual national Governments aimed at containing the spread of the epidemic.
During the 'lockdown' period, the Esprinet Group has continued to operate thanks to the implementation of the necessary 'business continuity' actions allowing the 'smartworking' mode to the 100% of employees that are not working in the warehouses, the controls and rigorous respect for the health protocols aimed at protecting the health and safety of employees and associates, which has enabled the company to partially mitigate the effects of Covid-19.
The measures for the protection of employees' health indicated in the Companies-Unions protocol, with reference to employees operating in centralized logistics and «Esprivillage» cash & carry, were promptly and adequately implemented both in Italy and Spain.
The chain the Group is part of, namely the ICT production, distribution and sale chain in Italy and Spain, has not been subject to any particular stop resulting from the restrictions.
The main criticality identified up to now consists of shortages in the supply of some products due to the reduction in the capacity of the suppliers most heavily dependent on the production facilities situated in areas like China and South Korea, which have been severely affected by the restrictions put in place to contain the coronavirus. This situation is gradually returning to normal and the factories are expected to start operating at full capacity during April.
For the current year, the health emergency is expected to cause a collapse in the growth rates of the economies both in Italy and Spain and that this trend will lead to a reduction in the Group's business volumes.
In this environment, a series of initiatives were planned and implemented targeted at containing Covid-19 impact:

- some actions have been taken to reduce costs and, in particular, fixed and semi-fixed costs (leases, transport, general overheads);
- actions have been implemented to ensure optimal management of working capital, in particular, through the request for further payment delays from the main suppliers;
- the decision was taken not to propose any distribution of 2020 dividends to the shareholders' meeting and the buy-back plan approved on 8 May 2019 was revoked;
- some actions were undertaken to strengthen the financial structure, in particular, through the usage of the pooled Revolving Credit Facility of € 152.5 million.

In this situation characterized by strong uncertainties on the negative effects of the pandemic and on the timing and methods of resolving the crisis, it is really difficult to provide reliable forecasts on the Group's future trends.

However, based on the simulations carried out, a contraction in operating profitability could be expected to occur, compared to the profitability hypothesized before the outbreak of the pandemic, this is due to the expectations of sales growth in the next two quarters that will be lower than the annual trend.
As regards the effects on the assets and financial position, at the moment there are not sufficient pieces of information, in particular related to the deterioration of the level of solvency of customers, which could allow a reliable estimate.

CALLING OF ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

The Board of Directors resolved to call the ordinary and extraordinary shareholders' meeting for 25 May 2020, to resolve on the following agenda:

Ordinary session

1. Financial statements as at 31 December 2019
   - 1.1. Approval of the Financial Statements as at 31 December 2019, Directors' Report on Operations, Board of Statutory Auditors' Report and Independent Auditors' Report. Presentation of the Consolidated Financial Statements as at 31 December 2018 and of the consolidated non-financial disclosure pursuant to Legislative Decree no. 254 of 30/12/2016 – Sustainability Report.
   - 1.2. Allocation of result for the year.

2. Report on remuneration policy and compensation paid:
   - 2.1. Binding resolution on the first section pursuant to art. 123-ter, paragraph 3-bis of the TUF (Consolidated Law on Finance).
   - 2.2. Non-binding resolution on the second section pursuant to art. 123-ter, paragraph 6 of the TUF (Consolidated Law on Finance).

3. Proposed revocation of the authorisation to purchase own shares resolved by the Shareholders' Meeting on 8 May 2019.

Extraordinary session

1. Cancellation of 1,470,217 own shares in the portfolio, with no reduction of share capital, and subsequent amendment of art. 5 of the company Articles of Association. Inherent and consequent resolutions.

The officer charged with the drawing up of the accounting documents of the Company, Pietro Aglianò, declares that, in compliance with the provisions of paragraph 2 of art. 154-bis of Legislative Decree No. 58/1998 (T.U.F. - Finance Consolidation Act), the financial data shown in this press release corresponds to the findings resulting from accounting documents, books and accounting records.

Esprinet (PRT:IM) is the holding of a Group engaged in the 'B2B' distribution of technology products at the top of the market in Italy and Spain. The 2018 consolidated turnover of Euro 3.6 billion places Esprinet among the top 50 Italian industrial groups and the top 10 distributors worldwide. Thanks to a business model based on the coexistence of different sales channels tailored to the specific characteristics of 39,000 reseller clients, Esprinet markets approximately 1,000 brands and over 63,000 products available in 130,000 square metres of managed warehouses. Through the V-Valley division, Esprinet is able to distribute value-added products, services and IT solutions. The Group's activities also cover Portugal, and the production and sales of the named brands 'Celly' (smartphones accessories) and 'Nilox' (IT accessories and outdoor technology).

Press release available on www.emarketstorage.com and www.esprinet.com

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Annexes: Summary of the consolidated earnings and financial results for the year ended 31 December 2019.

RECLASSIFIED CONSOLIDATED SEPARATE INCOME STATEMENT

(€/000)	2019			2018	% Var.
			Pre-IFRS16		
Sales from contracts with customers	**3,945,371**		**3,945,371**	**3,571,190**	**10%**
Cost of goods sold excl. factoring/securitisation	3,764,900		3,764,900	3,394,888	11%
Financial cost of factoring/securisation[1]	4,421		4,421	4,869	-9%
Gross Profit[2]	**176,050**		**176,050**	**171,433**	**3%**
Gross Profit %	*4.46%*		*4.46%*	*4.80%*	
Personnel costs	64,203		64,203	61,126	5%
Other operating costs	56,117	(11,913)	68,030	64,656	-13%
EBITDA	**55,730**	**11,913**	**43,817**	**45,651**	**22%**
EBITDA %	*1.41%*		*1.11%*	*1.28%*	
Depreciation and amortisation	4,688		4,688	4,691	0%
IFRS 16 Right of Use depreciation	9,974	9,974	0	-	n/s
Recurring EBIT	**41,068**	**1,939**	**39,129**	**40,960**	**0%**
Recurring EBIT %	*1.04%*		*0.99%*	*1.15%*	
Non recurring costs[3]	0		0	17,240	n/s
EBIT	**41,068**	**1,939**	**39,129**	**23,720**	**73%**
Recurring EBIT %	*1.04%*		*0.99%*	*0.66%*	
IFRS 16 interest expenses on leases	3,540	3,540	-	-	n/s
Other financial (income) expenses	4,206		4,206	3,579	18%
Foreign exchange (gains) losses	1,665		1,665	962	73%
Profit before income taxes	**31,657**	**(1,601)**	**33,258**	**19,179**	**65%**
Income taxes	8,104	(318)	8,422	5,021	61%
Net income	**23,553**	**(1,283)**	**24,836**	**14,158**	**66%**

NOTES

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring and securitization programs.

(2) Net of amortization/depreciation that, by destination, would be included in the cost of sales.

(3) Of which Euro 8.4 million included in 'Cost of sales excluding cash discounts' and Euro 8.8 million included in 'Other operating costs' in 2018; all 'Non-recurring expenses' of 2019 are included in the 'Cost of sales'.

CONSOLIDATED SEPARATE INCOME STATEMENT

(€/000)	2019	non - recurring	related parties	2018	non - recurring	related parties
Sales from contracts with customers	3,945,371	-	8	3,571,190	-	11
Cost of sales	(3,770,027)	-	-	(3,408,918)	(8,417)	-
Gross profit	**175,344**	**-**		**162,272**	**(8,417)**	
Sales and marketing costs	(50,820)	-	-	(52,792)	-	-
Overheads and administrative costs	(83,086)	-	(14)	(76,287)	-	(4,889)
Impairment loss/reversal of financial assets	(370)	-		(9,473)	(8,823)	
Operating income (EBIT)	**41,068**	**-**		**23,720**	**(17,240)**	
Finance costs - net	(9,411)	-	10	(4,541)	-	4
Profit before income taxes	31,657	-		19,179	(17,240)	
Income tax expenses	(8,104)	-	-	(5,021)	4,401	-
Net income	**23,553**	**-**		**14,158**	**(12,839)**	
- of which attributable to non-controlling interests	454			127		
- of which attributable to Group	23,099	-		14,031	(12,839)	
Earnings per share - basic (euro)	0.46			0.27		
Earnings per share - diluted (euro)	0.45			0.27		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	2019	2018
Net income (A)	**23,553**	**14,158**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	500	75
- Taxes on changes in 'cash flow hedge' equity reserve	(120)	(23)
- Changes in translation adjustment reserve	(2)	1
Other comprehensive income not be reclassified in the separate income statement:		
- Changes in 'TFR' equity reserve	(195)	185
- Taxes on changes in 'TFR' equity reserve	47	(51)
Other comprehensive income (B):	**230**	**187**
Total comprehensive income (C=A+B)	**23,783**	**14,345**
- of which attributable to Group	23,336	14,217
- of which attributable to non-controlling interests	447	128

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2019	31/12/2018
Fixed assets	226,007	118,502
Operating net working capital	(121,027)	10,443
Other current assets/liabilities	(1,354)	(12,667)
Other non-current assets/liabilities	(16,879)	(14,424)
Total uses	**86,747**	**101,855**
Short-term financial liabilities	35,862	138,311
Lease liabilities	8,597	-
Current financial (assets)/liabilities for derivatives	-	610
Financial receivables from factoring companies	(3,526)	(242)
Current debts for investments in subsidiaries	-	1,082
Other financial receivables	(9,719)	(10,881)
Cash and cash equivalents	(463,777)	(381,308)
Net current financial debt	(432,563)	(252,428)
Borrowings	61,045	12,804
Lease liabilities	100,212	-
Other financial receivables	(969)	(1,420)
Net Financial debt (A)	(272,275)	(241,044)
Net equity (B)	359,022	342,898
Total sources of funds (C=A+ B)	**86,747**	**101,855**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2019	related parties	31/12/2018	related parties
ASSETS				
Non - current assets				
Property, plant and equipment	11,824		13,327	
Right of use assets	107,310		-	
Goodwill	90,716		90,595	
Intangibles assets	480		724	
Deferred income tax assets	13,469		11,884	
Receivables and other non - current assets	3,177	-	3,392	1,554
	226,976	-	119,922	1,554
Curent assets				
Inventory	497,220		494,444	
Trade receivables	470,999	1	383,865	-
Income tax assets	1,514		3,421	
Other assets	40,956	-	29,610	1,310
Cash and cash equivalents	463,777		381,308	
	1,474,466	1	1,292,651	1,310
Disposal groups assets	-		-	
Total assets	1,701,442	1	1,412,573	2,864
EQUITY				
Share capital	7,861		7,861	
Reserves	325,554		319,831	
Group net income	23,099		14,031	
Group net equity	356,514		341,723	
Non - controlling interest	2,508		1,175	
Total equity	359,022		342,898	
LIABILITIES				
Non - current liabilities				
Borrowings	61,045		12,804	
Lease liabilities	100,212		-	
Deferred income tax liabilities	9,712		8,138	
Retirement benefit obligations	4,669		4,397	
Provisions and other liabilities	2,498		1,889	
	178,136		27,228	
Current liabilities				
Trade payables	1,089,246	-	867,866	-
Short-term financial liabilities	35,862		138,311	
Lease liabilities	8,597		-	
Income tax liabilities	27		103	
Derivative financial liabilities	-		613	
Debts for investments in subsidiaries	-		1,082	
Provisions and other liabilities	30,552	-	34,472	1,567
	1,164,284	-	1,042,447	1,567
Disposal groups liabilities	-		-	
Total liabilities	1,342,420	-	1,069,675	1,567
Total equity and liabilities	1,701,442	-	1,412,573	1,567

CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	2019	2018
Cash flow provided by (used in) operating activities (D=A+B+C)	**159,869**	**127,577**
Cash flow generated from operations (A)	**57,080**	**37,438**
Operating income (EBIT)	41,068	23,720
Depreciation, amortisation and other fixed assets write-downs	14,662	4,691
Net changes in provisions for risks and charges	609	8,208
Net changes in retirement benefit obligations	(510)	(285)
Stock option/grant costs	1,251	1,104
Cash flow provided by (used in) changes in working capital (B)	**113,553**	**98,347**
Inventory	(2,776)	(12,893)
Trade receivables	(88,832)	(70,792)
Other current assets	(6,526)	(2,135)
Trade payables	221,128	177,429
Other current liabilities	(9,441)	6,738
Other cash flow provided by (used in) operating activities (C)	**(10,764)**	**(8,208)**
Interests paid, net	(6,059)	(2,338)
Foreign exchange (losses)/gains	(1,948)	(974)
Income taxes paid	(2,757)	(4,896)
Cash flow provided by (used in) investing activities (E)	**(2,938)**	**1,901**
Net investments in property, plant and equipment	(4,889)	(2,797)
Net investments in intangible assets	(302)	(241)
Changes in other non current assets and liabilities	805	4,939
4Side business combination	1,448	-
Cash flow provided by (used in) financing activities (F)	**(74,462)**	**(45,139)**
Medium/long term borrowing	72,000	-
Repayment/renegotiation of medium/long-term borrowings	(115,408)	(38,912)
Leasing liabilities remboursement	(6,115)	-
Net change in financial liabilities	(12,427)	13,176
Net change in financial assets and derivative instruments	(1,893)	(8,617)
Dividend payments	(6,919)	(6,987)
Own shares acquisition	(3,847)	(3,928)
Changes in third parties net equity	147	129
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**82,469**	**84,339**
Cash and cash equivalents at year-beginning	**381,308**	**296,969**
Net increase/(decrease) in cash and cash equivalents	**82,469**	**84,339**
Cash and cash equivalents at year-end	**463,777**	**381,308**

ESPRINET SPA RECLASSIFIED SEPARATE INCOME STATEMENT

(€/000)	2019			2018	% Var.
			Pre-IFRS16		
Sales from contracts with customers	**2,524,171**		**2,524,171**	**2,267,797**	**11%**
Cost of goods sold excl. factoring/securitisation	2,411,173		2,411,173	2,156,697	12%
Financial cost of factoring/securisation[1]	2,506		2,506	3,000	-16%
Gross Profit[2]	**110,492**		**110,492**	**108,100**	**2%**
Gross Profit %	*4.38%*		*4.38%*	*4.77%*	
Personnel costs	41,327		41,327	40,620	2%
Other operating costs	41,398	(9,134)	50,532	46,832	-12%
EBITDA	**27,767**	**9,134**	**18,633**	**20,648**	**34%**
EBITDA %	*1.10%*		*0.74%*	*0.91%*	
Depreciation and amortisation	3,089		3,089	3,182	-3%
IFRS 16 Right of Use depreciation	7,532	7,532	0	-	n/s
Recurring EBIT	**17,146**	**1,602**	**15,544**	**17,466**	**-2%**
Recurring EBIT %	*0.68%*		*0.62%*	*0.77%*	
Non recurring costs[3]	0		0	14,903	n/s
EBIT	**17,146**	**1,602**	**15,544**	**2,563**	**569%**
Recurring EBIT %	*0.68%*		*0.62%*	*0.11%*	
IFRS 16 interest expenses on leases	2,878	2,878	-	-	n/s
Other financial (income) expenses	3,792		3,792	2,985	27%
Foreign exchange (gains) losses	1,259		1,259	472	>100%
Cost (income) from investments	1,600		1,600	-	>100%
Profit before income taxes	**7,617**	**(1,276)**	**8,893**	**(894)**	**>100%**
Income taxes	3,013	(236)	3,249	136	>100%
Net income	**4,604**	**(1,040)**	**5,644**	**(1,030)**	**>100%**

NOTES

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring and securitization programs.

(2) Net of amortization/depreciation that, by destination, would be included in the cost of sales.

(3) Of which Euro 6.1 million included in 'Cost of sales excluding cash discounts' and Euro 8.8 million included in 'Other operating costs' in 2018; all 'Non-recurring expenses' of 2019 are included in the 'Cost of sales'.

ESPRINET SPA SEPARATE INCOME STATEMENT

(€/000)	2019	non - recurring	related parties	2018	non - recurring	related parties
Sales from contracts with customers	2,524,171	-	42,113	2,267,797	-	56,765
Cost of sales	(2,414,385)	-	(1,377)	(2,166,521)	(6,080)	(692)
Gross profit	**109,786**	**-**		**101,276**	**(6,080)**	
Sales and marketing costs	(33,744)	-	(2,362)	(36,419)	-	(2,264)
Overheads and administrative costs	(58,326)	-	2,395	(53,028)	-	(2,495)
Impairment loss/reversal of financial assets	(570)	-		(9,266)	(8,823)	
Operating income (EBIT)	**17,146**	**-**		**2,563**	**(14,903)**	
Finance costs - net	(7,929)	-	327	(3,457)	-	634
Other investments expenses / (incomes)	(1,600)	-		0	-	
Result before income taxes	7,617	-		(894)	(14,903)	
Income tax expenses	(3,013)	-		(136)	3,814	0
Net result	**4,604**	**-**		**(1,030)**	**(11,089)**	
- of which attributable to non-controlling interests	-			-		
- of which attributable to Group	4,604	-		(1,030)	(11,089)	

ESPRINET SPA STATEMENT OF COMPREHENSIVE INCOME

(€/000)	2019	2018
Net result (A)	**4,604**	**(1,030)**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	500	96
- Taxes on changes in 'cash flow hedge' equity reserve	(120)	(23)
Other comprehensive income not be reclassified in the separate income statement:		
- Changes in 'TFR' equity reserve	(150)	221
- Taxes on changes in 'TFR' equity reserve	36	(62)
Other comprehensive income (B):	266	233
Total comprehensive income (C=A+B)	**4,870**	**(797)**
- of which attributable to Group	4,870	(797)
- of which attributable to non-controlling interests	-	-

ESPRINET SPA RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2019	31/12/2018
Fixed assets	205,843	119,848
Operating net working capital	(135,818)	(17,095)
Other current assets/liabilities	70,610	60,358
Other non-current assets/liabilities	(8,935)	(8,034)
Total uses	**131,700**	**155,077**
Short-term financial liabilities	22,812	132,744
Lease liabilities	6,374	-
Current financial (assets)/liabilities for derivatives	-	238
Financial receivables from factoring companies	(3,526)	(241)
Financial (assets)/liab. From/to Group companies	6,921	(104,500)
Other financial receivables	(9,718)	(10,880)
Cash and cash equivalents	(289,642)	(173,681)
Net current financial debt	(266,779)	(156,320)
Borrowings	22,294	12,804
Lease liabilities	81,742	-
Other financial receivables	(969)	(1,420)
Net Financial debt (A)	(163,712)	(144,936)
Net equity (B)	295,412	300,013
Total sources of funds (C=A+ B)	**131,700**	**155,077**

ESPRINET SPA STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2019	related parties	31/12/2018	related parties
ASSETS				
Non - current assets				
Property, plant and equipment	9,053		10,039	
Right of use assets	86,941		-	
Goodwill	16,429		16,429	
Intangibles assets	292		649	
Partecipazioni in società collegate	-		-	
Partecipazioni in altre società	86,413		86,086	
Deferred income tax assets	4,972		4,970	
Receivables and other non - current assets	2,712	-	3,095	1,554
	206,812	-	121,268	1,554
Curent assets				
Inventory	335,188		304,237	
Trade receivables	272,957	1	199,871	-
Income tax assets	1,319		2,945	
Other assets	100,710	63,911	195,363	171,791
Derivative financial assets	-		375	
Cash and cash equivalents	289,642		173,681	
	999,816	63,912	876,472	171,791
Disposal groups assets	-		-	
Total assets	1,206,628	63,912	997,740	173,345
EQUITY				
Share capital	7,861		7,861	
Reserves	282,947		293,182	
Net result for the period	4,604		(1,030)	
Total equity	295,412		300,013	
LIABILITIES				
Non - current liabilities				
Borrowings	22,294		12,804	
Lease liabilities	81,742		-	
Deferred income tax liabilities	2,930		2,842	
Retirement benefit obligations	3,721		3,793	
Provisions and other liabilities	2,284		1,400	
	112,971		20,839	
Current liabilities				
Trade payables	743,963	-	521,203	-
Short-term financial liabilities	30,733	7,921	132,744	
Lease liabilities	6,374		-	
Derivative financial liabilities	-		613	
Provisions and other liabilities	17,175	1,079	22,328	1,822
	798,245	9,000	676,888	1,822
Disposal groups liabilities	-		-	
Total liabilities	911,216	9,000	697,727	1,822
Total equity and liabilities	1,206,628	9,000	997,740	1,822

ESPRINET SPA STATEMENT OF CASH FLOWS

(euro/000)	2019	2018
Cash flow provided by (used in) operating activities (D=A+B+C)	**129,046**	**24,329**
Cash flow generated from operations (A)	**29,533**	**14,773**
Operating income (EBIT)	17,146	2,563
Depreciation, amortisation and other fixed assets write-downs	10,621	3,182
Net changes in provisions for risks and charges	884	8,629
Net changes in retirement benefit obligations	(278)	(626)
Stock option/grant costs	1,160	1,025
Cash flow provided by (used in) changes in working capital (B)	**106,937**	**14,838**
Inventory	(30,951)	15,486
Trade receivables	(73,086)	(12,612)
Other current assets	(5,100)	(29,641)
Trade payables	223,030	35,364
Other current liabilities	(6,956)	6,241
Other cash flow provided by (used in) operating activities (C)	**(7,424)**	**(5,282)**
Interests paid, net	(4,730)	(1,576)
Foreign exchange (losses)/gains	(1,529)	(559)
Income taxes paid	(1,165)	(3,147)
Cash flow provided by (used in) investing activities (E)	**(4,905)**	**(26,373)**
Net investments in property, plant and equipment	(3,187)	(2,147)
Net investments in intangible assets	66	27
Changes in other non current assets and liabilities	52	2,825
Celly shareholding change	(458)	-
Esprinet Portugal shareholding change	(30)	-
4Side shareholding purchase	(1,348)	-
Nilox Deutschland shareholding change	-	(300)
Reimbursement from 'stock grant' to subsidiaries	-	238
Edslan and Mosaico merge	-	(27,016)
Cash flow provided by (used in) financing activities (F)	**(8,180)**	**10,357**
Medium/long term borrowing	15,000	-
Repayment/renegotiation of medium/long-term borrowings	(106,886)	(33,676)
Leasing liabilities remboursement	(4,982)	-
Net change in financial liabilities	(2,519)	10,873
Borrowed due within 12 months received/(granted)	103,500	53,000
Net change in financial assets and derivative instruments	(1,527)	(8,925)
Dividend payments	(6,919)	(6,987)
Own shares acquisition	(3,847)	(3,928)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**115,961**	**8,313**
Cash and cash equivalents at year-beginning	**173,681**	**165,368**
Net increase/(decrease) in cash and cash equivalents	**115,961**	**8,313**
Cash and cash equivalents at year-end	**289,642**	**173,681**