Esprinet Group

Interim management report as at 31 March 2019

Approved by the Board of Directors on 14 May 2019

Translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers

Parent Company:

Esprinet S.p.A.
VAT number: IT 02999990969
Milan, Monza and Brianza, Lodi Companies' Register Tax Code: 05091320159 E&A Index (R.E.A.) number: 1158694
Head Office and Admin.ve Headquarters: Via Energy Park 20 - 20871 Vimercate (MB), Italy
Subscribed and paid-in share capital 31/03/2019: Euro 7,860,651
www.esprinet.com - *info@esprinet.com*

Company Officers

Board of Directors:

(Mandate expiring with approval of accounts for the year ending 31 December 2020)

Chairman	Maurizio Rota	(SC) (CSC)
Chief Executive Officer	Alessandro Cattani	(SC) (CSC)
Director	Valerio Casari	(SC) (CSC)
Director	Marco Monti	(SC)
Director	Matteo Stefanelli	(SC) (CSC)
Director	Tommaso Stefanelli	(SC) (CSC)
Director	Ariela Caglio	(InD)
Director	Cristina Galbusera	(InD) (CRC) (RAC)
Director	Mario Massari	(InD) (CRC) (RAC)
Director	Chiara Mauri	(InD) (RAC)
Director	Emanuela Prandelli	(InD)
Director	Renata Maria Ricotti	(InD) (CRC)
Secretary	Manfredi Vianini Tolomei	Studio Chiomenti

Key:
ID: Independent Director
CRC: Member of Control and Risks Committee.
RAC: Member of Remuneration and Appointments Committee.
SC: Strategy Committee
CSC: Competitiveness and Sustainability Committee

Board of Statutory Auditors:

(Mandate expiring with approval of accounts for the year ending 31 December 2020)

Chairman	Bettina Solimando
Permanent Auditor	Patrizia Paleologo Oriundi
Permanent Auditor	Franco Aldo Abbate
Alternate Auditor	Antonella Koenig
Alternate Auditor	Mario Conti

Independent Auditing firm:

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

PricewaterhouseCoopers S.p.A.

Departure from the obligations to provide information on extraordinary transactions

Pursuant to the matters envisaged by Article 70.8 and Article 71.1 bis, of the Issuers' Regulations issued by Consob, on 21 December 2012 the Board of Directors of Esprinet S.p.A. resolved to avail itself of the faculty to depart from the obligations to publish the information documents laid down at the time of significant transactions relating to mergers, demergers, share capital increases via the contribution of goods in kind, acquisitions and disposals.

GENERAL CONTENTS

1. Notes of financial performance of the period

(euro/000)	notes	Q1 2019	%	Q1 2018	%	% var. 19/18
Profit & Loss						
Sales from contracts with customers		875,465	100.0%	781,274	100.0%	12%
Gross profit		40,810	4.7%	38,952	5.0%	5%
EBITDA	(1)	10,377	1.2%	6,571	0.8%	58%
Operating income (EBIT)		6,744	0.8%	5,351	0.7%	26%
Profit before income tax		4,181	0.5%	4,643	0.6%	-10%
Net income		2,931	0.3%	3,413	0.4%	-14%
Financial data						
Cash flow	(2)	6,527		4,580		
Gross investments		1,036		568		
Net working capital	(3)	410,938		(2,224)		
Operating net working capital	(4)	410,606		10,443		
Fixed assets	(5)	198,823		118,502		
Net capital employed	(6)	594,036		101,855		
Net equity		346,975		342,898		
Tangible net equity	(7)	177,288		251,579		
Net financial debt	(8)	247,061		(241,044)		
Main indicators						
Net financial debt / Net equity		0.7		(0.7)		
Net financial debt / Tangible net equity		1.4		(1.0)		
EBIT / Finance costs - net		2.6		7.6		
EBITDA / Finance costs - net		4.0		9.3		
Net financial debt/ EBITDA		23.8		(8.4)		
Operational data						
N. of employees at end-period		1,265		1,248		
Avarage number of employees	(9)	1,264		1,248		
Earnings per share (euro)						
- Basic		0.06		0.07		-14%
- Diluted		0.06		0.06		0%

(1) EBITDA is equal to the operating profit (EBIT) gross of amortisation, depreciation, write-downs and provisions for risks.
(2) Sum of consolidated net profit and amortisation/depreciation.
(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of short-term net financial payables.
(4) Sum of trade receivables, inventories and trade payables.
(5) Non-current assets net of assets for derivative financial instruments.
(6) Equal to the actual capital invested at the end of the period, calculated as the sum of the net working capital plus fixed capital assets net of non-current non-financial liabilities.
(7) Equal to shareholders' equity less goodwill and intangible fixed assets.
(8) Sum of financial payables, financial liabilities for leasing, cash and cash equivalents, assets/liabilities for derivative instruments and financial receivables from factoring companies.
(9) Calculated as the average between the initial and final balance for the period of the consolidated companies.

The economic and financial results for this period and the comparable periods have been determined in compliance with the International Financial Reporting Standards (IFRS), adopted by the EU in force in the reference period.
In the chart above, in addition to the conventional economic and financial indicators laid down by the IFRS accounting standards, some 'alternative performance indicators' are presented, even if not envisaged by the IFRS. These indicators, consistently presented in other periodic Group reports, are not intended to replace the IFRS indicators; they are used internally by management since they are deemed particularly significant for measuring and controlling the Group's profitability, performance, capital structure and financial position.
At the bottom of the table, in line with the ESMA/2015/1415 Guidelines of the ESMA (European Securities and Market Authority) issued in accordance with Article 16 of the ESMA Regulation, which up-date the previous recommendation CESR/05-178b of the CESR (Committee of European

Securities Regulators) and acknowledged by CONSOB by means of Communication No. 092543 dated 3 December 2015, the calculation method of these indicators is provided.

2. Contents and format of the interim management statement

2.1 Reference legislation, accounting standards and measurement criteria

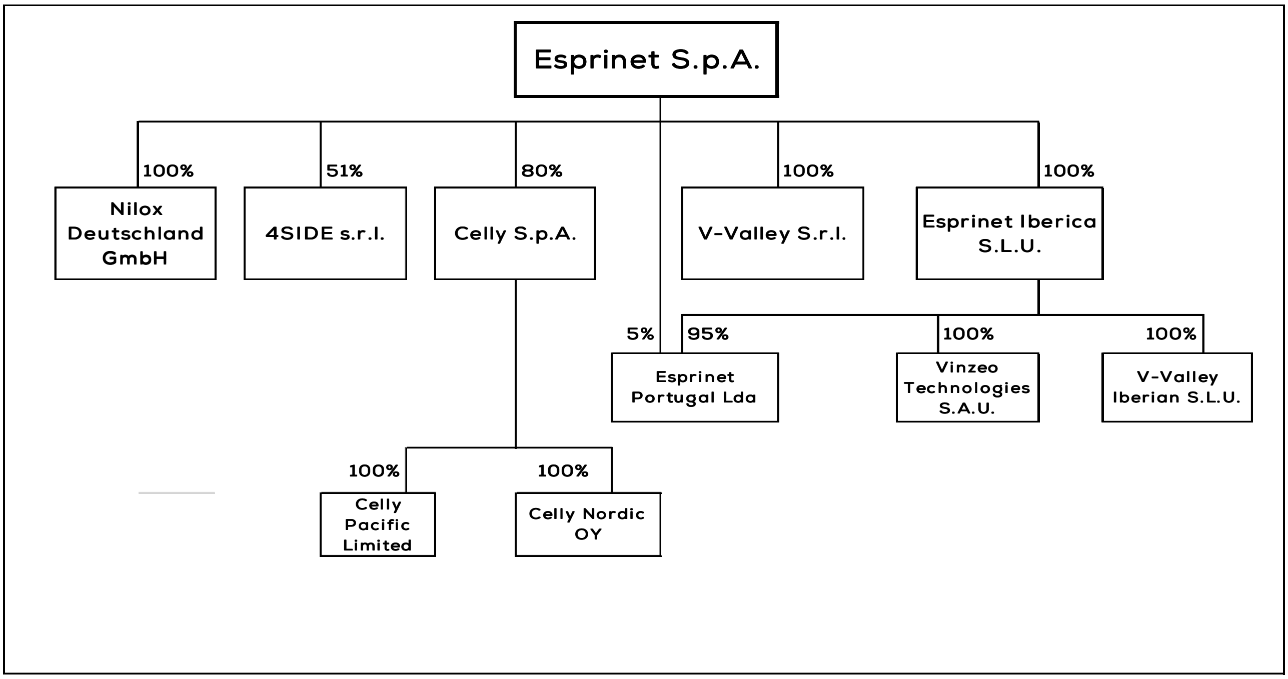
The ordinary shares of Esprinet S.p.A. (ticker: PRT.MI) have been listed in the STAR segment (segment of securities with high qualification) of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange, since 27 July 2001.
Further to said listing, the interim management report as at 31 March 2019 - not subject to accounts audit - has been drawn up pursuant to Article 154 ter, section 5, of Legislative Decree No. 58/1998 (T.U.F. – Finance Consolidation Act).

The accounting data presented in this document derives from the application of the same accounting standards (IFRS - International Financial Reporting Standards), consolidation principles and methods, measurement criteria, conventional definitions and accounting estimates adopted for the drafting of the previous consolidated financial statements for interim and annual periods, unless otherwise indicated.

Pursuant to Consob Communication No. DEM/8041082 of 30 April 2008 ("Interim corporate disclosure of the issuers of listed shares whose member nation of origin is Italy"), it is therefore highlighted that the accounting data in this interim management report is comparable with that provided in previous periodic reports and is confirmed in those contained in the financial statements format published in the annual financial report as at 31 December 2017 to which reference should be made for all the additional information required in the annual financial statements.

2.2 General information about the Esprinet Group

The structure of the Esprinet Group as at 31 March 2019 is as follows:



In legal terms the parent company, Esprinet S.p.A., was formed in September 2000 following the merger of the two leading distributors operating in Italy: Comprel S.p.A. and Celomax S.p.A..

The Esprinet Group later assumed its current composition as a result of the carve-out from the parent company of micro-electronic components distribution activities and the various business combination transactions and establishment of new companies carried out from 2005 onwards.

Reference will be made to Subgroup Italy and Subgroup Spain further on in the presentation.
As of the period end date, Subgroup Italy included not only the parent company Esprinet S.p.A., but also the companies it directly controls, V-Valley S.r.l., Celly S.p.A., Nilox Deutschland Gmbh e 4Side S.r.l. (51% of which was acquired on 20 March 2019).

For the purpose of representation within the “Subgroup Italy”, the subsidiary Celly S.p.A., a company involved in “business-to-business” (B2B) distribution of Information Technology (IT) and consumer electronics and, more specifically, in the wholesale distribution of accessories for mobile telephones, is understood to be inclusive of its wholly-owned subsidiaries:

- Celly Nordic OY, a company established under Finnish law (dormant since May 2017);
- Celly Pacific LTD, a company established under Chinese law;

all companies operating in the same operational sector as the holding company.

The Subgroup Spain by contrast, as of the same date, comprised the companies established under Spanish and Portuguese law operating in Spain and in other words Esprinet Iberica S.L.U. and its subsidiaries Esprinet Portugal Lda, Vinzeo Technologies S.A.U. and V-Valley Iberian S.L.U..

Esprinet S.p.A. has its registered offices and administrative headquarters in Italy in Vimercate (Monza and Brianza), while the logistics centres are located in Cambiago (Milan) and Cavenago (Monza and Brianza).
Esprinet uses the services of Banca IMI S.p.A. for its specialist activities.

2.3 Scope of consolidation

The consolidated financial statements are taken from the interim accounts of the parent company and the companies over which it has, directly and/or indirectly, control or a significant influence, as approved by their respective Boards of Directors[1].
Wherever necessary, the interim accounts of the subsidiaries have been suitably adjusted to ensure consistency with the accounting standards used by the parent company.

The table below lists companies included in the consolidation perimeter as at 31 March 2019, all consolidated on a line-by-line basis.

[1] With the exception of Celly Nordic OY and Celly Pacific LTD since they do not have this Body.

Company name	Head Office	Share capital (euro) *	Group Interest	Shareholder	Interest held
Holding company:					
Esprinet S.p.A.	Vimercate (MB)	7,860,651			
Subsidiaries directly controlled:					
Celly S.p.A.	Vimercate (MB)	1,250,000	80.00%	Esprinet S.p.A.	80.00%
Esprinet Iberica S.L.U.	Zaragozza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
Nilox Deutschland GmbH	Düsseldorf (Germany)	100,000	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%
4Side S.r.l.	Legnano (MI)	100,000	51.00%	Esprinet S.p.A.	51.00%
Subsidiaries indirectly controlled:					
Celly Nordic OY	Helsinki (Finland)	2,500	80.00%	Celly S.p.A.	100.00%
Celly Pacific LTD	Honk Kong (China)	935	80.00%	Celly S.p.A.	100.00%
Esprinet Portugal Lda	Porto (Portugal)	400,000	100.00%	Esprinet Iberica S.L.U.	95.00%
				Esprinet S.p.A.	5.00%
Vinzeo Technologies S.A.U.	Madrid (Spain)	30,704,180	100.00%	Esprinet Iberica S.L.U.	100.00%
V-Valley Iberian S.L.U.	Zaragozza (Spain)	50,000	100.00%	Esprinet Iberica S.L.U.	100.00%

(*) The figure for the share capital referring to the companies which draw up their financial statements in currency other than the Euro is presented at historical values.

Compared to 31 December 2018, 4Side S.r.l., acquired on 20 March 2019, was included in the scope of consolidation.

Compared only with 31 March 2018, the company Celly Swiss SAGL, wholly controlled by Celly S.p.A. and already in liquidation in 2017, left the scope of consolidation on 16 July 2018. Furthermore, the companies EDSlan S.r.l. and Mosaico S.r.l. were merged via incorporation in Esprinet S.p.A. with legal effects as from 1 November 2018 and accounting and tax effects backdated to 1 January 2018. Likewise within the Subgroup Spain, the company Tape S.L.U. (initially wholly-controlled by Vinzeo Technologies S.A.U. and acquired in April 2018 by Esprinet Iberica S.L.U.) was merged via incorporation in V-Valley Iberian S.L.U. on 30 November 2018 with accounting and tax effects backdated to 1 January 2018.

For further information, please see the aspects illustrated in the section "*Significant events during the period*".

2.4 Main assumptions, estimates and roundings

Within the sphere of drafting of these consolidated interim financial statements a number of estimates and assumptions have been made which affect the values of sales, costs, assets, liabilities and the disclosure relating to potential assets and liabilities, at the date of the interim financial statements. Unless otherwise stated, they have been applied consistently to all the periods presented in this document.
Should such estimates and assumptions, based upon the best evaluation by management, differ from actual circumstances, they will be modified accordingly during the period in which such circumstances arise.

A detailed description of the assumptions and estimates adopted can be found in the Notes to the consolidated financial statements of the Esprinet Group as at 31 December 2017, to which reference is made.

As permitted by the account standard IAS 34, in this interim period, income taxes have been recognised on the basis of the best estimate of the tax liability expected for the entire financial year. By contrast, in the annual consolidated financial statements, current taxes have been calculated on an item-by-item basis by applying the tax rate in force at the closing date of the annual financial statements.
Prepaid and deferred taxes have by contrast been estimated on the basis of tax rates considered to be in force at the time that the related assets will be realised or liabilities paid off.

The figures presented in this document are expressed in thousands of Euro, unless otherwise indicated.
In some cases the tables presented could highlight rounding off errors due to the representation in thousands.

2.5 Restatement of previously published financial statements

Pursuant to IAS 8, no changes in the critical accounting estimates regarding previous periods, have been made in this interim report.
Following the first-time application as of 1 January 2019 of the new international standard IFRS 16, as permitted, it was not necessary to retrospectively reflect the effects of these new provisions in the comparative data of the financial position statement at 31 December 2018, the separate and comprehensive income statement, the statement of changes in shareholders' equity and the cash flow statement at 31 March 2018.
Application of the standard on 1 January 2019 resulted in the recognition by the Group of a "right to use" the assets and a corresponding financial liability of approximately 80 million euro.

3. Consolidated income statement and notes

3.1 Consolidated separate income statement

The consolidated separate income statement is set out below, showing sales by "*function*" in accordance with the IFRS accounting standards, and completed with the additional information required under CONSOB decision No. 15519 of 27 July 2006:

(euro/000)	Notes	Q1 2019	non - recurring	related parties*	Q1 2018	non - recurring	related parties*
Sales from contracts with customers	33	**875,465**	-	3	**781,274**	-	3
Cost of sales		(834,655)	-	-	(742,322)	-	-
Gross profit	35	**40,810**	-		**38,952**	-	
Sales and marketing costs	37	(13,210)	-	-	(13,390)	-	-
Overheads and administrative costs	38	(20,326)	-	(1,281)	(19,784)	-	(1,224)
Impairment loss/reversal of financial assets	39	(530)	-		(427)	-	
Operating income (EBIT)		**6,744**	-		**5,351**	-	
Finance costs - net	42	(2,563)	-	3	(708)	-	2
Other investments expenses / (incomes)	43	-	-		-	-	
Profit before income taxes		**4,181**	-		**4,643**	-	
Income tax expenses	45	(1,250)	-	-	(1,230)	-	-
Profit from continuing operations		**2,931**	-		**3,413**	-	
Income/(loss) from disposal groups	47	-			-		
Net income		**2,931**	-		**3,413**	-	
- of which attributable to non-controlling interests		(9)			40		
- of which attributable to Group		2,940	-		3,373	-	
Earnings per share - basic (euro)	46	0.06			0.07		
Earnings per share - diluted (euro)	46	0.06			0.06		

(*) Emoluments to key managers excluded.

3.2 Consolidated statement of comprehensive income

(euro/000)	Q1 2019	Q1 2018
Net income	**2,931**	**3,413**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	(31)	53
- Taxes on changes in 'cash flow hedge' equity reserve	(8)	(12)
- Changes in translation adjustment reserve	(1)	3
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	(84)	57
- Taxes on changes in 'TFR' equity reserve	61	(12)
Other comprehensive income	**(63)**	**89**
Total comprehensive income	**2,868**	**3,502**
- of which attributable to Group	2,879	3,460
- of which attributable to non-controlling interests	(11)	42

3.3 Notes on financial performance of the Group

In the first quarter of 2019, the Italian technology distribution market grew by 4% compared to 2018 (source: company processing based on Context data[2]).
All product segments grew, with the exception of accessories (-10%) and, above all, telephony (-5%).
"Printing" (printers and consumables) grew by +2%, PCs by +8% and the "advanced solutions" product segment (solutions for "data centres" and also so-called "value" products) increased by 1%.
The Group recorded revenue growth of over 11%, increasing its market share by almost 1% (with peaks of +2% in the "advanced solutions" segment and +2% in the PC segment).

In the telephony sector, on the other hand, there was a -5% reduction in share due to a percentage drop in sales that was almost three times greater than the fall in the market.
"Business" customers grew by 2.8% and the Group outperformed the market with more than double the growth rate; "retail" customers grew by 9% and the Group also improved its share in this segment.

In the first quarter of 2019, the Spanish technology distribution market grew by +11% compared to 2018.
Unlike Italy, all product segments grew (+20% for "advanced solutions", +24% for telephony, among others).
The Esprinet Group recorded revenue growth of 12%, increasing its market share by 0.3%.
Only in "consumer electronics" and telephony did the Group fail to outperform the general market trend (with share losses of -4% and -11% respectively, in the latter case due to the exit from unprofitable deals).
Performance in the PC segment was particularly outstanding (+6% share) and also in the "printing" segment, where share grew by 3%.
The "business" customer segment grew by 10% in the first quarter of the year, compared to the previous year, and the Group slightly underperformed, losing 0.1% of share.
The "retail" segment grew by 13% and in this segment the Group improved its market share.

[2] The segmentation between “professional/business” and “consumer/retail” customers indicated in this section is that used by Context and, in as such, is not perfectly consistent with regard to the segmentation used internally by the Group.

During the quarter, the organisational restructuring of the "Sport Technology" line was completed and possible new suppliers were identified. The products in this line recorded volumes up by approximately 50% compared to the first quarter of 2018 and management estimates that by the end of the third quarter the process of disposing of the previous generation of products and renewing the line-up will be completed, thus confirming the return to normal operations.
The incidence of variable sales, marketing and logistics costs, thanks to the efficiency measures implemented in the last year, fell further compared to the first quarter of 2018, in line with the levels reached in the final quarter of 2018. Fixed costs increased moderately.
The structural measures taken to reduce the absorption of working capital will be fully effective as of the second half of the year.

The second quarter of 2019 started with strong growth in volumes compared to the same period of the previous year, both in Italy and Spain.
Sales volumes generally appear to be growing despite the implementation of very aggressive measures aimed at improving the return on investment, especially in certain product-customer combinations, above all in the "retail" sector.
The continuous rise in the importance of the distribution channel within the sales models of manufacturers is more than compensating for a certain weakness in the final demand for technology.
The Group is also benefiting from market share recoveries resulting both from actions to improve the level of customer service and from lower competitive pressure.

The Group's Chief Executive Officer, Alessandro Cattani, commented on the results for the first quarter:

"During the first three months of 2019, our Group continued to grow its volumes, increasing its operating profitability beyond proportional expectations.
The distribution channel is increasingly used by manufacturers as a tool to reach consumers efficiently and within this market our Group continues to grow in terms of market share, as evidence of the successful work done on service levels.
I am particularly pleased with the excellent performance of the "value" or "advanced solutions" segment and I also consider our performance in the PC segment very satisfactory.
During the year, our attention will be focused on the continuous process of improving the quality of the service provided to customers, capitalising on the management efficiencies made possible by our leadership position in the geographical areas of southern Europe".

A) Esprinet Group's financial highlights

The Group's main economic, financial and equity results as at 31 March 2019 are illustrated below:

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	Var. %
Sales from contracts with customers	**875,465**	**100.00%**	**781,274**	**100.00%**	**94,191**	***12%***
Cost of sales	(834,655)	-95.34%	(742,322)	-95.01%	(92,333)	*12%*
Gross profit	**40,810**	**4.66%**	**38,952**	**4.99%**	**1,858**	***5%***
Sales and marketing costs	(13,210)	-1.51%	(13,390)	-1.71%	180	*-1%*
Overheads and administrative costs	(20,326)	-2.32%	(19,784)	-2.53%	(542)	*3%*
Impairment loss/reversal of financial assets	(530)	-0.06%	(427)	-0.05%	(103)	*24%*
Operating income (EBIT)	**6,744**	**0.77%**	**5,351**	**0.68%**	**1,393**	***26%***
Finance costs - net	(2,563)	-0.29%	(708)	-0.09%	(1,855)	*262%*
Profit before income taxes	**4,181**	**0.48%**	**4,643**	**0.59%**	**(462)**	***-10%***
Income tax expenses	(1,250)	-0.14%	(1,230)	-0.16%	(20)	*2%*
Net income	**2,931**	**0.33%**	**3,413**	**0.44%**	**(482)**	***-14%***
Earnings per share - basic (euro)	0.06		0.07		(0.01)	*-14%*

To facilitate comparison with the first quarter of 2018, the main economic results of the Group, in which the figures as at 31 March 2019 have been adjusted by the effects of IFRS 16, are shown below:

(euro/000)	1° trim. 2019 Pre-IFRS 16	%	1° trim. 2018	%	Var.	Var. %
Ricavi da contratti con clienti	**875,465**	**100.00%**	**781,274**	**100.00%**	**94,191**	***12%***
Costo del venduto	(834,655)	-95.34%	(742,322)	-95.01%	(92,333)	*12%*
Margine commerciale lordo	**40,810**	**4.66%**	**38,952**	**4.99%**	**1,858**	***5%***
Costi di marketing e vendita	(13,794)	-1.58%	(13,390)	-1.71%	(404)	*3%*
Costi generali e amministrativi	(20,219)	-2.31%	(19,784)	-2.53%	(435)	*2%*
(Riduzione)/riprese di valore di attività finanziarie	(530)	-0.06%	(427)	-0.05%	(103)	*24%*
Utile operativo (EBIT)	**6,267**	**0.72%**	**5,351**	**0.68%**	**916**	***17%***
(Oneri)/proventi finanziari	(1,517)	-0.17%	(708)	-0.09%	(809)	*114%*
Utile prima delle imposte	**4,750**	**0.54%**	**4,643**	**0.59%**	**107**	***2%***
Imposte	(1,373)	-0.16%	(1,230)	-0.16%	(143)	*12%*
Utile netto	**3,377**	**0.39%**	**3,413**	**0.44%**	**(36)**	***-1%***

Sales from customer contracts amounted to 875.5 million euro, up 12% (94.2 million euro) from 781.3 million euro in the first quarter of 2018.

The Gross Profit amounted to 40.8 million euro, an increase of 5% (1.9 million euro) compared to the same period of 2018, due to the combined effect of higher Sales, offset by a decrease in the percentage margin.

Consolidated operating income (EBIT) for the first quarter of 2019, equal to 6.7 million euro, increased by +26% compared to the first quarter of 2018 (1.4 million euro), with an incidence on Sales rising to 0.77% from 0.68% as a result of higher Sales achieved and an improvement in the incidence of operating costs (-3.89% in the first quarter of 2019 compared to -4.30% in the first quarter of 2018). Excluding the effects of IFRS 16, EBIT showed a more contained improvement of +17%, following the impact of 0.5 million euro – generated by the application of the same principle – due to the derecognition of higher rents with respect to the recording of amortisation on the right to use the assets, with an incidence on Sales that improved from 0.68% in the first quarter of 2018 to 0.72%.

Consolidated profit before income taxes, equal to 4.2 million euro, decreased by -10% compared to the first quarter of 2018, mitigating the positive change compared to the increase in EBIT due to the worsening in financial charges in the amount of 1.9 million euro, which in the first quarter of 2019 include 1.0 million euro in interest expense for the recognition of finance lease payables (78.4 million euro at 31 March 2019) for the recognition of the right to use assets amounting to 78.0 million euro, in accordance with the rules established by the international accounting standard IFRS 16 not present in the first quarter of 2018. Without considering the above effect, consolidated profit before taxes of 4.8 million euro increased by 2% compared to the same period of the previous year. The worsening of financial charges was also influenced by the negative difference in exchange rate management.

Consolidated net income was equal to 2.9 million euro, showing a decrease of -14% (-0.5 million euro) compared with the first quarter of 2018. Excluding from the current period the effects arising from the application of IFRS 16, consolidated net profit amounted to 3.4 million euro, down 1% compared to the first quarter of 2018.

Earnings per share (in euro) as at 31 March 2019, equal to 0.06, decreased by -14% compared to the value of the first quarter 2018 (0.07 euro).

(euro/000)	31/03/2019	%	31/12/2018	%	Var.	Var. %
Fixed assets	198,823	33.47%	118,502	116.34%	80,321	68%
Operating net working capital	410,606	69.12%	10,443	10.25%	400,163	>100%
Other current assets/liabilities	332	0.06%	(12,667)	-12.44%	12,999	<-100%
Other non-current assets/liabilities	(15,726)	-2.65%	(14,424)	-14.16%	(1,302)	9%
Total uses	**594,035**	**100.00%**	**101,855**	**100.00%**	**492,181**	**>100%**
Short-term financial liabilities	200,071	33.68%	138,311	135.79%	61,760	45%
Lease liabilities	5,630	0.95%	-	0.00%	5,630	-100%
Current financial (assets)/liabilities for derivatives	415	0.07%	610	0.60%	(195)	-32%
Financial receivables from factoring companies	(9,180)	-1.55%	(242)	-0.24%	(8,938)	>100%
Current debts for investments in subsidiaries	1,482	0.25%	1,082	1.06%	400	37%
Other current financial receivables	(11,200)	-1.89%	(10,881)	-10.68%	(319)	3%
Cash and cash equivalents	(56,471)	-9.51%	(381,308)	-374.37%	324,837	-85%
Net current financial debt	130,747	22.01%	(252,428)	-247.83%	383,175	<-100%
Borrowings	44,482	7.49%	12,804	12.57%	31,678	>100%
Lease liabilities	72,798	12.25%	-	0.00%	72,798	-100%
Other non - current financial receivables	(967)	-0.16%	(1,420)	-1.39%	453	-32%
Net financial debt (A)	247,060	41.59%	(241,044)	-236.65%	488,104	<-100%
Net equity (B)	346,975	58.41%	342,898	336.65%	4,077	1%
Total sources of funds (C=A+B)	**594,035**	**100.00%**	**101,855**	**100.00%**	**492,181**	**>100%**

To facilitate comparison with the figures as at 31 December 2018, the main financial and equity results of the Group are shown below, with the figures as at 31 March 2019 adjusted for the effects of IFRS 16:

(euro/000)	31/03/2019 Pre - IFRS 16	%	31/12/2018	%	Var.	Var. %
Fixed assets	120,885	23.43%	118,502	116.34%	2,383	2%
Operating net working capital	409,303	79.31%	10,443	10.25%	398,860	>100%
Other current assets/liabilities	1,585	0.31%	(12,667)	-12.44%	14,252	<-100%
Other non-current assets/liabilities	(15,726)	-3.05%	(14,424)	-14.16%	(1,302)	9%
Total uses	**516,048**	**100.00%**	**101,855**	**100.00%**	**414,193**	**>100%**
Short-term financial liabilities	200,071	38.77%	138,311	135.79%	61,760	45%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Current financial (assets)/liabilities for derivatives	415	0.08%	610	0.60%	(195)	-32%
Financial receivables from factoring companies	(9,180)	-1.78%	(242)	-0.24%	(8,938)	>100%
Current debts for investments in subsidiaries	1,482	0.29%	1,082	1.06%	400	37%
Other financial receivables	(11,200)	-2.17%	(10,881)	-10.68%	(319)	3%
Cash and cash equivalents	(56,471)	-10.94%	(381,308)	-374.37%	324,837	-85%
Net current financial debt	125,117	24.25%	(252,428)	-247.83%	377,545	<-100%
Borrowings	44,482	8.62%	12,804	12.57%	31,678	>100%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Other financial receivables	(967)	-0.19%	(1,420)	-1.39%	453	-32%
Net Financial debt (A)	168,633	32.68%	(241,044)	-236.65%	409,676	<-100%
Net equity (B)	347,415	67.32%	342,898	336.65%	4,517	1%
Total sources of funds (C=A+ B)	**516,048**	**100.00%**	**101,855**	**100.00%**	**414,193**	**>100%**

Net working capital as at 31 March 2019 was 410.6 million euro compared to 10.4 million euro as at 31 December 2018. Excluding the effects arising from the application in the first quarter of 2019 of the new IFRS 16 standard, net trade working capital amounted to 409.3 million euro.

The spot net consolidated financial position as at 31 March 2019 presented a negative value of 247.1 million euro, compared with a cash surplus equal to 241.0 million euro at 31 December 2018. Excluding from the balances of the first quarter of 2019 the effects deriving from the application of the new IFRS 16 standard, which led to the recognition of a financial liability for leasing amounting to 78.4 million euro, the spot net financial position would have shown a negative balance of 168.6 million euro, compared with a cash surplus of 241.0 million euro at 31 December 2018.

The worsening of the spot net financial position at period end was due principally to the performance of the level of the spot working capital as at 31 March 2019, which was influenced by seasonal technical events – often not related to the average levels of said working capital – and by the level of utilisation of 'without-recourse' factoring programmes and of the trade receivable securitisation programmes.
Given that the programmes mentioned define the complete transfer of the risks and the benefits pertaining to the assignees, the receivables subject to transfer are eliminated from the statement of financial position assets in accordance with the IFRS 9 accounting standard.

Also considering cash advance collection technical forms different from those previously mentioned but likewise featuring similar effects - i.e. the "confirming" ones used in Spain -, the overall impact on the level of the consolidated net financial payables as of 31 March 2019 was approximately equal to around 360 million euro (roughly 597 million euro as of 31 December 2018).

Consolidated net equity as of 31 March 2019 was 347.0 million euro, up 4.1 million euro compared with the 342.9 million euro as of 31 December 2018. Excluding from the first quarter of 2019 the effects arising from the application of the new IFRS 16 standard, consolidated net equity at 31 March 2019 amounted to 347.4 million euro, up by 4.5 million euro compared to 342.9 million euro at 31 December 2018.

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main earnings, financial and net assets position for Subgroup Italy (Esprinet, V-Valley, 4Side[3], Nilox Deutschland and Celly Group) as at 31 March 2019 are summarised below:

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	Var. %
Sales to third parties	584,563		523,063		61,500	*12%*
Intercompany sales	12,279		12,466		(187)	*-2%*
Sales from contracts with customers	**596,842**		**535,529**		**61,313**	***11%***
Cost of sales	(566,288)	-94.88%	(506,798)	-94.64%	(59,490)	*12%*
Gross profit	**30,554**	**5.12%**	**28,731**	**5.36%**	**1,823**	***6%***
Sales and marketing costs	(10,263)	-1.72%	(10,370)	-1.94%	107	*-1%*
Overheads and administrative costs	(15,024)	-2.52%	(14,954)	-2.79%	(70)	*0%*
Impairment loss/reversal of financial assets	(494)	-0.08%	(380)	-0.07%	(114)	*30%*
Operating income (EBIT)	**4,773**	**0.80%**	**3,027**	**0.57%**	**1,746**	***58%***

[3] 51% of the Company was acquired on 20 March 2019.

To facilitate comparison with the first quarter of 2018, the main economic results of the Group, in which the figures as at 31 March 2019 have been adjusted by the effects of IFRS 16, are shown below:

(euro/000)	Q1 2019 Pre-IFRS 16	%	Q1 2018	%	Var.	Var. %
Sales to third parties	584,563		523,063		61,500	*12%*
Intercompany sales	12,279		12,466		(187)	*-2%*
Sales from contracts with customers	**596,842**		**535,529**		**61,313**	***11%***
Cost of sales	(566,288)	-94.88%	(506,798)	-94.64%	(59,490)	*12%*
Gross Profit	**30,554**	**5.12%**	**28,731**	**5.36%**	**1,823**	***6%***
Sales and marketing costs	(10,778)	-1.81%	(10,370)	-1.94%	(408)	*4%*
Overheads and administrative costs	(14,892)	-2.50%	(14,954)	-2.79%	62	*0%*
Impairment loss/reversal of financial assets	(494)	-0.08%	(380)	-0.07%	(114)	*30%*
Operating income (EBIT)	**4,390**	**0.74%**	**3,027**	**0.57%**	**1,363**	***45%***

Sales from customer contracts amounted to 596.8 million euro, up 11% from 535.5 million euro in the first quarter of 2018.

The gross profit of 30.6 million euro showed an increase of 6% compared with 28.7 million euro in the first quarter of 2018, mainly as a result of higher Sales, slightly offset by a decline in the percentage margin (from 5.36% in the first quarter of 2018 to 5.12% in the first quarter of 2019).

Operating income (EBIT) was 4.8 million euro, up 58% from the same period of 2018, with the incidence on Sales increasing from 0.57% to 0.80% mainly as a result of the increase in Sales. Excluding the effects of IFRS 16, EBIT showed a more contained improvement of +45%, following the impact of .4 million euro – generated by the application of the same principle – due to the derecognition of higher rents with respect to the recording of amortisation on the right to use the assets, with an incidence on sales that improved from 0.57% in the first quarter of 2018 to 0.74%.

(euro/000)	31/03/2019	%	31/12/2018	%	Var.	*Var. %*
Fixed assets	177,427	39.66%	115,414	74.33%	62,013	*54%*
Operating net working capital	272,833	60.99%	48,346	31.13%	224,487	*>100%*
Other current assets/liabilities	7,332	1.64%	830	0.53%	6,502	*>100%*
Other non-current assets/liabilities	(10,253)	-2.29%	(9,310)	-6.00%	(943)	*10%*
Total uses	**447,339**	**100.00%**	**155,280**	**100.00%**	**292,059**	***>100%***
Short-term financial liabilities	188,553	42.15%	136,269	87.76%	52,284	*38%*
Lease liabilities	4,435	0.99%	-	0.00%	4,435	*-100%*
Current debts for investments in subsidiaries	1,482	0.33%	1,082	0.70%	400	*37%*
Current financial (assets)/liabilities for derivatives	416	0.09%	613	0.39%	(197)	*-32%*
Financial receivables from factoring companies	(9,180)	-2.05%	(242)	-0.16%	(8,938)	*>100%*
Financial (assets)/liab. from/to Group companies	(53,000)	-11.85%	(104,500)	-67.30%	51,500	*-49%*
Other financial receivables	(11,195)	-2.50%	(10,880)	-7.01%	(316)	*3%*
Cash and cash equivalents	(44,727)	-10.00%	(180,219)	-116.06%	135,492	*-75%*
Net current financial debt	76,784	17.16%	(157,877)	-101.67%	234,661	*<-100%*
Borrowings	11,104	2.48%	12,804	8.25%	(1,700)	*-13%*
Lease liabilities	55,569	12.42%	-	0.00%	55,569	*-100%*
Other financial receivables	(967)	-0.22%	(1,420)	-0.91%	453	*-32%*
Net Financial debt (A)	142,490	31.85%	(146,493)	-94.34%	288,983	*<-100%*
Net equity (B)	304,849	68.15%	301,773	194.34%	3,076	*1%*
Total sources of funds (C=A+B)	**447,339**	**100.00%**	**155,280**	**100.00%**	**292,059**	***>100%***

In order to facilitate comparison with the figures as at 31 December 2018, the main financial and equity results of the Group, in which the figures as at 31 March 2019 have been adjusted by the effects of IFRS 16, are shown below:

(euro/000)	31/03/2019 Pre - IFRS 16	%	31/12/2018	%	Var.	Var. %
Fixed assets	117,792	30.39%	115,414	74.33%	2,378	2%
Operating net working capital	271,530	70.04%	48,346	31.13%	223,184	>100%
Other current assets/liabilities	8,594	2.22%	830	0.53%	7,764	>100%
Other non-current assets/liabilities	(10,253)	-2.64%	(9,310)	-6.00%	(943)	10%
Total uses	**387,663**	**100.00%**	**155,280**	**100.00%**	**232,383**	**>100%**
Short-term financial liabilities	188,553	48.64%	136,269	87.76%	52,284	38%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Current debts for investments in subsidiaries	1,482	0.38%	1,082	0.70%	400	37%
Current financial (assets)/liabilities for derivatives	416	0.11%	613	0.39%	(197)	-32%
Financial receivables from factoring companies	(9,180)	-2.37%	(242)	-0.16%	(8,938)	>100%
Financial (assets)/liab. from/to Group companies	(53,000)	-13.67%	(104,500)	-67.30%	51,500	-49%
Other financial receivables	(11,195)	-2.89%	(10,880)	-7.01%	(316)	3%
Cash and cash equivalents	(44,727)	-11.54%	(180,219)	-116.06%	135,492	-75%
Net current financial debt	72,349	18.66%	(157,877)	-101.67%	230,226	<-100%
Borrowings	11,104	2.86%	12,804	8.25%	(1,700)	-13%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Other financial receivables	(967)	-0.25%	(1,420)	-0.91%	453	-32%
Net Financial debt (A)	82,486	21.28%	(146,493)	-94.34%	228,979	<-100%
Net equity (B)	305,177	78.72%	301,773	194.34%	3,404	1%
Total sources of funds (C=A+ B)	**387,663**	**100.00%**	**155,280**	**100.00%**	**232,383**	**>100%**

Net working capital as of 31 March 2019 amounted to 272.8 million euro compared to 48.4 million euro as of 31 December 2018. Excluding the effects arising from the application in the first quarter of 2019 of the new IFRS 16 standard, net trade working capital amounted to 271.5 million euro.

The spot net financial position as at 31 March 2019 presented a negative value of 142.5 million euro, compared with a surplus equal to 146.5 million euro at 31 December 2018. Excluding from the balances of the first quarter of 2019 the effects deriving from the application of the new IFRS 16 standard, which led to the recognition of a financial liability for leasing amounting to 60.0 million euro, the spot net financial position would have shown a negative balance of 82.5 million euro, compared with a cash surplus of 241.0 million euro at 31 December 2018. The effect as of 31 March 2019 of the recourse to "without-recourse" factoring and the securitisation of the receivables comes to 196 million euro (aroun 320 million euro as of 31 December 2018).

B.2) Subgroup Spain

The main economic, financial and equity results of the Subgroup Spain (Esprinet Iberica, Esprinet Portugal, Vinzeo Technologies e V-Valley Iberian) as at 31 March 2019, are illustrated below:

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	Var. %
Sales to third parties	290,902		258,211		32,691	*13%*
Intercompany sales	-		-		-	*0%*
Sales from contracts with customers	**290,902**		**258,211**		32,691	***13%***
Cost of sales	(280,612)	-96.46%	(248,058)	-96.07%	(32,554)	*13%*
Gross profit	**10,290**	**3.54%**	**10,153**	**3.93%**	**137**	***1%***
Sales and marketing costs	(2,947)	-1.01%	(3,021)	-1.17%	74	*-2%*
Overheads and administrative costs	(5,312)	-1.83%	(4,833)	-1.87%	(479)	*10%*
Impairment loss/reversal of financial assets	(036)	-0.01%	(047)	-0.02%	11	*-23%*
Operating income (EBIT)	**1,995**	**0.69%**	**2,252**	**0.87%**	**(257)**	***-11%***

To facilitate comparison with the first quarter of 2018, the main economic results of the Group, in which the figures as at 31 March 2019 have been adjusted by the effects of IFRS 16, are shown below:

(euro/000)	Q1 2019 Pre-IFRS 16	%	Q1 2018	%	Var.	Var. %
Sales to third parties	290,902		258,211		32,691	*13%*
Intercompany sales	-		-		-	*0%*
Sales from contracts with customers	**290,902**		**258,211**		32,691	***13%***
Cost of sales	(280,612)	-96.46%	(248,058)	-96.07%	(32,554)	*13%*
Gross Profit	**10,290**	**3.54%**	**10,153**	**3.93%**	**137**	***1%***
Sales and marketing costs	(3,016)	-1.04%	(3,021)	-1.17%	5	*0%*
Overheads and administrative costs	(5,338)	-1.83%	(4,833)	-1.87%	(505)	*10%*
Impairment loss/reversal of financial assets	(036)	-0.01%	(047)	-0.02%	11	*-23%*
Operating income (EBIT)	**1,900**	**0.65%**	**2,252**	**0.87%**	**(352)**	***-16%***

Sales from customer contracts amounted to 290.9 million euro, up +13% from 258.2 million euro in the first quarter of 2018.

The Gross Profit at 31 March 2019 amounted to 10.3 million euro, an increase of 13% from the 10.2 million euro of the same period of 2018, with the incidence on sales falling from 3.93% to 3.54% compared to the same period of the previous year.

Operating income (EBIT), equal to 2.0 million euro, decreased by -0.3 million euro (-11%) compared with the first quarter of 2018, with the incidence on sales decreasing to 0.69% from 0.87%. Excluding the effects of IFRS 16, EBIT decreased by -16%, which was greater as a result of the impact of 0.1 million euro generated by the derecognition of higher rents with respect to the recording of amortisation on the right to use the assets, with an incidence on sales that fell from 0.87% in the first quarter of 2018 to 0.65%.

To facilitate comparison with the figures as at 31 December 2018, the main financial and equity results of the Group are shown below, with the figures as at 31 March 2019 adjusted for the effects of IFRS 16:

(euro/000)	**31/03/2019 Pre - IFRS 16**	**%**	**31/12/2018**	**%**	**Var.**	***Var. %***
Fixed assets	77,628	38.14%	77,606	357.97%	22	*0%*
Operating net working capital	138,383	67.99%	(37,317)	-172.13%	175,700	*<-100%*
Other current assets/liabilities	(7,007)	-3.44%	(13,496)	-62.25%	6,489	*-48%*
Other non-current assets/liabilities	(5,473)	-2.69%	(5,114)	-23.59%	(359)	*7%*
Total uses	**203,531**	**100.00%**	**21,679**	**100.00%**	**181,852**	***>100%***
Short-term financial liabilities	11,518	5.66%	2,042	9.42%	9,476	*>100%*
Lease liabilities	-	0.00%	-	0.00%	-	*-100%*
Current financial (assets)/liabilities for derivatives	(1)	0.00%	(3)	-0.01%	2	*-67%*
Financial (assets)/liab. from/to Group companies	53,000	26.04%	104,500	482.02%	(51,500)	*-49%*
Other financial receivables	(4)	0.00%	(1)	0.00%	(3)	*>100%*
Cash and cash equivalents	(11,744)	-5.77%	(201,089)	-927.56%	189,345	*-94%*
Net current financial debt	52,769	25.93%	(94,551)	-436.13%	147,320	*<-100%*
Borrowings	33,378	16.40%	-	0.00%	33,378	*-100%*
Lease liabilities	-	0.00%	-	0.00%	-	*-100%*
Net Financial debt (A)	86,147	42.33%	(94,551)	-436.13%	180,698	*<-100%*
Net equity (B)	117,384	57.67%	116,230	536.13%	1,154	*1%*
Total sources of funds (C=A+ B)	**203,531**	**100.00%**	**21,679**	**100.00%**	**181,852**	***>100%***

Net working capital as of 31 March 2019 was 138.4 million euro compared to -37.3 million euro as of 31 December 2018. Excluding the effects arising from the application in the first quarter of 2019 of the new IFRS 16 standard, net trade working capital amounted to 138.4 million euro.

The spot net financial position as at 31 March 2019 presented a negative value of 104.6 million euro, compared with a surplus equal to 94.6 million euro at 31 December 2018. Excluding from the balances of the first quarter of 2019 the effects deriving from the application of the new IFRS 16 standard, which led to the recognition of a financial liability for leasing amounting to 18.4 million euro, the spot net financial position would have shown a negative balance of 86.2 million euro, compared with a cash surplus of 94.6 million euro at 31 December 2018. The effect of the "without-recourse" factoring and trade receivable financing programmes was approximately 164 million euro (roughly 277 million euro as at 31 December 2018).

C) Income statement by company

The separate income statement showing the contributions of the individual group companies regarded as significant is presented below[4]:

[4] V-Valley S.r.l. (since it is a mere 'commission sales agent' of Esprinet S.p.A.) and Nilox Deutschland Gmbh (since it is not significant) are not shown separately.

(euro/000)	Q1 2019												
	Italy					Iberian Peninsula						Elim. and other	Group
	E.Spa + V-Valley + Nilox GmbH	Celly*	4Side	Elim. and other	Total	Esprinet Iberian	Esprinet Portugal	V-Valley Iberian	Vinzeo	Elim. and other	Total		
Sales to third parties	578,587	4,866	1,110	-	584,563	174,154	7,566	4,181	105,001	-	290,902	-	875,465
Intersegment sales	11,931	504	253	(409)	12,279	5,058	-	197	1,271	(6,526)	-	(12,279)	-
Sales from contracts with customers	**590,518**	**5,370**	**1,363**	**(409)**	**596,842**	**179,212**	**7,566**	**4,378**	**106,272**	**(6,526)**	**290,902**	**(12,279)**	**875,465**
Cost of sales	(562,950)	(2,618)	(1,117)	397	(566,288)	(172,974)	(7,431)	(3,893)	(102,775)	6,462	(280,612)	12,245	(834,655)
Gross profit	**27,568**	**2,752**	**246**	**(12)**	**30,554**	**6,238**	**135**	**485**	**3,497**	**(64)**	**10,290**	**(34)**	**40,810**
Gross Profit %	*4.67%*	*51.25%*	*18.05%*	*2.93%*	*5.12%*	*3.48%*	*1.78%*	*11.08%*	*3.29%*		*3.54%*		*4.66%*
Sales and marketing costs	(8,467)	(1,898)	102	-	(10,263)	(1,319)	(131)	(494)	(1,068)	65	(2,947)	-	(13,210)
Overheads and admin. costs	(13,953)	(689)	(382)	-	(15,024)	(3,440)	(261)	(85)	(1,526)	-	(5,312)	10	(20,326)
Impairment loss/reversal of financial assets	(481)	(13)	-	-	(494)	(25)	-	3	(14)	-	(36)	-	(530)
Operating income (Ebit)	**4,667**	**152**	**(34)**	**(12)**	**4,773**	**1,454**	**(257)**	**(91)**	**889**	**1**	**1,995**	**(24)**	**6,744**
EBIT %	*0.79%*	*2.83%*	*-2.49%*	*2.93%*	*0.80%*	*0.81%*	*-3.40%*	*-2.08%*	*0.84%*		*0.69%*		*0.77%*
Finance costs - net													(2,563)
Share of profits of associates													-
Profit before income tax													**4,181**
Income tax expenses													(1,250)
Net income													**2,931**
- of which attributable to non-controlling interests													(9)
- of which attributable to Group													2,940

(*) Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY and Celly Pacific Limited.

D) Reclassified income statement

The consolidated separate income statement showing the reclassification within the item relating to financial charges of the costs attributable to the without-recourse revolving factoring carried out in the period (factoring and securitisation transactions) is presented below:

(euro/000)	Q1 2019	%	Q1 2019 reclassified	%	Var.	Var. %
Sales from contracts with customers	**875,465**	**100.00%**	**875,465**	**100.00%**	**-**	***0%***
Cost of sales	(834,655)	-95.34%	(833,704)	-95.23%	(951)	*0%*
Gross Profit	**40,810**	**4.66%**	**41,761**	**4.77%**	**(951)**	***-2%***
Sales and marketing costs	(13,210)	-1.51%	(13,210)	-1.51%	-	*0%*
Overheads and administrative costs	(20,326)	-2.32%	(20,326)	-2.32%	-	*0%*
Impairment loss/reversal of financial assets	(530)	-0.06%	(530)	-0.06%	-	*0%*
Operating income (EBIT)	**6,744**	**0.77%**	**7,695**	**0.88%**	**(951)**	***-12%***
Finance costs - net	(2,563)	-0.29%	(3,514)	-0.40%	951	*-27%*
Profit before income taxes	**4,181**	**0.48%**	**4,181**	**0.48%**	**-**	***0%***
Income tax expenses	(1,250)	-0.14%	(1,250)	-0.14%	-	*0%*
Net income	**2,931**	**0.33%**	**2,931**	**0.33%**	**-**	***0%***

3.4 Notes to consolidated income statement items

Please note that in this section the paragraph numbers refer to the corresponding 'Note' in the consolidated separate income statement.

33) Sales

The table below shows some breakdowns of the Group's sales performance during the period.

Sales by geographical segment

(euro/million)	Q1 2019	%	Q1 2018	%	Var.	% Var.
Italy	577.3	65.9%	519.5	66.5%	57.8	11%
Spain	282.3	32.2%	250.1	32.0%	32.2	13%
Other EU countries	11.2	1.3%	10.5	1.3%	0.7	7%
Extra EU countries	4.7	0.5%	1.2	0.2%	3.5	292%
Group Sales from contracts with clients	**875.5**	**100.0%**	**781.3**	**100.0%**	**94.2**	**12%**

Sales in other E.U. countries mainly refer to sales to the Spanish subsidiary Esprinet Iberica. Sales from other European Union countries mainly refer to sales by the Spanish subgroup to customers residing in Portugal, while sales outside the European Union refer mainly to sales to customers residing in the Republic of San Marino.

Sales by products and services

(euro/million)	Q1 2019	%	Q1 2018	%		% Var.
Product sales	582.9	66.6%	521.4	66.7%	61.5	*12%*
Services sales	1.7	0.2%	1.7	0.2%	-	*0%*
Sales - Subgroup Italy	**584.6**	**66.8%**	**523.1**	**67.0%**	**61.5**	***12%***
Product sales	290.6	33.2%	257.2	32.9%	33.4	*13%*
Services sales	0.3	0.0%	1.0	0.1%	(0.7)	*-70%*
Sales - Subgroup Spain	**290.9**	**33.2%**	**258.2**	**33.0%**	**32.7**	***13%***
Sales from contracts with customers	**875.5**	**100.0%**	**781.3**	**100.0%**	**94.2**	***12%***

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". The distribution of software under cloud facilities and the intermediation of services have by contrast been identified as business lines to be represented as "agent".
The following table illustrates this distinction:

(euro/million)	Q1 2019	%	Q1 2018	%	Var.	% Var.
Revenues from contracts with customers as 'principal'	874.7	*99.9%*	780.7	*99.9%*	94.0	*12%*
Revenues from contracts with customers as 'agent'	0.8	*0.1%*	0.6	*0.1%*	0.2	*33%*
Group revenues from contracts with customers	**875.5**	**100.0%**	**781.3**	**100.0%**	**94.2**	***12%***

Sales by product family and customer type

(euro/million)	Q1 2019	%	Q1 2018	%	Var.	% Var.
TLC	180.1	20.6%	218.4	28.0%	(38.3)	*-18%*
PCs - notebooks	154.8	17.7%	137.6	17.6%	17.2	*13%*
PCs - tablets	102.7	11.7%	84.0	10.8%	18.7	*22%*
Consumer electronics	81.4	9.3%	65.4	8.4%	16.0	*24%*
PCs - desktops and monitors	75.6	8.6%	62.3	8.0%	13.3	*21%*
Consumables	57.3	6.5%	55.3	7.1%	2.0	*4%*
Software	45.1	5.2%	40.7	5.2%	4.4	*11%*
Printers & Multifunction devices	38.6	4.4%	30.6	3.9%	8.0	*26%*
Storage	33.3	3.8%	31.0	4.0%	2.3	*7%*
Networking	32.9	3.8%	20.7	2.6%	12.2	*59%*
Servers	21.4	2.4%	18.1	2.3%	3.3	*18%*
Services	2.0	0.2%	2.6	0.3%	(0.6)	*-23%*
Other	50.3	5.7%	14.6	1.9%	35.7	*245%*
Group sales from contracts with customers	**875.5**	**100%**	**781.3**	**100%**	**94.2**	***12%***

The breakdown of sales by product family shows a significant increase in the "Networking" category (+59%), an overall improvement in the world of Personal Computers ("PC - tablet" +22%, "PC - notebook" +13% and "PC - desktop and monitor" +21%), and increases in the "Servers" (+18%) and "Software" (+11%), "Consumer electronics" (+24%), "Printers and MFPs" (+26%), "Storage" (+7%) and "Consumables" (+4%) categories as well. The "TLC" category (-18%), on the other hand, shows a marked countertrend.

(euro/million)	Q1 2019	%	Q1 2018	%	Var.	% Var.
GDO/GDS	292.5	33.4%	234.8	30.1%	57.7	25%
Dealers	238.0	27.2%	218.8	28.0%	19.2	9%
VARs	187.5	21.4%	183.3	23.5%	4.2	2%
Office/Consumables dealers	91.4	10.4%	73.2	9.4%	18.2	25%
On-line Shops	44.0	5.0%	51.4	6.6%	(7.4)	-14%
Sub-distribution	22.1	2.5%	19.8	2.5%	2.3	12%
Group Sales from contracts with customers	**875.5**	**100%**	**781.3**	**100%**	**94.2**	***12%***

An analysis of sales by type of customer shows that, compared with the first quarter of 2018, there was an improvement in the channels relating to "Large-Scale Retail/Specialised Retail" (+25%), "Office/Consumable Resellers" (+25%), "Sub-distribution" (+12%), small-medium sized customers ("Dealers" +9%) and large business customers ("VAR-Value Added Resellers" +2%); on the other hand, the channel relating to the "Online Shop" showed a decline (-14%).

35) Gross Profit

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	% Var.	FY 2018	%
Sales from contracts with customers	875,465	100.00%	781,274	100.00%	94,191	*12%*	3,571,190	100.00%
Cost of sales	834,655	95.34%	742,322	95.01%	92,333	*12%*	3,408,918	95.46%
Gross profit	**40,810**	**4.66%**	**38,952**	**4.99%**	**1,858**	***5%***	**162,272**	**4.54%**
- of which non recurring	-	0.00%	-	0.00%	-	*0%*	8,417	0.24%
Gross profit "recurrent"	**40,810**	**4.66%**	**38,952**	**4.99%**	**1,858**	***5%***	**170,689**	**4.99%**

The consolidated Gross Profit was 40.8 million euro, an increase of 5% (1.9 million euro) over the same period of 2018, combined with higher sales, offset by a decline in the percentage margin.

Gross profit is affected by the difference between the amount of trade receivables sold 'without-recourse' to factoring companies within the usual revolving programmes and the amounts collected. In the quarter under review, this is calculated as approx. 1.0 million euro (1.2 million euro in the same period of the previous year).

37-38-39) Operating costs

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	% Var.	FY 2018	%
Sales from contracts with customers	**875,465**		**781,274**		94,191	***12%***	**3,571,190**	
Sales and marketing costs	13,210	1.51%	13,390	1.71%	(180)	*-1%*	52,792	1.48%
Overheads and administrative costs	20,326	2.32%	19,784	2.53%	542	*3%*	76,287	2.14%
Impairment loss/reversal of financial assets	530	0.06%	427	0.05%	103	*24%*	9,473	0.27%
Operating costs	**34,066**	**3.89%**	**33,601**	**4.30%**	**465**	***1%***	**138,552**	**3.88%**
- of which non recurring	-	0.00%	-	0.00%	-	*0%*	8,823	0.25%
'Recurring' operating costs	**34,066**	**3.89%**	**33,601**	**4.30%**	**465**	***1%***	**129,729**	**3.63%**

As at 31 March 2019, operating costs, amounting to 34.1 million euro, increased by 0.5 million euro compared to the same period of 2018, with the ratio to sales falling to 3.89% in 2019 from 4.30% in the same period of 2018.
Operating costs in the first quarter of 2019 include the positive effect of 0.5 million euro generated by the initial application of IFRS 16, deriving from the derecognition of higher rents with respect to the recording of amortisation on the right to use the assets.

Reclassification by nature of certain categories of operating costs

For the purpose of extending the disclosure provided, steps have been taken to reclassify certain categories of cost by "*nature*", after having been allocated by "*intended use*" in the previously adopted income statement format.

Labour costs and number of employees

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	% Var.
Sales from contracts with customers	**875,465**		**781,274**		**94,191**	***12%***
Wages and salaries	11,591	1.32%	11,159	1.43%	432	*4%*
Social contributions	3,513	0.40%	3,293	0.42%	220	*7%*
Pension obligations	583	0.07%	607	0.08%	(24)	*-4%*
Other personnel costs	245	0.03%	242	0.03%	3	*1%*
Employee termination incentives	91	0.01%	250	0.03%	(159)	*-64%*
Share incentive plans	62	0.01%	145	0.02%	(83)	*-57%*
Total labour costs [2]	**16,085**	**1.84%**	**15,696**	**2.01%**	**389**	***2%***

[2] Cost of temporary workers excluded.

At 31 March 2019, payroll and related costs amounted to 16.1 million euro, up +2% compared with the same period in the previous year and in line with the change in the number of employees in the period. The item "Equity plans" refers to the pro-tempore costs of the "Long Term Incentive Plan" approved in May 2018 by the Shareholders' Meeting of Esprinet S.p.A..

The table below provides details of the Group employees[5] at 31 March 2019, differentiated by contractual position.

	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	18	716	1	**735**	
Celly S.p.A.	1	45	-	**46**	
Celly Pacific LTD	-	3	-	**3**	
Celly Nordic OY	-	-	-	**-**	
Nilox Deutschland GmbH	-	1	-	**1**	
4SIDE S.r.l.	4	6	-	**10**	
V-Valley S.r.l.	-	-	-	**-**	
Subgroup Italy	**23**	**771**	**1**	**795**	**793**
Esprinet Iberica S.L.U.	-	230	87	**317**	
Vinzeo Technologies S.A.U.	-	136	-	**136**	
V-Valley Iberian S.L.U.	-	18	-	**18**	
Esprinet Portugal Lda	-	10	-	**10**	
Subgroup Spain	**-**	**394**	**87**	**481**	**476**
Group as at 31 March 2019	**23**	**1,165**	**88**	**1,276**	**1,269**
Group as at 31 December 2018	**22**	**1,155**	**86**	**1,263**	**1,256**
Var 31/03/2019 - 31/12/2018	1	10	2	13	13
Var %	5%	1%	2%	1%	1%
Group as at 31 March 2018	**21**	**1,155**	**73**	**1,249**	**1,249**
Var 31/03/2019 - 31/03/2018	2	10	15	27	20
Var %	10%	1%	21%	2%	2%

(*) Corresponds to the average between the start and end balances for the period.

The number of employees in the workforce increased compared to both the first quarter of 2018 and 31 December 2018, also due to the acquisition of the company 4Side S.r.l..

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	Q1 2019	%	Q1 2018	%		% Var.
Sales from contracts with customers	**875,465**		**781,274**		**94,191**	***12%***
Depreciation of tangible assets	1,034	0.12%	1,011	0.13%	23	*2%*
Amortisation of intangible assets	141	0.02%	156	0.02%	(15)	*-10%*
Depreciation of right-of-use assets	2,422	0.28%	-	0.00%	2,422	*#DIV/0!*
Amort . & depreciation	**3,597**	**0.41%**	**1,167**	**0.15%**	**2,430**	***208%***
Write-downs of fixed assets	-	0.00%	-	0.00%	-	0%
Amort. & depr., write-downs (A)	**3,597**	**0.41%**	**1,167**	**0.15%**	**2,430**	***208%***
Accruals for risks and charges (B)	37	0.00%	53	0.01%	(16)	*-30%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**3,634**	**0.42%**	**1,220**	**0.16%**	**2,414**	***198%***

[5] Excludes trainees and temporary staff.

42) Financial Cost Net

(euro/000)	Q1 2019	%	Q1 2018	%	Var.	% Var.	FY 2018	%
Sales from contracts with customers	**875,465**		**781,274**		**94,191**	***12%***	**3,571,190**	
Interest expenses on borrowings	596	0.07%	753	0.10%	(157)	*-21%*	2,706	0.08%
Interest expenses to banks	154	0.02%	52	0.01%	102	*>100%*	384	0.01%
Other interest expenses	-	0.00%	-	0.00%	-	*-100%*	55	0.00%
Upfront fees amortisation	160	0.02%	125	0.02%	35	*28%*	730	0.02%
IAS 19 expenses/losses	16	0.00%	14	0.00%	2	*13%*	51	0.00%
IFRS financial lease interest expenses	1,046	0.12%	-	0.00%	1,046	*-100%*	-	0.00%
Charges on payables for business combinations	-	0.00%	6	0.00%	(6)	*-100%*	-	0.00%
Charges from fair value changes	6	0.00%	35	0.00%	(29)	*-83%*	113	0.00%
Total financial expenses (A)	**1,978**	**0.23%**	**985**	**0.13%**	**993**	***>100%***	**4,039**	**0.11%**
Interest income from banks	(17)	0.00%	(10)	0.00%	(7)	*74%*	(34)	0.00%
Interest income from others	(20)	0.00%	(32)	0.00%	12	*-38%*	(195)	-0.01%
Interest income for credit discounting	-	0.00%	-	0.00%	-	*-100%*	-	0.00%
Income from payables for business combinations	-	0.00%	-	0.00%	-	*-100%*	(229)	-0.01%
Income from fair value changes	(5)	0.00%	-	0.00%	(5)	*-100%*	(2)	0.00%
Total financial income(B)	**(42)**	**-5E-05**	**(42)**	**-5E-05**	**(0)**	***1%***	**(460)**	**-0.01%**
Net financial exp. (C=A+B)	**1,936**	**0.22%**	**943**	**0.12%**	**993**	***>100%***	**3,579**	**0.10%**
Foreign exchange gains	(117)	-0.01%	(644)	-0.08%	527	*-82%*	(1,061)	-0.03%
Foreign exchange losses	744	0.08%	409	0.05%	335	*82%*	2,023	0.06%
Net foreign exch. (profit)/losses (D)	**627**	**0.07%**	**(235)**	**-0.03%**	**862**	***<-100%***	**962**	**0.03%**
Net financial (income)/costs (E=C+D)	**2,563**	**0.29%**	**708**	**0.09%**	**1,855**	***>100%***	**4,541**	**0.13%**

The overall balance of financial income and expenses was negative for 2.6 million euro, representing a decrease of 1.9 million euro compared to the same period of the previous year (0.7 million euro) and deriving exclusively from the recognition in the first quarter of 2019 of interest expense on leases, due to the application of the new IFRS 16 standard, in the amount of 1.0 million euro, which was compounded with the negative difference recorded in the management of exchange rates.

Conversely, the negative balance of bank interest decreased modestly due to the lower average debt to the system, while the cost of debt remained unchanged.

45) Income taxes expenses

(euro/000)	Q1 2019	%	Q1 2018	%	% Var.	FY 2018	%
Sales from contracts with customers	**875,465**		**781,274**		***12%***	**3,571,190**	
Current income taxes	890	0.10%	1,097	0.14%	***-19%***	6,756	0.19%
Deferred income taxes	359	0.04%	133	0.02%	***170%***	(1,735)	-0.05%
Taxes	**1,250**	0.14%	**1,230**	0.16%	***2%***	**5,021**	0.14%
Profit before taxes	**4,181**		**4,642**			**19,179**	
Tax rate	***30%***		***26%***			***26%***	

Income taxes, amounting to 1.3 million euro, reflect an increase in the tax rate, as they did not benefit from any permanent differences recorded in the previous year.

46) Net income and earnings per share

(euro/000)	Q1 2019	Q1 2018	Var.	% Var.
Net income	**2,931**	**3,413**	**(482)**	***-14%***
Weighed average no. of shares in circulation: basic	51,254,340	51,757,451		
Weighed average no. of shares in circulation: diluted	51,635,135	52,267,782		
Earnings per share in euro: basic	**0.06**	**0.07**	**(0.01)**	***-14%***
Earnings per share in euro: diluted	**0.06**	**0.06**	**0.00**	***0%***

The own shares held in the portfolio have been excluded for the purpose of calculating the basic earnings per share.

For the purpose of calculating the diluted earnings per share, the potential shares serving the stock grant plan approved on 4 May 2018 by Esprinet S.p.A.'s shareholders' meeting, were considered. This plan envisaged the bonus assignment of 1,150,000 shares.

4. Consolidated statement of financial position and notes

4.1 Consolidated statement of financial position

The consolidated statement of financial position drawn up according to IFRS international accounting standards is presented below, together with the information required pursuant to Consob Resolution No. 15519 dated 27 July 2006:

(euro/000)	31/03/2019	related parties *	31/12/2018	related parties *
ASSETS				
Non-current assets				
Property, plant and equipment	13,348		13,327	
Right-of-use assets	77,900		-	
Goodwill	91,033		90,595	
Intangible assets	754		724	
Deferred income tax assets	13,737		11,884	
Receivables and other non-current assets	3,018	1,633	3,392	1,554
	199,790	**1,633**	**119,922**	**1,554**
Current assets				
Inventory	509,071		494,444	
Trade receivables	422,139	2	383,865	-
Income tax assets	2,861		3,421	
Other assets	45,660	1,278	29,610	1,310
Cash and cash equivalents	56,471		381,308	
	1,036,203	**1,280**	**1,292,651**	**1,310**
Disposal groups assets	-		-	
Total assets	**1,235,993**	**2,913**	**1,412,573**	**2,864**
EQUITY				
Share capital	7,861		7,861	
Reserves	334,106		319,831	
Group net income	2,940		14,031	
Group net equity	**344,907**		**341,723**	
Non-controlling interests	2,068		1,175	
Total equity	**346,975**		**342,898**	
LIABILITIES				
Non-current liabilities				
Borrowings	44,482		12,804	
Lease liabilities	72,798		-	
Deferred income tax liabilities	8,621		8,138	
Retirement benefit obligations	4,765		4,397	
Provisions and other liabilities	2,340		1,889	
	133,006		**27,228**	
Current liabilities				
Trade payables	520,604	-	867,866	-
Short-term financial liabilities	200,071		138,311	
Lease liabilities	5,630		-	
Income tax liabilities	166		103	
Derivative financial liabilities	416		613	
Debts for investments in subsidiaries	1,482		1,082	
Provisions and other liabilities	27,643	1,555	34,472	1,567
	756,012	**1,555**	**1,042,447**	**1,567**
Disposal groups liabilities	-		-	
Total liabilities	**889,018**	**1,555**	**1,069,675**	**1,567**
Total equity and liabilities	**1,235,993**	**1,555**	**1,412,573**	**1,567**

(*) For more details on related-party transactions, see the related section of the "Interim management report".

4.2 Notes to the most statement of financial position items

4.2.1 Gross investments

(euro/000)	31/03/2019			31/12/2018
	Esprinet Group	Subgroup Italy	Subgroup Iberian	Esprinet Group
Plant and machinery	25	23	2	424
Ind. And comm. Equipment & Other assets	1,161	1,026	135	1,378
Assets under construction and advances	231	231	-	1,018
Total Property, plant and equipment	**1,417**	**1,280**	**137**	**2,820**
Industrial patents and intellectual rights	166	50	116	137
Licences, concessions, brand names and similar rights	-	-	-	4
Assets under construction and advances	4	4	-	105
Total intangible asstes	**170**	**54**	**116**	**246**
Total gross investments	**1,587**	**1,334**	**253**	**3,066**

Investments as at 31 March 2019 under the item "Industrial and commercial equipment and other assets" relate for approximately 0.2 million euro to the first consolidation of 4Side S.r.l., 51% of which was acquired from the parent company Esprinet S.p.A. on 20 March 2019, and for the residual amount to the purchase of electronic machinery, equipment and office furniture and furnishings for the registered office by the parent company Esprinet S.p.A..

The investments recorded under 'Industrial patents and use of intellectual property rights' essentially include the costs incurred for the long-term renewal and upgrade of the IT operating system (software); the increase is attributable to the subsidiary Esprinet Iberica S.L.U..

4.2.2 Net financial payables and covenants

(euro/000)	31/03/2019	31/12/2018	Var.	31/03/2018	Var.
Short-term financial liabilities	200,071	138,311	61,760	231,795	(31,724)
Lease liabilities	5,630	-	5,630	-	5,630
Current debts for investments in subsidiaries	1,482	1,082	400	-	1,482
Current financial (assets)/liabilities for derivatives	415	610	(195)	493	(78)
Financial receivables from factoring companies	(9,180)	(242)	(8,938)	(13,130)	3,950
Other financial receivables	(11,200)	(10,881)	(319)	(3,428)	(7,772)
Cash and cash equivalents	(56,471)	(381,308)	324,837	(96,483)	40,012
Net current financial debt	**130,747**	**(252,428)**	**383,175**	**119,247**	**11,500**
Borrowings	44,482	12,804	31,678	18,262	26,220
Lease liabilities	72,798	-	72,798	-	72,798
Non - current debts for investments in subsidiaries	-	-	-	1,317	(1,317)
Non-current financial (assets)/liabilities for derivatives	-	-	-	(14)	14
Other financial receivables	(967)	(1,420)	453	(1,427)	460
Net financial debt	**247,060**	**(241,044)**	**488,104**	**137,385**	**109,675**

For the definition of financial payables please see the section "*Main accounting definitions and estimates*" in the consolidated financial statements as at 31 December 2018.

The Group's net financial position, negative for 247.1 million euro, corresponds to a net balance that includes gross financial payables for 244.6 million euro, financial receivables for 21.5 million euro, payables for the purchase of equity investments for 1.5 million euro, financial liabilities for leasing for 78.4 million euro, cash and cash equivalents of 56.5 million euro and financial liabilities for derivative instruments in the amount of 0.4 million euro.

The cash and cash equivalents mainly consist of free and unrestricted bank deposits of a transitory nature as they are formed temporarily at the end of the month as a result of the Group's unusual financial cycle.
This cycle is characterised by a significant concentration of payments received from customers and from factoring companies – the latter as a consequence of the net proceed from the "without-recourse" transfer of trade receivables - typically at the end of each calendar month, while the payments to suppliers - also disclosing certain concentration at period end - generally are distributed more evenly over the month. Accordingly, the precise figure at the end of any period does not represent the net financial indebtedness and the level of the average treasury balances in said period.

During the first quarter of 2019, as part of the policies for the management of working capital levels, the revolving programme continued for the without-recourse sale of account receivables to selected customer segments in Italy and Spain, focusing mainly on the large-scale retail sector. In addition to this, the securitisation programme – launched in Italy in July 2015 and renewed in July 2018 – for additional trade receivables also continued during the period. Given that the programmes mentioned achieve the complete transfer of the risks and the benefits pertaining to the assignees, the receivables subject to transfer are eliminated from the statement of financial position assets in accordance with the IFRS 9 accounting standard. The overall impact on the level of the net financial payables as of 31 March 2019 was approximately equal to 360 million euro (roughly 597 million euro as of 31 December 2018).

4.2.3 Goodwill

Goodwill amounted to 91.0 million euro, an increase from 90.6 million euro at 31 December 2018 of 0.4 million euro following the acquisition of the company 4Side S.r.l. during the quarter.

The following table summarises the allocation of the goodwill to the 3 Cash Generating Units ("CGU") identified, on a consistent basis with the combination of the business areas used for the purpose of the Segment Reporting required by the international accounting standards. Furthermore, the same table shows the correlations between business areas and legally autonomous entities belonging to the Group:

(euro/000)	31/03/2019	31/12/2018	Var.		
Esprinet S.p.A.	17,735	17,297	438	CGU 1	B2B distribution of Information Technology and Consumer Electronics (Italy)
Celly S.p.A.	4,153	4,153	-	CGU 2	B2C phone accessoires (Italy)
Esprinet Iberica S.l.u.	69,145	69,145	-	CGU 3	B2B distribution of Information Technology and Consumer Electronics (Spain)
Total	**91,033**	**90,595**	**438**		

The annual impairment test, required by international accounting standard IAS 36, was carried out with reference to 31 December 2018 and did not reveal any impairment loss in relation to the CGUs present as of that date.

International accounting standard IAS 36 also requires that the impairment test on the goodwill be carried out more frequently in the presence of indicators of impairment loss (so-called "triggering events").

With regard to CGUs 2 and 3, the presence of these indicators was not acknowledged in the period between the execution of the annual test, which took place in March 2019, and the date of drafting of this interim management report, and therefore it was not deemed necessary to carry out any check of the value with reference to the amounts as at 31 December 2018.

Insofar as CGU 1 is concerned, the acquisition of 51% of 4Side S.r.l., which increased goodwill by 0.4 million euro, was not considered a triggering event and, consequently, it was not deemed necessary to proceed ahead of schedule with the steps required to perform an impairment test, which involves the formal and separate approval by the Board of Directors of the 2019-23E forecast plans. Nevertheless, management assessed the recoverability of the value of goodwill currently recognized in the financial statements without recognizing the need to make any writedowns.

On the basis of the above, the values of the goodwill recognised as at 31 December 2018 and present in this interim management report are confirmed.

For further information on the "Goodwill" and on the procedures for performing the impairment test, see the notes to the consolidated financial statements at 31 December 2018.

5. Consolidated statement of changes in net equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Balance at 31 December 2017	**7,861**	**309,193**	**(5,145)**	**26,280**	**338,189**	**1,046**	**337,143**
Total comprehensive income/(loss)	**-**	**89**	**-**	**3,413**	**3,502**	**42**	**3,460**
Allocation of last year net income/(loss)	-	26,280	-	(26,280)	-	-	-
Transactions with owners	**-**	**26,280**	**-**	**(26,280)**	**-**	**-**	**-**
Currently active Share plans	-	351	-	-	**351**	-	**351**
Other variations	-	(12)	-	-	**(12)**	(1)	**(11)**
Balance at 31 March 2018	**7,861**	**335,901**	**(5,145)**	**3,413**	**342,030**	**1,087**	**340,943**
Balance at 31 December 2018	**7,861**	**325,680**	**(4,800)**	**14,158**	**342,899**	**1,175**	**341,724**
Total comprehensive income/(loss)	**-**	**(63)**	**-**	**2,931**	**2,868**	**(4)**	**2,872**
Allocation of last year net income/(loss)	-	14,158	-	(14,158)	**-**	-	**-**
Increase in reserve from 4Side acquisition	-	905	-	-	**905**	905	**-**
Transactions with owners	**-**	**15,063**	**-**	**(14,158)**	**905**	**905**	**-**
Equity plans in progress	-	303	-	-	**303**	-	**303**
Other variations	-	-	-	-	-	(8)	**8**
Balance at 31 March 2019	**7,861**	**340,983**	**(4,800)**	**2,931**	**346,975**	**2,068**	**344,907**

6. Consolidated statement of cash flow [6]

(euro/000)	Q1 2019	Q1 2018
Cash flow provided by (used in) operating activities (D=A+B+C)	**(408,605)**	**(262,423)**
Cash flow generated from operations (A)	**10,713**	**6,560**
Operating income (EBIT)	6,744	5,351
Depreciation, amortisation and other fixed assets write-downs	3,598	1,167
Net changes in provisions for risks and charges	451	(219)
Net changes in retirement benefit obligations	(383)	(90)
Stock option/grant costs	303	351
Cash flow provided by (used in) changes in working capital (B)	**(417,330)**	**(268,887)**
Inventory	(14,627)	(16,760)
Trade receivables	(39,903)	(748)
Other current assets	(5,442)	12,905
Trade payables	(348,135)	(265,677)
Other current liabilities	(9,223)	1,393
Other cash flow provided by (used in) operating activities (C)	**(1,988)**	**(96)**
Interests paid, net	(1,513)	(520)
Foreign exchange (losses)/gains	(475)	424
Cash flow provided by (used in) investing activities (E)	**1,313**	**2,432**
Net investments in property, plant and equipment	(872)	(490)
Net investments in intangible assets	(114)	(78)
Changes in other non current assets and liabilities	194	3,000
4Side business combination	2,105	-
Cash flow provided by (used in) financing activities (F)	**82,455**	**59,505**
Medium/long term borrowing	42,000	-
Repayment/renegotiation of medium/long-term borrowings	(16,170)	(16,576)
Leasing liabilities remboursement	(1,917)	-
Net change in financial liabilities	67,197	90,219
Net change in financial assets and derivative instruments	(8,994)	(14,228)
Deferred price Celly acquisition	-	6
Deferred price 4Side acquisition	400	-
Increase/(decrease) in 'cash flow edge' equity reserve	(39)	41
Changes in third parties net equity	(17)	43
Other movements	(5)	-
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(324,837)**	**(200,486)**
Cash and cash equivalents at year-beginning	**381,308**	**296,969**
Net increase/(decrease) in cash and cash equivalents	**(324,837)**	**(200,486)**
Cash and cash equivalents at year-end	**56,471**	**96,483**

The table below shows the changes during the period and the reconciliation with the final situation at the end of the same period:

[6] The effects of related-party transactions have been omitted, as they are not significant.

(euro/000)	Q1 2019	Q1 2018
Net financial debt at start of the year	**(241,044)**	**(123,058)**
Cash flow provided by (used in) operating activities	(408,605)	(262,423)
Cash flow provided by (used in) investing activities	1,313	2,432
Cash flow provided by (used in) changes in net equity	(61)	84
Total cash flow	**(407,353)**	**(259,907)**
Unpaid interests	(406)	(409)
Posting of Right-of-use asset	(80,345)	-
Net financial position adjustment - ex-ifrs9	-	(127)
Net financial position at end of year	**247,061**	**137,385**
Short-term financial liabilities	200,071	231,795
Lease liabilities	5,630	-
Customers financial receivables	(11,200)	(3,428)
Current financial (assets)/liabilities for derivatives	415	493
Financial receivables from factoring companies	(9,180)	(13,130)
Current Debts for investments in subsidiaries	1,482	-
Cash and cash equivalents	(56,471)	(96,483)
Net current financial debt	**130,747**	**119,247**
Borrowings	44,482	18,262
Lease liabilities	72,798	-
Non current Debts for investments in subsidiaries	-	1,317
Non-current financial (assets)/liab. for derivatives	-	(14)
Customers financial receivables	(967)	(1,427)
Net financial debt at start of the year	**247,061**	**137,385**

7. Relationship with related parties

The transactions carried out by the Group with related parties, as defined by IAS 24, were performed in compliance with current laws and according to mutual economic advantage.
In the event of products sold to individuals, the conditions as applied are equivalent to those usually applied to employees.

Transactions between the parent company Esprinet S.p.A. and its subsidiaries included in the scope of consolidation have been eliminated from the interim consolidated financial statements and therefore do not figure in this section.

During the period, transactions with related parties mainly involved sales of products and services at market conditions (arm's length basis) between the Group companies and companies in which the directors and shareholders of Esprinet S.p.A. cover important positions.
Dealings with executives with strategic responsibilities took on the form of recognition of the remuneration for services rendered by the same.

Sales realised relate to sales of consumer electronics products sold under normal market conditions (arm's length basis) both to private and business clients.
Services received mainly refer to lease agreements entered into under market conditions in periods prior to the interim period in question, with the companies Immobiliare Selene S.r.l., relating to the logistics site in Cambiago (MI) and M.B. Immobiliare S.r.l. regarding the logistics site in Cavenago (MB), respectively.
The total value of the aforementioned transactions is not however significant in respect of the total volume of the Group's activities.

8. Segment information

8.1 Introduction

The Esprinet Group is organised in relation to the geographical business areas (operating sectors), Italy and Spain, where it performs the business-to-business (B2B) distribution activities for Information Technology (IT) and consumer electronics.

The activities carried out in a "geographical area" are characterised by investments and transactions carried out for the production and marketing of products and services within a particular economic sphere subject to expected risks and returns that are different to those achievable in other geographical areas.

The activities carried out in a "business area" are characterised by transactions carried out for the production and marketing of products and services that are subject to risks and returns different from those which can be achieved further to the transactions relating to products and services.

Although the organisation by geographical areas represents the main form of managing and analysing the Group's results, for the purpose of a more explicit indication of the business areas in which the Group has operated in Italy, the following tables also show the operating results and the statement of financial position balances of the latter.

8.2 Segment results

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

Separate income statement and other significant information by operating segments:

(euro/000)	Q1 2019 Italy Distr. IT & CE B2B	Iberian Pen. Distr. It & CE B2B	Elim. and other	Group
Sales to third parties	584,563	290,902	-	875,465
Intersegment sales	12,279	-	(12,279)	-
Sales from contracts with customers	**596,842**	**290,902**	**(12,279)**	**875,465**
Cost of sales	(566,288)	(280,612)	12,245	(834,655)
Gross profit	**30,554**	**10,290**	**(34)**	**40,810**
Gross Profit %	*5.12%*	*3.54%*		*4.66%*
Sales and marketing costs	(10,263)	(2,947)	-	(13,210)
Overheads and admin. costs	(15,024)	(5,312)	10	(20,326)
Impairment loss/reversal of financial assets	(494)	(36)	-	(530)
Operating income (Ebit)	**4,773**	**1,995**	**(24)**	**6,744**
EBIT %	*0.80%*	*0.69%*		*0.77%*
Finance costs - net				(2,563)
Share of profits of associates				-
Profit before income tax				**4,181**
Income tax expenses				(1,250)
Net income				**2,931**
- of which attributable to non-controlling interests				(9)
- of which attributable to Group				2,940
Depreciation and amortisation	**2,704**	**749**	143	**3,596**
Other non-cash items	**382**	**56**	-	**438**
Investments	**783**	**253**	-	**1,036**
Total assets	**958,123**	**407,476**	(129,606)	**1,235,993**

(euro/000)	Q1 2018 Italy Distr. IT & CE B2B	Iberian Pen. Distr. IT & CE B2B	Elim. and other	Group
Sales to third parties	523,063	258,211	-	781,274
Intersegment sales	12,466	-	(12,466)	-
Sales from contracts with customers	**535,529**	**258,211**	**(12,466)**	**781,274**
Cost of sales	(506,798)	(248,058)	12,534	(742,322)
Gross profit	**28,731**	**10,153**	**68**	**38,952**
Gross profit %	*5.36%*	*3.93%*		*4.99%*
Other income	-	-	-	-
Sales and marketing costs	(10,370)	(3,021)	1	(13,390)
Overheads and admin. costs	(14,954)	(4,833)	3	(19,784)
Impairment loss/reversal of financial assets	(380)	(47)	-	(427)
Operating income (Ebit)	**3,027**	**2,252**	**72**	**5,351**
EBIT %	*0.57%*	*0.87%*		*0.68%*
Finance costs - net				(708)
Share of profits of associates				-
Profit before income tax				**4,643**
Income tax expenses				(1,230)
Net income				**3,413**
- of which attributable to non-controlling interests				40
- of which attributable to Group				3,373
Depreciation and amortisation	**850**	**203**	114	**1,167**
Other non-cash items	**1,028**	**53**	-	**1,081**
Investments	**536**	**34**	-	**570**
Total assets	**890,268**	**353,344**	(182,349)	**1,061,263**

Statement of financial position by operating segments

(euro/000)	31/03/2019			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,217	3,131	-	13,348
Right-of-use assets	59,627	18,273	-	77,900
Goodwill	21,888	68,106	1,039	91,033
Intangible assets	580	174	-	754
Investments in others	75,755	-	(75,755)	-
Deferred income tax assets	7,610	5,945	182	13,737
Receivables and other non-current assets	2,717	301	-	3,018
	178,394	**95,930**	**(74,534)**	**199,790**
Current assets				
Inventory	303,787	205,894	(610)	509,071
Trade receivables	332,381	89,758	-	422,139
Income tax assets	2,517	344	-	2,861
Other assets	96,317	3,805	(54,462)	45,660
Derivative financial assets	-	1	-	1
Cash and cash equivalents	44,727	11,744	-	56,471
	779,729	**311,546**	**(55,072)**	**1,036,203**
Disposal groups assets	-	-	-	-
Total assets	**958,123**	**407,476**	**(129,606)**	**1,235,993**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	292,928	61,565	(20,387)	334,106
Group net income	1,934	1,029	(23)	2,940
Group net equity	**302,723**	**117,287**	**(75,103)**	**344,907**
Non-controlling interests	2,126	(17)	(41)	2,068
Total equity	**304,849**	**117,270**	**(75,144)**	**346,975**
LIABILITIES				
Non-current liabilities				
Borrowings	11,104	33,378	-	44,482
Lease liabilities	55,569	17,229	-	72,798
Deferred income tax liabilities	3,275	5,346	-	8,621
Retirement benefit obligations	4,765	-	-	4,765
Provisions and other liabilities	2,213	127	-	2,340
	76,926	**56,080**	**-**	**133,006**
Current liabilities				
Trade payables	363,335	157,269	-	520,604
Short-term financial liabilities	188,553	64,518	(53,000)	200,071
Lease liabilities	4,435	1,195	-	5,630
Income tax liabilities	101	65	-	166
Derivative financial liabilities	416	-	-	416
Debts for investments in subsidiaries	1,482	-	-	1,482
Provisions and other liabilities	18,026	11,079	(1,462)	27,643
	576,348	**234,126**	**(54,462)**	**756,012**
Disposal groups liabilities	-	-	-	-
Total liabilities	**653,274**	**290,206**	**(54,462)**	**889,018**
Total equity and liabilities	**958,123**	**407,476**	**(129,606)**	**1,235,993**

(euro/000)	31/12/2018			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,127	3,200	-	13,327
Right-of-use assets	-	-	-	-
Goodwill	21,450	68,106	1,039	90,595
Intangible assets	656	68	-	724
Investments in others	75,731	-	(75,731)	-
Deferred income tax assets	5,776	5,934	174	11,884
Receivables and other non-current assets	3,094	298	-	3,392
	116,834	**77,606**	**(74,518)**	**119,922**
Current assets				
Inventory	311,280	183,750	(586)	494,444
Trade receivables	263,479	120,386	-	383,865
Income tax assets	3,085	336	-	3,421
Other assets	137,277	2,824	(110,491)	29,610
Attività per strumenti derivati	-	3	-	3
Cash and cash equivalents	180,219	201,089	-	381,308
	895,340	**508,388**	**(111,077)**	**1,292,651**
Disposal groups assets	-	-	-	-
Total assets	**1,012,174**	**585,994**	**(185,595)**	**1,412,573**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	292,847	47,208	(20,224)	319,831
Group net income	(164)	14,336	(141)	14,031
Group net equity	**300,544**	**116,237**	**(75,058)**	**341,723**
Non-controlling interests	1,229	(7)	(47)	1,175
Total equity	**301,773**	**116,230**	**(75,105)**	**342,898**
LIABILITIES				
Non-current liabilities				
Borrowings	12,804	-	-	12,804
Deferred income tax liabilities	3,053	5,085	-	8,138
Retirement benefit obligations	4,397	-	-	4,397
Provisions and other liabilities	1,860	29	-	1,889
	22,114	**5,114**	**-**	**27,228**
Current liabilities				
Trade payables	526,413	341,453	-	867,866
Short-term financial liabilities	136,269	106,542	(104,500)	138,311
Income tax liabilities	100	3	-	103
Derivative financial liabilities	613	-	-	613
Debts for investments in subsidiaries	1,082	-	-	1,082
Provisions and other liabilities	23,810	16,652	(5,990)	34,472
	688,287	**464,650**	**(110,490)**	**1,042,447**
Disposal groups liabilities	-	-	-	-
Total liabilities	**710,401**	**469,764**	**(110,490)**	**1,069,675**
Total equity and liabilities	**1,012,174**	**585,994**	**(185,595)**	**1,412,573**

9. Atypical and/or unusual transactions

Management does not believe that any atypical and/or unusual transactions according to the definition as per Consob communication No. DEM/6064293 of the 28 July 2006 occurred during the year.

10. Non-recurring significant events and operations

During the first quarter of 2019, no non-recurring transactions or events were identified, nor were any identified in the quarter of the same period of the previous year.

11. Significant events occurred in the period

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

Termination of the shareholders' agreement between shareholders of Esprinet S.p.A.

On 22 February 2019, the binding shareholders' agreement between Francesco Monti, Paolo Stefanelli, Tommaso Stefanelli, Matteo Stefanelli, Maurizio Rota and Alessandro Cattani – entered into on 23 February 2016 and last updated on 3 August 2018, in relation to 15,567,317 ordinary shares of Esprinet S.p.A. representing a total of 29.706% of the shares constituting the entire share capital of the Company – expired because the end of the period of validity was reached.

It should be noted that the Agreement provided for: (i) a voting trust with reference to the election of the members of the corporate bodies; (ii) prior consultation obligations of the parties thereto with reference to the other matters submitted to the shareholders' meeting; (iii) a block shareholder's agreement.

Acquisition of 51% of the share capital of 4Side S.r.l. operating in the distribution of Activision Blizzard products

On 19 March 2019 Esprinet S.p.A. entered into a binding agreement for the acquisition of 51% of the shares of 4Side S.r.l., a company whose purpose is the marketing and exclusive distribution in Italy of Activision Blizzard branded products, with the aim of positioning itself as a leading operator in a sector considered strategic for the development of the company's business.

The total value of 51% of the above shares is equal to the corresponding portion of 4Side's shareholders' equity at the transfer date plus a fixed Goodwill amount of 0.4 million euro.

4Side S.r.l. is formed by the historical management structure of the Italian branch of Activision Blizzard and consists, in particular, of Paolo Chisari (General Manager), Maurizio Pedroni (Sales Director), Piero Terragni (Operation Director) and Stefano Mattioli (Finance Director).

The corporate governance procedures with which the minority shareholders will co-manage the company's activities together with Esprinet S.p.A. are defined on the basis of the signing of shareholders' agreements with the sales managers, who have granted Esprinet S.p.A. a purchase option on the remaining 49% of the shares, exercisable between the 4th and 6th year from the date of transfer, as well as a series of typical guarantees for this type of transaction.

The notarial closing of the transaction took place on 20 March 2019.

Medium-term loans in favour of the subsidiaries Esprinet Iberica and Vinzeo

During the quarter, as part of a plan to enhance the independent creditworthiness of the Spanish subsidiaries, 6 unsecured amortising loans with a duration of between 3 and 5 years were stipulated for a total amount of 42.0 million euro, of which 34.0 million euro in favour of Esprinet Iberica and 8.0 million euro in favour of Vinzeo.

Development of legal disputes

With reference to the writ of summons received on 6 February 2019 relating to the "Sport Technology" product line, there are no significant updates with respect to those presented in the financial statements as at 31 December 2018.

Developments in tax disputes

The main events that occurred between 1 January 2019 and the date of this interim report are as follows:

On 12 February 2019, a hearing was held before the Regional Tax Commission in relation to the dispute concerning a tax assessment notice received by the Company in November 2016, in which VAT amounting to 1.0 million euro was recovered, together with penalties and interest. Taxable transactions were disputed, for which a customer had submitted a declaration of intent, but then, following a tax audit, it was found that the customer company did not meet the requirements to be considered a regular exporter.
At the date of this report the judgement is pending.

On 13 February 2019, the Provincial Tax Commission filed its decision rejecting the Company's appeal against an assessment of July 2018, which resulted in the recovery of VAT relating to taxable transactions carried out against a client company for 66,000 euro, plus penalties and interest.
The Company will appeal against this decision.

On 20 December 2018, the Company received a notice of assessment for 2013, which corrected the VAT return and imposed a higher tax in the amount 14.5 million euro plus penalties and interest, due to an alleged failure to apply VAT on transactions with regular exporters.
The Company has mandated its lawyers to appeal against the assessment.

12. Subsequent events

The main significant events that occurred after the end of the period are briefly described as follows:

Annual Shareholders' Meeting of the parent company Esprinet S.p.A.

On 8 May 2018, the Esprinet Shareholders' Meeting approved the separate financial statements for the fiscal year ended at 31 December 2018 and the distribution of a dividend of 0.135 euro per ordinary share, corresponding to a pay-out ratio of 49%[7]).
The dividend payment was scheduled as from 15 May 2019, with registration of coupon No. 14 on 13 May 2019 and record date on 14 May 2019.

The Annual Shareholders' Meeting has also:

- approved the first section of the Report on Remuneration pursuant to Article 123 ter, section 6 of Italian Legislative Decree No. 58/1998;
- authorised the Company, with the simultaneous revocation of the previous authorisation granted at the Shareholders' Meeting on 4 May 2018, to purchase and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code, article 132 of Legislative Decree no. 58/98, articles 73 and 144-bis as well as Annex 3A, scheme 4 of Consob Resolution no. 11971 of 14 May 1999

[7] Calculated on the consolidated net profit of the Esprinet Group

("Issuers' Regulations"), the provisions of Regulation (EU) no. 596/2014 and Delegated Regulation (EU) no. 2016/1052, and any other relevant legislation in force;
- authorised the appointment of PricewaterhouseCoopers S.p.A. for the independent audit – including the limited audit of the condensed half-yearly financial statements – for the financial years 2019 to 2027 pursuant to Legislative Decree 39/2010 and Regulation (EU) No. 537/2014.

Medium-term loans in favour of Vinzeo

On 9 May, an unsecured three-year amortising loan was stipulated in favour of Vinzeo for an amount of 5.0 million euro.
A three-year revolving line of credit, for the amount of 5.0 million euro, was approved and will be stipulated on 21 May.

Vimercate, Italy, 14 May 2019

On behalf of the Board of Directors
The Chairman
Maurizio Rota

14. Declaration of the Officer responsible for financial reporting

DECLARATION PURSUANT TO ARTICLE 154 bis, section 2 of the Financial Consolidation Act.

RE: Interim management report as at 31 March 2019

The undersigned Pietro Aglianò, the officer responsible for preparing the accounting documents of

ESPRINET S.p.A.

in accordance with the provisions outlined in article 154 bis of the Finance Consolidation Act

HEREBY DECLARES

that the Interim management report as at 31 March 2019 complies with the accounting documents, books and records.

Vimercate, Italy, 14 May 2019

The Officer responsible for preparing
the accounting documents

(Pietro Aglianò)