Esprinet Group

Interim management statement
31 March 2017

<u>**Approved by the Board of Directors on 12 May 2017**</u>

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 31/03/2017: 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	Matteo Stefanelli	(SC) (CSC)
Director	Tommaso 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	Ariela Caglio	(InD)
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	Patrizia Paleologo Oriundi
Permanent Auditor	Bettina Solimando
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)	notes	Q1 2017	%	Q1 2016	notes	%	% var. 17/16
Profit & Loss							
Sales		745,414	100.0%	615,424		100.0%	21%
Gross profit		39,535	5.3%	33,671		5.5%	17%
EBITDA	(1)	5,917	0.8%	7,195		1.2%	-18%
Operating income (EBIT)		4,752	0.6%	6,236		1.0%	-24%
Profit before income tax		3,762	0.5%	5,943		1.0%	-37%
Net income		2,793	0.4%	4,245		0.7%	-34%
Financial data							
Cash flow	(2)	3,915		5,130			
Gross investments		828		932			
Net working capital	(3)	328,347		102,322	(4)		
Operating net working capital	(5)	331,532		102,046	(4)		
Fixed assets	(6)	124,639		124,516	(4)		
Net capital employed	(7)	438,484		212,535	(4)		
Net equity		321,201		317,957	(4)		
Tangible net equity	(8)	228,662		225,299	(4)		
Net financial debt	(9)	117,283		(105,424)	(4)		
Main indicators							
Net financial debt / Net equity		0.4		(0.3)	(4)		
Net financial debt / Tangible net equity		0.5		(0.5)	(4)		
EBIT / Finance costs - net		4.8		21.3			
EBITDA / Finance costs - net		6.0		24.5			
Net financial debt/ EBITDA		19.8		(2.4)	(4)		
Operational data							
N. of employees at end-period		1,319		1,024			
Avarage number of employees	(10)	1,324		1,020			
Earnings per share (euro)							
- Basic		0.06		0.08			-25%
- Diluted		0.06		0.08			-25%

(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.
(4) Figures relative to 31 December 2016.
(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.

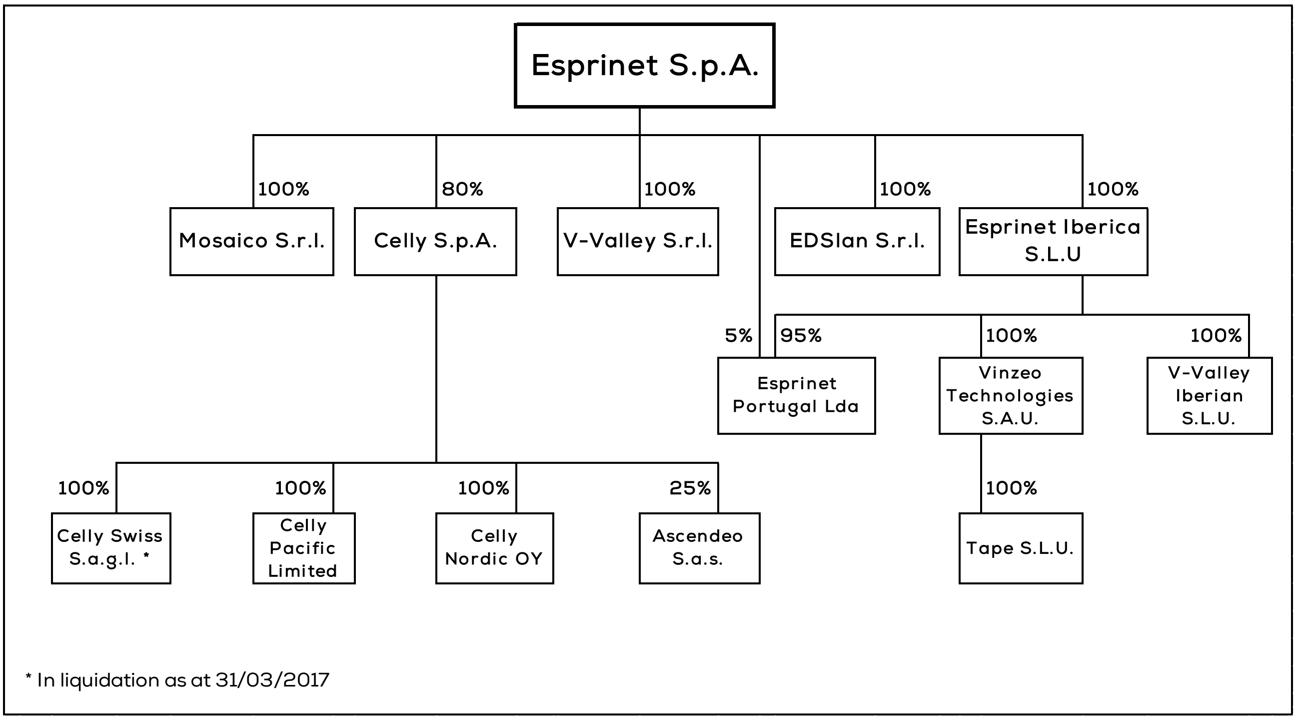
Due to this, the Esprinet Group consolidated interim management statement as at 31 March 2017, non-audited, has been drawn up as per Article 154-ter, paragraph 5 (Financial reports), of the Legislative Decree No. 58/1998 (T.U.F. - Finance Consolidation Act).

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 2016 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 31 March 2017:



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

The Esprinet Group later assumed its current composition as a result of the carve-out from the parent company of micro-electronic components and 'high-value' products distribution activities, the acquisitions and mergers through incorporation and disposals of companies made between 2005 and 2016.

References to Subgroup Italy and Subgroup Iberica can be found in next comments and tables.
At period end, the 'Subgroup Italy' includes, the parent company Esprinet S.p.A., as well as its directly controlled subsidiaries V-Valley S.r.l., Celly S.p.A., EDSlan S.r.l. and Mosaico S.r.l., the latter consolidated from 9 April and 1 December 2016 respectively.

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 Pacific LTD, a Chinese-law company;
- - Celly Swiss SAGL, a Helvetic-law company (in liquidation as at 31 March 2017);

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 subsidiaries Esprinet Iberica S.L.U. as well as its controlled companies,
Esprinet Portugal Lda, V-Valley Iberian S.L.U., consolidated from 1 December 2016, and Vinzeo Technologies S.A.U.. This was acquired and consolidated from 1 July 2016 with its wholly controlled company, Tape S.L.U..

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 31 December 2017, 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:					
Celly S.p.A.	Vimercate (MB)	1,250,000	80.00%	Esprinet S.p.A.	80.00%
EDSlan S.r.l.	Vimercate (MB)	100,000	100.00%	Esprinet S.p.A.	100.00%
Esprinet Iberica S.L.U.	Saragozza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
Mosaico S.r.l.	Vimercate (MB)	100,000	100.00%	Esprinet S.p.A.	100.00%
V-Valley S.r.l.	Vimercate (MB)	20,000	100.00%	Esprinet S.p.A.	100.00%
Subsidiaries indirectly controlled:					
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%
Esprinet Portugal Lda	Porto (Portugal)	1,000,000	100.00%	Esprinet Iberica S.L.U.	95.00%
				Esprinet S.p.A.	5.00%
Tape S.L.U.	Madrid (Spain)	3,000	100.00%	Vinzeo Technologies S.A.U.	100.00%
Vinzeo Technologies S.A.U.	Madrid (Spain)	30,704,180	100.00%	Esprinet Iberica S.L.U.	100.00%
V-Valley Iberian S.L.U.	Saragozza (Spain)	50,000	100.00%	Esprinet Iberica S.L.U.	100.00%
Associated company					
Ascendeo SAS	La Courneuve (France)	37,000	20.00%	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.

Compared to 31 December 2016, no variation within the consolidation perimeter occurred.
As compared to 31 December 2016 the companies EDSlan S.r.l, Mosaico S.r.l., Vinzeo Technologies S.A.U., Tape S.L.U. and V-Valley Iberian S.L.U. entered into the consolidation area.
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..

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 2016, 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	Q1 2017	non - recurring	related parties*	Q1 2016	non - recurring	related parties*
Sales	33	**745,414**	-	-	**615,424**	-	1
Cost of sales		(705,879)	-	-	(581,753)	-	-
Gross profit	35	**39,535**	-		**33,671**	-	
Sales and marketing costs	37	(14,376)	-	-	(10,267)	-	-
Overheads and administrative costs	38	(20,407)	(493)	(1208)	(17,168)	-	(938)
Operating income (EBIT)		**4,752**	**(493)**		**6,236**	-	
Finance costs - net	42	(988)	-	-	(293)	-	-
Other investments expenses/(incomes)	43	(2)	-		-	-	
Profit before income tax		**3,762**	**(493)**		**5,943**	-	
Income tax expenses	45	(969)	129	-	(1,698)	-	-
Net income		**2,793**	**(364)**		**4,245**	-	
- of which attributable to non-controlling interests		(75)			39		
- of which attributable to Group		2,868	(364)		4,206	-	
Earnings per share - basic (euro)	46	0.06			0.08		
Earnings per share - diluted (euro)	46	0.06			0.08		

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

3.2 Consolidated statement of comprehensive income

(euro/000)	Q1 2017	Q1 2016
Net income	**2,793**	**4,245**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	46	(113)
- Taxes on changes in 'cash flow hedge' equity reserve	(8)	31
- Changes in translation adjustment reserve	3	3
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	54	(200)
- Taxes on changes in 'TFR' equity reserve	(12)	55
Other comprehensive income	**82**	**(224)**
Total comprehensive income	**2,875**	**4,021**
- of which attributable to Group	2,950	3,983
- of which attributable to non-controlling interests	(75)	38

3.3 Notes on financial performance of the Group

In the first quarter of the current year the wholesale distribution market grew +8% compared to the same period of 2016 (source: Context, April 2017).

United Kingdom (+13%), Spain (+12%) and Germany (+7%) led the growth while Italy, growing +3%, underperformed the panel average.

The 'mobile computing' segment (including notebooks and tablets) was still the largest one in distributors sales although with a share down to 19% from 20% in the first quarter 2016 mainly due to a drop in tablet sales (-20%), and despite a slight growth in notebooks (+4%).

TLCs, the second largest segment (16% of share), benefited from the positive trend of smartphones (+7%). Desktops and software decreased their sales while displays showed a noticeable result thanks to TVs (+69%).

As regards the performance of vendors, Apple and Hp recorded the highest growth in terms of sales while Lenovo and Microsoft were under pressure.

Based on first indications about resellers' trends, retailers decreased significantly (-3%, source: GFK, May 2017).

The market share of Esprinet in Italy on Context Italian panel showed a slight decrease at a constant perimeter (-0.7 point, down to 31.3% from 32%) but according to the first indications on market share trends the year-to-date share should be stable compared to the same period of 2016 thanks to the good performance recorded in April.

In Spain (source: Context, April 2017) the market growth was mainly driven by smartphones and notebooks as well as desktops, the latter showing a contrary trend vis-à-vis Italy. Consumables were down (particularly ink cartridges -21% and toner -14%) as well as tablets (-14%).

The distributors top seller segment was again the 'mobile computing' one, even if its market share was down to 20% from 22%, followed by software (up to 13%). TLCs showed a lower impact on distributors sales compared to Italy (8% of share), despite the growth of 29%. Lenovo and Hp were the top sellers while Toshiba and Sony were among the worst performers.

Also in Spain the retailers underperformed the business-oriented resellers.

The market share of Esprinet in Spain was down by -2.5 percentage points while April is supposed to show a limited inversion of the trend.

In the first quarter of the current year the legal entities pertaining to the Esprinet Group showed a level of operating profit substantially in line with the internal budgets, considering the seasonality of the distribution market, with the exception of Celly and EDSLan which recorded a performance below the internal estimates.

Celly grew significantly abroad but the Italian sales didn't achieved the targets set internally. This was due to a significant investment in contributions for entry fees with selected key retailers which should give a positive outcome in the upcoming quarters.

In addition, preliminary sales results for April and May seemed to support an improvement of Celly performance on the Italian market.

EDSLan performance was affected by the start-up of the new ERP system which took place at the beginning of the current year: the issues arising from the start-up impacted mainly the gross profit margin. Throughout the second and third quarter the management expects to bring back the situation to normality.

The TLCs segment sales and gross margin recovery was in line with the budget thanks to a positive performance of Apple iPhones and the new line up of Samsung smartphones.

The accessories and consumables product lines confirmed their positive results both in Italy and Spain. Due to some reorganizational issues of some key suppliers, storage suffered a negative growth mainly in Italy.

The Group hasn't yet signed new contracts in the 'fulfilment' business of PCs (notebook and desktop) for large retailers, thus affecting sales and margins.

It is worth noting that the Group won significantly higher than budgeted volumes of tenders in the Italian public sector with positive effects on PCs and server sales to be recorded during the second half of the year.

During the first quarter, within the integration plan of the newly acquired companies, in Spain the Group identified some opportunities of cost savings exceeding the initial budget whose effects are expected in the next quarters. While this year the financial impact should be substantially offset by non-recurring costs, starting from next year the Group expects significant costs savings.

A) Esprinet Group's financial highlights

The Group's main economic, financial and asset results as at 31 March 2017 are hereby summarised:

(euro/000)	Q1 2017	%	Q1 2016	%	Var.	Var. %
Sales	**745,414**	**100.00%**	**615,424**	**100.00%**	**129,990**	***21%***
Cost of sales	(705,879)	-94.70%	(581,753)	-94.53%	(124,126)	*21%*
Gross profit	**39,535**	**5.30%**	**33,671**	**5.47%**	**5,864**	***17%***
Sales and marketing costs	(14,376)	-1.93%	(10,267)	-1.67%	(4,109)	*40%*
Overheads and administrative costs	(20,407)	-2.74%	(17,168)	-2.79%	(3,239)	*19%*
Operating income (EBIT)	**4,752**	**0.64%**	**6,236**	**1.01%**	**(1,484)**	***-24%***
Finance costs - net	(988)	-0.13%	(293)	-0.05%	(695)	*237%*
Other investments expenses / (incomes)	(2)	0.00%	-	0.00%	(2)	*100%*
Profit before income taxes	**3,762**	**0.50%**	**5,943**	**0.97%**	**(2,181)**	***-37%***
Income tax expenses	(969)	-0.13%	(1,698)	-0.28%	729	*-43%*
Net income	**2,793**	**0.37%**	**4,245**	**0.69%**	**(1,452)**	***-34%***
Earnings per share - basic (euro)	0.06		0.08		(0.02)	-25%

Consolidated sales, equal to 745.4 million euro showed an increase of +21% (130.0 million euro) compared to 615.4 million euro of the first quarter 2016. With equal consolidation perimeter, estimated consolidated sales would have been equal to 621.8 million euro, increased by +1% compared to the same period of 2016.

The consolidated gross profit totalled 39.5 million euro and showed an increase of +17% (+5.9 million euro) compared to 2016 as a consequence of higher sales only partially counterbalanced by a decrease in gross profit margin. With equal consolidation perimeter, estimated consolidated gross profit of the first quarter 2017 would have been equal to 33.3 million euro, decreased by -1% compared to the same period of 2016.

Consolidated Operating income (EBIT) of the first quarter 2017, equal to 4.8 million euro, showed a reduction of -24% compared to the first quarter 2016 (6.2 million euro), with an EBIT margin decreased to 0.64% from 1.01%, due to a lower consolidated gross profit margin and a higher incidence of operating costs (-4.67% in 2017 vs -4.46% in 2016). With the same consolidation perimeter, estimated EBIT of the first quarter 2017 would have been equal to 4.0 million euro (-35%).

Consolidated Profit before income taxes equal to 3.8 million euro, showed a reduction of -37% compared to first quarter 2016, thus increasing the drop in EBIT due to an increase in the financial charges (-0.7 million euro).

Consolidated net income equal to 2.8 million euro, showed a reduction of -34% (-1.5 million euro) compared to the first quarter 2016.

Basic earnings per ordinary share as at 31 March 2017, equal to 0.06 euro, showed a reduction of -25% compared to the value of first quarter 2016 (0.08 euro).

(euro/000)	31/03/2017	%	31/12/2016	%	Var.	*Var. %*
Fixed assets	124,639	28.42%	124,516	58.59%	123	*0%*
Operating net working capital	331,532	75.61%	102,046	48.01%	229,486	*225%*
Other current assets/liabilities	(3,185)	-0.73%	276	0.13%	(3,461)	*-1255%*
Other non-current assets/liabilities	(14,502)	-3.31%	(14,305)	-6.73%	(197)	*1%*
Total uses	**438,484**	**100.00%**	**212,533**	**100.00%**	**225,951**	***106%***
Short-term financial liabilities	100,639	22.95%	151,885	71.46%	(51,246)	*-34%*
Current financial (assets)/liabilities for derivatives	81	0.02%	483	0.23%	(402)	*-83%*
Financial receivables from factoring companies	(11,737)	-2.68%	(1,492)	-0.70%	(10,245)	*687%*
Other financial receivables	(450)	-0.10%	(5,596)	-2.63%	5,146	*-92%*
Cash and cash equivalents	(146,856)	-33.49%	(285,933)	-134.54%	139,077	*-49%*
Net current financial debt	(58,323)	-13.30%	(140,653)	-66.18%	82,330	*-59%*
Borrowings	168,498	38.43%	28,833	13.57%	139,665	*484%*
Debts for investments in subsidiaries	9,006	2.05%	8,661	4.08%	345	*4%*
Non-current financial (assets)/liab. for derivatives	(28)	-0.01%	27	0.01%	(55)	*-204%*
Other financial receivables	(1,870)	-0.43%	(2,292)	-1.08%	422	*-18%*
Net financial debt (A)	117,283	26.75%	(105,424)	-49.60%	222,707	*-211%*
Net equity (B)	321,201	73.25%	317,957	149.60%	3,244	*1%*
Total sources of funds (C=A+B)	**438,484**	**100.00%**	**212,533**	**100.00%**	**225,951**	***106%***

Operating net working capital as at 31 March 2017 was equal to 331.5 million euro compared to 102.0 million euro as at 31 December 2016.

Consolidated net financial position as at 31 March 2017 was negative by 117.3 million euro, compared to a cash surplus of 105.4 million euro as at 31 December 2016.
The reduction of net cash surplus was mainly connected to the increase of consolidated net working capital as of 31 March 2017 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 was approx. 400 million euro as at 31 March 280 (approx. 31 million euro as at 2017 December 2016).

Consolidated net equity as at 31 March 2017 was 321.2 million euro, increasing by 3.2 million euro compared to 318.0 million euro as at 31 December 2016.

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], Mosaico[3] and Celly Group) as at 31 March 2017 are hereby summarised:

(euro/000)	Q1 2017	%	Q1 2016	%	Var.	Var. %
Sales to third parties	494,395		462,313		32,082	*7%*
Intercompany sales	12,465		10,866		1,599	*15%*
Sales	**506,860**		**473,179**		**33,681**	***7%***
Cost of sales	(477,182)		(445,589)		(31,593)	*7%*
Gross profit	**29,678**	**5.86%**	**27,590**	**5.83%**	**2,088**	***8%***
Sales and marketing costs	(11,651)	-2.30%	(8,707)	-1.84%	(2,944)	*34%*
Overheads and administrative costs	(15,014)	-2.96%	(13,941)	-2.95%	(1,073)	*8%*
Operating income (EBIT)	**3,013**	**0.59%**	**4,942**	**1.04%**	**(1,929)**	***-39%***

Sales totalled 506.9 million euro and showed an increase of +7% compared to 473.2 million euro of the first quarter 2016. Net of values from EDSlan S.r.l. and Mosaico S.r.l. acquisitions completed during the subsequent months of 2016, sales would have been equal to 484.8 million euro, showing an increase of +2% in the first quarter.

Gross profit, equal to 29.7 million euro showed an increase of +8% compared to 27.6 million euro of the first quarter 2016, with a gross profit margin almost unchanged (from 5.83% to 5.86%). Net of values from EDSlan S.r.l. and Mosaico S.r.l. acquisitions, sales would have been equal to 26.9 million euro in the first quarter 2017 (-2% compared to the first quarter 2016).

Operating income (EBIT) equal to 3.0 million euro, showed a decrease of -39% compared to the same period of 2016 with an EBIT margin decreased from 1.04% to 0.59% as consequence of higher

[2] Company operating since 9 April 2016.

[3] Company operating since 1 December 2016.

operating costs. Net of business combinations acquisition, estimated EBIT of the first quarter 2017 would have been equal to 3.0 million euro (-39%).

(euro/000)	31/03/2017	%	31/12/2016	%	Var.	*Var. %*
Fixed assets	119,608	33.35%	119,337	55.98%	271	*0%*
Operating net working capital	242,388	67.58%	94,709	44.42%	147,679	*156%*
Other current assets/liabilities	7,098	1.98%	9,761	4.58%	(2,663)	*-27%*
Other non-current assets/liabilities	(10,451)	-2.91%	(10,612)	-4.98%	161	*-2%*
Total uses	**358,643**	**100.00%**	**213,195**	**100.00%**	**145,448**	***68%***
Short-term financial liabilities	82,055	22.88%	122,466	57.44%	(40,411)	*-33%*
Current financial (assets)/liabilities for derivatives	19	0.01%	428	0.20%	(409)	*-96%*
Financial receivables from factoring companies	(11,737)	-3.27%	(1,492)	-0.70%	(10,245)	*687%*
Financial (assets)/liab. from/to Group companies	(111,500)	-31.09%	(133,000)	-62.38%	21,500	*-16%*
Other financial receivables	(438)	-0.12%	(509)	-0.24%	71	*-14%*
Cash and cash equivalents	(61,361)	-17.11%	(88,651)	-41.58%	27,290	*-31%*
Net current financial debt	(102,962)	-28.71%	(100,758)	-47.26%	(2,204)	*2%*
Borrowings	150,872	42.07%	5,849	2.74%	145,023	*2479%*
Debts for investments in subsidiaries	7,909	2.21%	7,901	3.71%	8	*0%*
Other financial receivables	(1,870)	-0.52%	(2,292)	-1.08%	422	*-18%*
Net Financial debt (A)	53,949	15.04%	(89,300)	-41.89%	143,249	*-160%*
Net equity (B)	304,694	84.96%	302,495	141.89%	2,199	*1%*
Total sources of funds (C=A+B)	**358,643**	**100.00%**	**213,195**	**100.00%**	**145,448**	***68%***

Operating net working capital as at 31 March 2017 was equal to 242.4 million euro, compared to 94.7 million euro as at 31 December 2016.

Net financial position as at 31 March 2017, negative by 54.0 million euro, compared to a cash surplus equal to 89.3 million euro as at 31 December 2016. The impact of both 'without-recourse' sale and securization program of trade receivables as at 31 March 2017 was approx. 111 million euro (approx. 133 million euro as 31 December 2016).

B.2) Iberian subgroup

The main economic, financial and asset results for the Iberica Subgroup (Esprinet Iberica, Esprinet Portugal, Tape[4], Vinzeo Technologies[5] and V-Valley Iberian[6]) as 31 March 2017 are hereby summarised:

[4] Company not active as at 31 December 2016.
[5] Company acquired and active since 1 July 2016.
[6] Company operating since 1 December 2016.

(euro/000)	Q1 2017	%	Q1 2016	%	Var.	Var. %
Sales to third parties	251,019		153,111		97,908	*64%*
Intercompany sales	-		-		-	*100%*
Sales	**251,019**		**153,111**		97,908	***64%***
Cost of sales	(241,152)		(146,999)		(94,153)	*64%*
Gross profit	**9,867**	**3.93%**	**6,112**	**3.99%**	**3,755**	***61%***
Sales and marketing costs	(2,714)	-1.08%	(1,551)	-1.01%	(1,163)	*75%*
Overheads and administrative costs	(5,409)	-2.15%	(3,240)	-2.12%	(2,169)	*67%*
Operating income (EBIT)	**1,744**	**0.69%**	**1,321**	**0.86%**	**423**	***32%***

Sales were equal to 251.0 million euro, showing an increase of +64% compared to 153.1 million euro of the first quarter 2016. Net of values from Vinzeo Tecnologies S.A.U. and V-Valley S.L.U. acquisitions completed during the subsequent months of 2016, the variation would have been equal to -2% (sales equal to 149.4 million euro).

Gross profit as at 31 March 2017 totalled 9.9 million euro, showing an increase of +61% compared to 6.1 million euro of the same period of 2016 with a gross profit margin decreased from 3.99% to 3.93%. Net of values from acquisitions, gross profit margin would have been equal to 6.4 million euro, with an increase of +5% and higher gross profit margin (4.3%).

Operating income (EBIT) equal to 1.7 million euro decreased by 0.4 million euro compared to the first quarter 2016, with an EBIT margin to 0.69% from 0.86%. Net of values from Vinzeo Tecnologies S.A.U. and V-Valley S.L.U. acquisitions, EBIT would have been equal to 1.0 million euro (-25%).

(euro/000)	31/03/2017	%	31/12/2016	%	Var.	*Var. %*
Fixed assets	79,739	51.49%	79,866	117.72%	(127)	*0%*
Operating net working capital	89,470	57.77%	7,656	11.28%	81,814	*1069%*
Other current assets/liabilities	(10,284)	-6.64%	(15,986)	-23.56%	5,702	*-36%*
Other non-current assets/liabilities	(4,051)	-2.62%	(3,693)	-5.44%	(358)	*10%*
Total uses	**154,874**	**100.00%**	**67,843**	**100.00%**	**87,031**	***128%***
Short-term financial liabilities	18,584	12.00%	29,419	43.36%	(10,835)	*-37%*
Current financial (assets)/liabilities for derivatives	62	0.04%	55	0.08%	7	*13%*
Financial (assets)/liab. from/to Group companies	111,500	71.99%	126,500	186.46%	(15,000)	*-12%*
Other financial receivables	(12)	-0.01%	(5,087)	-7.50%	5,075	*-100%*
Cash and cash equivalents	(85,495)	-55.20%	(197,282)	-290.79%	111,787	*-57%*
Net current financial debt	44,639	28.82%	(46,395)	-68.39%	91,034	*-196%*
Borrowings	17,626	11.38%	22,984	33.88%	(5,358)	*-23%*
Non-current financial (assets)/liab. for derivatives	(28)	-0.02%	28	0.04%	(56)	*-200%*
Net Financial debt (A)	63,334	40.89%	(22,624)	-33.35%	85,958	*-380%*
Net equity (B)	91,540	59.11%	90,467	133.35%	1,073	*1%*
Total sources of funds (C=A+B)	**154,874**	**100.00%**	**67,843**	**100.00%**	**87,031**	***128%***

Operating net working capital as at 31 March 2017 was equal to 89.5 million euro compared to 7.7 million euro as at 31 December 2016.

Net financial position as at 31 March 2017, is negative by 63.3 million euro, compared to a cash surplus of 22.6 million euro as at 31 December 2016. The impact of 'without-recourse' sale of both trade receivables and advancing cash-in of credits was approx. 170 million euro (approx. 267 million euro as at 31 December 2016).

C) Separate income statement by legal entity

Find below the separate income statement showing the contribution of each legal entities as considered significant:[7]

(euro/000)	Q1 2017													
	Italy						Iberian Peninsula						Elim. and other	Group
	E.Spa + V-Valley	Mosaico	Celly*	EDSlan	Elim. and other	Total	Esprinet Iberian	Esprinet Portugal	V-Valley Iberian	Vinzeo + Tape	Elim. and other	Total		
Sales to third parties	462,693	10,910	5,959	14,833	-	494,395	141,955	6,886	1,499	100,679	-	251,019	-	745,414
Intersegment sales	16,495	66	113	552	(4,761)	12,465	4,994	5	-	910	(5,910)	-	(12,465)	-
Sales	**479,188**	**10,976**	**6,072**	**15,385**	**(4,761)**	**506,860**	**146,949**	**6,891**	**1,499**	**101,589**	**(5,910)**	**251,019**	**(12,465)**	**745,414**
Cost of sales	(454,995)	(9,918)	(3,356)	(13,700)	4,787	(477,182)	(140,731)	(6,699)	(1,338)	(98,295)	5,911	(241,152)	12,455	(705,879)
Gross profit	**24,193**	**1,058**	**2,716**	**1,685**	**26**	**29,678**	**6,218**	**192**	**161**	**3,294**	**1**	**9,867**	**(10)**	**39,535**
Gross Profit %	*5.0%*	*9.6%*	*44.7%*	*11.0%*	*-0.5%*	*5.9%*	*4.2%*	*2.8%*	*10.7%*	*3.2%*		*3.9%*		*5.3%*
Other incomes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and marketing costs	(7,654)	(288)	(2,419)	(1,295)	5	(11,651)	(1,516)	(82)	(247)	(869)	-	(2,714)	(11)	(14,376)
Overheads and admin. costs	(12,999)	(174)	(828)	(1,014)	1	(15,014)	(3,670)	(147)	(69)	(1,521)	(2)	(5,409)	16	(20,407)
Operating income (Ebit)	**3,540**	**596**	**(531)**	**(624)**	**32**	**3,013**	**1,032**	**(37)**	**(155)**	**904**	**(1)**	**1,744**	**(5)**	**4,752**
EBIT %	*0.7%*	*5.4%*	*-8.7%*	*-4.1%*	*-0.7%*	*0.6%*	*0.7%*	*-0.5%*	*-10.3%*	*0.9%*		*0.7%*		*0.6%*
Finance costs - net														(988)
Share of profits of associates														(2)
Profit before income tax														**3,762**
Income tax expenses														(969)
Net income														**2,793**
- of which attributable to non-controlling interests														(75)
- of which attributable to Group														2,868

(euro/000)	Q1 2016									
	Italy				Iberian Peninsula				Elim. and other	Group
	E.Spa + V-Valley	Celly*	Elim. and other	Total	Esprinet Iberica	Esprinet Portugal	Elim. and other	Total		
Sales to third parties	457,338	4,975	-	462,313	148,622	4,489	-	153,111	-	615,424
Intersegment sales	10,994	351	(479)	10,866	3,436	2	(3,438)	-	(10,866)	-
Sales	**468,332**	**5,326**	**(479)**	**473,179**	**152,058**	**4,491**	**(3,438)**	**153,111**	**(10,866)**	**615,424**
Cost of sales	(443,358)	(2,850)	619	(445,589)	(146,021)	(4,416)	3,438	(146,999)	10,835	(581,753)
Gross profit	**24,974**	**2,476**	**140**	**27,590**	**6,037**	**75**	**-**	**6,112**	**(31)**	**33,671**
Gross Profit %	*5.3%*	*46.5%*	*-29.2%*	*5.8%*	*4.0%*	*1.7%*		*4.0%*		*5.5%*
Other incomes	-	-	-	-	-	-	-	-	-	-
Sales and marketing costs	(7,184)	(1,527)	4	(8,707)	(1,472)	(79)	-	(1,551)	(9)	(10,267)
Overheads and admin. costs	(13,137)	(804)	-	(13,941)	(3,129)	(112)	-	(3,240)	13	(17,168)
Operating income (Ebit)	**4,653**	**145**	**144**	**4,942**	**1,436**	**(116)**	**-**	**1,321**	**(27)**	**6,236**
EBIT %	*1.0%*	*2.7%*	*-30.1%*	*1.0%*	*0.9%*	*-2.6%*		*0.9%*		*1.0%*
Finance costs - net										(293)
Share of profits of associates										-
Profit before income tax										**5,943**
Income tax expenses										(1,698)
Net income										**4,245**
- of which attributable to non-controlling interests										39
- of which attributable to Group										4,206

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

[7] V-Valley S.r.l. is not shown separately being just a 'commission sales agent' of Esprinet S.p.A. while Tape S.L.U. is not shown not being significant.

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)	Q1 2017	%	Q1 2016	%	Var.	% Var.
Italy	490.1	65.7%	454.9	73.9%	35.2	7.7%
Spain	243.5	32.7%	148.3	24.1%	95.2	64.2%
Other EU countries	9.8	1.3%	7.2	1.2%	2.6	36.1%
Extra EU countries	2.0	0.3%	5.0	0.8%	(3.0)	-60.0%
Group sales	**745.4**	**100.0%**	**615.4**	**100.0%**	**130.0**	**21.1%**

Sales in other EU countries mainly refer to sales made by the Spanish subsidiary to customers resident in Portugal. Sales in non-EU countries refer mainly to sales to customers resident in the Republic of San Marino or in Switzerland.

Sales by products and services

(euro/million)	Q1 2017	%	Q1 2016	%		% Var.
Product sales	490.2	65.8%	458.5	74.5%	31.7	7%
Services sales	4.2	0.6%	3.8	0.6%	0.4	11%
Sales - Subgroup Italy	**494.4**	66.3%	**462.3**	**75.1%**	**32.1**	**7%**
Product sales	250.4	33.6%	152.9	24.8%	97.5	64%
Services sales	0.6	0.1%	0.2	0.0%	0.4	200%
Sales - Subgroup Spain	**251.0**	33.7%	**153.1**	**24.9%**	**97.9**	**64%**
Group sales	**745.4**	100.0%	**615.4**	**100.0%**	**130.0**	**21%**

Sales by product family and customer type

(euro/million)	Q1 2017	%	Q1 2016	%	Var.	% Var.
Dealers	207.4	27.8%	178.5	0.3	28.9	16.2%
GDO/GDS	184.6	24.8%	143.4	0.2	41.2	28.7%
Vars	178.2	23.9%	114.0	0.2	64.2	56.3%
Office/Consumables dealers	78.0	10.5%	92.2	0.1	(14.2)	-15.4%
Shop on-line	69.8	9.4%	51.0	0.1	18.8	36.9%
Sub-distributors	27.4	3.7%	36.3	0.1	(8.9)	-24.5%
Group Sales	**745.4**	**100%**	**615.4**	**100%**	**130.0**	**21%**

(euro/million)	Q1 2017	%	Q1 2016	%	Var.	% Var.
TLC	155.7	20.9%	102.1	16.6%	53.6	*52%*
PCs - notebooks	152.2	20.4%	134.3	21.8%	17.9	*13%*
Consumer electronics	71.1	9.5%	58.30	9.5%	12.8	*22%*
PCs - tablets	69.7	9.4%	39.0	6.3%	30.7	*79%*
Consumables	58.2	7.8%	57.3	9.3%	0.9	*2%*
PCs - desktops and monitors	58.0	7.8%	70.5	11.5%	(12.5)	*-18%*
Software	38.7	5.2%	29.4	4.8%	9.3	*32%*
Storage	32.6	4.4%	30.5	5.0%	2.1	*7%*
Peripherical devices	29.7	4.0%	30.5	5.0%	(0.8)	*-3%*
Networking	25.8	3.5%	14.4	2.3%	11.4	*79%*
Servers	15.2	2.0%	13.6	2.2%	1.6	*12%*
Services	6.4	0.9%	6.5	1.1%	(0.1)	*-2%*
Other	32.1	4.3%	29.0	4.7%	3.1	*11%*
Group sales	**745.4**	**100%**	**615.4**	**100%**	**130.0**	***21%***

As compared to the first half 2016, the sales analysis by customer type shows an improvement in the channels referring to large business customers (VAR-Value Added Reseller', +56%) and small-medium business customers ('Dealer', +16%), as well as 'Shop on-line' (+37%) and 'GDO/GDS' (+29%). On the contrary 'Sub-distribution' and 'Office/consumables dealers' channel showed a decrease of -25% and -15% respectively.

The analysis by product highlights a widespread increase specially in the categories 'TLC' (+52%), 'PC and tablet' (+79%), 'PC-notebook' (+13%), 'Networking' (+79%) and 'Software' (+32%). While the segment 'PC - desktop e monitor' (-18%) was bucking the trend.

35) Gross profit

(euro/000)	Q1 2017	%	Q1 2016	%	Var.	% Var.	FY 2016	%
Sales	745,414	100.00%	615,424	100.00%	129,990	*21%*	3,042,330	100.00%
Cost of sales	705,881	94.70%	581,753	94.53%	124,128	*21%*	2,878,435	94.61%
Gross profit	**39,533**	**5.30%**	**33,671**	**5.47%**	**5,862**	***17%***	**163,895**	**5.39%**

The consolidated gross profit totalled 39.5 million euro and showed an increase of +17% (+5.9 million euro) compared to 2016 as a consequence of higher sales, partially counterbalanced by a decrease in gross profit margin. With equal consolidation perimeter, estimated consolidated gross profit of the first quarter 2017 would have been equal to 33.3 million euro, decreased by -1% compared to the same period of 2016.

37-38) Operating costs

(euro/000)	Q1 2017	%	Q1 2016	%	Var.	% Var.	FY 2016	%
Sales	**745,414**		**615,424**		129,990	***21%***	**3,042,330**	
Sales and marketing costs	14,376	1.93%	10,267	1.67%	4,109	*40%*	49,871	1.64%
Overheads and administrative costs	20,407	2.74%	17,166	2.79%	3,241	*19%*	78,296	2.57%
Operating costs	**34,783**	**4.67%**	**27,433**	**4.46%**	**7,350**	***27%***	**128,167**	4.21%
- of which non recurring	493	0.07%	-	0.00%	493	*0%*	4,754	0.16%
'Recurring' operating costs	**34,290**	**4.60%**	**27,433**	**4.46%**	**6,857**	***25%***	**123,413**	4.06%

As at 31 March 2017, operating costs, amounting to 34.8 million euro, increased by 7.4 million euro compared to the same period of 2016 although with an operating costs margin up from 4.46% in 2016 to 4.67% in 2017.

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)	Q1 2017	%	Q1 2016	%	Var.	% Var.
Sales	**745,414**		**615,424**		**129,990**	***21%***
Wages and salaries	11,643	1.56%	9,015	1.46%	2,628	*29%*
Social contributions	3,476	0.47%	2,596	0.42%	880	*34%*
Pension obligations	599	0.08%	506	0.08%	93	*18%*
Other personnel costs	245	0.03%	226	0.04%	19	*8%*
Employee termination incentives (1)	489	0.07%	1	0.00%	488	*48800%*
Share incentive plans	131	0.02%	154	0.03%	(23)	*-15%*
Total labour costs (2)	**16,583**	**2.22%**	**12,498**	**2.03%**	**4,085**	***33%***

(1) Balance related solely to the Iberian subgroup in 2016.
(2) Cost of temporary workers excluded.

At 31 March 2017 the labour costs amounted to 16.6 million euro, increasing by +33% compared to the same period of the previous year. Net of personnel termination indemnities, the increase would reduce to +29% in line with the increase in the headcount at the end of the quarter resulting from the companies acquired during 2016 but after 31 March.
The 'Share incentive plans' amount refers to the costs of the 'Long Term Incentive Plan' approved in April 2015 and expiring in April 2018.

The employees number of the Group[8] as at 31 March 2017 - split by qualification - is shown in the table below:

[8] Interns and temporary workers excluded.

Increase	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	17	680	2	**699**	
EDSlan S.r.l.	2	64	4	**70**	
Celly S.p.A.	1	49	-	**50**	
Mosaico S.r.l.	1	28	-	**29**	
Celly Nordic OY	-	2	-	**2**	
Celly Pacific LTD	-	3	-	**3**	
V-Valley S.r.l.	-	-	-	**-**	
Celly Swiss SAGL	-	-	-	**-**	
Subgroup Italy	**21**	**826**	**6**	**853**	**846**
Esprinet Iberica S.L.U.	-	241	48	**289**	
Vinzeo Technologies S.A.U.	-	132	24	**156**	
V-Valley Iberian S.L.U.	-	12	-	**12**	
Esprinet Portugal Lda	-	8	-	**8**	
Tapes S.L.U.	-	1	-	**1**	
Subgroup Spain	**-**	**394**	**72**	**466**	**478**
Group as at 31 March 2017	**21**	**1,220**	**78**	**1,319**	**1,324**
Group as at 31 December 2016	**24**	**1,211**	**92**	**1,327**	**1,172**
Var 31/03/2017 - 31/12/2016	(3)	9	(14)	(8)	152
Var %	-13%	1%	-15%	-1%	13%
Group as at 31 March 2016	**19**	**952**	**53**	**1,024**	**1,176**
Var 31/03/2017 - 31/03/2016	2	268	25	295	148
Var %	11%	28%	47%	29%	13%

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

The number of employees decreased by 8 units, from 1,327 to 1,319, compared to 31 December 2016, while the average number of employees in the first quarter 2017 increased by 148 units compared to the same period of the previous year mainly due to the business combinations occurred in 2016.

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	Q1 2017	%	Q1 2016	%		% Var.
Sales	**745,414**		**615,424**		**129,990**	***21%***
Depreciation of tangible assets	959	0.13%	771	0.13%	188	*24%*
Amortisation of intangible assets	163	0.02%	114	0.02%	49	*43%*
Amort . & depreciation	**1,122**	**0.15%**	**885**	**0.14%**	**238**	***27%***
Write-downs of fixed assets	-	0.00%	-	0.00%	-	0%
Amort. & depr., write-downs (A)	**1,122**	**0.15%**	**885**	**0.14%**	**238**	***27%***
Accruals for risks and charges (B)	43	0.01%	74	0.01%	(31)	*-42%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**1,165**	**0.16%**	**959**	**0.16%**	**207**	***22%***

42) Finance costs – net

(euro/000)	Q1 2017	%	Q1 2016	%	Var.	% Var.	FY 2016	%
Sales	**745,414**		**615,424**		**129,990**	***21%***	**3,042,330**	
Interest expenses on borrowings	697	0.09%	502	0.08%	195	*39%*	2,309	0.08%
Interest expenses to banks	176	0.02%	51	0.01%	125	*>100%*	608	0.02%
Other interest expenses	1	0.00%	3	0.00%	(2)	*-67%*	16	0.00%
Upfront fees amortisation	117	0.02%	98	0.02%	19	*20%*	478	0.02%
Financial charges for actualization	3	0.00%	-	0.00%	3	*-100%*	83	0.00%
IAS 19 expenses/losses	16	0.00%	20	0.00%	(4)	*-19%*	85	0.00%
Charges on payables for business combinations	10	0.00%	-	0.00%	10	*-100%*	4	0.00%
Derivatives ineffectiveness	13	0.00%	-	0.00%	13	*-100%*	3	0.00%
Total financial expenses (A)	**1,033**	**0.14%**	**674**	**0.11%**	**359**	***53%***	**3,586**	**0.12%**
Interest income from banks	(38)	-0.01%	(36)	-0.01%	(2)	*6%*	(154)	-0.01%
Interest income from others	(28)	0.00%	(34)	-0.01%	6	*-18%*	(121)	0.00%
Income from payables for business combinations	(2)	0.00%	-	0.00%	(2)	*-100%*	(1,281)	-0.04%
Derivatives ineffectiveness	(7)	0.00%	(46)	-0.01%	39	*-85%*	-	0.00%
Total financial income(B)	**(75)**	**-0.01%**	**(116)**	**-0.02%**	**41**	***-35%***	**(1,556)**	**-0.05%**
Net financial exp. (C=A+B)	**958**	**0.13%**	**558**	**0.09%**	**400**	***72%***	**2,030**	**0.07%**
Foreign exchange gains	(262)	-0.04%	(428)	-0.07%	166	*-39%*	(1,140)	-0.04%
Foreign exchange losses	292	0.04%	163	0.03%	129	*79%*	1,957	0.06%
Net foreign exch. (profit)/losses (D)	**30**	**0.00%**	**(265)**	**-0.04%**	**295**	***<-100%***	**817**	**0.03%**
Net financial (income)/costs (E=C+D)	**988**	**0.13%**	**293**	**0.05%**	**695**	***>100%***	**2,847**	**0.09%**

The negative balance of 1.0 million euro between financial income and charges shows a worsening (+0.7 million euro) compared to the same period of previous year.

This trend is due to the worsening of 0.3 million euro in net interest to banks and to the negative variation of 0.3 million euro in the foreign exchange management.
With equal consolidation perimeter, i.e. net of both finance costs referring to the M&A transactions effected from April to December 2016 and loan interest referring to the acquired companies, the balance between financial income and charges would have been equal to 0.3 million euro, almost entirely attributable to the foreign exchange management equal to 0.3 million euro since the net interest to banks is negligible.

45) Income tax expenses

(euro/000)	Q1 2017	%	Q1 2016	%	% Var.	FY 2016	%
Sales	**745,414**		**615,424**		***21%***	**3,042,330**	
Current income taxes	496	0.07%	1,323	0.21%	***-63%***	5,892	0.19%
Deferred income taxes	473	0.06%	375	0.06%	***26%***	2,958	0.10%
Taxes	**969**	0.13%	**1,698**	0.28%	***-43%***	**8,850**	0.29%
Profit before taxes	**3,762**		**5,943**			**35,720**	
Tax rate	***26%***		***29%***			***25%***	

Income tax expenses, equal to 0.9 million euro, decreased by -45% compared to the same period of 2016 mainly due to a reduction in the reference theoretical tax rates.

46) Net income and earnings per share

(euro/000)	Q1 2017	Q1 2016	Var.	% Var.
Net income	2,793	4,245	(1,452)	*-34%*
Weighed average no. of shares in circulation: basic	51,757,451	51,757,451		
Weighed average no. of shares in circulation: diluted	52,146,368	51,978,841		
Earnings per share in euro: basic	0.06	0.08	(0.02)	*-25%*
Earnings per share in euro: diluted	0.06	0.08	(0.02)	*-25%*

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)	31/03/2017	related parties	31/12/2016	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	15,090		15,284	
Goodwill	91,189		91,189	
Intangible assets	1,350		1,469	
Investments in associates	37		39	
Deferred income tax assets	11,917		11,931	
Derivative financial assets	45		38	
Receivables and other non-current assets	6,926	1,555	6,896	1,286
	126,554	**1,555**	**126,846**	**1,286**
Current assets				
Inventory	402,157		328,886	
Trade receivables	336,303	2	388,672	9
Income tax assets	5,947		6,175	
Other assets	34,344	-	32,091	-
Cash and cash equivalents	146,856		285,933	
	925,607	**2**	**1,041,757**	**9**
Disposal groups assets	-		-	
Total assets	**1,052,161**	**1,557**	**1,168,603**	**1,295**
EQUITY				
Share capital	7,861		7,861	
Reserves	309,546		282,430	
Group net income	2,869		26,667	
Group net equity	**320,276**		**316,958**	
Non-controlling interests	925		999	
Total equity	**321,201**		**317,957**	
LIABILITIES				
Non-current liabilities				
Borrowings	168,498		28,833	
Derivative financial liabilities	17		66	
Deferred income tax liabilities	6,684		6,100	
Retirement benefit obligations	4,935		5,185	
Debts for investments in subsidiaries	3,940		3,942	
Provisions and other liabilities	2,883		3,020	
	186,957		**47,146**	
Current liabilities				
Trade payables	406,928	-	615,512	12
Short-term financial liabilities	100,639		151,885	
Income tax liabilities	834		740	
Derivative financial liabilities	81		483	
Debts for investments in subsidiaries	5,066		4,718	
Provisions and other liabilities	30,455	15	30,162	-
	544,003	**15**	**803,500**	**12**
Disposal groups liabilities	-		-	
Total liabilities	**730,960**	**15**	**850,646**	**12**
Total equity and liabilities	**1,052,161**	**15**	**1,168,603**	**12**

(*) 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)	31/03/2017			31/12/2016
	Esprinet Group	Subgroup Italy	Subgroup Iberian	Esprinet Group
Plant and machinery	36	24	12	2,030
Ind. And comm. Equipment & Other assets	356	293	63	4,597
Assets under construction and advances	393	384	9	2,436
Total Property, plant and equipment	**785**	**701**	**84**	**9,063**
Industrial patents and intellectual rights	22	20	2	1,879
Licences, concessions, brand names and similar rights	-	-	-	11
Others	2	2	-	-
Assets under construction and advances	19	19	-	757
Total intangible asstes	**43**	**41**	**2**	**2,647**
Total gross investments	**828**	**742**	**86**	**11,710**

Investments in 'Industrial and commercial equipment and other assets' substantially refer to the purchase of machineries, equipment and office furniture for the warehouse and the headquarter by the parent company Esprinet S.p.A..

Investments in 'Assets under construction and advances' refer mainly to the enlargement of the logistic hub in Cavenago by the parent company Esprinet S.p.A.

4.2.2 Net financial position and covenants

(euro/000)	31/03/2017	31/12/2016	Var.	30/03/2016	Var.
Short-term financial liabilities	100,639	151,885	(51,246)	46,153	54,486
Current financial (assets)/liabilities for derivatives	81	483	(402)	227	(146)
Financial receivables from factoring companies	(11,737)	(1,492)	(10,245)	(8,562)	(3,175)
Other financial receivables	(450)	(5,596)	5,146	(423)	(26)
Cash and cash equivalents	(146,856)	(285,933)	139,077	(60,284)	(86,572)
Net current financial debt	**(58,323)**	**(140,653)**	**82,330**	**(22,889)**	**(35,433)**
Borrowings	168,498	28,833	139,665	56,654	111,844
Debts for investments in subsidiaries	9,006	8,661	345	5,177	3,829
Non-current financial (assets)/liabilities for derivatives	(28)	27	(55)	265	(293)
Other financial receivables	(1,870)	(2,292)	422	(2,292)	422
Net financial debt	**117,283**	**(105,424)**	**222,707**	**36,915**	**80,368**

For the definition of financial payables please see the paragraph 'Principal accounting definitions and estimates' in the consolidated accounts as at 31 December 2016.

The Group's net financial position, negative in the amount of 117.3 million euro, corresponds to a net balance of gross financial debts of 269.1 million euro, financial receivables from factoring companies totalling 11.7 million euro, financial receivables from others (customers) equal to 2.3 million euro, debts for investments in subsidiaries equal to 9.0 million euro, cash and cash equivalents equal to 146.9 million euro and current financial liabilities for derivatives of 53 thousand 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, specially in GDO, continued during the first quarter 2017 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 31 March 2017 is approx. 280 million euro (approx. 400 million euro as at 31 December 2016).

4.2.3 Goodwill

Goodwill amounts to 91.2 million euro with no changes compared to 31 December 2016.

The annual impairment test, required by IAS 36, was carried out in reference to the financial statements as at 31 December 2016 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 2017 and the date this financial report was drafted, no other impairment tests were conducted as at 31 March 2017.
In the light of above, the goodwill values booked as at 31 December 2016 and still outstanding in this financial report are confirmed.

Further information regarding ‘Goodwill’ and the impairment test methods used can be found in the notes to the consolidated financial statements of 31 December 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 2015	7,861	264,848	(5,145)	30,041	297,605	797	296,808
Total comprehensive income/(loss)	-	(224)	-	4,245	4,021	38	3,983
Allocation of last year net income/(loss)	-	30,041	-	(30,041)	-	-	-
Transactions with owners	-	30,041	-	(30,041)	-	-	-
Increase/(decrease) in 'stock grant' plan reserve	-	386	-	-	386	-	386
Other variations	-	(9)	-	-	(9)	(1)	(8)
Balance at 31 March 2016	7,861	295,042	(5,145)	4,245	302,003	834	301,169
Balance at 31 December 2016	7,861	288,371	(5,145)	26,870	317,957	999	316,958
Total comprehensive income/(loss)	-	82	-	2,793	2,874	(75)	2,949
Allocation of last year net income/(loss)	-	26,870	-	(26,870)	-	-	-
Transactions with owners	-	26,870	-	(26,870)	-	-	-
Change in 'stock grant' plan reserve	-	363	-	-	363	-	363
Other variations	-	7	-	-	7	1	6
Balance at 31 March 2017	7,861	315,693	(5,145)	2,793	321,201	925	320,276

6. Consolidated statement of cash flows[9]

(euro/000)	Q1 2017	Q1 2016
Cash flow provided by (used in) operating activities (D=A+B+C)	**(220,980)**	**(221,811)**
Cash flow generated from operations (A)	**5,891**	**7,545**
Operating income (EBIT)	4,752	6,236
Depreciation, amortisation and other fixed assets write-downs	1,122	885
Net changes in provisions for risks and charges	(137)	31
Net changes in retirement benefit obligations	(208)	7
Stock option/grant costs	362	386
Cash flow provided by (used in) changes in working capital (B)	**(226,396)**	**(229,263)**
Inventory	(73,272)	(46,577)
Trade receivables	52,369	3,416
Other current assets	3,074	(924)
Trade payables	(208,508)	(185,430)
Other current liabilities	(59)	252
Other cash flow provided by (used in) operating activities (C)	**(475)**	**(93)**
Interests paid, net	(370)	(161)
Foreign exchange (losses)/gains	(105)	67
Net results from associated companies	0	1
Cash flow provided by (used in) investing activities (E)	**(1,118)**	**(595)**
Net investments in property, plant and equipment	(765)	(878)
Net investments in intangible assets	(44)	(25)
Changes in other non current assets and liabilities	(309)	308
Cash flow provided by (used in) financing activities (F)	**83,021**	**2,601**
Medium/long term borrowing	165,000	-
Repayment/renegotiation of medium/long-term borrowings	(54,182)	(8,680)
Net change in financial liabilities	(22,978)	16,613
Net change in financial assets and derivative instruments	(5,135)	(5,287)
Deferred price Celly acquisition	5	-
Deferred price Vinzeo acquisition	347	-
Increase/(decrease) in 'cash flow edge' equity reserve	37	(82)
Changes in third parties net equity	(74)	37
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(139,077)**	**(219,805)**
Cash and cash equivalents at year-beginning	**285,933**	**280,089**
Net increase/(decrease) in cash and cash equivalents	**(139,077)**	**(219,805)**
Cash and cash equivalents at year-end	**146,856**	**60,284**

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

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

(euro/000)	Q1 2017	Q1 2016
Net financial debt at start of the year	**(105,424)**	**(185,913)**
Cash flow provided by (used in) operating activities	(220,980)	(221,811)
Cash flow provided by (used in) investing activities	(1,118)	(595)
Cash flow provided by (used in) changes in net equity	(37)	(45)
Total cash flow	**(222,134)**	**(222,451)**
Unpaid interests	(573)	(377)
Net financial position at end of year	**117,283**	**36,915**
Short-term financial liabilities	100,639	46,153
Customers financial receivables	(450)	(423)
Current financial (assets)/liabilities for derivatives	81	227
Financial receivables from factoring companies	(11,737)	(8,562)
Cash and cash equivalents	(146,856)	(60,284)
Net current financial debt	**(58,323)**	**(22,889)**
Borrowings	168,498	56,654
Debts for investments in subsidiaries	9,006	5,177
Non-current financial (assets)/liab. for derivatives	(28)	265
Customers financial receivables	(1,870)	(2,292)
Net financial debt at start of the year	**117,283**	**36,915**

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)	Q1 2017			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. It & CE B2B		
Sales to third parties	494,395	251,019	-	745,414
Intersegment sales	12,465	-	(12,465)	-
Sales	**506,860**	**251,019**	**(12,465)**	**745,414**
Cost of sales	(477,182)	(241,152)	12,455	(705,879)
Gross profit	**29,678**	**9,867**	**(10)**	**39,535**
Gross Profit %	*5.86%*	*3.93%*		*5.30%*
Other income	-	-	-	-
Sales and marketing costs	(11,651)	(2,714)	(11)	(14,376)
Overheads and admin. costs	(15,014)	(5,409)	16	(20,407)
Operating income (Ebit)	**3,013**	**1,744**	**(5)**	**4,752**
EBIT %	*0.59%*	*0.69%*		*0.64%*
Finance costs - net				(988)
Share of profits of associates				(2)
Profit before income tax				**3,762**
Income tax expenses				(969)
Net income				**2,793**
- of which attributable to non-controlling interests				(75)
- of which attributable to Group				2,868
Depreciation and amortisation	**856**	**174**	92	**1,122**
Other non-cash items	**1,057**	**35**	-	**1,092**
Investments	**742**	**86**	-	**828**
Total assets	**865,811**	**377,288**	(190,938)	**1,052,161**

(euro/000)	Q1 2016			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. IT & CE B2B		
Sales to third parties	462,313	153,111	-	615,424
Intersegment sales	10,866	-	(10,866)	-
Sales	**473,179**	**153,111**	**(10,866)**	**615,424**
Cost of sales	(445,589)	(146,999)	10,835	(581,753)
Gross profit	**27,590**	**6,112**	**(31)**	**33,671**
Gross profit %	*5.8%*	*4.0%*		*5.5%*
Other income	-	-	-	-
Sales and marketing costs	(8,707)	(1,551)	(9)	(10,267)
Overheads and admin. costs	(13,941)	(3,240)	13	(17,168)
Operating income (Ebit)	**4,942**	**1,321**	**(27)**	**6,236**
EBIT %	*1.0%*	*0.9%*		*1.0%*
Finance costs - net				(293)
Share of profits of associates				-
Profit before income tax				**5,943**
Income tax expenses				(1,698)
Net income				**4,245**
- of which attributable to non-controlling interests				39
- of which attributable to Group				4,206
Depreciation and amortisation	**711**	**112**	62	**885**
Other non-cash items	**934**	**61**	-	**995**
Investments	**712**	**220**	-	**932**
Total assets	**700,678**	**223,260**	(132,889)	**791,049**

Statement of financial position by operating segments

(euro/000)	31/03/2017			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	11,973	3,117	-	15,090
Goodwill	22,891	67,259	1,039	91,189
Intangible assets	1,314	36	-	1,350
Investments in associates	37	-	-	37
Investments in others	75,849	-	(75,849)	-
Deferred income tax assets	2,870	8,945	102	11,917
Derivative financial assets	-	45	-	45
Receivables and other non-current assets	6,544	382	-	6,926
	121,478	**79,784**	**(74,708)**	**126,554**
Current assets				
Inventory	273,661	128,822	(326)	402,157
Trade receivables	255,982	80,321	-	336,303
Income tax assets	4,468	1,479	-	5,947
Other assets	148,862	1,387	(115,905)	34,344
Cash and cash equivalents	61,361	85,495	-	146,856
	744,334	**297,504**	**(116,231)**	**925,607**
Disposal groups assets	-	-	-	-
Total assets	**865,812**	**377,288**	**(190,939)**	**1,052,161**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	294,015	35,809	(20,278)	309,546
Group net income	1,854	1,020	(5)	2,869
Group net equity	**303,730**	**91,522**	**(74,976)**	**320,276**
Non-controlling interests	964	18	(57)	925
Total equity	**304,694**	**91,540**	**(75,033)**	**321,201**
LIABILITIES				
Non-current liabilities				
Borrowings	150,872	17,626	-	168,498
Derivative financial liabilities	-	17	-	17
Deferred income tax liabilities	3,227	3,457	-	6,684
Retirement benefit obligations	4,935	-	-	4,935
Debts for investments in subsidiaries	3,940	-	-	3,940
Provisions and other liabilities	2,289	594	-	2,883
	165,263	**21,694**	**-**	**186,957**
Current liabilities				
Trade payables	287,255	119,673	-	406,928
Short-term financial liabilities	82,055	130,084	(111,500)	100,639
Income tax liabilities	340	494	-	834
Derivative financial liabilities	19	62	-	81
Debts for investments in subsidiaries	3,969	1,097	-	5,066
Provisions and other liabilities	22,217	12,644	(4,406)	30,455
	395,855	**264,054**	**(115,906)**	**544,003**
Disposal groups liabilities	-	-	-	-
Total liabilities	**561,118**	**285,748**	**(115,906)**	**730,960**
Total equity and liabilities	**865,812**	**377,288**	**(190,939)**	**1,052,161**

(euro/000)	31/12/2016			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	12,076	3,208	-	15,284
Goodwill	22,891	67,259	1,039	91,189
Intangible assets	1,430	39	-	1,469
Investments in associates	39	-	-	39
Investments in others	75,826	-	(75,826)	-
Deferred income tax assets	2,825	9,006	100	11,931
Derivative financial assets	-	38	-	38
Receivables and other non-current assets	6,542	354	-	6,896
	121,629	**79,904**	**(74,687)**	**126,846**
Current assets				
Inventory	224,075	105,130	(319)	328,886
Trade receivables	283,980	104,692	-	388,672
Income tax assets	4,683	1,492	-	6,175
Other assets	157,924	6,820	(132,653)	32,091
Cash and cash equivalents	88,651	197,282	-	285,933
	759,313	**415,416**	**(132,972)**	**1,041,757**
Disposal groups assets	-	-	-	-
Total assets	**880,942**	**495,320**	**(207,659)**	**1,168,603**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	275,206	27,372	(20,148)	282,430
Group net income	18,391	8,382	(106)	26,667
Group net equity	**301,458**	**90,447**	**(74,947)**	**316,958**
Non-controlling interests	1,037	20	(58)	999
Total equity	**302,495**	**90,467**	**(75,005)**	**317,957**
LIABILITIES				
Non-current liabilities				
Borrowings	5,849	22,984	-	28,833
Derivative financial liabilities	-	66	-	66
Deferred income tax liabilities	2,904	3,196	-	6,100
Retirement benefit obligations	5,185	-	-	5,185
Debts for investments in subsidiaries	3,942	-	-	3,942
Provisions and other liabilities	2,523	497	-	3,020
	20,403	**26,743**	**-**	**47,146**
Current liabilities				
Trade payables	413,346	202,166	-	615,512
Short-term financial liabilities	122,466	155,919	(126,500)	151,885
Income tax liabilities	244	496	-	740
Derivative financial liabilities	428	55	-	483
Debiti per acquisto partecipazioni correnti	3,959	759	-	4,718
Provisions and other liabilities	17,601	18,715	(6,154)	30,162
	558,044	**378,110**	**(132,654)**	**803,500**
Disposal groups liabilities	-	-	-	-
Total liabilities	**578,447**	**404,853**	**(132,654)**	**850,646**
Total equity and liabilities	**880,942**	**495,320**	**(207,659)**	**1,168,603**

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

During the first quarter of 2017, termination indemnities both toward Group key personnel and for the restructuring in the subsidiary Esprinet Iberica S.L.U. referring to 26 employees were displayed as non-recurring costs. The total amount of indemnities is equal to 0.5 million euro.
Instead, in the first quarter of the previous year no non-recurring events and operations were identified.

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	Q1 2017	Q1 2016	Var.
Overheads and administrative costs	Employee termination incentives	(493)	-	(493)
Total SG&A		**(493)**	**-**	**(493)**
Operating income (EBIT)		**(493)**	**-**	**(493)**
Profit before income taxes		**(493)**	**-**	**(493)**
Income tax expenses	Non-recurring events	129	-	129
Net income/(loss)		**(364)**	**-**	**(364)**
Of which attributable to non-controlling interests		-	-	-
Of which attributable to Group		**(364)**	**-**	**(364)**

11. Significant events occurred in the period

The significant events occurred during the period are hereby described:

Syndicated loan of 210.0 million euro

On 28 February 2017, Esprinet S.p.A. signed an unsecured amortising facility agreement with a pool of Italian and Spanish banks for an amount up to 210.0 million euro, consisting of a Term Loan Facility of up 145.0 million euro and a Revolving Facility of 65.0 million euro. This loan has a term of 5 years and is supported by a set of ordinary financial covenants.
The minimum amount for the successful completion of the syndication was set at 175.0 million euro. Although the total amount of participation requests was more than the maximum amount of 210.0 million euro, final amount was fixed at the maximum level.

Main purpose of the facility is to re-finance existing outstanding debt in relation to the existing syndicated loan signed on 31 July 2014 - 40.6 million euro of Term Loan facility and 65.0 million euro of Revolving Facility - and to further consolidate financial structure by lengthening the average maturity of financial debt.

Following the signing of the new syndicated facility agreement, Esprinet S.p.A. initiated negotiations with the lending banks having the purpose of executing a number of bilateral 'IRS - Interest Rate Swap' contracts in order to hedge the interest rate risk on the Term Loan Facility. On 7 April 2017, aforementioned negotiations led to the subscription of such IRS contracts with 6 out of the 8 lending banks on a pro-rata basis for a total notional value of 105.6 million euro effective from the date of the second instalment, i.e. 31 August 2017. Simultaneously, in March IRS contracts covering the terminated term loan facility agreement were extinguished. The aforementioned repayment was effected at fair value at the termination date for 0.3 million euro.

Renounce by Giuseppe Calì and Stefania Caterina Calì to the challenge of some 2015 resolutions of the Shareholders' Meeting and the Board of Directors of Esprinet S.p.A..

Mr. Giuseppe Calì and Mrs. Stefania Caterina Calì, which had challenged certain resolutions of the Shareholders' Meeting of the Company taken on 30 April 2015, as well as the Board member Andrea Cavaliere, appointed by the abovementioned minority shareholders, who had challenged certain Board resolutions taken on 4 May 2015 and on 14 May 2015, agreed to renounce the challenge brought.

The abovementioned shareholders and Board member took said decision after having examined with the Company, in the context of the judicial proceeding, the respective positions on a juridical ground. Thereafter, these shareholders and the Board member acknowledged the fairness of the said resolutions taken by the Shareholders' Meeting and by the Board of Directors of the Company.

At the same time, Mr. Cavaliere resigned from the Esprinet S.p.A. Board of Directors. Thus, Esprinet S.p.A. Board of Director submitted to the next Shareholders' Meeting any subsequent decisions.

12. Subsequent events

Relevant events occurred after period end are briefly described below:

Esprinet S.p.A. Annual Shareholders Meeting

On 4 May 2017 Esprinet Shareholders' meeting, held in second call, approved the separate financial statements for the fiscal year ended at 31 December 2016 and the distribution of a dividend of 0.135 euro per ordinary share, corresponding to a pay-out ratio of 26%.[10]
The dividend payment was scheduled from 10 May 2017, clipping of coupon no. 12 on 8 May 2017 and record date on 9 May 2017.

The Annual Shareholders' Meeting has also:

- approved the first section of the Report on Remuneration art.123 – ter, Par.6 of the Legislative Decree no. 58/1998;
- resolved upon the integration of the number of directors of Esprinet S.p.A. determined in the number of twelve by the Shareholders' Meeting held on 30 April, 2015, appointing Prof. Ariela Caglio as new director in substitution of Mr. Andrea Cavaliere who resigned from his office on 20 February 2017;
- resolved to authorize the acquisition and disposal of own shares, within 18 months since the resolution, provided that any such purchase does not exceed the maximum of 2,620,217 ordinary shares of Esprinet (5% of the Company's share capital), simultaneously revoking, with respect to the unused portion of it, the former authorization resolved by the Shareholder's Meeting of 4 May 2016;
- authorized the Company to update the economic conditions of the statutory auditing mandate, assigned to EY S.p.A. to the extent of 12,000 euro for the financial years 2016, 2017 and 2018 each, for recurrent additional activities concerning the consolidated financial statements following the perimeter expansion and of 5,000 euro for the auditory activity concerning the PPA (Purchase Price Allocation) to be executed only with reference to the financial statement as of 31 December 2016.

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

The Shareholders' Meeting passed special resolution amending articles 4, 5, 8, 11, 13, 16, 19 of Esprinet S.p.A. By-Laws.

13. Other information

The Board of Directors positively evaluated the independence of newly appointed member Ariela Caglio.
Professor Ariela Caglio declared to be independence according to D.Lgs. 24 February 1998 n. 58 (or the so-called 'TUF-Testo Unico della Finanza') and to the Self-Governance Code with the declaration of acceptance of her appointment as a board member which is part of the corporate records of the Shareholder Meeting held on 4 May 2017.

Vimercate, 12 May 2017

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 31 March 2017

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 31 March 2017 agrees with the accounting documents, books and records.

Vimercate, 12 May 2017

The Officer in charge of drawing up
financial reports

(Pietro Aglianò)