Esprinet Group

Interim management statement as at 30 September 2016

Approved by the Board of Directors on 11 November 2016

Parent Company:

Esprinet S.p.A.
VAT Number: IT 02999990969
Monza e Brianza Companies' Register and Tax Number: 05091320159 R.E.A. 1158694
Registered Office and Administrative HQ: Via Energy Park, 20 - 20871 Vimercate (MB)
Subscribed and paid-in share capital as at 30/09/2016: 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 2017)

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

Notes:
(InD): Independent Director
(CRC): Control and Risk Committee
(RAC): Remuneration and Appointments Committee
(SC) Strategy Committee
(CSC) Competitiveness and Sustainability Committee

Board of Statutory Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

Chairman	Giorgio Razzoli
Permanent Auditor	Bettina Solimando
Permanent Auditor	Patrizia Paleologo Oriundi
Alternate Auditor	Antonella Koenig
Alternate Auditor	Bruno Ziosi

Independent Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2018)

EY S.p.A.

Waiver of the obligations to provide information on extraordinary transactions

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

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1. Notes on financial performance for the period

(euro/000)	9 months							Q3					
	notes	2016	%	2015	notes	%	% var. 16/15	2016	%	2015	notes	%	% var. 16/15
Profit & Loss													
Sales		1,925,811	100.0%	1,805,517		100.0%	7%	680,836	100.0%	569,128		100.0%	20%
Gross profit		106,627	5.5%	109,023		6.0%	-2%	35,865	5.3%	33,158		5.8%	8%
EBITDA	(1)	20,518	1.1%	31,341		1.7%	-35%	4,060	0.6%	8,508		1.5%	-52%
Operating income (EBIT)		17,001	0.9%	28,356		1.6%	-40%	2,690	0.4%	7,447		1.3%	-64%
Profit before income tax		14,858	0.8%	25,278		1.4%	-41%	1,647	0.2%	6,508		1.1%	-75%
Net income		11,785	0.6%	17,756		1.0%	-34%	1,427	0.2%	4,513		0.8%	-68%
Financial data													
Cash flow	(2)	14,664		20,249									
Gross investments		4,552		4,600									
Net working capital	(3)	304,060		21,905	(4)								
Operating net working capital	(5)	313,743		34,512	(4)								
Fixed assets	(6)	114,741		101,083	(4)								
Net capital employed	(7)	403,332		111,692	(4)								
Net equity		302,149		297,606	(4)								
Tangible net equity	(8)	215,913		221,695	(4)								
Net financial debt	(9)	101,206		(185,913)	(4)								
Main indicators													
Net financial debt / Net equity		0.3		(0.6)	(4)								
Net financial debt / Tangible net equity		0.5		(0.8)	(4)								
EBIT / Finance costs - net		7.9		9.2									
EBITDA / Finance costs - net		9.6		10.2									
Net financial debt/ EBITDA		4.9		(3.7)	(4)								
Operational data													
N. of employees at end-period		1,304		1,024									
Avarage number of employees	(10)	1,160		997									
Earnings per share (euro)													
- Basic		0.23		0.35			-34%	0.03		0.09			-67%
- Diluted		0.22		0.35			-37%	0.03		0.09			-67%

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation and accruals for risks and charges.
(2) Sum of consolidated net profit and amortisations.
(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of current net financial debts.
(5) Figures relative to 31 December 2015.
(5) Sum of trade receivables, inventory and trade payables.
(6) Equal to non-current assets net of non-current financial assets for derivatives.
(7) Equal to capital employed as of period end, calculated as the sum of net working capital plus fixed assets net of non-current non-financial liabilities.
(8) Equal to net equity less goodwill and intangible assets.
(9) Sum of financial debts, cash availability, assets/liabilities for financial derivatives and financial receivables from factoring.
(10) Calculated as the average of opening balance and closing balance of consolidated companies.

The economic and financial results of this period and of the relative period of comparison have been measured by applying the International Financial Reporting Standards ('IFRSs'), 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 IFRSs, some 'alternative performance indicators', although not defined by the IFRSs, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute IFRSs indicators; they are used internally by the Management for measuring and controlling the Group's profitability, performance, capital structure and financial position.

As required by the Guidelines ESMA / 2015/1415 ESMA (European Securities and Market Authority) issued under Article 16 of the ESMA Regulation, updating the previous recommendation CESR / 05-178b of CESR (Committee of European Securities Regulators) and adopted by Consob with Communication no. 0092543 of 12/03/2015, basis of calculation adopted are defined below the table.

2. Contents and format of the interim management statement

2.1 Consolidation policies, accounting principles and valuation criteria

Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the STAR segment of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange since July 27, 2001.

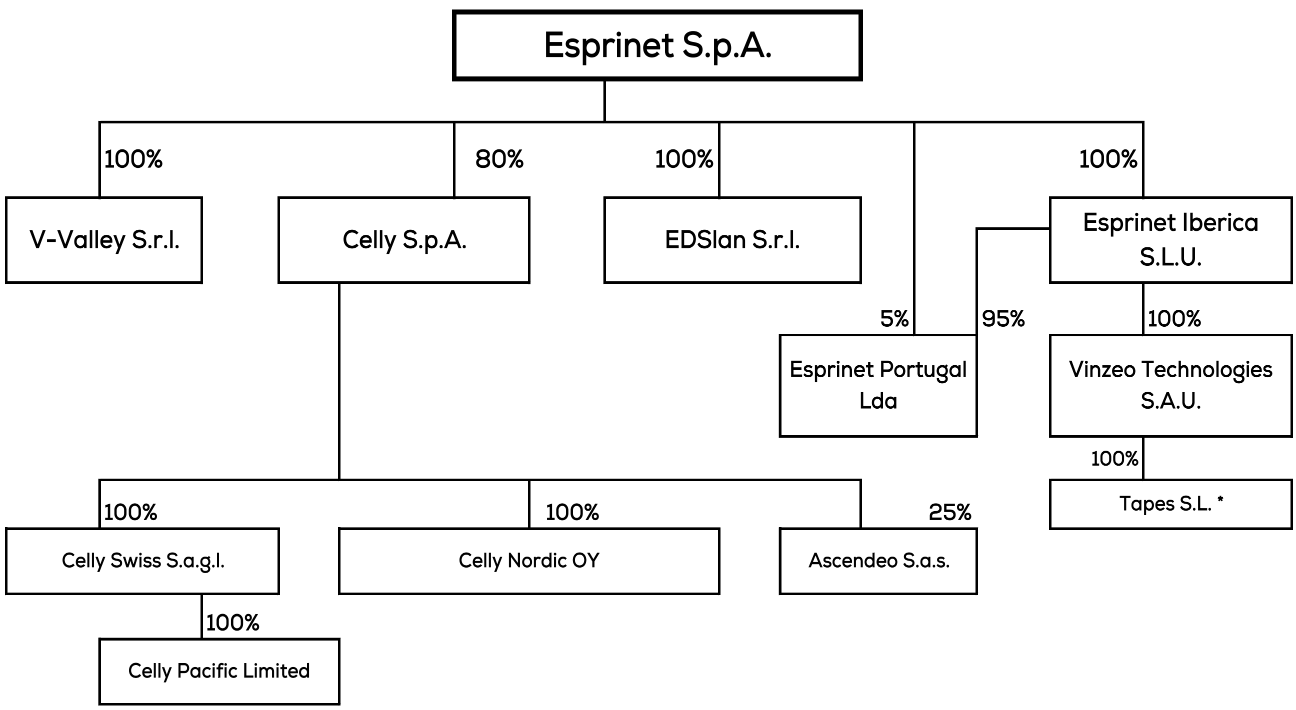
Due to this, the Esprinet Group consolidated interim management statement as at 30 September 2016, non-audited, has been drawn up as per Article 154-ter, paragraph 5 (Financial reports), of the Legislative Decree No. 58/1998 (T.U.F. - Finance Consolidation Act).

Financial data presented in this document result from the application of the same accounting principles (IFRSs - International Financial Reporting Standards), consolidation principles and methods, valuation criteria, conventional definitions and accounting estimates used in previous consolidated financial statements for interim and annual periods, unless otherwise indicated.

Pursuant to Consob Communication No. DEM/8041082 of 30 April 2008 ('Interim financial report of companies listed in Italy') the financial data in said report are comparable with that shown in previous reports and are in line with the financial statements published in the annual report as at 31 December 2015 to which reference should be made for all the explanatory notes to the annual report.

2.2 General information about the Esprinet Group

The chart below illustrates the structure of the Esprinet Group as at 30 September 2016:



(*) The company Tapes SL was not active at the date this financial report was drafted.

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

References to Subgroup Italy and Subgroup Iberica can be found in next comments and tables.
At period end, the 'Subgroup Italy' includes, along with the parent company Esprinet S.p.A., the following directly-controlled companies V-Valley S.r.l., Celly S.p.A. and EDSlan S.r.l.. EDSlan S.r.l. was established on 24 March 2016 and started operating on 8 April 2016 after purchasing the distribution business referring to the networking, cabling, Voip e UCC-Unified Communication & Collaboration sectors (transaction details are under 'significant events occurred during the period' paragraph).

It should be highlighted that on 28 April 2016, the shares in the associated company Assocloud S.r.l. (equal to 9.52% of the total share capital) were sold (for further information please refer to the 'subsequent events' paragraph).

The subsidiary Celly S.p.A., a company operating in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics and more specifically in the wholesale distribution of accessories for mobile devices, includes also its wholly-owned subsidiaries:

- Celly Nordic OY, a Finnish-law company;
- Celly Swiss SAGL, a Helvetic-law company;
- Celly Pacific LTD, a Chinese-law company, completely owned by Celly Swiss SAGL;

all of which are operating in the same segment as the Holding Company, as well as Celly's 25% share in Ascendeo SAS, a French-law company.

At the same date, the Spanish Subgroup is made up by the subsidiary Esprinet Iberica S.L.U. and by the Portuguese subsidiary Esprinet Portugal Lda, established on 29 April 2015 and operating since the beginning of June 2015, as well as by the Spanish subsidiary Vinzeo Technologies SAU, acquired on 1 July 2016 and consolidated for the first time in these interim financial statements.

Esprinet S.p.A. has its registered and administrative offices in Italy in Vimercate (Monza e Brianza), while warehouses and logistics centres are located in Cambiago (Milan) and Cavenago (Monza e Brianza).
Esprinet S.p.A. uses Banca IMI S.p.A. as its specialist firm.

2.3 Consolidation area

The consolidated financial statement derives from the interim accounts of the parent company Esprinet S.p.A. and of its directly and/or indirectly subsidiaries or associated companies, approved by their respective Boards of Directors.[1]
Wherever necessary, the interim accounts of subsidiaries have been suitably adjusted to ensure consistency with the accounting principles used by the parent company.

The table below lists companies included in the consolidation perimeter as at 30 September 2016, all consolidated on a line-by-line basis except for the company Ascendeo SAS accounted for using the equity method.

[1] Limited to companies under direct control.

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:					
V-Valley S.r.l.	Vimercate (MB)	20,000	100.00%	Esprinet S.p.A.	100.00%
Celly S.p.A.	Vimercate (MB)	1,250,000	80.00%	Esprinet S.p.A.	80.00%
Esprinet Iberica S.L.U.	Saragoza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
EDSlan S.r.l.	Vimercate (MB)	100,000	100.00%	Esprinet S.p.A.	100.00%
Subsidiaries indirectly controlled:					
Vinzeo Technologies S.A.U.	Madrid (Spain)	30,704,180	100.00%	Esprinet Iberica S.L.U.	100.00%
Esprinet Portugal Lda	Porto (Portugal)	1,000,000	100.00%	Esprinet Iberica S.L.U.	95.00%
				Esprinet S.p.A.	5.00%
Celly Nordic OY	Helsinki (Finland)	2,500	80.00%	Celly S.p.A.	100.00%
Celly Swiss SAGL	Lugano (Switzerland)	16,296	80.00%	Celly S.p.A.	100.00%
Celly Pacific LTD	Honk Kong (China)	935	80.00%	Celly Swiss SAGL	100.00%
Associated company					
Ascendeo SAS	La Courneuve (France)	37,000	20.0%	Celly S.p.A.	25.00%

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

As compared to 31 December 2015 we remark the first consolidation of EDSlan S.r.l., established on 29 March 2016 and operating from 8 April 2016, as well as of the company Vinzeo Technologies S.A.U. whose acquisition was consummated on 1 July 2016 through the wholly-owned subsidiary Esprinet Iberica SLU.
It should be highlighted that on 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l..

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

2.4 Principal assumptions, estimates and rounding

Within the scope of preparing these interim consolidated financial statements, several estimates and assumptions have been made on the values of revenue, costs, assets and liabilities in the financial statements and on the information relating to potential assets and liabilities at the date of the interim financial statements. These have been applied uniformly to all the financial years presented in this document, unless indicated otherwise.
If these estimates and assumptions, which are based on the best valuation by the management, should differ from actual circumstances in the future, they will be suitably amended during the period in which those circumstances 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 2015, to which reference is made.

During the previous interim period, as permitted by IAS 34, income taxes have been calculated based on the best estimate of the tax burden expected for the entire financial year. On the contrary, in the annual consolidated financial statement, current taxes have been calculated specifically based on the tax rates in force at the closing date of the financial statement.

Prepaid and deferred taxes have been instead estimated based on the tax rates considered to be in force at the time of realization of the assets or settlement of the liabilities to which they refer.
Figures in this document are expressed in thousands of euro, unless otherwise indicated.
In some cases, rounding differences may occur in the tables since figures are shown in euro thousands.

2.5 Restatements of previous published financial statements

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

3. Consolidated income statement and notes

3.1 Consolidated separate income statement

Below is the consolidated separate income statement, showing revenues by 'function' in accordance with the IFRS, complete with the additional information required under CONSOB decision number 15519 of 27 July 2006:

(euro/000)	Notes	9 months 2016	non - recurring	related parties*	9 months 2015	non - recurring	related parties*
Sales	33	**1,925,811**	-	7	**1,805,517**	-	14
Cost of sales		(1,819,184)	-	-	(1,696,494)	-	-
Gross profit	35	**106,627**	-		**109,023**	-	
Other income	50	2,677	2,677		-	-	
Sales and marketing costs	37	(35,680)	-	-	(32,076)	-	-
Overheads and administrative costs	38	(56,623)	(3,056)	(2,832)	(48,591)	(657)	(2,673)
Operating income (EBIT)		**17,001**	**(379)**		**28,356**	**(657)**	
Finance costs - net	42	(2,144)	-	2	(3,071)	-	9
Other investments expenses/(incomes)	43	1	-		(7)	-	
Profit before income tax		**14,858**	**(379)**		**25,278**	**(657)**	
Income tax expenses	45	(3,073)	941	-	(7,522)	228	-
Net income		**11,785**	**563**		**17,756**	**(429)**	
- of which attributable to non-controlling interests		94			(236)		
- of which attributable to Group		11,691	563		17,992	(429)	
Earnings per share - basic (euro)	46	0.23			0.35		
Earnings per share - diluted (euro)	46	0.22			0.35		

(euro/000)	Notes	Q3 2016	non - recurring	related parties*	Q3 2015	non - recurring	related parties*
Sales	33	**680,836**	-	3	**569,128**	-	11
Cost of sales		(644,971)	-	-	(535,970)	-	-
Gross profit	35	**35,865**	-		**33,158**	-	
Other income	50	-	-		-	-	
Sales and marketing costs	37	(12,816)	-	-	(10,108)	-	-
Overheads and administrative costs	38	(20,359)	(1,801)	(939)	(15,603)	-	(990)
Operating income (EBIT)		**2,690**	**(1,801)**		**7,447**	-	
Finance costs - net	42	(1,043)	-	-	(936)	-	3
Other investments expenses/(incomes)	43	-	-		(3)	-	
Profit before income tax		**1,647**	**(1,801)**		**6,508**	-	
Income tax expenses	45	(220)	1,199	-	(1,995)	-	-
Net income		**1,427**	**(601)**		**4,513**	-	
- of which attributable to non-controlling interests		5			101		
- of which attributable to Group		1,422	(601)		4,412	-	
Earnings per share - basic (euro)	46	0.03			0.09		
Earnings per share - diluted (euro)	46	0.03			0.09		

(*) Excludes fees paid to executives with strategic responsibilities.

3.2 Consolidated statement of comprehensive income

(euro/000)	9 months 2016	9 months 2015	Q3 2016	Q3 2015
Net income	**11,785**	**17,756**	**1,427**	**4,513**
Other comprehensive income:				
- Changes in 'cash flow hedge' equity reserve	(312)	(158)	(192)	(144)
- Taxes on changes in 'cash flow hedge' equity reserve	19	43	(14)	39
- Changes in translation adjustment reserve	1	(10)	(1)	-
Other comprehensive income not to be reclassified in the separate income statement				
- Changes in 'TFR' equity reserve	(427)	262	(182)	48
- Taxes on changes in 'TFR' equity reserve	93	(72)	46	(13)
Other comprehensive income	**(626)**	**65**	**(343)**	**(70)**
Total comprehensive income	**11,159**	**17,821**	**1,084**	**4,443**
- of which attributable to Group	11,076	18,038	1,086	4,325
- of which attributable to non-controlling interests	83	(216)	(2)	119

3.3 Notes on financial performance of the Group

A) Esprinet Group's financial highlights

The Group's main economic, financial and asset results as at 30 September 2016 are hereby summarised:

(euro/000)	9 months 2016	%	9 months 2015	%	Var.	Var. %
Sales	**1,925,811**	**100.00%**	**1,805,517**	**100.00%**	**120,294**	***7%***
Cost of sales	(1,819,184)	-94.46%	(1,696,494)	-93.96%	(122,690)	*7%*
Gross profit	**106,627**	**5.54%**	**109,023**	**6.04%**	**(2,396)**	***-2%***
Other income	2,677	0.14%	-	0.00%	2,677	*100%*
Sales and marketing costs	(35,680)	-1.85%	(32,076)	-1.78%	(3,604)	*11%*
Overheads and administrative costs	(56,623)	-2.94%	(48,591)	-2.69%	(8,032)	*17%*
Operating income (EBIT)	**17,001**	**0.88%**	**28,356**	**1.57%**	**(11,355)**	***-40%***
Finance costs - net	(2,144)	-0.11%	(3,071)	-0.17%	927	*-30%*
Other investments expenses / (incomes)	1	0.00%	(7)	0.00%	8	*-114%*
Profit before income taxes	**14,858**	**0.77%**	**25,278**	**1.40%**	**(10,420)**	***-41%***
Income tax expenses	(3,073)	-0.16%	(7,522)	-0.42%	4,449	*-59%*
Net income	**11,785**	**0.61%**	**17,756**	**0.98%**	**(5,971)**	***-34%***
Earnings per share - basic (euro)	0.23		0.35		(0.12)	*-34%*

(euro/000)	Q3 2016	%	Q3 2015	%	Var.	Var. %
Sales	**680,836**	**100.00%**	**569,128**	**100.00%**	**111,708**	***20%***
Cost of sales	(644,971)	-94.73%	(535,970)	-94.17%	(109,001)	*20%*
Gross profit	**35,865**	**5.27%**	**33,158**	**5.83%**	**2,707**	***8%***
Other income	-	0.00%	-	0.00%	-	*100%*
Sales and marketing costs	(12,816)	-1.88%	(10,108)	-1.78%	(2,708)	*27%*
Overheads and administrative costs	(20,359)	-2.99%	(15,603)	-2.74%	(4,756)	*30%*
Operating income (EBIT)	**2,690**	**0.40%**	**7,447**	**1.31%**	**(4,757)**	***-64%***
Finance costs - net	(1,043)	-0.15%	(936)	-0.16%	(107)	*11%*
Other investments expenses / (incomes)	-	0.00%	(3)	0.00%	3	*-100%*
Profit before income taxes	**1,647**	**0.24%**	**6,508**	**1.14%**	**(4,861)**	***-75%***
Income tax expenses	(220)	-0.03%	(1,995)	-0.35%	1,775	*-89%*
Net income	**1,427**	**0.21%**	**4,513**	**0.79%**	**(3,086)**	***-68%***
Earnings per share - basic (euro)	0.03		0.09		(0.06)	-67%

Consolidated sales equal to 1,925.8 million euro showed an increase of +7% (120.3 million euro) compared to 1,805.5 million euro of the first nine months 2015. In the third quarter consolidated sales increased by +20% compared to the same period of the previous year (from 569.1 million euro to 680.8 million euro).

Consolidated Gross profit equal to 106.6 million euro showed a decrease of -2% (-2.4 million euro) compared to the same period of 2015 as consequence of a decrease in the gross profit margin. In the third quarter gross profit, equal to 35.9 million euro, increased by +8% compared to same period of previous year.

Other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors.

Operating income (EBIT) of the first nine months 2016, equal to 17.0 million euro, showed a reduction of-40% compared to first nine months 2015 (28.4 million euro), with an EBIT margin decreased to 0.88% from 1.57% due both to a lower consolidated gross profit margin and higher operating costs (-4.79% in 2016 vs -4.47% in 2015), also due to non recurring costs sustained, both in Italy and Spain, in the business combinations and in the enlarging of warehouses, for a total of 3.1 million euro, which more than compensated the income realized by the subsidiary EDSlan S.r.l. in the acquisition of the business of activities. In the third quarter consolidated EBIT equal to 2.7 million euro, decreased by -64% (-4.8 million euro) compared to the third quarter 2015, with an EBIT margin decreased from 1.31% to 0.40%;

Profit before income taxes was equal to 14.9 million euro, showing a reduction of -41% compared to the first nine months 2015, the decrease was lower than the one registered in EBIT thanks to a 0.9 million euro decrease in financial charges. In the third quarter profit before income taxes decrease by -75% (-4.9 million euro) reaching the value of 1.6 million euro.

Net income equal to 11.8 million euro, showing a reduction of -34% (-6.0 million euro) compared to the first nine months 2015. In the third quarter 2016 consolidated net income amounted to 1.4 million euro compared with 4.5 million euro of the third quarter 2015 (-68%).

Basic earnings per ordinary share as at 30 September 2016, equal to 0.23 euro, showed a reduction of -34% compared to the value of first nine months 2015 (0.35 euro). In the third quarter basic earnings per ordinary share was equal to 0.03 euro compared to 0.09 euro of the corresponding quarter in 2015 (-67%).

(euro/000)	30/09/2016	%	31/12/2015	%	Var.	*Var. %*
Fixed assets	114,764	28.45%	101,083	90.50%	13,682	*14%*
Operating net working capital	313,743	77.78%	34,512	30.90%	279,231	*809%*
Other current assets/liabilities	(9,683)	-2.40%	(12,607)	-11.29%	2,923	*-23%*
Other non-current assets/liabilities	(15,469)	-3.84%	(11,296)	-10.11%	(4,173)	*37%*
Total uses	**403,355**	**100.00%**	**111,692**	**100.00%**	**291,663**	***261%***
Short-term financial liabilities	137,901	34.19%	29,314	26.25%	108,587	*370%*
Current financial (assets)/liabilities for derivatives	389	0.10%	195	0.17%	194	*99%*
Financial receivables from factoring companies	(3,400)	-0.84%	(2,714)	-2.43%	(686)	*25%*
Other financial receivables	(25,539)	-6.33%	(507)	-0.45%	(25,033)	*4939%*
Cash and cash equivalents	(81,671)	-20.25%	(280,089)	-250.77%	198,418	*-71%*
Net current financial debt	27,680	6.86%	(253,801)	-227.23%	281,480	*-111%*
Borrowings	69,053	17.12%	65,138	58.32%	3,915	*6%*
Debts for investments in subsidiaries	6,434	1.60%	5,222	4.68%	1,212	*23%*
Non-current financial (assets)/liab. for derivatives	331	0.08%	224	0.20%	107	*48%*
Other financial receivables	(2,292)	-0.57%	(2,696)	-2.41%	405	*-15%*
Net financial debt (A)	101,206	25.09%	(185,913)	-166.45%	287,119	*-154%*
Net equity (B)	302,149	74.91%	297,605	266.45%	4,544	*2%*
Total sources of funds (C=A+B)	**403,355**	**100.00%**	**111,692**	**100.00%**	**291,663**	***261%***

Consolidated net working capital as at 30 September 2016 is equal to 313.7 million euro compared to 34.5 million euro at 31 December 2015.

Consolidated Net financial position as at 30 September 2016, was negative by 101.2 million euro, compared with a cash surplus of 185.9 million euro at 31 December 2015.
The reduction of net cash surplus was connected to the increase of consolidated net working capital as of 30 September 2016 which in turn is influenced by technical events often not related to the average level of working capital and by the level of utilisation of both 'without-recourse' factoring programs referring to the trade receivables and of the corresponding securitization program.

This program is aimed at transferring risks and rewards to the buyer, thus receivables sold are eliminated from balance sheet according to IAS 39.

Taking into account other technical forms of cash advances other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on financial debt at 30 September 2016 was approx. 249 million euro (approx. 287 million euro as at 31 December 2015).

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main economic, financial and asset results for the Italian subgroup (Esprinet, V-Valley, EDSlan[2] and Celly Group) as at 30 September 2016 are hereby summarised:

[2] Company active since 8 April 2016.

(euro/000)	9 months 2016	%	9 months 2015	%	Var.	Var. %
Sales to third parties	1,326,138		1,360,304		(34,166)	*-3%*
Intercompany sales	33,132		32,169		963	*3%*
Sales	**1,359,270**		**1,392,473**		**(33,203)**	***-2%***
Cost of sales	(1,274,670)		(1,303,649)		28,979	*-2%*
Gross profit	**84,600**	**6.22%**	**88,824**	**6.38%**	**(4,224)**	***-5%***
Other income	2,677	0.20%	-	0.00%	2,677	*100%*
Sales and marketing costs	(30,175)	-2.22%	(27,596)	-1.98%	(2,579)	*9%*
Overheads and administrative costs	(45,343)	-3.34%	(39,763)	-2.86%	(5,580)	*14%*
Operating income (EBIT)	**11,759**	**0.87%**	**21,465**	**1.54%**	**(9,706)**	***-45%***

(euro/000)	Q3 2016	%	Q3 2015	%	Var.	Var. %
Sales to third parties	398,672		408,812		(10,140)	*-2%*
Intercompany sales	8,925		10,393		(1,468)	*-14%*
Sales	**407,597**		**419,205**		**(11,608)**	***-3%***
Cost of sales	(381,367)		(392,865)		11,498	*-3%*
Gross profit	**26,230**	**6.44%**	**26,340**	**6.28%**	**(110)**	***0%***
Other income	-	0.00%	-	0.00%	-	*100%*
Sales and marketing costs	(10,518)	-2.58%	(8,655)	-2.06%	(1,863)	*22%*
Overheads and administrative costs	(15,588)	-3.82%	(12,669)	-3.02%	(2,919)	*23%*
Operating income (EBIT)	**124**	**0.03%**	**5,016**	**1.20%**	**(4,892)**	***-98%***

Sales totalled 1,359.3 million euro showing, a decrease of -2% compared to 1,392.5 million euro of the first nine months 2015. In the third quarter 2016 in terms of percentage change, sales showed a decrease of -3% compared to the third quarter 2015.

Gross profit, equal to 84.6 million euro showed a decrease of -5% compared to 88.8 million euro of the first nine months 2015, due to the combined effect of a gross profit margin reduction (from 6.38% to 6.22%) and lower sales. In the third quarter 2016, Gross profit equal to 26.2 million euro, was in line compared to the third quarter 2015.

Other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors.

Operating income (EBIT) equal to 11.8 million euro, showed a decrease of -45% compared to the same period of 2015 with an EBIT margin decreased from 1.54% to 0.87% also as a result of the reduction in the gross profit margin and higher operating costs, among which 2.9 million euro of non recurring costs for business combinations and the enlarging of a warehouse were sustained. EBIT in the third quarter 2016 registered a decrease of -98% reaching 0.1 million euro compared to 5.0 million euro of 2015 with an EBIT margin of 0.03% compared to 1.20% of the same period of 2015.

(euro/000)	30/09/2016	%	31/12/2015	%	Var.	*Var. %*
Fixed assets	110,153	35.04%	110,166	92.85%	(12)	*0%*
Operating net working capital	211,228	67.19%	18,333	15.45%	192,895	*1052%*
Other current assets/liabilities	3,455	1.10%	(1,055)	-0.89%	4,510	*-428%*
Other non-current assets/liabilities	(10,467)	-3.33%	(8,801)	-7.42%	(1,666)	*19%*
Total uses	**314,369**	**100.00%**	**118,643**	**100.00%**	**195,726**	***165%***
Short-term financial liabilities	120,118	38.21%	29,038	24.48%	91,080	*314%*
Current financial (assets)/liabilities for derivatives	327	0.10%	195	0.16%	132	*68%*
Financial receivables from factoring companies	(3,400)	-1.08%	(2,714)	-2.29%	(686)	*25%*
Financial (assets)/liab. from/to Group companies	(121,500)	-38.65%	(50,000)	-42.14%	(71,500)	*143%*
Other financial receivables	(480)	-0.15%	(507)	-0.43%	27	*-5%*
Cash and cash equivalents	(24,283)	-7.72%	(215,589)	-181.71%	191,306	*-89%*
Net current financial debt	(29,218)	-9.29%	(239,577)	-201.93%	210,359	*-88%*
Borrowings	48,919	15.56%	65,138	54.90%	(16,219)	*-25%*
Debts for investments in subsidiaries	5,113	1.63%	5,222	4.40%	(109)	*-2%*
Non-current financial (assets)/liab. for derivatives	219	0.07%	224	0.19%	(5)	*-2%*
Other financial receivables	(2,292)	-0.73%	(2,696)	-2.27%	405	*-15%*
Net Financial debt (A)	22,741	7.23%	(171,689)	-144.71%	194,430	*-113%*
Net equity (B)	291,628	92.77%	290,332	244.71%	1,296	*0%*
Total sources of funds (C=A+B)	**314,369**	**100.00%**	**118,643**	**100.00%**	**195,726**	***165%***

Operating net working capital as at 30 September 2016 was equal to 211.2 million euro, compared to 18.3 million euro as at 31 December 2015.

Net financial position as at 30 September 2016, was negative by 22.7 million euro, compared to a cash surplus of 171.7 million euro as at 31 December 2015. The impact of both 'without-recourse' sale and securization program of trade receivables as at 30 September 2016 was approx. 77 million euro (approx. 147 million euro as at 31 December 2015).

B.2) Esprinet Iberica

The main economic, financial and asset results for the Iberica Subgroup (Esprinet Iberica, Esprinet Portugal and Vinzeo) as at 30 September 2016 are hereby summarised:

(euro/000)	9 months 2016	%	9 months 2015	%	Var.	Var. %
Sales to third parties	599,673		445,213		154,460	*35%*
Intercompany sales	-		-		-	*100%*
Sales	**599,673**		**445,213**		154,460	***35%***
Cost of sales	(577,569)		(424,981)		(152,588)	*36%*
Gross profit	**22,104**	**3.69%**	**20,232**	**4.54%**	**1,872**	***9%***
Sales and marketing costs	(5,487)	-0.91%	(4,427)	-0.99%	(1,060)	*24%*
Overheads and administrative costs	(11,303)	-1.88%	(8,894)	-2.00%	(2,409)	*27%*
Operating income (EBIT)	**5,314**	**0.89%**	**6,911**	**1.55%**	**(1,597)**	***-23%***

(euro/000)	Q3 2016	%	Q3 2015	%	Var.	Var. %
Sales to third parties	282,164		160,317		121,847	76%
Intercompany sales	-		-		-	100%
Sales	**282,164**		**160,317**		**121,847**	**76%**
Cost of sales	(272,742)		(153,506)		(119,236)	78%
Gross profit	**9,422**	**3.34%**	**6,811**	**4.25%**	**2,611**	**38%**
Sales and marketing costs	(2,297)	-0.81%	(1,491)	-0.93%	(806)	54%
Overheads and administrative costs	(4,773)	-1.69%	(2,900)	-1.81%	(1,873)	65%
Operating income (EBIT)	**2,352**	**0.83%**	**2,420**	**1.51%**	**(68)**	**-3%**

Sales was equal to 599.7 million euro, showing an increase of +35% compared to 445.2 million euro of the first nine months 2015. Net of values from Vinzeo Company (consolidated since 1 July 2016) the increase would have been equal to +8%. In the third quarter sales increased by +76% (equal to 121.8 million euro) compared to the same period of 2015 (+1% net of Vinzeo).

Gross profit as at 30 September 2016 totalled 22.1 million euro, showing an increase of + 9% compared to 20.2 million euro of the same period of 2015 with a gross profit margin decreased from 4.54% to 3.69%. Net of Vinzeo value, gross profit would have been equal to 18.4 million euro, showing a decrease of -9% with a higher gross profit margin (3.83%). In the third quarter gross profit increased by 38% compared to the same period of previous year, notwithstanding an EBIT margin decreased from 4.25% to 3.34%. Gross profit margin net of Vinzeo was equal to 5.7 million euro (-16%).

Operating income (EBIT) equal to 5.3 million euro, showing a decrease of -1.6 million euro compared to the value of first nine months 2015, with an EBIT margin decreased reaching the value of 0.89% from 1.55%. Net of Vinzeo value, the decrease would have been equal to -42%. In the third quarter 2016 EBIT was equal to 2.4 million euro (1.1 million euro net of Vinzeo) compared to 2.4 million euro of the third quarter 2015, with an EBIT margin decreased from 1.51% to 0.83% (0.66% net of Vinzeo).

(euro/000)	30/09/2016	%	31/12/2015	%	Var.	Var. %
Fixed assets	79,302	48.38%	65,562	96.63%	13,740	21%
Operating net working capital	102,743	62.68%	16,336	24.08%	86,407	529%
Other current assets/liabilities	(13,136)	-8.01%	(11,554)	-17.03%	(1,582)	14%
Other non-current assets/liabilities	(5,002)	-3.05%	(2,495)	-3.68%	(2,507)	100%
Total uses	**163,907**	**100.00%**	**67,849**	**100.00%**	**96,058**	**142%**
Short-term financial liabilities	17,783	10.85%	276	0.41%	17,507	6343%
Current financial (assets)/liabilities for derivatives	62	0.04%	-	0.00%	62	N.S.
Financial (assets)/liab. from/to Group companies	121,500	74.13%	50,000	73.69%	71,500	143%
Other financial receivables	(25,059)	-15.29%	-	0.00%	(25,059)	N.S.
Cash and cash equivalents	(57,388)	-35.01%	(64,500)	-95.06%	7,112	-11%
Net current financial debt	56,898	34.71%	(14,224)	-20.96%	71,122	-500%
Borrowings	20,134	12.28%	-	0.00%	20,134	N.S.
Debts for investments in subsidiaries	1,321	0.81%	-	0.00%	1,321	N.S.
Non-current financial (assets)/liab. for derivatives	112	0.07%	-	0.00%	112	N.S.
Net Financial debt (A)	78,465	47.87%	(14,224)	-20.96%	92,689	-652%
Net equity (B)	85,442	52.13%	82,073	120.96%	3,369	4%
Total sources of funds (C=A+B)	**163,907**	**100.00%**	**67,849**	**100.00%**	**96,058**	**142%**

Operating net working capital as at 30 September 2016 was equal to 102.7 million euro, compared to 16.3 million euro as at 31 December 2015.

Net financial position as at 30 September 2016, was negative by 78.5 million euro, compared to a cash surplus of 14.2 million euro as at 31 December 2015. The impact of 'without-recourse' sale of both trade receivables as at 30 September 2016 was approx. 172 million euro (approx. 140 million euro as at 31 December 2015).

C) Separate income statement by legal entity

Find below the separate income statement showing the contribution of each legal entities as considered significant.[3]
Should be highlighted that business combination effects started from 9 April 2016 with respect to EDSlan S.r.l. and from 1 July 2016 with respect Vinzeo Technologies S.A.U.:

	9 months 2016										
(euro/000)	Italy					Iberian Pen.				Elim. and other	Group
	E.Spa + V-Valley	Celly*	EDSlan	Elim. and other ITA	Total	E.Iberica + E.Portugal	Vinzeo	Elim. and other IBE	Total		
Sales to third parties	1,275,024	19,423	31,691	-	1,326,138	479,685	119,988	-	599,673	-	1,925,811
Intersegment sales	34,241	1,170	817	(3,096)	33,132	623	238	(861)	-	(33,132)	-
Sales	**1,309,265**	**20,593**	**32,508**	**(3,096)**	**1,359,270**	**480,308**	**120,226**	**(861)**	**599,673**	**(33,132)**	**1,925,811**
Cost of sales	(1,238,853)	(11,206)	(27,763)	3,152	(1,274,670)	(461,917)	(116,512)	861	(577,569)	33,055	(1,819,184)
Gross profit	**70,412**	**9,387**	**4,745**	**56**	**84,600**	**18,391**	**3,714**	**-**	**22,104**	**(77)**	**106,627**
Gross Profit %	*5.4%*	*45.6%*	*14.6%*		*6.2%*	*3.8%*	*3.1%*		*3.7%*		*5.5%*
Other incomes	-	-	2,677	-	2,677	-	-	-	-	-	2,677
Sales and marketing costs	(21,532)	(6,031)	(2,617)	5	(30,175)	(4,652)	(835)	-	(5,487)	(18)	(35,680)
Overheads and admin. costs	(40,474)	(2,651)	(2,218)	-	(45,343)	(9,748)	(1,554)	-	(11,303)	23	(56,623)
Operating income (Ebit)	**8,406**	**705**	**2,587**	**61**	**11,759**	**3,991**	**1,325**	**-**	**5,314**	**(72)**	**17,001**
EBIT %	*0.6%*	*3.4%*	*8.0%*		*0.9%*	*0.8%*	*1.1%*		*0.9%*		*0.9%*
Finance costs - net											(2,144)
Share of profits of associates											1
Profit before income tax											**14,858**
Income tax expenses											(3,073)
Profit from continuing operations											**11,785**
Income/(loss) from disposal groups											-
Net income											**11,785**
- of which attributable to non-controlling interests											94
- of which attributable to Group											11691

[3] The companies V-Valley S.r.l., as just an Esprinet S.p.A. 'commission sales agent' and Esprinet Portugal Lda because set up in June 2015 and not yet significant, are not showed separately.

(euro/000)	9 months 2015						
	Italy				Iberian Pen.	Elim. and other	Group
	E.Spa + V-Valley	Celly*	Elim. and other	Total	E. Iberica + E. Portugal		
Sales to third parties	1,343,203	17,101	-	1,360,304	445,213	-	1,805,517
Intersegment sales	32,557	1,531	(1,919)	32,169	-	(32,169)	-
Sales	**1,375,760**	**18,632**	**(1,919)**	**1,392,473**	**445,213**	**(32,169)**	**1,805,517**
Cost of sales	(1,295,375)	(10,031)	1,757	(1,303,649)	(424,981)	32,136	(1,696,494)
Gross profit	**80,385**	**8,601**	**(162)**	**88,824**	**20,232**	**(33)**	**109,023**
Gross margin %	*5.8%*	*46.2%*		*6.4%*	*4.5%*		*6.0%*
Other income	-	-	-	-	-	-	-
Sales and marketing costs	(20,581)	(7,047)	32	(27,596)	(4,427)	(53)	(32,076)
Overheads and admin. costs	(36,587)	(3,164)	(12)	(39,763)	(8,894)	66	(48,591)
Operating income (Ebit)	**23,217**	**(1,610)**	**(142)**	**21,465**	**6,911**	**(20)**	**28,356**
EBIT %	*1.7%*	*-8.6%*		*1.5%*	*1.6%*		*1.6%*
Finance costs - net							(3,071)
Share of profits of associates							(7)
Profit before income tax							**25,278**
Income tax expenses							(7,522)
Net income							**17,756**
- of which attributable to non-controlling interests							(236)
- of which attributable to Group							17,992

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

3.4 Notes to consolidated income statement items

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

33) Sales

The following provides a breakdown of the Group's sales performance during the period.

Sales by geographical segment

(euro/million)	9 months 2016	%	9 months 2015	%	Var.	% Var.	Q3 2016	%	Q3 2015	%	Var.	% Var.
Italy	1,304.8	67.8%	1,345.2	74.5%	(40.4)	-3.0%	392.0	57.6%	403.7	71.0%	(11.8)	-2.9%
Spain	582.7	30.3%	422.3	23.4%	160.4	38.0%	274.1	40.3%	151.0	26.5%	123.1	81.5%
Other EU countries	23.0	1.2%	32.3	1.8%	(9.3)	-28.9%	10.0	1.5%	11.5	2.0%	(1.5)	-13.1%
Extra EU countries	15.3	0.8%	5.6	0.3%	9.7	173.9%	4.8	0.7%	2.8	0.5%	2.0	69.7%
Group sales	**1,925.8**	**100.0%**	**1,805.4**	**100.0%**	**120.4**	**6.7%**	**680.8**	**100.0%**	**569.0**	**100.0%**	**111.8**	**19.6%**

Sales in other EU countries mainly refer to sales made by the Spanish subsidiary to customers resident in Portugal. Sales to extra E.U. countries refer mainly to the sales to clients whose residence is in the Republic of San Marino.

Sales by products and services

(euro/million)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
Product sales	1,315.2	68.3%	1,354.3	75.0%	-3%	395.3	58.1%	407.2	71.6%	-3%
Services sales	10.9	0.6%	6.0	0.3%	*82%*	3.4	0.5%	1.6	0.3%	*113%*
Sales - Subgroup Italy	**1,326.1**	**68.9%**	**1,360.3**	**75.3%**	***-3%***	**398.7**	**58.6%**	**408.8**	**71.8%**	***-2%***
Product sales	599.0	31.1%	445.2	24.7%	*35%*	281.8	41.4%	160.3	28.2%	*76%*
Services sales	0.7	0.0%	-	0.0%	*0%*	0.4	0.1%	-	0.0%	*0%*
Sales - Subgroup Spain	**599.7**	**31.1%**	**445.2**	**24.7%**	***35%***	**282.2**	**41.4%**	**160.3**	**28.2%**	***76%***
Group sales	**1,925.8**	**100.0%**	**1,805.5**	**100.0%**	***7%***	**680.9**	**100.0%**	**569.1**	**100.0%**	***20%***

Sales by product family and customer type

(euro/million)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
Dealers	542.0	28.1%	517.2	0.3	4.8%	185.5	27.3%	165.2	29.0%	12.3%
GDO/GDS	497.5	25.8%	456.3	0.3	9.0%	204.5	30.1%	164.8	29.0%	24.1%
Vars	369.9	19.2%	311.4	0.2	18.8%	130.4	19.2%	81.4	14.3%	60.2%
Office/Consumables dealers	257.6	13.4%	297.7	0.2	-13.5%	76.4	11.2%	86.1	15.1%	-11.2%
Shop on-line	169.7	8.8%	140.0	0.1	21.2%	58.4	8.6%	43.8	7.7%	33.3%
Sub-distributors	89.0	4.6%	82.9	0.0	7.3%	24.9	3.7%	27.8	4.9%	-10.6%
Group Sales	**1,925.8**	**100%**	**1,805.5**	**100%**	***7%***	**680.1**	**100%**	**569.1**	**100%**	***20%***

(euro/million)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
PCs - notebooks	470.6	24.4%	369.3	20.5%	*27%*	199.2	29.3%	129.3	22.7%	*54%*
TLC	329.0	17.1%	350.5	19.4%	*-6%*	135.0	19.8%	107.2	18.8%	*26%*
PCs - desktops and monitors	196.2	10.2%	177.9	9.9%	*10%*	59.0	8.7%	56.1	9.9%	*5%*
Consumables	166.7	8.7%	176.5	9.8%	*-6%*	50.0	7.3%	51.6	9.1%	*-3%*
Consumer electronics	179.1	9.3%	176.3	9.8%	*2%*	60.3	8.9%	60.4	10.6%	*0%*
PCs - tablets	134.1	7.0%	120.1	6.7%	*12%*	43.4	6.4%	35.1	6.2%	*24%*
Storage	87.2	4.5%	85.9	4.8%	*1%*	28.9	4.2%	25.7	4.5%	*12%*
Peripherical devices	87.2	4.5%	85.4	4.7%	*2%*	26.5	3.9%	26.4	4.6%	*1%*
Software	84.0	4.4%	72.7	4.0%	*16%*	25.6	3.8%	21.4	3.8%	*20%*
Networking	46.1	2.4%	37.4	2.1%	*23%*	4.3	0.6%	13.9	2.4%	*-69%*
Servers	40.0	2.1%	34.1	1.9%	*17%*	13.0	1.9%	11.3	2.0%	*15%*
Services	17.6	0.9%	14.0	0.8%	*26%*	5.2	0.8%	4.3	0.8%	*22%*
Other	87.9	4.6%	105.4	5.8%	*-17%*	30.4	4.5%	26.4	4.6%	*15%*
Group sales	**1,925.8**	**100%**	**1,805.5**	**100%**	***7%***	**680.8**	**100%**	**569.1**	**100%**	***20%***

The sales analysis by customer type shows an improvement in the channels 'GDO/GDS' (+9%), 'Shop on-line' (+21%) and 'Sub-distribution' (+7%), as well as in large business customers ('VAR-Value Added Reseller', +19%) and in small-medium business customers ('Dealer', +5%) as compared to the first nine months 2015, 'Office/consumables dealers' channel showed a decrease of -13%.

In the third quarter, a stronger growth can be highlighted, driven by large business customers ('VAR-Value Added Reseller', +60%) and by small-medium business customers ('Dealer', +12%). A significant growth can also be noted in the 'Shop-online' (+33%) and 'GDO/GDS' (+24%) channels.

However both 'Office/consumables' channel and 'GDO/GDS' channel showed a decrease of -11% each. The analysis by product highlights a significant increase in 'PC-notebook' (+27%), 'Service' (+26%) and 'Networking' (+23%) categories.

The categories 'Pc – desktop and monitor' (+10%), 'Pc – tablet' (+12%), 'software' (+16%) and 'server' (+17%) show positive results, as opposed to the negative trend of 'TLC' (-6%), and 'Consumables' (-6%).

The third quarter analysis also shows good performance of the categories 'Pc - notebook' (+54%), 'Pc – tablet' (+24%), 'services' (+22%) and 'software' (+20%), while 'TLC' (+26%) highlights a trend reversal moving from a negative to a positive results in the third quarter. On the contrary, the 'Networking' category shows a negative performance (-69%).

35) <u>Gross profit</u>

(euro/000)	9 months 2016	%	9 months 2015	%	% *Var.*	Q3 2016	%	Q3 2015	%	% *Var.*
Sales	1,925,811	100.00%	1,805,517	100.00%	*7%*	680,836	100.00%	569,128	100.00%	*20%*
Cost of sales	1,819,184	94.46%	1,696,494	93.96%	*7%*	644,971	94.73%	535,970	94.17%	*20%*
Gross profit	**106,627**	**5.54%**	**109,023**	**6.04%**	***-2%***	**35,865**	**5.27%**	**33,158**	**5.83%**	***8%***

Consolidated Gross profit equal to 106.6 million euro showed a decrease of -2% (-2.4 million euro) compared to the same period of 2015 as consequence of a decrease in the gross profit margin. In the third quarter gross profit, equal to 35.9 million euro, increased by +8% compared to same period of previous year.

50) <u>Other income</u>

(euro/000)	9 months 2016	%	9 months 2015	%	% *Var.*
Sales	1,925,811		1,805,517		*7%*
Other income	(2,677)	-0.14%	0	0.00%	

Other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors.

37-38) Operating costs

(euro/000)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
Sales	**1,925,811**		**1,805,517**		***7%***	**680,836**		**569,128**		***20%***
Sales and marketing costs	35,680	1.85%	32,076	1.78%	*11%*	12,816	1.88%	10,108	1.78%	*27%*
Overheads and administrative costs	56,623	2.94%	48,591	2.69%	*17%*	20,359	2.99%	15,603	2.74%	*30%*
Operating costs	**92,303**	**4.79%**	**80,667**	**4.47%**	***14%***	**33,175**	**4.87%**	**25,711**	**4.52%**	***29%***
- of which non recurring	3,056	0.16%	657	0.04%	*365%*	4,311	0.63%	-	0.00%	*0%*
'Recurring' operating costs	**89,247**	**4.63%**	**80,010**	**4.43%**	***12%***	**28,864**	**4.24%**	**25,711**	**4.52%**	***12%***

During the first nine months of 2016, operating costs, amounting to 92.3 million euro, increased by 11.6 million euro compared to the same period of 2015. This change is mainly due (approx. 8.0 million euro) to the increase in 'administrative and general costs'.

During the first nine months of 2016, miscellaneous non-recurring costs were displayed amounting to 3.1 million euro as follows: 2.1 million euro for consultancy, commissions and registration fees referring to business combination transactions both in Italy (EDSlan S.r.l.) and in Spain (Vinzeo Technologies S.A.U.) as well as to the acquisition of the business 'VAD-Value Added Distributor' from the Itway Group, whose binding agreement was signed on 21 October 2016; while the remaining 1 million euro referred to the expenses occurred in Italy relating to the enlargement of the logistic hub in Cavenago and to the new warehouse setting-up in Saragoza - Spain.

In the same period of 2015 key personnel termination indemnities in the parent company (equal to 657 thousand euro) were identified as non-recurring items.

The operating costs incidence on sales increased from 4.44% in 2015 to 4.79% in 2016.

Reclassification by nature of some categories of operating costs

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

Labour costs and number of employees

(euro/000)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
Sales	**1,925,811**		**1,805,517**		***7%***	**680,836**		**569,128**		***20%***
Wages and salaries	29,012	1.51%	25,045	1.39%	*16%*	9,840	1.45%	7,655	1.35%	*29%*
Social contributions	8,525	0.44%	7,522	0.42%	*13%*	3,012	0.44%	2,334	0.41%	*29%*
Pension obligations	1,576	0.08%	1,507	0.08%	*5%*	523	0.08%	514	0.09%	*2%*
Other personnel costs	735	0.04%	652	0.04%	*13%*	253	0.04%	222	0.04%	*14%*
Employee termination incentives	35	0.00%	916	0.05%	*-96%*	24	0.00%	102	0.02%	*-76%*
Share incentive plans	462	0.02%	227	0.01%	*104%*	154	0.02%	154	0.03%	*0%*
Total labour costs [(1)]	**40,345**	**2.09%**	**35,869**	**1.99%**	***12%***	**13,806**	**2.03%**	**10,981**	**1.93%**	***26%***

(1) Cost of temporary workers excluded.

In the first nine months 2016 labour costs amount to 40.3 million euro, increasing by +12% (+4.4 million euro) compared to the same period of previous year, and mainly attributable to a wider perimeter as a result of both the establishment of the company EDSlan S.r.l. in Italy, that acquired a business unit with 95 employees from the pre-existing company, EDSlan S.p.A. on 8 April, and the acquisition of Spanish Vinzeo Technologies S.A.U. on 1 July having 157 employees.

Besides, the cost increase results from a staff expansion also in the other Group companies, partially offset by lower charges due to both business reorganisation and disposal of the 'Rosso Garibaldi' business by Celly group, which both occurred in 2015.

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

	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	18	662	2	**682**	
Celly S.p.A.	1	43	-	**44**	
V-Valley S.r.l.	-	-	-	**-**	
Celly Pacific LTD	-	3	-	**3**	
Celly Swiss SAGL	-	-	-	**-**	
Celly Nordic OY	-	3	-	**3**	
EDSlan S.r.l.	4	80	5	**89**	
Subgroup Italy	**23**	**791**	**7**	**821**	**762**
Esprinet Iberica S.L.U.	-	265	53	**318**	
Esprinet Portugal Lda	-	8	-	**8**	
Vinzeo Technologies S.A.U.	-	133	24	**157**	
Subgroup Spain	**-**	**406**	**77**	**483**	**398**
Group as at 30 September 2016	**23**	**1,197**	**84**	**1,304**	**1,160**
Group as at 31 December 2015	**19**	**945**	**52**	**1,016**	**993**
Var 30/09/2016 - 31/12/2015	4	252	32	288	167
Var %	21%	27%	62%	28%	17%
Group as at 30 September 2015	**19**	**956**	**49**	**1,024**	**997**
Var 30/09/2016 - 30/09/2015	4	241	35	280	163
Var %	21%	25%	71%	27%	16%

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

The number of employees at period end increased by 280 units compared to 30 September 2015, while the average headcount in the first nine months of this year increased by 163 units compared to the same period of the previous year.

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
Sales	**1,925,811**		**1,805,517**		***7%***	**680,836**		**569,128**		***20%***
Depreciation of tangible assets	2,489	0.13%	2,047	0.11%	*22%*	899	0.13%	750	0.13%	*20%*
Amortisation of intangible assets	390	0.02%	446	0.02%	*-13%*	144	0.02%	143	0.03%	*0%*
Amort . & depreciation	**2,879**	**0.15%**	**2,493**	**0.14%**	***16%***	**1,043**	**0.15%**	**893**	**0.16%**	***17%***
Write-downs of fixed assets	-	0.00%	-	0.00%	*0%*	-	0.00%	-	0.00%	***0%***
Amort. & depr., write-downs (A)	**2,879**	**0.15%**	**2,493**	**0.14%**	***16%***	**1,043**	**0.15%**	**893**	**0.16%**	***17%***
Accruals for risks and charges (B)	638	0.03%	492	0.03%	*30%*	327	0.05%	168	0.03%	*95%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**3,517**	**0.18%**	**2,985**	**0.17%**	***18%***	**1,370**	**0.20%**	**1,061**	**0.19%**	***29%***

42) Finance costs – net

(euro/000)	9 months 2016	%	9 months 2015	%	% Var.	Q3 2016	%	Q3 2015	%	% Var.
Sales	**1,925,811**		**1,805,517**		***7%***	**680,836**		**569,128**		***20%***
Interest expenses on borrowings	1,629	0.08%	1,431	0.08%	*14%*	621	0.09%	509	0.09%	*22%*
Interest expenses to banks	353	0.02%	403	0.02%	*-12%*	244	0.04%	220	0.04%	*11%*
Other interest expenses	15	0.00%	21	0.00%	*-29%*	-	0.00%	-	0.00%	*NA*
Upfront fees amortisation	285	0.01%	305	0.02%	*-7%*	92	0.01%	103	0.02%	*-11%*
Interest on shareholdings acquired	-	0.00%	90	0.00%	*NA*	-	0.00%	84	0.01%	*NA*
IAS 19 expenses/losses	63	0.00%	49	0.00%	*29%*	22	0.00%	16	0.00%	*38%*
IFRS financial lease interest expenses	-	0.00%	1	0.00%	*NA*	-	0.00%	-	0.00%	*NA*
Derivatives ineffectiveness	19	0.00%	-	0.00%	*NA*	19	0.00%	-	0.00%	*NA*
Total financial expenses (A)	**2,364**	**0.12%**	**2,300**	**0.13%**	***3%***	**998**	**0.15%**	**932**	**0.16%**	***7%***
Interest income from banks	(96)	-0.01%	(278)	-0.02%	*-65%*	(36)	-0.01%	(58)	-0.01%	*-38%*
Interest income from others	(92)	0.00%	(124)	-0.01%	*-26%*	(30)	0.00%	(64)	-0.01%	*-53%*
Changes in debts from investments in subsidiaries	(109)	-0.01%	-	0.00%	*NA*	23	0.00%	-	0.00%	*NA*
Total financial income(B)	**(297)**	**-0.02%**	**(402)**	**-0.02%**	***-26%***	**(43)**	**-0.01%**	**(122)**	**-0.02%**	***-65%***
Net financial exp. (C=A+B)	**2,067**	**0.11%**	**1,898**	**0.11%**	***9%***	**955**	**0.14%**	**810**	**0.14%**	***18%***
Foreign exchange gains	(660)	-0.03%	(748)	-0.04%	*-12%*	(61)	-0.01%	(71)	-0.01%	*-14%*
Foreign exchange losses	737	0.04%	1,921	0.11%	*-62%*	149	0.02%	197	0.03%	*-24%*
Net foreign exch. (profit)/losses (D)	**77**	**0.00%**	**1,173**	**0.06%**	***-93%***	**88**	**0.01%**	**126**	**0.02%**	***-30%***
Net financial (income)/costs (E=C+D)	**2,144**	**0.11%**	**3,071**	**0.17%**	***-30%***	**1,043**	**0.15%**	**936**	**0.16%**	***11%***

The negative balance of 2.1 million euro between financial income and charges shows an improvement (-1.0 million euro) compared to the same period of previous year.

The abovementioned trend was mainly due to the positive impact of the foreign exchange management, which recorded a net loss of 0.1 million euro in the first nine months 2016 as compared to a loss of 1.2 million euro in the same period 2015.

Net interest to banks, negative by 2.2 million euro, shows a worsening of 0.3 million euro compared to the same period of previous year (-1.9 million euro as at 30 September 2015) mainly as a consequence of an increase in the average debt levels to banks, only partially counterbalanced by a decline in rates as compared to the same period of previous year.

As at 30 September 2016, the amount of the item 'Changes in debts from investments in subsidiaries', amounting to +0.1 million euro, relates to the discounting of the potential consideration referred to the acquisition of 20% in Celly shares.

45) Income tax expenses

(euro/000)	9 months 2016	%	9 months 2015	%	% *Var.*	Q3 2016	%	Q3 2015	%	% *Var.*
Sales	1,925,811		1,805,517		*7%*	680,836		569,128		*20%*
Current and deferred taxes	3,073	0.16%	7,522	0.42%	*-59%*	220	0.03%	1,995	0.35%	*-89%*
Profit before taxes	14,858		25,278			1,647		6,508		
Tax rate	21%		30%			13%		31%		

Income taxes, amounting to 3.1 million euro, decreased by 59% compared to the first nine months of 2015, mainly as a consequence of 2.7 million euro untaxed income arising from the asset deal effected by the Italian subsidiary EDSlan S.r.l.. Net of the above mentioned event, the tax rate amounts to 25%, still decreasing compared to the first nine months of 2015, thanks to both a lower taxable income and to the lower estimated tax rate for the period.

46) Net income and earnings per share

(euro/000)	9 months 2016	9 months 2015	Var.	% *Var.*	Q3 2016	Q3 2015	Var.	% *Var.*
Net income	11,785	17,756	(5,971)	*-34%*	1,427	4,513	(3,086)	*-68%*
Weighed average no. of shares in circulation: basic	51,757,451	51,686,903			51,757,451	52,062,199		
Weighed average no. of shares in circulation: diluted	52,023,592	51,829,550			52,070,376	52,277,786		
Earnings per share in euro - basic	0.23	0.35	(0.12)	*-34%*	0.03	0.09	-0.06	*-67%*
Earnings per share in euro - diluted	0.22	0.35	(0.13)	*-37%*	0.03	0.09	-0.06	*-67%*

No own shares held in portfolio were used to calculate the 'basic' earnings per share.

The potential shares involved in the stock grant plan approved on 30 April 2015 by the Esprinet S.p.A. Shareholders' meeting, resulting in the free assignment of 646,889 rights to receive Esprinet S.p.A. ordinary shares, were used in the calculation of the 'diluted' profit per share.

4. Consolidated statement of financial position and notes

4.1 Consolidated statement of financial position

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

(euro/000)	30/09/2016	related parties	31/12/2015	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	14,118		12,130	
Goodwill	85,206		75,246	
Intangible assets	1,031		664	
Investments in associates	39		47	
Deferred income tax assets	10,594		8,347	
Receivables and other non-current assets	6,065	1,286	7,345	1,285
	117,079	**1,286**	**103,779**	**1,285**
Current assets				
Inventory	358,844		305,455	
Trade receivables	300,905	6	251,493	13
Income tax assets	2,672		3,490	
Other assets	49,377	-	17,509	-
Cash and cash equivalents	81,671		280,089	
	793,469	**6**	**858,036**	**13**
Disposal groups assets	-		-	
Total assets	**910,548**	**1,292**	**961,815**	**1,298**
EQUITY				
Share capital	7,861		7,861	
Reserves	281,719		258,626	
Group net income	11,691		30,321	
Group net equity	**301,271**		**296,808**	
Non-controlling interests	878		797	
Total equity	**302,149**		**297,605**	
LIABILITIES				
Non-current liabilities				
Borrowings	69,053		65,138	
Derivative financial liabilities	354		224	
Deferred income tax liabilities	7,258		4,757	
Retirement benefit obligations	5,078		4,044	
Debts for investments in subsidiaries	5,113		5,222	
Provisions and other liabilities	3,133		2,495	
	89,989		**81,880**	
Current liabilities				
Trade payables	346,006	-	522,436	-
Short-term financial liabilities	137,901		29,314	
Income tax liabilities	175		751	
Derivative financial liabilities	389		195	
Debiti per acquisto partecipazioni correnti	1,321		-	
Provisions and other liabilities	32,618	-	29,634	-
	518,410	**-**	**582,330**	**-**
Disposal groups liabilities	-		-	
Total liabilities	**608,399**	**-**	**664,210**	**-**
Total equity and liabilities	**910,548**	**-**	**961,815**	**-**

(*) For further details on operations with related parties, see the related section in the 'Interim Management Statement'.

4.2 Notes to the most significant statement of financial position items

4.2.1 Gross investments

(euro/000)	30/09/2016			31/12/2015
	Esprinet Group	Subgroup Italy	Subgroup Iberian	Esprinet Group
Plant and machinery	1,957	387	1,569	1,230
Ind. And comm. Equipment & Other assets	3,994	2,181	1,813	3,505
Assets under construction and advances	1,008	693	315	549
Total Property, plant and equipment	**6,959**	**3,262**	**3,697**	**5,285**
Start-up and expansion costs	-	-	-	-
Industrial patents and intellectual rights	1,677	521	1,157	447
Licences, concessions, brand names and similar rights	11	-	11	-
Assets under construction and advances	380	380	-	-
Total intangible asstes	**2,068**	**901**	**1,168**	**447**
Total gross investments	**9,027**	**4,163**	**4,864**	**5,731**

Investments in 'Plant and machinery' as at 30 September 2016 refer for approx.1.0 million euro to the first consolidation of Vinzeo Technologies S.A.U. acquired by the subsidiary Esprinet Iberica SLU on 1 July 2016, and for the residual amount to new assets acquisition by both the parent company Esprinet S.p.A. for the operation of the new logistic hub in Cavenago and the subsidiary Esprinet Iberica SLU for the new warehouse in Saragoza.

Investments in 'Industrial & commercial equipment & other assets' refer for 0.8 million euro to the new business acquired by the subsidiary EDSlan S.r.l. on 8 April 2016, and for 1.2 million euro to the first consolidation of Vinzeo Technologies S.A.U.. Besides, 1.4 million euro refer to office electronic machines purchased by the parent company Esprinet S.p.A..

Investments in assets under construction refer for 0.3 million euro to the subsidiary Esprinet Iberica works already performed but not yet completed as at 30 September 2016 relating to the new warehouse in Saragoza and for 0.7 million euro to both new assets acquisition and works on assets not yet operating mainly for the logistic site enlargement of Cavenago by the parent company Esprinet S.p.A..

Investments in 'Industrial patents and intellectual rights' refer for 1.2 million euro to contribution generated by Vinzeo Technologies S.A.U. first consolidation and for 0.4 million euro to the contribution generated by EDSlan S.r.l. first consolidation.

4.2.2 Net financial position and covenants

(euro/000)	30/09/2016	31/12/2015	Var.	30/09/2015	Var.
Short-term financial liabilities	137,901	29,314	108,587	64,917	72,984
Current financial (assets)/liabilities for derivatives	389	195	194	217	172
Financial receivables from factoring companies	(3,400)	(2,714)	(686)	(600)	(2,800)
Other financial receivables	(25,539)	(507)	(25,033)	(475)	(25,065)
Cash and cash equivalents	(81,671)	(280,089)	198,418	(69,530)	(12,141)
Net current financial debt	**27,680**	**(253,801)**	**281,480**	**(5,471)**	**33,150**
Borrowings	69,053	65,138	3,915	61,090	7,963
Debts for investments in subsidiaries	6,434	5,222	1,212	4,933	1,501
Non-current financial (assets)/liabilities for derivatives	331	224	107	154	177
Other financial receivables	(2,292)	(2,696)	405	(2,696)	405
Net financial debt	**101,206**	**(185,913)**	**287,119**	**58,010**	**43,196**

For the definition of financial payables please see the paragraph 'Principal accounting definitions and estimates' in the consolidated accounts as at 31 December 2015.

The Group's net financial position, negative in the amount of 101.2 million euro, corresponds to a net balance of gross financial debts of 207.0 million euro, 'Financial receivables from factoring companies' totalling 3.4 million euro, 'Financial receivables from others' equal to 27.8 million euro (25.1 of which referring to time deposits having a maturity longer than 3 months), 'Debts for investments in subsidiaries' equal to 6.4 million euro, 'Cash and cash equivalents' equal to 81.7 million euro and 'Current financial liabilities for derivatives' of 0.7 million euro.

The liquid assets mainly consist of free and unrestricted bank deposits of a transitional nature as they are formed temporarily at the end of the month as a result of the Group's distinctive financial cycle.
A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the non-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the spot figure at the end of a period does not represent the net financial borrowings or the average treasury resources for the same period.

The without-recourse sale of account receivables revolving programme focusing on selected customer segments continued during 2016 both in Italy and in Spain as part of the processes aimed at the structural optimisation of the management of working capital. In addition, in July 2015 a securitization program of other trade receivables was started in Italy. This program is aimed at transferring risks and rewards to the buyer thus receivables sold are eliminated from balance sheet according to IAS 39. The overall effect on the levels of financial debt as at 30 September 2016 is approx. 182 million euro (approx. 287 million euro as at 31 December 2015).

4.2.3 Goodwill

Goodwill amounts to 85.2 million euro and shows an increase of +10.0 million euro compared to 75.2 million euro as at 31 December 2015. The variation refers for 7.5 million euro to the accounting of the goodwill deriving from the first consolidation of Vinzeo Technologies SAU by the subsidiary Esprinet Iberica SLU and for 2.5 million euro from the contribution of the existing goodwill in Vinzeo accounts.

The following table summarises the goodwill allocations to the 3 CGUs (Cash Generating Units), in accordance with the operating segments identified in the Segment Information required by IFRS, and relationships between these operating segments and the legal entities which form the Group:

(euro/000)	30/09/2016	31/12/2015		
Esprinet S.p.A.	11,492	11,492	CGU 1	Distribution B2B of Information Technology and Consumer Electronics (Italy)
Celly S.p.A	4,153	4,153	CGU 1	Distribution B2B of Information Technology and Consumer Electronics (Italy)
Esprinet Iberica S.L.U.	69,561	59,601	CGU 3	Distribution B2B of Information Technology and Consumer Electronics (Spain)
Total	**85,205**	**75,246**		

The annual impairment test, required by IAS 36, was carried out in reference to the financial statements as at 31 December 2015 and no impairment loss emerged with reference to the CGUs existing at that date.

IAS 36 also requires the goodwill impairment test to be effected more frequently whenever 'triggering events' occur (i.e. indications of loss of value). However, as no such indicators appeared in the period between the annual impairment test in March 2016 and the date this financial report was drafted, no other impairment tests were conducted as at 30 September 2016.
Similarly, no triggering events referring to the goodwill arising from the acquisition of Vinzeo Technology SAU appeared between its acquisition date (1 July 2016) and the date of these financial statements.
In the light of above, the goodwill values booked as at 31 December 2015 and in these financial statements, together with the goodwill amount referring to Vinzeo Technologies SAU recorded during 2016, are confirmed.

Further information regarding 'Goodwill' and the impairment test methods used can be found in the notes to the consolidated financial statements as at 31 December 2015 as well as to the half-yearly financial statements as at 30 June 2016.

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 2014	7,861	253,268	(13,070)	26,813	274,872	2,193	272,679
Total comprehensive income/(loss)	-	135	-	13,243	13,378	(335)	13,713
Allocation of last year net income/(loss)	-	20,410	-	(20,410)	-	-	-
Dividend payment	-	-	-	(6,403)	(6,403)	-	(6,403)
Transactions with owners	-	20,410	-	(26,813)	(6,403)	-	(6,403)
Increase/(decrease) in 'stock grant' plan reserve	-	304	-	-	304	-	304
Assignment of Esprinet own shares	-	(12,723)	12,723	-	-	-	-
Other variations	-	13	-	-	13	(22)	35
Balance at 30 September 2015	7,861	261,407	(347)	13,243	282,164	1,836	280,328
Balance at 31 December 2015	7,861	264,848	(5,145)	30,041	297,605	797	296,808
Total comprehensive income/(loss)	-	(626)	-	11,786	11,160	83	11,077
Allocation of last year net income/(loss)	-	22,277	-	(22,277)	-	-	-
Dividend payment	-	-	-	(7,764)	(7,764)	-	(7,764)
Transactions with owners	-	22,277	-	(30,041)	(7,764)	-	(7,764)
Change in 'stock grant' plan reserve	-	1,157	-	-	1,157	-	1,157
Other variations	-	(9)	-	-	(9)	(2)	(7)
Balance at 30 September 2016	7,861	287,647	(5,145)	11,786	302,149	878	301,271

6. Consolidated statement of cash flows[4]

(euro/000)	9 months 2016	9 months 2015
Cash flow provided by (used in) operating activities (D=A+B+C)	**(174,069)**	**(169,103)**
Cash flow generated from operations (A)	**18,425**	**30,998**
Operating income (EBIT)	17,001	28,356
Income from business combinations	(2,677)	-
Depreciation, amortisation and other fixed assets write-downs	2,879	2,493
Net changes in provisions for risks and charges	225	(262)
Net changes in retirement benefit obligations	(160)	(279)
Stock option/grant costs	1,157	690
Cash flow provided by (used in) changes in working capital (B)	**(189,303)**	**(192,324)**
Inventory	7,244	(87,070)
Trade receivables	56,087	89,780
Other current assets	(4,213)	(7,700)
Trade payables	(245,634)	(192,656)
Other current liabilities	(2,787)	5,322
Other cash flow provided by (used in) operating activities (C)	**(3,191)**	**(7,777)**
Interests paid, net	(1,086)	(878)
Foreign exchange (losses)/gains	(29)	(1,251)
Net results from associated companies	9	(11)
Income taxes paid	(2,085)	(5,637)
Cash flow provided by (used in) investing activities (E)	**(104,167)**	**(11,526)**
Net investments in property, plant and equipment	(3,945)	(3,891)
Net investments in intangible assets	(519)	(425)
Changes in other non current assets and liabilities	1,003	(5,220)
Celly business combination	-	(1,990)
EDSlan business combination	(17,065)	-
Vinzeo business combination	(83,641)	-
Cash flow provided by (used in) financing activities (F)	**79,818**	**24,985**
Medium/long term borrowing	-	10,000
Repayment/renegotiation of medium/long-term borrowings	(21,060)	(1,707)
Net change in financial liabilities	132,535	27,510
Net change in financial assets and derivative instruments	(25,013)	702
Deferred price Celly acquisition	-	(4,825)
Deferred price Vinzeo acquisition	1,321	-
Option on 40% Celly sharesd	-	68
Dividend payments	(7,764)	(6,403)
Increase/(decrease) in 'cash flow edge' equity reserve	(293)	(115)
Changes in third parties net equity	92	(245)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(198,418)**	**(155,644)**
Cash and cash equivalents at year-beginning	**280,089**	**225,174**
Net increase/(decrease) in cash and cash equivalents	**(198,418)**	**(155,644)**
Cash and cash equivalents at year-end	**81,671**	**69,530**

The detailed figures of both 'EDSlan acquisition' and 'Vinzeo acquisition' are displayed below, showing acquired assets and liabilities (measured at fair value at transaction date, i.e. on 8 April and 1 July 2016 respectively), gain or goodwill arisen and consideration paid (spot and forward) for each transaction.

[4] Effects of relationships with related parties are omitted as non-significant.

(euro/000)	EDSlan	Vinzeo
Fixed, intangible and financial assets	363	407
Goodwill	-	2,487
Deferred income tax assets	14	2,126
Derivative financial assets	-	41
Receivables and other non-current assets	16	120
Inventory	6,668	53,965
Trade receivables	29,006	76,493
Financial receivables	-	25,038
Other current assets	130	989
Cash and cash equivalents	3	18,620
Borrowings	(1,229)	(25,317)
Derivative financial liabilities (non-current)	-	(174)
Deferred income tax liabilities	-	(1,755)
Retirement benefit obligations	(632)	-
Other non-current liabilities	(413)	-
Trade payables	(13,286)	(55,870)
Short-term financial liabilities	(8,033)	(26,328)
Derivative financial liabilities (current)	-	(55)
Other current liabilities	(2,124)	(2,794)
Net assets fair value	**10,483**	**67,993**
Provisional icome from business combinations (1)	(2,677)	-
Provisional goodwill (1)	-	7,473
Cash paid	**7,806**	**75,466**
Cash and cash equivalets	3	18,620
Financial receivables	-	25,038
Financial liabilities	(9,262)	(51,645)
Derivative financial assets/(liabilities)	-	(188)
Net financial debts acquired	**(9,259)**	**(8,175)**
Cash paid	(7,806)	(75,466)
Deferred cash paid	-	(1,321)
Net cash outflow on acquisition	**(17,065)**	**(84,962)**

(1) The gain/goodwill from the business combination transaction may be revised within 12 months from the transaction date, as allowed by the IFRS3 accounting standard.

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

(euro/000)	9 months 2016	9 months 2015
Net financial debt at start of the year	**(185,913)**	**(130,284)**
Cash flow provided by (used in) operating activities	(174,069)	(169,103)
Cash flow provided by (used in) investing activities	(104,167)	(11,526)
Cash flow provided by (used in) changes in net equity	(7,965)	(6,695)
Total cash flow	**(286,201)**	**(187,324)**
Unpaid interests	(918)	(970)
Net financial position at end of year	**101,206**	**58,010**
Short-term financial liabilities	137,901	64,917
Customers financial receivables	(25,539)	(475)
Current financial (assets)/liabilities for derivatives	389	217
Financial receivables from factoring companies	(3,400)	(600)
Cash and cash equivalents	(81,671)	(69,530)
Net current financial debt	**27,680**	**(5,471)**
Borrowings	69,053	61,090
Debts for investments in subsidiaries	6,434	4,933
Non-current financial (assets)/liab. for derivatives	331	154
Customers financial receivables	(2,292)	(2,696)
Net financial debt at start of the year	**101,206**	**58,010**

7. Relationship with related parties

Group operations with related parties have been defined as per IAS 24 and were effected in compliance with current laws and according to mutual economic advantage.
Any products sold to individuals were done so under the same conditions as those usually applied to employees.
Operations among the parent company Esprinet S.p.A. and its subsidiaries included in the consolidation area were excluded from the interim consolidated financial statements and therefore they are not quoted in this section.

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

Services received mainly refer to leasing agreements entered into at market conditions in previous years with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site and M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.

As shown in the previous table, the total value of the aforementioned transactions is not material compared to the total volume of the Company's activities, however.

8. Segment information

8.1 Introduction

The Esprinet Group is organised in the geographical business areas of Italy and the Iberian Peninsula (operating segments) where it performs the business-to-business (B2B) distribution of Information Technology (IT) and consumer electronics.

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

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

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

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 as follows:

Separate income statement and other significant information by operating segment

(euro/000)	9 months 2016					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and other	Total	Distr. It & CE B2B		
Sales to third parties	1,326,138	-	1,326,138	599,673	-	1,925,811
Intersegment sales	33,132	-	33,132	-	(33,132)	-
Sales	**1,359,270**	**-**	**1,359,270**	**599,673**	**(33,132)**	**1,925,811**
Cost of sales	(1,274,732)	62	(1,274,670)	(577,569)	33,055	(1,819,184)
Gross profit	**84,538**	**62**	**84,600**	**22,104**	**(77)**	**106,627**
Gross Profit %	*6.22%*		*6.22%*	*3.69%*		*5.54%*
Other income	2,677	-	2,677	-	-	2,677
Sales and marketing costs	(30,175)	-	(30,175)	(5,487)	(18)	(35,680)
Overheads and admin. costs	(45,343)	-	(45,343)	(11,303)	23	(56,623)
Operating income (Ebit)	**11,697**	**62**	**11,759**	**5,314**	**(72)**	**17,001**
EBIT %	*0.86%*		*0.87%*	*0.89%*		*0.88%*
Finance costs - net						(2,144)
Share of profits of associates						1
Profit before income tax						**14,858**
Income tax expenses						(3,073)
Net income						**11,785**
- of which attributable to non-controlling interests						94
- of which attributable to Group						11,691
Depreciation and amortisation	2,267	-	**2,267**	**373**	238	**2,879**
Other non-cash items	3,315	-	**3,315**	**135**	-	**3,450**
Investments			**2,965**	**1,587**	-	**4,552**
Total assets			**738,079**	**372,358**	(199,889)	**910,548**

(euro/000)	9 months 2015					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and other	Total	Distr. It & CE B2B		
Sales to third parties	1,360,304	-	1,360,304	445,213	-	1,805,517
Intersegment sales	32,169	-	32,169	-	(32,169)	-
Sales	**1,392,473**	**-**	**1,392,473**	**445,213**	**(32,169)**	**1,805,517**
Cost of sales	(1,303,504)	(145)	(1,303,649)	(424,981)	32,136	(1,696,494)
Gross profit	**88,969**	**(145)**	**88,824**	**20,232**	**(33)**	**109,023**
Gross profit %	*6.4%*		*6.4%*	*4.5%*		*6.0%*
Other income	-	-	-	-	-	-
Sales and marketing costs	(27,596)	-	(27,596)	(4,427)	(53)	(32,076)
Overheads and admin. costs	(39,766)	3	(39,763)	(8,894)	66	(48,591)
Operating income (Ebit)	**21,607**	**(142)**	**21,465**	**6,911**	**(20)**	**28,356**
EBIT %	*1.6%*		*1.5%*	*1.6%*		*1.6%*
Finance costs - net						(3,071)
Share of profits of associates						(7)
Profit before income tax						**25,278**
Income tax expenses						(7,522)
Net income						**17,756**
- of which attributable to non-controlling interests						(236)
- of which attributable to Group						17,992
Depreciation and amortisation	2,042	-	**2,042**	**268**	183	**2,493**
Other non-cash items	2,625	-	**2,625**	**111**	-	**2,736**
Investments			**3,758**	**842**	-	**4,600**
Total assets			**654,324**	**198,188**	(128,470)	**724,042**

(euro/000)	Q3 2016					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and Other	Total	Distr. It & CE B2B		
Sales to third parties	398,672	-	398,672	282,164		680,836
Intersegment sales	8,925	-	8,925	-	(8,925)	-
Sales	**407,597**	**-**	**407,597**	**282,164**	**(8,925)**	**680,836**
Cost of sales	(381,367)	-	(381,367)	(272,742)	9,138	(644,971)
Gross profit	**26,230**	**-**	**26,230**	**9,422**	**213**	**35,865**
Gross Profit %	*6.44%*		*6.44%*	*3.34%*		*5.27%*
Other income	-	-	-	-	-	-
Sales and marketing costs	(10,518)	-	(10,518)	(2,297)	(1)	(12,816)
Overheads and admin. costs	(15,588)	-	(15,588)	(4,773)	2	(20,359)
Operating income (Ebit)	**124**	**-**	**124**	**2,352**	**214**	**2,690**
EBIT %	*0.03%*		*0.03%*	*0.83%*		*0.40%*
Finance costs - net						(1,043)
Share of profits of associates						-
Profit before income tax						**1,647**
Income tax expenses						(220)
Net income						**1,427**
- of which attributable to non-controlling interests						5
- of which attributable to Group						1,422
Depreciation and amortisation	806	-	806	**148**	89	**1,043**
Other non-cash items	1,220	-	1,220	**25**	-	**1,245**
Investments			883	**479**	-	**1,362**
Total assets			**738,079**	**372,358**	(199,889)	**910,548**

(euro/000)	Q3 2015					
	Italy			Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Elim. and Other	Total	Distr. It & CE B2B		
Sales to third parties	408,812	-	408,812	160,317		569,128
Intersegment sales	10,393	-	10,393	-	(10,393)	-
Sales	**419,205**	**-**	**419,205**	**160,317**	**(10,393)**	**569,128**
Cost of sales	(392,744)	(121)	(392,865)	(153,506)	10,401	(535,970)
Gross profit	**26,461**	**(121)**	**26,340**	**6,811**	**8**	**33,158**
Gross profit %	*6.3%*		*6.3%*	*4.2%*		*5.8%*
Other income	-	-	-	-	-	-
Sales and marketing costs	(8,655)	-	(8,655)	(1,491)	38	(10,108)
Overheads and admin. costs	(12,672)	3	(12,669)	(2,901)	(33)	(15,603)
Operating income (Ebit)	**5,134**	**(118)**	**5,016**	**2,419**	**13**	**7,447**
EBIT %	*1.2%*		*1.2%*	*1.5%*		*1.3%*
Finance costs - net						(936)
Share of profits of associates						(3)
Profit before income tax						**6,508**
Income tax expenses						(1,995)
Net income						**4,513**
- of which attributable to non-controlling interests						101
- of which attributable to Group						4,412
Depreciation and amortisation	713	-	713	**110**	70	**893**
Other non-cash items	1,019	-	1,019	**62**	-	**1,081**
Investments			1,499	**(8)**	-	**1,491**
Total assets			**654,324**	**198,188**	(128,470)	**724,042**

Statement of financial position by operating segments

(euro/000)	30/09/2016					
	Italy			Iberian Pen.		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	10,887	-	10,887	3,231	-	14,118
Goodwill	10,626	5,020	15,646	68,520	1,040	85,206
Intangible assets	1,003	-	1,003	28	-	1,031
Investments in associates	39	-	39	-	-	39
Investments in others	92,297	(16,494)	75,803	3	(75,803)	3
Deferred income tax assets	3,331	103	3,434	7,088	72	10,594
Derivative financial assets	382	(382)	-	23	-	23
Receivables and other non-current assets	5,633	-	5,633	432	-	6,065
	124,198	**(11,753)**	**112,445**	**79,325**	**(74,691)**	**117,079**
Current assets						
Inventory	230,623	(149)	230,474	128,598	(228)	358,844
Trade receivables	220,458	-	220,458	80,447	-	300,905
Income tax assets	2,557	101	2,658	14	-	2,672
Other assets	147,761	-	147,761	26,586	(124,970)	49,377
Cash and cash equivalents	24,283	-	24,283	57,388	-	81,671
	625,682	**(48)**	**625,634**	**293,033**	**(125,198)**	**793,469**
Disposal groups assets	-	-	-	-	-	-
Total assets	**749,880**	**(11,801)**	**738,079**	**372,358**	**(199,889)**	**910,548**
EQUITY						
Share capital	9,231	(1,370)	7,861	54,693	(54,693)	7,861
Reserves	291,035	(16,458)	274,577	27,268	(20,126)	281,719
Group net income	8,276	9	8,285	3,461	(55)	11,691
Group net equity	**308,542**	**(17,819)**	**290,723**	**85,422**	**(74,874)**	**301,271**
Non-controlling interests	-	905	905	20	(47)	878
Total equity	**308,542**	**(16,914)**	**291,628**	**85,442**	**(74,921)**	**302,149**
LIABILITIES						
Non-current liabilities						
Borrowings	48,919	-	48,919	20,134	-	69,053
Derivative financial liabilities	219	-	219	135	-	354
Deferred income tax liabilities	2,664	-	2,664	4,594	-	7,258
Retirement benefit obligations	5,078	-	5,078	-	-	5,078
Debts for investments in subsidiaries	-	5,113	5,113	-	-	5,113
Provisions and other liabilities	2,725	-	2,725	408	-	3,133
	59,605	**5,113**	**64,718**	**25,271**	**-**	**89,989**
Current liabilities						
Trade payables	239,704	-	239,704	106,302	-	346,006
Short-term financial liabilities	120,118	-	120,118	139,283	(121,500)	137,901
Income tax liabilities	73	-	73	102	-	175
Derivative financial liabilities	327	-	327	62	-	389
Debiti per acquisto partecipazioni correnti	-	-	-	1,321	-	1,321
Provisions and other liabilities	21,511	-	21,511	14,575	(3,468)	32,618
	381,733	**-**	**381,733**	**261,645**	**(124,968)**	**518,410**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**441,338**	**5,113**	**446,451**	**286,916**	**(124,968)**	**608,399**
Total equity and liabilities	**749,880**	**(11,801)**	**738,079**	**372,358**	**(199,889)**	**910,548**

(euro/000)	31/12/2015					
	Italy			Iberian Pen.		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	10,494	-	10,494	1,636	-	12,130
Goodwill	10,626	5,020	15,646	58,561	1,039	75,246
Intangible assets	620	-	620	44	-	664
Investments in associates	47	-	47	-	-	47
Investments in others	85,688	(9,955)	75,733	-	(75,733)	-
Deferred income tax assets	3,027	148	3,175	5,123	49	8,347
Derivative financial assets	369	(369)	-	-	-	-
Receivables and other non-current assets	7,147	-	7,147	198	-	7,345
	118,018	**(5,156)**	**112,862**	**65,562**	**(74,645)**	**103,779**
Current assets						
Inventory	218,526	(210)	218,316	87,296	(157)	305,455
Trade receivables	192,271	-	192,271	59,222	-	251,493
Income tax assets	3,388	102	3,490	-	-	3,490
Other assets	69,817	-	69,817	437	(52,745)	17,509
Cash and cash equivalents	215,589	-	215,589	64,500	-	280,089
	699,591	**(108)**	**699,483**	**211,455**	**(52,902)**	**858,036**
Disposal groups assets	-	-	-	-	-	-
Total assets	**817,609**	**(5,264)**	**812,345**	**277,017**	**(127,547)**	**961,815**
EQUITY						
Share capital	9,131	(1,270)	7,861	54,693	(54,693)	7,861
Reserves	269,558	(9,703)	259,855	18,798	(20,027)	258,626
Group net income	22,129	(327)	21,802	8,547	(28)	30,321
Group net equity	**300,818**	**(11,300)**	**289,518**	**82,038**	**(74,748)**	**296,808**
Non-controlling interests	-	814	814	35	(52)	797
Total equity	**300,818**	**(10,486)**	**290,332**	**82,073**	**(74,800)**	**297,605**
LIABILITIES						
Non-current liabilities						
Borrowings	65,138	-	65,138	-	-	65,138
Derivative financial liabilities	224	-	224	-	-	224
Deferred income tax liabilities	2,517	-	2,517	2,240	-	4,757
Retirement benefit obligations	4,044	-	4,044	-	-	4,044
Debts for investments in subsidiaries	-	5,222	5,222	-	-	5,222
Provisions and other liabilities	2,240	-	2,240	255	-	2,495
	74,163	**5,222**	**79,385**	**2,495**	**-**	**81,880**
Current liabilities						
Trade payables	392,254	-	392,254	130,182	-	522,436
Short-term financial liabilities	29,038	-	29,038	50,276	(50,000)	29,314
Income tax liabilities	111	-	111	640	-	751
Derivative financial liabilities	195	-	195	-	-	195
Provisions and other liabilities	21,030	-	21,030	11,351	(2,747)	29,634
	442,628	**-**	**442,628**	**192,449**	**(52,747)**	**582,330**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**516,791**	**5,222**	**522,013**	**194,944**	**(52,747)**	**664,210**
Total equity and liabilities	**817,609**	**(5,264)**	**812,345**	**277,017**	**(127,547)**	**961,815**

9. Atypical and/or unusual operations

No atypical and/or unusual events or operations according to the definition as per Consob communication No. DEM 6064293 of 28 July 2006 occurred during the period.

10. Non-recurring significant events and operations

In the first nine months of 2016 the following non-recurring items were identified:

- 2.7 million gain arising form the asset deal relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors by the newly established company, EDSlan S.r.l., from the pre-existing company EDSlan S.p.A.
- Miscellaneous costs amounting to 3.1 million euro, 2.1 million of which refer to consultancy, commissions and registration fees relating to business combinations both in Italy (EDSlan S.r.l.) and in Spain (Vinzeo Technologies S.A.U., acquired on 1 July 2016) as well as to the acquisition of the business 'VAD-Value Added Distributor' from the Itway Group, whose binding agreement was signed on 21 October 2016. The remaining 1 million euro refers to expenses occurred in Italy relating to the enlargement of the logistic hub in Cavenago and to the new warehouse setting-up in Saragoza - Spain.

During the same period of 2015 non-recurring costs (657 thousand euro) related to termination indemnities for key personnel of the Group companies.
The following table shows the impact of the above said events and transactions on the income statement (including the related tax effects):

(euro/000)	Charge type	9 months 2016	9 months 2015	Var.
Other income	Income from business combination	2,677	-	2,677
Other income		**2,677**	**-**	**2,677**
Overheads and administrative costs	Transaction costs from business combination	(2,104)	-	(2,104)
Overheads and administrative costs	Extension warehouse costs	(952)		(952)
Overheads and administrative costs	Employee termination incentives	-	(657)	657
Total SG&A		**(3,056)**	**(657)**	**(2,399)**
Operating income (EBIT)		**(379)**	**(657)**	**278**
Profit before income taxes		**(379)**	**(657)**	**278**
Income tax expenses	Recovery of previous years taxes			-
Income tax expenses	Non-recurring events impact	941	228	713
Profit for the period		**563**	**(429)**	**992**
Non-controlling interest		-	-	-
Net income / (loss)		**563**	**(429)**	**992**

11. Significant events occurred in the period

The significant events occurred during the period are hereby described:

Shareholders' agreement signed

On 23 February 2016 Francesco Monti, Paolo Stefanelli, Tommaso Stefanelli, Matteo Stefanelli, Maurizio Rota and Alessandro Cattani, disclosed that they entered into a shareholders' voting and blocking agreement (the 'Agreement'), in relation to no. 16,819,135 ordinary shares of Esprinet S.p.A. ('Esprinet' or the 'Company'), representing 32.095% of the entire share capital of the Company.
The abovementioned agreement, in its integral version, was communicated to Consob and filed with the Companies' Register of Monza and Brianza on 24 February 2016.

Purchase of EDSLan

On 24 March 2016, Esprinet S.p.A. created a new company, EDSlan S.r.l., which completed the acquisition of EDSLan S.p.A. on 8 April 2016.
EDSLan, the 11th largest Italian distributor in 2015[5], was founded in 1988, was headquartered in Vimercate (Italy), and had 8 branch offices, 94 employees, and around twenty sales agents and consultants.
It is well-known as a leading distributor in the networking, cabling, Voip and UCC-Unified Communication & Collaboration segments. Its main suppliers include Hewlett Packard Enterprise Networking, Aruba Networks, Huawei Enterprise, Brocade Networks, Alcatel-Lucent Enterprise, Watchguard, Allied Telesis Panduit, CommScope, Audiocodes and Panasonic.
In 2015, the acquired business served about 3,000 customers such as 'VAR-Value Added Resellers', system integrators, telco resellers and TelCos, as well as installers and technicians.
The deal gives a boost to the Esprinet Group strategy of focusing on the 'complex technologies' market managed through V-Valley S.r.l., thus reinforcing some segments the Group is already operating in (Networking and UCC - EDI) as well as penetrating new 'analog' markets such as cabling, phone control units, video-conference systems and measuring instruments.
In 2015 sales of the purchased business were about 72.1 million euro[6], with an EBITDA of 2.2 million euro[7].

The price paid, amounting to 7.8 million euro, generated an income of 2.7 million euro.

Disposal of shares in Assocloud S.r.l.

On 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l., operating in the 'cloud computing' business, to the company SME UP S.p.A.. At the same date, the latter also acquired the shares from 8 of the 9 remaining shareholders. The disposal value was equal to the equity value as reported in the latest financial statements approved as at 31 December 2015.

Esprinet S.p.A. Annual Shareholders Meeting

On 4 May 2016 Esprinet Shareholders' meeting approved the separated financial statements for the fiscal year ended at 31 December 2015 and the distribution of a dividend of 0.150 euro per ordinary share, corresponding to a pay-out ratio of 26%.[8]

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[5] Source: Sirmi, January 2016

[6] Source: management estimates on preliminary 2015 data, net of the trading activities of the 'merchandising' division, which are not included in the deal.

[7] Source: management estimates on preliminary 2015 data, net of the trading activities of the 'merchandising' division, which are not included in the deal.

[8] Based on Esprinet Group's consolidated net profit

The dividend payment was scheduled from 11 May 2016, ex-coupon no. 11 on 9 May 2016 and record date on 10 May 2016.

Shareholders' Meeting also approved the first section of the report on remuneration pursuant to paragraph 6 art. 123-ter decree law 58/1998.

The Shareholders' Meeting finally resolved to authorise, subject to prior revocation of former authorization resolved on the Shareholder's Meeting of 30 April 2015, the acquisition and disposal of own shares, within 18 months since the resolution, provided that any such purchase does not exceed the maximum of 5,240,434 ordinary Esprinet shares (10% of the Company's share capital).

Acquisition 100% of Vinzeo Technologies

On 1 July 2016 Esprinet S.p.A., through its fully owned subsidiary Esprinet Iberica, completed the purchase of the entire capital of Vinzeo Technologies S.A.U., the fourth largest ICT wholesaler in Spain.[9]
Vinzeo operates many important distribution agreements both in the ICT 'volume' market (i.e. HP, Samsung, Acer, Asus, Toshiba, Lenovo) and in the 'value' one (mainly Hewlett-Packard Enterprise). Since 2009, Vinzeo has been a key distributor of Apple products, including iPhones (since 2014) and Apple Watch (since 2015).
The headquarter is in Madrid, while branch offices are located in Barcelona and Bilbao, with ~160 employees positively directed by a seasoned management team.
The transaction perimeter only includes the wholesale distribution activities. Based on this perimeter, 2015 pro-forma accounts[10] of the acquired perimeter showed sales of approx. 584.4 million euro (+19% compared to 2014) and EBITDA reported of 7.5 million euro.
Thanks to the transaction, Esprinet will become the leader in the Spanish distribution market, strengthen its smart-phone products and customers portfolio. Esprinet expects to generate significant synergies from the transaction mostly due to the doubling of scale of its Spanish operations.
Esprinet, that has recently entered the Portuguese market, is now the biggest distributor in Southern Europe bringing to completion a strategy fully focused on pure 'business-to-business' ICT distribution, specifically addressed to achieve the leadership in each country where the Group operates.

The total consideration agreed by the parties was 74.1 million euro for the entire Vinzeo corporate capital based on an enterprise value of 57.6 million euro and on the last 12-month average working capital.
The value could be adjusted based on the net financial position as at 30 June 2016.

Esprinet to obtain 'waiver' on 130.0 million euro Pool Loan

As a result of the agreed terms for the Vinzeo acquisition, in particular referring to the level of implied enterprise value that was higher than the annual threshold-value of 40.0 million euro, the acquisition itself was an operation contractually subject to the pre-emptive approval to be given by a qualified majority equal to at least two thirds of the lending banks. For this purpose, before Vinzeo acquisition's signing date, that was dated 6 May 2016, a 'comfort letter' from a leading bank was obtained. The letter contained a commitment from the bank to grant a loan in such amount sufficient to allow the company to replace the existing pool loan and intended to neutralize the risk to fail in obtaining the required 'waiver' from the existing lending banks.
On 22 July 2016 the communication regarding the granting of consent to the operation by the unanimity of the lending banks was finally received by the company.

[9] Source: management, Channel Partner 2016 (www.channelpartner.es)
[10] Source: management

12. Subsequent events

Relevant events occurred after 31 March 2016 are briefly described below:

Esprinet to sign the agreement for the acquisition of the business unit 'VAD-Value Added Distributor' of Itway Group.

On 21 October 2016, Esprinet S.p.A. communicates the signing of a binding agreement for the acquisition of the IT distribution activities - both hardware and software ('VAD' business) - of the Itway Group in Italy, Spain and Portugal.

The transaction perimeter consists of ICT distribution activities of Itway in Italy, Spain and Portugal achieving 'pro-forma' sales of 57.2 million euro[11] and EBIT of 1.7 million euro.[12]

Itway Group operates in three market segments: distribution ('VAD-Value Added Distribution') of IT security software (dedicated software and hardware devices), networking (basic infrastructure for connecting PCs and other IT devices) and server software in Italy, Spain, Portugal, Greece, Turkey and Middle-East. In this business area, Itway is the market leader in Italy.
'VAR-Value Added Reseller' area and 'VAS-Value Added Services' area are the remaining two business segments.

The transaction perimeter refers to assets and liabilities connected to the activities of the 'VAD business' in Italy and the Iberian peninsula thus involving only Itway S.p.A. and Itway Iberica as sellers.

The overall 'pro-forma' sales of the "VAD business" in FY 2014 and FY 2015 amounted respectively to 48.6 million euro and 57.2 million euro[13]. EBITDA amounted to 1.7 million euro in FY 2015, total net invested capital being 14.7 million euro[14] as at 31 December 2015.

Total consideration agreed for the transaction is made up of the net asset value of the acquired business plus a total amount of up to 10.8 million euro made up as follows:
- a fixed amount of 5.0 million euro to be paid cash at closing date;
- a variable amount up to a maximum of 5.8 million euro payable after 12 months from closing date conditional upon the achievement of economic and financial targets.

The acquisition is conditional upon the completion of labour union procedures pursuant to art. 47 of Law. n. 428/90 in relation to transfer of business as well as according to the Spanish and Portuguese laws and regulations, where applicable.

The expected date for the closing is November 30th 2016.

13. Outlook

The macroeconomic scenario did not dramatically changed as compared to the situation described in the Groups' press release informing on the first half 2016 results.

[11]Source: Esprinet management 'carve-out' from figures provided by ITway management.
[12] Net of adjustments and normalization by Esprinet.
[13] Source: Esprinet management 'carve-out' from 2015-2014 figures provided by ITway management. Figures are net of intercompany sales, equal to 3.1 million euro
[14] Source: Esprinet

With regard to the reference geographies , Spain continued to show signals of a stronger recovery while the Italian economy grew at lower rates that those expected by the Italian Government at the beginning of the year.

In the first nine months of the current year, European ICT distribution grew +2% vs the same period of 2015 with U.K. leading the ranking within the European panel (Source: Context-GFK, November 2016) thanks to +9% growth rate , followed by Spain (+4%) while Italy was flat.
Among the other 'top' countries, France showed a decrease (-2%) as well as Germany (-0.4%). In the third quarter the European panel grew +3% vs the same quarter of 2015 with Italy showing a +1% growth rate and Spain +3%.
Along the third quarter the trend of Group's market share did not significantly change as compared to 2016 first half. Since of the beginning of the year Esprinet Iberica - still net of contribution of Vinzeo - gained positions vs other competitors while Esprinet Italy showed a -2% decrease in its market share mainly due to the retailers' channel.

The third quarter results were in line with management's expectations revealed in the 2016-2018 Group Strategic Plan upon which FY 2016 'guidance' was issued.
Said the above, 2016 forecast is confirmed.
Therefore 2016 sales, also due to the contribution of recent acquisitions, are expected to exceed 3 billion euro, with an EBIT of ~37 million euro and net profit of ~24 million euro.

Vimercate, 11 November 2016

Of behalf of the Board of Directors
The Chairman
Francesco Monti

14. Declaration of the officer responsible for financial reports

Declaration under article 154-bis, par. 2 of the Financial Consolidation Act.

SUBJECT: Interim management statement as at 30 September 2016

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

ESPRINET S.p.A.

in accordance with the provisions of in article 154 bis, par. 2 of the Finance Consolidation Act

HEREBY DECLARES

that the Interim management statement as at 30 September 2016 agrees with the accounting documents, books and records.

Vimercate, 11 November 2016

The Officer in charge of drawing up
financial reports

(Pietro Aglianò)